

# HAVEN

Winter 15

money + lifestyle + home

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**The new  
positive  
credit  
reporting**  
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**financial  
fitness**

**win  
\$1,000  
cash**

**MANAGING  
bad tenants**





HAVEN MONEY



## Positive spin on credit reports

*Up until a year ago credit reports for individuals in Australia worked on the basis that good news was no news. In other words, credit reporting only looked at the negatives, highlighting financial failings – such as defaults on loans and bankruptcies – without any acknowledgment of fiscal achievements.*

Since March 12 last year, amendments to the Privacy Act changed all of that and paved the way for positive credit reporting. The new-look credit reports contain a wider range of information, giving lenders the opportunity to make better-informed assessments about your ability to repay debt.

So what does this mean for you and how can you ensure your report shapes up?

The aim of the new system is to provide a more accurate picture of your credit history, including the good, the bad and the ugly. The good news is that consumers with some black marks against their name now have the opportunity to redeem themselves, providing they can demonstrate a positive track record through regular, on-time payments. The bad news is that now even smallish unpaid bills can show on your report.

The message is clear: the more your payments are up to date, the better your credit standing.

Under the new comprehensive reporting system, your credit report may contain:

- Your current and any previous names, date of birth, gender, current or last known address and two previous addresses, current or last known employer and driver's licence number.
- Whether you have applied for credit and the amount you applied for, the dates you opened and closed any credit accounts, plus the maximum amount of credit available to you under each account.
- Any increases in credit limits, such as an increase on a credit card.
- Payments on which you have defaulted, which means any payment of more than \$150 that is at least 60 days overdue and for which you have been served at least two notices.
- Whether you have paid the full amount of a default and the date paid.
- Whether, because of a default, you have entered into a new or amended arrangement with that credit provider (or another credit provider).
- Whether monthly repayments have been paid on time over the past two years (this information can only be supplied and accessed by credit providers that hold an Australian Credit Licence or by an organisation that is considering providing mortgage insurance for a home loan you have applied for).

- Publicly available information about your history and activities in relation to consumer credit.
- A credit provider's opinion that you have fraudulently attempted to secure credit or fraudulently evaded your repayment obligations, or that you do not intend to comply with your repayment obligations (after taking steps to contact you over a period of at least six months and failing to do so).
- Court judgements about credit provided to you (or that you applied for).
- Information about bankruptcy, a debt agreement or personal insolvency.
- Payments made later than five days past their due date (they may appear but will not be marked as a default).

### How to maintain a positive credit rating:

- Get a copy of your credit report so you know where you stand.
- Set up direct debits from your bank account to ensure bills are paid on time.
- Consider chunking bills into small, regular amounts to avoid struggling with any big payments at one time.
- Keep track of all credit commitments and only apply for credit when you really need it – close accounts you don't need.
- If you're having trouble meeting payments, ask for an extension or negotiate new terms.



HAVEN MONEY



**FYI it's  
EOFY**

***For most households July 1 dawns with barely a cross on the calendar. But just as January 1 prompts many of us to take a pulse check on our health and resolve to do better, the new financial year is the perfect time to take stock of our fiscal fitness.***

### Build a budget

It's easy to lurch from payday to payday and bill to bill in the hope there's more money coming in than going out. The best way to manage your money and ensure you are not living beyond your means is to set a budget and stick to it.

Building a true budget requires honesty with yourself about how much you actually spend. Consider all of your costs for an entire month – groceries, bills, loan repayments, clothing, coffees, school fees, entertainment and everything in between – and stack them against what you earn. If you find there is little left over or worse, nothing at all, it's time to cut costs.

Consider expenses you can control versus those you can't. Loan repayments, school fees, rent or council rates are fixed. But take-aways, movies or a new pair of heels are all at your discretion – and where you can cut back.

Axing one takeaway coffee from your work day can net you nearly \$900 a year, while making your own lunch can save more than \$1,800. Pare back on impulse purchases and eating out and your annual savings could soar.

## Set some goals

Nothing spurs savings like something to look forward to, such as a holiday or even a deposit on a home. Build your savings goal into your budget and set funds aside as soon as you get paid. Better still, have funds debited from your pay into an account you can't access easily, such as an online savings account.

