

June 2009

RentCover Report – we've got you covered

Welcome to the June edition of the *RentCover Report*.

2009 continues to be a year dominated by severe weather conditions with South East Queensland and northern New South Wales recently affected by devastating flood.

As of 26 May 2009, the general insurance industry had received approximately 9,500 claims from impacted areas of both regions with early estimates of the insurable cost at \$39 million.¹

Although these estimates will be reviewed as the assessment process moves forward, I urge all EBM clients affected to make contact with us so we can assist them in lodging any claims.

Turning to this edition, this month we look at the Federal Budget handed down on 12 May and some of the major announcements. We also look at the difference between fixtures and chattels, hear about a recent fire damage claim from Perth, and meet Charlene Theuma as part of our staff profile series.

We hope you enjoy this edition and look forward to updating you next month!

Sharon Fox-Slater
General Manager, RentCover



¹ Insurance Council of Australia, Update on Southeast QLD and Northern NSW Initial Claims Received, 26 May 2009.

2009-10 Federal Budget review

When announcing the 2009-10 Federal Budget last month, Prime Minister Kevin Rudd, and Treasurer Wayne Swan said it was a difficult budget for difficult times.



Telling taxpayers that the global recession had stripped an estimated \$210 billion from expected tax receipts, the Government announced it would run a temporary deficit in order to support its investment schedule.

The public was told that we face “the most challenging global economic conditions since the Great Depression”, and the Treasurer said this budget would increase government spending and key stimulus packages to support jobs and help boost the economy in times to come.

These measures are primarily aimed at slowing a rising unemployment rate – now expected to increase to 8.5 per cent by June 2011 – but the Government believes this is significantly less than the double-digit rates of other advanced economies.²

Among the key initiatives announced, the extension of the First Home Owners Boost was welcomed by the housing and development industries.

According to recent figures, the First Home Owners Boost has helped 59,000 Australians buy their first home, and the extension of the funding boost for a further six months — including three months at the full rate — is likely to encourage thousands more to enter the property industry.

EBM General Manager Sharon Fox-Slater says the Boost’s extension will continue to have positive impacts on the property market.

“By providing first homebuyers with an affordable opportunity to build their own home, the First Home Owners Boost has had flow-on benefits for the residential construction and development industries,” Ms Fox-Slater said.

“We are pleased to hear that it is being extended and look forward to helping more first-time buyers protect their new assets through our extensive range of products.”

Another key budget initiative was increased investment in road and rail infrastructure to connect up with many of the country’s growing regions. Just a few of the projects to be funded include:

- \$3.2 billion towards a dedicated dual rail link from West Werribee to central Melbourne’s Southern Cross Station;
- \$365 million towards a light rail corridor for the Gold Coast and \$20 million for a detailed planning study into potential new corridors in Brisbane; and
- \$294 million to upgrade Adelaide’s Gawler rail line and \$291 million to extend the Noarlunga to Seaford line, in addition to \$61 million to extend the O-Bahn track in Adelaide.³

² Treasurer Wayne Swan, Budget Speech 2009-10, delivered on 12 May 2009 on the Second Reading of The Appropriation Bill (NO. 1) 2009-10.

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As well as these announcements, incentives for small businesses, such as the increase in the Small Business and General Business Tax Break to 50 per cent have been met with praise from the business community, but other announcements have not.

Principally, the announcement that, from 1 July 2010, the private health insurance rebate will be reduced has been met with strong opposition by those who believe it will make health insurance unaffordable for many and increase pressure on the public healthcare system.

In response, Treasury modelling suggests that private health insurance coverage will remain at more than 99 per cent of its current levels, but it remains to be seen if these projections will be accurate.

EBM Managing Director Jeff Adams said our EBM Financial Planning team can help individuals keep informed of changes to the taxation system and tailor financial strategies designed to create and preserve wealth.

“In the Federal Budget as well as various state government budgets, we have seen a number of new initiatives or rules being introduced whether they relate to private health cover, superannuation rules or pension rates,” Mr Adams said.

“EBM Financial Planning can assist our clients with a variety of services such as retirement planning, superannuation, and insurance needs to minimise their tax liability, increase their investment returns or protect their lifestyle.”

For more information on EBM Financial Planning’s services call 1300 INSURE (1300 467 873) or email ebm@ebminsure.com.au

Chatting about fixtures and chattels

In this instalment of RentCover’s regular segment on property management we examine the difference between goods and chattels.

