

negotiation know how

Vendors and purchasers frequently ask for advice when negotiating on property. Vendors want to know how to respond to a purchaser's first offer.

Purchasers want to know what sort of offer to make – not necessarily because they are looking for a bargain (although some people are!) but because they like the property so much they are afraid of offending.

Purchasers who have done their homework are their own best advisers, especially since professional agents will always be acting for the vendor.

By the time purchasers are ready to make an offer they know what is selling, for what price.

But they need to be realistic – a ridiculous initial offer on a competitively priced property rarely results in the bargain the purchaser was hoping for.

Vendors who feel insulted often refuse to come back with a counter offer and the purchaser misses out on the opportunity to buy.

Many people forget that negotiation is a two-way process – a kind of adjustment where two parties evolve slowly to a position they find mutually satisfactory.

A non-negotiation stance is confrontationalist and leads to a breakdown in communication and a no-sale.

Only very skilled negotiators know when refusing to negotiate is the best strategy.

Vendors who won't negotiate miss out on genuine purchasers and end up selling for less in the long run when the property becomes stale.

Whether you're a purchaser or a vendor, leaving a window open for negotiation usually means you won't get the door closed on the sale.

Vendors who don't negotiate never find out the highest price their would-be purchaser is prepared to pay.

Even if they don't like the highest offer the information is useful for future comparison with other offers.

One of the biggest mistakes purchasers make is to back off from making an offer when they think a property is substantially overpriced.

They think vendors won't come down to what they are prepared to pay. However walking away from a property you like is the ultimate non-negotiation stance.

Paradoxically this can be the time when purchasers get their best buys because other people are equally offer-shy and there is no competition.

Such properties often end up selling for less, particularly if they stay on the market at an inflated price once the property has been on the market long enough to reduce close to market-value, increased interest frequently drives negotiations back up to the asking price or more and someone misses out.

rents to rise further

Renters could be paying up to \$40 more a week after new land valuations are released on Monday, the property Council of Australia has warned.

The council's Chief Executive Queensland Robert Walker revealed yesterday he was briefed by the Department of Natural Resources and told that unimproved land values for residential properties in south

east Queensland would jump on average between 20% and 30%. He said the result would be that some landlords would need to pay more land tax or start paying land tax and those costs would be passed on. "Rents will go up by 10%" he said.

The Courier-Mail, Page 3 News, 24-25 February 2007.

NON-FORESTRY MANAGED INVESTMENT SCHEMES

The Tax Office has indicated that it has reconsidered its interpretation of the current taxation law as it applies to non-forestry managed investment schemes (MIS) and is preparing a draft ruling which will apply from 1 July 2007.

The effect of this change of interpretation is that, from that date, investors in an MIS would no longer be able to claim upfront deductions for their contributions to the MIS on the basis that the investor is "carrying on a business".

Investments in an MIS that are covered by existing product rulings that allow immediate deductibility for the investor's initial contribution, and for contributions in subsequent years, will be protected.

The effect of the likely change in interpretation by the ATO will be to place investments in non-forestry agri-business MIS on the same footing as other "passive" investments in agriculture.

When the SGC need not be applied

The Tax Office has issued a Practice Statement to help their officers decide when to not apply the Superannuation Guarantee Charge (SGC).

Basically, this practice statement says that the SGC needs to be applied: "where it is clear that an employer has taken reasonable steps to comply with their obligations by the due date but, for reasons beyond the employer's control the contribution is made late."

Editor: This is very good news because before this Practice Statement, the SGC was applied automatically.

Contribution posted on time

Basically, the ATO is now saying that the SGC need not be raised where an officer is satisfied that:

- It is clear from the employer's business practices that:
- the cheque was posted before the due date;
- there was enough time for the cheque to arrive by mail, by the due date;
- The cheque was not post-dated or back-dated; and
- The cheque was honoured.

exercise care at automatic teller machines

The majority of crimes against people are committed on the streets, rather than any other place. Preventing street crime is as simple as "ABC": Always Be Careful.