## Pay down debt

The new financial year is the perfect time to assess debt and make a plan to reduce it, starting with those debts with the highest interest. Consumers often make the mistake of paying extra off their home loan while carrying high-interest debt (up to 20 per cent per annum) on their credit card. You will be far better off financially if you clear the high-interest debt first. A \$5,000 credit card debt at 17.5 per cent, for example, attracts \$850 in interest a year, while the same amount on a 4 per cent per annum home loan costs just \$200 in interest. Credit card providers must now outline to customers how long it will take to pay off their debt if they pay just the monthly minimum. Check out the numbers on your next statement and take steps to pay as much off as you can.

## Organise your deductibles

Start the new tax year by knowing what you can deduct and sorting your receipts. Australian income-earners are entitled to minimise their tax so find out what you are allowed to deduct in your line of work and keep a record of all relevant receipts, even if it's just in an envelope or folder. If unsure of what you can claim, visit [ato.gov.au](http://ato.gov.au) or talk to your accountant.

## Get savvy with your super

If you are at a point in life where you have extra disposable income, it may be worth socking more into your super. Talk to your tax advisor or accountant about your individual circumstances and how much extra you're allowed to contribute. Superannuation is reported after the end of each financial year so keep an eye out for your next statement in coming months to see how your retirement fund is faring.

## Make sure you are covered

Insurance may be considered a grudge purchase but it could be the difference between financial ruin and getting back on your feet if the worst happens. Check your home and contents policy to ensure you have enough cover to rebuild and replace your possessions in the event of a total loss. Many home owners make the mistake of just taking out enough building cover to repay their mortgage, but the sum insured should cover the cost of rebuilding your home at today's prices, including any landscaping and fences. Similarly, contents insurance should be sufficient to cover all of your belongings if you have to buy them again as new. If you have an investment property, make sure you have a specific landlords' policy to cover claims for loss of rent or tenant damage (see our article about managing unruly renters in this edition of Haven), which are not covered on standard home policies.

## Mortgage matters

The new financial year is an ideal time to review your mortgage, regardless of how long you have been with your lender. It never hurts to look around at other institutions and their loans to ensure your mortgage is still structured to suit your circumstances. Even 0.5 per cent shaved from a \$250,000 loan will save more than \$23,000 over 25 years.

Talk to your mortgage broker about your financial goals and circumstances for this financial year so they have enough information to help you determine the right loan for your situation.

\* Tax information: the information in this article does not constitute advice. As taxation legislation is complex, we recommend you speak with your financial advisor, tax advisor or contact the ATO for further details and expert advice regarding your personal circumstances.



HAVEN LIKES



### Drinkin' whisky 'n rye

Melbourne boys Denver Cramer and Liely Faulkner married their passion for whisky with their designer nous to reinvent the whisky glass. The hand-blown design aims to heighten taste and smell – the wide base maximises the surface area of the pour, this funnels the aromas up through the tapered body to reveal the whisky's full complexities.

[www.denverandliely.com](http://www.denverandliely.com)



### Soup kitchen

The Loch Ness Monster might be the thing of legend in a certain Scottish loch, but you can be assured that this Nessie soup ladle will up the ante on the cute factor at your dining table.

[www.ototodesign.com](http://www.ototodesign.com)



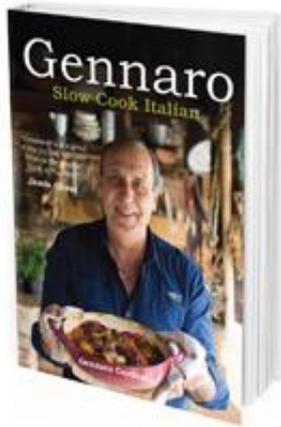
### Twin set

Do you love Fido so much you'd like a clone of him? These exceptionally realistic copies of your pet have to be seen to be believed. Send a photo of your pet and an uncannily similar plush cuddly toy will be returned to you.

[www.cuddleclones.com](http://www.cuddleclones.com)



HAVEN REVIEW



He's the man that taught Jamie Oliver everything he knows about Italian cooking. In *Slow Cook Italian* the godfather of Italian cuisine reveals one of his favourite ways to cook – a stress-free style that is just perfect for winter. Stews and sauces bubble away on the stove top, a herb-infused roast cooks in the oven and the smells of bread and cake baking fills the house with a mouth-watering aroma. From rich soups and stews, slow-cooked pasta sauces, braised meats, tender roasts, delicious breads and sticky desserts, this unfussy yet sumptuous collection of classic recipes lets the oven or slow-cooker do all the work – so you won't have to.

