



JULY 2008 | INSIDE THIS ISSUE

- Local Area News-Cairns City Council 11% Rate Hike
- Office Activity This Month
- Bought Or Sold An Investment Property This Year?
- Referrals are Rewarding!
- Calendar of Events
- Contact Us

Quote: *"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."*

Charles Darwin (1809-1882)

LOCAL AREA NEWS- CAIRNS CITY COUNCIL 11% RATE HIKE

Hi Everyone!

As most of you will know by now, the people of Cairns voted in a new, fresh local Council for 2008...a move many are now regretting! Last week, the City's Chief Executive, Noel Briggs, announced that council rates would rise by close to 4% but would climb to about 9% after the removal of the existing 5% early bird discount which more than 80% of ratepayers take advantage of. In addition, the free Cairns Water Greening Allowance of 45 kilolitres of water a year to assist home owners to keep lawns and nature strips in good condition would be axed, meaning an approximate additional \$35 will be added to water bills. In short, we now pay from the first drop of water, not from 45,000 litres on. Water charges will also increase by 10 cents a kilolitre.

The changes mean the previous median Cairns rate bill of \$1630 pa will soar by about \$200, a rise of slightly more than 11%! As usual, there are many valid reasons: rising fuel costs, maintenance & construction, wages, etc. Understandable, but why so much at once? Needless to say, there has been a huge outcry from the ratepayers! In the following two weeks our Property Managers will be sending out Cairns City Council weekly payment, direct debit forms for your consideration. As ratepayers ourselves, we find this is the easiest form of "no pain" payment and in view of this increase, probably the safest and most effective method of payment available. As a Landlord, the good news is that Council rates are tax deductible. Times are certainly changing for us all....

Have a great month,

Ray White On Mulgrave Property Management Team

OFFICE ACTIVITY THIS MONTH

We regularly track our Agency activities and results via monthly performance indicators. These indicators are also a great way for you to follow the rental market activity, particularly the fluctuation in activity month by month, which shows trends, seasonal supply and demands and marketing success. Due to numbers we cannot list all properties; however we are sure you will find the following information interesting.

ACTIVITY : Number of:	LAST MONTH	THIS MONTH
Prospective Tenants inspecting available Rentals	85	107
Tenancy Applications Received	18	25
Properties Rented including Lease Renewals	44	26
Hits / enquiries on website	8405	7113

Our overall current Occupancy Rate is 97.37%

Houses:

Address	Property Description	Days Vacant	Rent Change
11 McEacham	4 bed, house, \$340	14	↔ Same
38 Silky Oak Cl.	3 bed house, \$280	11	↑\$10
30 Dan Jones	4 bed house, \$385	23	↔ Same
46 Survey	3 bed house, \$335	43	↑\$25
21 Tradewinds	4 bed house, \$345	16	↑\$50
5 Old Smithfield	4 bed house, \$370	2	↔ Same

Units:

Address	PROPERTY DESCRIPTION LEASED THIS MONTH	Days Vacant	Rent Change
302/53 McCormack St	2 bed, 3 rd floor, \$220	40	↑\$15
21/28 Pease St	1 bed, Villa, \$185	1	↔ Same
3/15 Thomas St	3 bed, T/House \$370	11	↔ Same
20/28 Pease St	1 bed, Villa, \$190	1	↔ Same
6/3 Grantala	2 bed, T/House \$235	11	↑\$50
13/55 McCormack St	2 bed, unit \$155	6	↔ Same
18/40 Intake	2 bed, apartment \$290	32	↔ Same
2/5 Thomas St	2 bed, unit \$210	32	↑\$35

Bought or Sold an Investment Property this Year?

Understanding capital works deductions could be useful if you're looking to reduce your tax bill this year, the Australian Taxation Office (ATO) suggests.

While you own an investment property you may be able to claim deductions for capital works on your tax return. When you sell the property these deductions could prove helpful in reducing your capital gains tax (CGT) bill on your tax return.

To work out your net capital gain (or loss) you need to know the cost base. This is generally what the property cost you, plus any buying and selling costs. The cost base may also need to be adjusted depending on any capital works deductions you have claimed or are entitled to claim.

What are capital works deductions?

If you own an investment property, you may be able to deduct costs associated with constructing a building or extension. These are called capital works deductions.

Depending on the type of construction and the date construction commenced, the deduction is spread over 25 or 40 years. Deductions based on construction costs apply to capital works carried out by a registered builder, for example:

- a building or extension, such as adding a room, garage, or pergola
- alterations, such as removing or adding an internal wall, or

- structural improvements to the property, such as adding a carport, sealed driveway, or fence.

You can only claim capital works deductions for the period your property is rented or is available for rent. You can also claim any un-deducted construction expenditure incurred by a previous owner provided the property continues to be used to produce income.

What if I don't know how much the construction cost?

You may not be able to get hold of all the information you need to work out the amount of your capital works deductions - maybe because the previous owner didn't have the information to give you or because not all your construction expenditure qualifies for a capital works deduction.

In these circumstances an appropriately qualified person, such as a Quantity Surveyor can estimate your capital works deductions based on the relevant construction costs.

How do capital works deductions affect my CGT cost base?

On the sale of the investment property your CGT cost base for the property may need to be reduced by the capital works deductions:

- you have claimed, and
- You didn't claim but can still claim provided the date to amend the relevant income tax assessment has not expired.

This means you will need to reduce your CGT cost base by these deductions if you acquired your property after 13 May 1997 or if you acquired it before that date and the construction expenditure was incurred after 30 June 1999.

It may be that you didn't claim your capital works deductions because you don't have the necessary information to work them out. In that case you don't need to exclude those amounts from the CGT cost base providing you don't try to deduct them later.

The Tax Office has several publications available to help you understand your tax obligations in regards to your rental property, including Rental properties and Guide to capital gains tax. These guides are available from the Tax Office website www.ato.gov.au or by calling 1300 720 092.

Source : Quartile Property Network (July 2008)

REFERRALS ARE REWARDING!

Do you have other investment properties we can manage for you? Consolidate them all under our management for consistency as well as other benefits. Perhaps you know someone with an investment Property? If so, please contact **Ray White On Mulgrave** on 07 40514595 or rentals.onmulgrave.qld@raywhite.com. We are delighted to present "Thank you for your Referring" bonus gifts! A \$100 Gift Voucher from Bunnings Warehouse or Verdi's Restaurant will be sent to you for every management that you refer and is subsequently signed up.

CALENDAR OF EVENTS- JULY 2008

15 August	Mid-Month Accounting
31 August	End of Month Accounting

CONTACT US

We have listed our contact details below so you can update your records and for easy contact with our office.

Due to the nature of our roles in Property Management, staff are frequently with Clients and Customers, or at properties.

As it is important to us that we are available to you, if you would like to meet with a particular team member we recommend you contact our office via email or phone and arrange an appointment. We find this works well as it minimises inconvenience to you.

P: 07 4051 4595
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