



DECEMBER 2009

## SPACED OUT!

Is your business premises meeting your business needs? Is the location right? Do you have enough space, or perhaps you have too much?

Over the past 12 months many business owners have reviewed the cost and appropriateness of their business premises. Relocating is a decision that should not be taken lightly. It's expensive, disruptive and you need to be sure that the extra financial outlay and upheaval of everyone – staff and clients – will be justified in the long term.

### Space

Perhaps the first question to consider is whether you have the correct amount of space for your needs. Is your team squeezed in tight or do you have so much space it echoes? While your current status is important, you also need to consider your short to medium term future.

When making decisions about your premises consider how your business may have changed. Will work that is currently completed in-house be outsourced in future? Do you plan to expand and increase your staff numbers? Is it possible to generate income on extra space by sub-leasing an office or is it possible to install interactive client areas, such as a product showroom or seminar area which has potential to generate income?

If space is limited, consider consulting an interiors specialist who may be able to reconfigure your office layout to maximise the area. Updating your systems can have significant impact, for example implementing paperless administration will allow you to get rid of a cumbersome compactus, so that space may be reallocated for other purposes.

### Timing your Move

Should you decide that there is no

alternative other than relocating, timing is everything.

If you are currently mid-way through your lease, it's unlikely your landlord will willingly dissolve your agreement. The best course of action is to discuss your situation openly. If you have too much space, you might ask for a reduction in cost. It will be in your landlord's interest to negotiate rather than risk losing a good tenant.

Timing of your relocation should also be planned around your work schedule. For example, it would be crazy for a financial services business to relocate during the peak tax reporting season. Post Christmas or early in the New Year may be more suitable when your workload is in a natural go-slow cycle and client contact is less.

### Location

When it comes to location, we all love a view. However, the prestige of a prime location also has a premium price tag. In some situations, image really is everything and paying extra for your premises does have a return on investment. However, the way we do business is changing. People are busy and face to face client meetings are regularly replaced by conference or video calls, and data collection is done via email. If there are no clients visiting your office, can you really justify the cost? If your lease is up for renewal, and there is similar accommodation a couple of streets back from the water, you could save as much as \$30,000pa on your lease?

Location is also an important issue for your staff. If your business currently resides in the CBD, and you decide to move to an outer suburb with no transport and no lunch time respite, it may have a severe negative impact on your staff.

Some staff will resign simply because it becomes inconvenient or costly for them to travel to work. Morale may be adversely affected, due to limited social opportunities – lack of shops, eateries, bars, health clubs, parks or walkways for rejuvenation during breaks or after work.

With low morale comes lack of productivity, staff turnover and ripple-effect costs that result when you need to re-establish your workforce in addition to your premises.

### Business Development

Ideally before you relocate, you would have considered your ideal client demographics to choose a location which offers opportunity for growth. If relocating delivers an extra benefit of solving client parking issues and more affordable rent allows you to invest in improved client services, it's likely your business will benefit. However, if your new location is an hour across town from your main audience, and you fail to advise your new whereabouts, your current and future clients will naturally look to find similar services which are more convenient.

To discuss the various impacts of your premises on your business, please contact your Focus PG advisor.



## Welcome

As we count down the weeks until Christmas, we say goodbye to the worst of the financial down turn and look ahead to better times.

In this edition, we bring you news of tax breaks and opportunities which may assist you to make the most of your business opportunities.

Our 6 business tips provide a timely reminder that better financial reporting starts in-house and taking a disciplined approach to your financial status not only enables you to act on opportunities, but you'll also know if you're experiencing fraud.

Having said that, we're certainly not about creating endless reports. In fact, far from it as our goal is to work with business owners and managers to establish systems which deliver meaningful information.

But of course, it's not just about numbers. Good business management also revolves around people – your customers and staff.

On page 4, our guest author and HR specialist, Katrina Holmes identifies common staff issues that may be overcome to deliver productive and satisfying workplaces which ultimately add up to successful businesses.

Please take a moment now to read our newsletter and if you have any questions please contact your Focus PG advisor.

Merry Christmas!

*From the FocusPG Team*

## Softer Side to ATO

As the dust from the global financial crisis settles, businesses and individual tax payers alike are facing some financial challenges.

In light of this, the Tax Office has taken an unusual but welcome approach to assisting tax payers negotiate their tax liabilities during this time. Below are some of the key changes and concessions the Tax Office has allowed to relieve some of the stress placed on tax payers affected by the global financial crisis.

### Twelve month interest-free payment arrangements

The ATO is providing a 12 month general interest charge free concession for payment arrangements entered into for activity statement (i.e. BAS) and income tax debts

negotiated from 1 June 2009 until 30 June 2010 (up to a maximum of 12 months). This concession may also apply to payment arrangements negotiated prior to 1 June 2009 that are subsequently renegotiated.

### Deferred activity statement payment due dates.

Small businesses experiencing cash flow problems can also request an interest-free payment deferral on their next activity statement. Businesses that pay quarterly and annually may be granted a deferral of up to two months, with those that pay monthly eligible for up to one month.

Should you have any questions about accessing some of these concessions, please contact your Focus PG advisor.



## Paid Parental Leave

From January 2011, working mothers or fathers will be able to claim 18 weeks paid parental leave to care for their newborn child. Parental leave will be paid at the minimum wage of \$544 per week.

However, to qualify the carer must have worked at least 330 hours in the 10 months prior the birth of the child. Carers earning more than \$150,000

per year are excluded. Additional benefits include the \$5,000 baby bonus, which will be retained for non-working mothers. However, should working mums and dads opt for parental leave, they forfeit their right to receive the baby bonus and some family tax benefits.

For more details please contact your Focus PG advisor.