**Pavilion RRP \$39.99**



HAVEN WIN



### Childhood nostalgia

Haven wants to reveal lost relics from your archives, so we are after the best photo that encapsulates a bygone era: your childhood. Childhood holds nostalgia for us all and we're searching for a photo that will remind us of what it was like back then and how fast times change. Send in your long-ago childhood memory for a chance to win \$1,000. Don't forget to briefly let us know about what we see in the photo.

**How:** email your story to [havencompetitions@afgonline.com.au](mailto:havencompetitions@afgonline.com.au) placing 'Childhood nostalgia' in the subject line.

**Include:** your name, address, email, phone number and the name of your mortgage broker.

**Dates:** opens on May 19 and closes on July 16.

**Winner:** will be decided on July 17 and notified by telephone after this time.

**Terms and conditions:** email [havencompetitions@afgonline.com.au](mailto:havencompetitions@afgonline.com.au) to request terms and conditions.

## Pollo alla cacciatora

### Hunter's chicken

*From Gennaro Contaldo's Slow Cook Italian*

This classic Italian dish is renowned the world over. Alla cacciatora means 'in the style of the hunter' and it was probably first made with game birds or rabbit. Here I've recreated it in the way it is normally made in my region of Campania, using lots of herbs and fresh tomatoes. I serve it with slices of toasted country bread drizzled with extra virgin olive oil.

#### Serves 4

750g chicken thighs and drumsticks

Salt and freshly ground black pepper

3 tbsp extra virgin olive oil

1 large onion, finely sliced

1 garlic clove, crushed and left whole

1 small red chilli, sliced

2 sprigs of rosemary

2 sprigs of thyme

A handful of parsley, roughly chopped

2 bay leaves

4 sage leaves

125ml dry white wine

1½ tbsp tomato paste, dissolved in 3 tbsp lukewarm water

175g cherry tomatoes, halved

Rub the chicken pieces all over with salt and pepper. Heat the olive oil in a large saucepan, add the chicken and seal well all over. Add the onion, garlic, chilli and herbs and cook for a couple of minutes on a medium heat. Add the wine, increase the heat and allow the wine to evaporate slightly. Add the diluted tomato paste, then stir in the cherry tomatoes. Reduce the heat to low, cover with a lid and cook gently for 1½ hours, until the chicken is cooked through; the flesh should come away from the bone and there should be no sign of pink when you pierce the thickest part. Serve hot.

# Haven Answers

In the last edition of Haven we put a call out for Australia's most mischievous toddler. We've never had so many entries to a Haven competition – it seems that toddlers up to no good is a very common thing! With so many entrants it was a tough pick, but we think that the permanency of this mischief makes for a deserved winner.

## **Congratulations Lisa, we hope the \$1,000 eases some of the pain!**

Master Two was a little too quiet while I was feeding his six-week-old brother. I came to check on him and found him a full can deep in permanent site-marking spray paint. It was a 'laugh or cry' moment, so figured I would have a laugh and capture a few photos for the 21st. One hour of scrubbing in the bath did not shift an inch, the clothes went to the bin, the window took weeks of intermittent scraping and the sill and chair are still blue!



They claim you don't really know anyone until you live with them – and the same could be said for tenants. You won't really know what they're like until they move in.

Most landlords have had at least one bad experience with a tenant. From unpaid rent to party-goers, there are a number of ways renters can test a property owners' purse strings and patience. But there are steps you can take to improve your chances of well-behaved tenants and protect your investment along the way.

### Know your rights and theirs

Know your rights as a landlord and theirs as a tenant before you even advertise your rental. Laws can vary from State to State so make sure you are familiar with the legislation in your market and follow it to the letter.