Generally speaking a fixture is a permanent part of a property while a chattel is not.

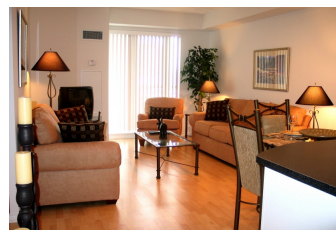
What this means in the real world, however, is that fixtures are sold as part of the house whereas the owner takes chattels with them.

From this very general definition, it is easy to imagine how disagreements can arise between purchasers and sellers about what is or is not defined as a fixture or chattel. And, indeed, it is a very litigious subject both here in Australia and around the world.

And it is easy to see why with common examples of items that cause disagreements including stereo speakers attached to walls, clotheslines and even paving stones!

EBM General Manager Sharon Fox-Slater said it is always advisable to get legal advice regarding the difference between contentious fixtures or chattels, but there are also some general guidelines that can help distinguish one from the other.

“A good place to start is to look at how the item has been attached to the property,” Ms Fox-Slater said. “Generally, if it is hard to remove without causing damage to the property, there is a good chance it is a fixture.”



“Secondly, think about the item’s purpose on the property. If an item has been attached to perform a permanent task, like a clothesline, it is most likely a fixture. The fact that clotheslines are typically dug into the ground or attached to a wall to secure them also indicates that they are intended to be a permanent part of the property.”

Ms Fox-Slater said another important point to remember is that all fixtures are sold with the property and are assumed to be part of the contract for sale, while any chattels to be transferred must be identified in the contract.

It is therefore advisable to identify all chattels separately and clearly in the contract so that they are transferred from one owner to the next. This will help clarify exactly what is going to stay and what is going to go.

Perth fire a timely reminder for all

Although winter has arrived around the country, homeowners and tenants are being reminded to stay vigilant about the threat of house fires.



With the colder weather now arriving for another year, the use of heaters, fire places, electric blankets, clothes dryers and other items increase. However, many people either aren't aware of, or are complacent about, the associated risks of fire safety in winter.

A recently received claim by EBM from Perth proves why care is always needed and involves an owner of an investment property who has a RentCover*Ultra* policy in place. The policy protects the owner from a number of defined events such as fire and water damage.

In early May 2009, the property caught fire while the tenant was asleep on the couch. Upon becoming aware of the fire, neighbours called the fire brigade and police and the tenant was dragged from the premises and revived after suffering from smoke inhalation.

Due to the fire, the contents in the property were smoke damaged and required professional cleaning and painting to restore the premises to its former condition.

The next day, the property’s managing agent advised EBM of the situation and submitted a claim. This enabled the RentCover Division to process the claim quickly, appointing assessors to attend the property straight away and arrange for the cleaning and painting to take place.

Although the situation also involved some reparations on behalf of the strata company’s insurance company, the quick processing of the claim enabled the tenant to be returned to the property as soon as possible.

In the case of claims where a tenant is likely to be unable to occupy the property until it has been repaired, urgent action is required. EBM claims staff appoint an assessor on the day they are notified, whilst property managers/owners are asked to take whatever action necessary including emergency repairs to minimise further damage or losses.

With the co-operation EBM receives from appointed assessors, properties are generally ready to be reoccupied in a short space of time depending on the full extent of the damage and availability of tradesmen and materials.

For more information about the RentCover range of products including RentCover*Ultra*, visit www.rentcover.com.au or call 1800 688 820.

Meet a member of the RentCover team...

This month we meet Charlene Theuma from EBM's RentCover team in Melbourne.

Charlene is a Claims Administration Officer for RentCover and has been with EBM for almost three years.



Here are a few other things you might not know about Charlene:

1. **What do you like most about being at EBM?** I like the fact that my routine changes all the time and it gives me goals to set and achieve on a day-to-day basis.
2. **What aspect of your role do you find most rewarding?** To get things done on time when I am juggling a variety of jobs.
3. **When not at work I...** like to spend time on my laptop or watch TV and enjoy the company of my boyfriend, as well as family and friends.
4. **If I had a three week holiday planned, I would...** go to Malta and learn about the country where my parents were from. And one day learn the language.
5. **I like to splurge on...** shoes, and I am also currently saving up for my future house.
6. **One piece of advice that stays with you...** If someone is giving you advice have a good look at them – are they really qualified to advise you?



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