## HOTISSUE

– Act before 31 December 2009.

The 50% Small Business Tax Break ends on 31 December 2009. This extra deduction is in addition to normal depreciation and other deductions for new Plant and

Equipment, but it does not reduce the Cost Base of the Asset/s. To find out more, please contact your Focus PG advisor for more details.

# RETIREMENT VILLAGE UPDATE

## Public Information Document (PID)

### When to update.

We are commonly asked the question “when is our retirement village required to lodge changes to its PID with the Office of Fair Trading?” and too often, when we raise this question with new clients, we find that they were unaware of any need to do so at all.

Section 36 of the Retirement Villages Act (Qld) states “... if the particulars in a PID become inaccurate in a way that may materially affect the interests of a resident...” then the Scheme Operator is required to lodge a copy of the changed PID with the Office of Fair Trading.

The interpretation of what is “material” differs within the industry.

Here at Focus PG, we consider a material change to be any financial change to residents. As a result, we recommend that the PID is updated at least annually, to reflect changes to the General Services Charge, Maintenance Reserve Fund and Capital Replacement Fund as a result of the budgeting process for the New Year. In addition to this, it is an appropriate time to review and update your insurance details.

The PID is to be updated within 28 days of the change, where care must be taken to ensure that you are within the timeframe when lodging with the Office of Fair Trading. This error frequently results in penalties paid by retirement villages.

The worse case scenario of using an out-of-date PID (that is, signing new residents under an old agreement) is to have a claim for

being “false and misleading”. This in effect, would put the contract aside and the resident would be paid back their gross original ingoing. To receive no deferred management fee, would cause a scheme operator significant financial loss.

Other ad-hoc changes made by operators, that would be considered a change under this section of the Act, include a change to your exit entitlement formula. In the current environment scheme operators are reviewing their deferred management models, with many now providing prospective residents with a selection to choose from. If you are one of these operators, and you have not yet informed the Office of Fair Trading of your changes, we recommend that you address this requirement as a matter of priority.

Please contact Focus PG or your solicitor for identification of areas where changes at your retirement village may be considered material, so that you remain compliant and make the necessary disclosures. We can also provide you with a copy of our template letter, used to submit your updated PID with the Office of Fair Trading.

### Need more information?

If you would like a pdf copy of the **RETIREMENTS VILLAGE ACT (1999) INCLUDING 2006 AMENDMENTS (QLD)** please email [mail@focuspg.com.au](mailto:mail@focuspg.com.au)

Focus PG specialises in retirement village consulting. We are partners with Aged Care Queensland and Retirement Villages Australia. Please contact us for our Workshop schedule and access to our Retirement Industry Resources List.



# Engaging & Retaining Staff

By Katrina Holmes, HR Projects

With 12 years experience working across all facets of HR, Katrina Holmes is passionate about empowering businesses to make informed decisions. Here, Katrina overviews simple concepts which may easily be implemented in any business to engage, but more importantly retain staff.

As a reaction to the financial fallout of the recent economic downturn, many employers may have failed to focus their efforts on engaging and retaining good staff. Common mistakes according to Recruitment firm Robert Hall, include leaving praise for last or failing to praise at all, ignoring workplace rumours and/or failing to act on issues raised. Perhaps most destructively, is the belief that staff should be happy or grateful to have gainful employment during difficult times.

Some employers are wrongly comforted by a perception that the jobs down turn will relieve any previous skills shortage when the economy recovers. However, some experts are in fact predicting a highly mobile labour force and a market that favours jobseekers over employers.

It is for this reason that effective

retention strategies need to be in place to address employee engagement and enthusiasm for their job - long before they begin thinking about resigning. Employers need to consider ways to engage and satisfy existing staff, stabilise their workforce and create an environment that attracts and retains new staff members.

#### *Considerations may include:*

- Implementation of staff services which blend monetary and non-cash strategies to ensure financial sustainability while creating an 'employer of choice' status.
- Use strategies that appeal to mature aged workers (the under-employment market) and appeal to their preference for flexible work options such as part time and casual roles.
- Introduce family friendly work



arrangements. These may work to your favour come 1 January 2010, when employees/parents who have been employed by you for 12 months or more, and are covered by the federal workplace relations system and the Fair Work Act, will have the right to request reasonable, flexible working arrangements until their child reaches school-age or where their child is under 18 years and has a disability.

For tailored HR services and to find out more about creating a successful workplace, please contact Katrina Holmes on [hrprojects@live.com.au](mailto:hrprojects@live.com.au) or call 0408 410 866.

## Want Cash? 6 tips for good business

Have you considered ways to manage your business better and maximise your cash? Here are six ideas that you can implement immediately at little or no cost:

1. Install financial software (e.g. MYOB, Quickbooks) to produce regular statements and reports (Profit & Loss, Balance Sheet and Cash Flow statements).
2. Enter data promptly ensuring it is accurate and reliable.
3. Evaluate your cash position. Reconcile bank and investment accounts at least monthly. Have two people undertake the

reconciliations. Implement stringent cash controls. If possible, separate cash handling from data entry/reconciliation to minimise potential for fraud.

4. Re-evaluate trading stock at year end and write-off any obsolete stock. This could reduce your taxable income and tax payable. Regularly review stock balances. Review purchasing policies, use a purchases budget.
5. Regularly review work in progress (for construction or professional practices). Invoice clients regularly - upfront or at milestones.

6. Ensure your debtors' ledger is reconciled at least monthly. Identify customers with large outstanding amounts and follow up to bring money in. Scrutinise your debtors and refer bad debts to collection agents; review credit screening; contact and or renegotiate trading terms with consistently slow payers; write-off any bad debts (bad debts reduce your taxable income).

For more information about maximising your cash, please contact your Focus PG advisor.



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