**NSW:** [www.fairtrading.nsw.gov.au/ftw/Tenants\\_and\\_home\\_owners.page](http://www.fairtrading.nsw.gov.au/ftw/Tenants_and_home_owners.page)

**ACT:** [www.act.gov.au/browse/topics/land-building-and-housing/renting](http://www.act.gov.au/browse/topics/land-building-and-housing/renting)

**QLD:** [www.rta.qld.gov.au](http://www.rta.qld.gov.au)

**VIC:** [www.consumer.vic.gov.au/housing-and-accommodation](http://www.consumer.vic.gov.au/housing-and-accommodation)

**SA:** [www.sa.gov.au/topics/housing-property-and-land/housing/renting-and-letting](http://www.sa.gov.au/topics/housing-property-and-land/housing/renting-and-letting)

**WA:** [www.commerce.wa.gov.au/consumer-protection/renting-home](http://www.commerce.wa.gov.au/consumer-protection/renting-home)

**NT:** [www.consumeraffairs.nt.gov.au/ForConsumers/ResidentialTenencies/Pages/default.aspx](http://www.consumeraffairs.nt.gov.au/ForConsumers/ResidentialTenencies/Pages/default.aspx)

**TAS:** [www.consumer.tas.gov.au/renting](http://www.consumer.tas.gov.au/renting)

State authorities also usually provide standard agreements you can download. Make sure you and the tenant sign the agreement and take all necessary steps to ensure it's legal.

### Be seen to screen

Prevention is always better than cure and the same applies to tenants. Be rigorous when it comes to screening applicants, even during a slow rental market.

- Run both a background and credit check.
- Call all previous landlords for references.
- If possible, drive by their current residence.
- Verify income – ideally, monthly take-home pay should be at least three times that of their rent to ensure affordability.

Make sure you receive a bond upfront before handing over keys. One month's rent is the usual deposit, which gives you some financial protection against tenants who cause damage or do a runner on their rent.

### Set up direct debits for rent

One of the easiest ways to improve the odds of receiving rent on time is to ask the tenant to set up a direct debit on their bank account. While not foolproof, it does make payment more convenient, which reduces the risk of delay.

Your rental agreement should also spell out clearly the repercussions for late rent. Some landlords adopt a big stick approach, allowing just one week's grace before a vacate notice is slapped on the front door.

Check with your State tenancy authority about the warnings or penalties you can build legally into your rental agreement before issuing eviction notices or you may find the law siding with your tardy tenant despite their arrears.

### Remember it's a two-way street

Fair and reasonable tenants are more likely to pay rent on time if you, as landlord, respond to their needs quickly. If there's a plumbing problem, for example, get onto it right away.

If you have a property manager, give them a discretionary amount to spend on repairs without your approval – up to \$300 for example – so minor emergencies can be dealt with quickly.

### **Make regular inspections**

While it's your property, you need to remember it's legally your tenants' home – and they're entitled to privacy, along with your abidance with the law.

Providing it's built into the rental agreement and sufficient notice is given to comply with legislation, you can inspect the property as often as you like. Twice a year, however, is the general rule. If your property is new or recently renovated, you might bump that up to three inspections a year to ensure everything is in order.

You also need to be clear what's your responsibility and what's not. For example, is the tenant meant to maintain the garden or pool? You also need to be aware what is considered normal wear and tear, which is the owner's realm, versus damage caused by tenants.

### **Take out landlord's insurance**

Make sure you take out specific landlord's cover on the building and contents. If your rental is an apartment, check with the body corporate where its responsibility ends and yours begins. Generally, the body corporate will cover the structure of the apartment (walls, doors, windows and ceiling) while the unit owner is responsible for everything from the wall paint in.

Landlord's insurance covers claims that a regular home policy won't, such as malicious damage by tenants and unpaid rent. If a tenant skips out on rent and leaves a trail of destruction behind, landlord's insurance could be your best opportunity to recoup some, if not all, of the losses.

### **Get a property manager**

If you don't like confrontation or have no time, consider getting a property manager. For a reasonable fee, a good manager will advertise your rental in line with the current market rate, screen applicants, organise inspections, collect rent, take all tenant calls and complaints and organise repairs.

If you choose to self-manage, be prepared for calls any time of the day or night and to organise repairs even if it's not convenient.

### **Get your facts in order**

Keep records of all tenant communications and evidence (such as photos) of any breaches of the rental agreement. The more your records are in order, the better your chances of winning any claims for damages or loss of rent.