Bearing this in mind, extreme care should be exercised when using automatic teller machines (ATMs), particularly at night or when alone. ATMs sometimes are sited poorly from the customers' point of view and this increases the risk of street robbery. The customer usually has to turn his or her face to the wall and concentrate on the transaction, shutting off the outside world and any threats it may contain.

There are two simple rules to consider when using ATMs:

Rule 1: Prevent crime by not placing yourself at risk unnecessarily;

Rule 2: Survive should you be targeted by street robbers.

To minimise the risk of street robbery when using an ATM, what can you do?

Rule 1: Prevention

- Ask your bank about the advantages of tele-banking. Many transactions and account

payments may be made by telephone

- Treat your bank card as if it were cash. If your card is lost or stolen, notify the bank immediately to avoid illegal use.

- Select random PIN numbers with your bank cards, or ask your bank for a preferred number so you can memorise the number easily.

- Where possible, try to avoid using ATMs or use them only in an emergency.

- Remember, there's safety in numbers. Plan your visit to the ATM during daylight hours when there are many people around.

- If you must use an ATM at night and cannot arrange for someone to accompany you, be cautious and stay alert.

- Have your bank card ready in your hand so you don't have to fumble for it.

- Trust your instincts. If you become aware of suspicious looking people standing around or waiting nearby in a car, wait until they leave or visit another bank branch.

- Try to conceal your transaction and

don't flash your money. Count the money while facing the ATM.

- If you feel threatened while operating an ATM, consider protecting yourself by entering an incorrect PIN number three times in succession. By doing this, most ATMs will not only fail to deliver money but will also keep your card. As further protection, let bystanders know the ATM has kept your card.

Rule 2: Survival

The second rule is very simple. Should you become the victim of street robbery, remain calm, obey all commands and survive.

- If threatened by anyone, don't resist. Hand over your valuables quickly. No amount of money is worth the loss of life or serious injury.

- Consider tossing your wallet or handbag away from the robbery site. Then run and scream.

Source: Dale Jackson, a Director of Southern Cross Securities and the author of The Glove Box Book – Car Safety for Women, which is sold at RACQ offices.

exclusive agency: exclusive service

Many intending vendors think that the best way to market their property is to list with as many agents as possible. Their logic is simple – more agents = more exposure. However experienced vendors report that while listing with lots of agents sounds good in theory, it doesn't often work in practice.

Spreading yourself too thin can cause agents to lose interest – they can't afford to go all out to sell a property if someone else might end up (often more by good luck than good management) reaping the reward.

It makes more sense for an agent to coordinate tailor made marketing programs on exclusive listings because the result will usually be a win/win situation for everyone concerned.

Furthermore, it is only natural that an agent will try to sell an exclusive listing before an open one – apart from the reward-for-effort certainty, there is also the issue of trust and responsibility which is intrinsic to a professional, contractual arrangement as opposed to a first-in-best-dressed free-for-all.

A vendor with an exclusive agency can afford to relax knowing that there is a particular company or individual who is accountable for every aspect of the marketing strategy. It is difficult to lay praise or blame at the feet of an anonymous group of agents for every day inspection instructions about pets or curtains, let alone security or why the property isn't selling.

Advice from experienced vendors seems to point to the fact that the important issue

is the choice of the right agent in the first place. They suggest that intending vendors should always ask for an agent's submission in writing. All the services on offer should be carefully compared, and the choice of agent should ultimately reflect more than the desire for the lowest fees. Agents who cut commission often can't afford to offer a well structured marketing program.

Once vendors have compared all the written information they need to evaluate the agent's communication skills. The individual you choose is a two-way information channel between you and the prospective purchasers. Will you be able to rely on their empathy skill and integrity during the marketing period and in the final, crucial negotiating process?

