This newsletter can also be downloaded from our website
www.condon.com.au

Joke Corner

A fellow was a stickler for good spelling. When an associate e-mailed technical documents asking him to "decifer" them, he had to set him straight.

He wrote, "Decipher is spelt with a 'ph', not an 'f'. In case you've forgotten, spell checker comes free with your software."

A minute later, he received this reply, "Mine must be dephective."

Condon Update

Another year has past and time really is going faster and faster every year. We at The Condon Group are proud to announce the launch of our brand new websites for our companies EBIT Management Services Pty Ltd (www.ebitmanagementservices.com.au), Rinkaz Finance (www.rinkaz.com.au) and Condon Associates. Although the Condon Associates website has been running for some time now, we are proud to associate and brand these companies under The Condon Group banner and look forward to their success in the near future.

In other news, Condon Associates celebrated its fifth year this October with an amazing Birthday Balcony Bash at our offices in Parramatta. The night was a smash hit with great music from members of the 23rd field regiment performing the entertainment for the evening as well as prizes for best mask in line with our Masquerade theme. Thank you to all who attended and we hope to see more of you at our next function, and hopefully some fresh new faces as well!

Staff members Tegan Mills, Hayley Condon and Charyn Bello welcome our guests to our Annual Balcony Bash in style.

Schon Condon with Neil Collins and Engin Husnu, winners of Best Masks at our Annual Balcony Bash.

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ON THE BEAM

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Leadership, in a new environment

By Schon G Condon RFD

Leadership is one of those golden chestnuts that simply seem to continually raise its head. My earliest exposure to genuine business leadership was in my early audit days where I had the opportunity to meet many General Managers (GM's) and Managing Directors (MD's), as they were in those days, in a wide variety of industries and from a very wide professional background. What was particularly good was the amount of time a number of these people made for me, a mere fledgling apprentice accountant!

One thing that they all had in common was that they had held their positions for some considerable time, and moves at their level were predominantly promotions; divisional to state, smaller subsidiary to a larger, or even to being appointed to manage more than one business or division. Needless to say some were great leaders others were not but I am confident that I learnt something from every single one of them as they managed their respective businesses through both good and bad times. Interestingly, that too was a genuinely relevant issue in those days, the people in these roles were expected to manage and lead regardless of the state of the economy, international or local, the group's position in the market or even the direction of the profit growth curve. And certainly one thing that you could virtually bank on was that every seven years, or there about, the whole situation would do an about turn.

As training became more widespread things began to change, not the least of which was that the age and sex of the average GM became lower and the appearance of more females in these roles became more apparent. Initially however, much of this training was about developing and growing the business.

Over more recent years different experts that I have heard speak have more addressed the management of one's own career rather than the management of the organisation, which in turn if you did properly, you would expect the outcome to be positive management of one's own career.

Under such guidelines you will commonly hear that a good CEO should not be in the role for more than say three years as you are prone to 'burn out', and it gives the opportunity for 'fresh ideas to be brought to play'. Next, one must fully understand the industry that you are going to enter, research is required. Pick an industry and most particularly a company that is on the bottom of its 'profit up trend'. One steps into the leadership role and simply leads.

If you had picked well, when it is time to move on, the business should still be on its growth phase and you get to move to the next opportunity and continue. In many ways it was like escalators in old fashioned shopping centres and department stores, once you had the short cut from one escalator to the next you could get from the basement to the top floor very quickly.

I say old shopping centres because anyone who has recently wandered a mall will know that there is rarely a single path to the top. Why is this so? Centre owners saw that the shopper had experience along the way, and without that experience or opportunity increased sales would not occur.

It is interesting then that we willingly reward managers who simply ride the escalator of business to the top. Further, the direct result of this style of management is that an organisation reaches a point where it teeters just prior to extinction and becomes the work zone of either the turnaround manager or the takeover manager. One is a GM that can and does make the hard decisions, whilst the other is one that looks and sees the returnable value by striking while perceived value is low and building it into something else to come up with the larger and more valuable whole.

Consequently, I was so pleased when I saw the **Financial Review Special Report on Leadership** and saw the lead

Inside this issue:

article *"Wanted: a CEO for all seasons."* The article clearly relates that the leadership role to a whole of an organisation's function in a whole of life scenario, just like the GM's and MD's of old. The ability to react to a variety of effects will ultimately become paramount.

With the world economy moving under our feet, indecision reigning and no absolutely clear path into the future it will be much better to have someone at the helm that is capable in all weathers. Someone that knows how to use the stairs or even an elevator (up or down,) and someone with the wherewithal to identify the fall and have the skills to slow it, stop it, or at least reduce its damaging impact, even if you must use the elevator to get in front of what is falling.

There could well be a few managers out there that may discover their failure to experience the bad on the way up could leave them short on experience when managing into the future.

Enjoy the read.

Sounds too good to be true? Perhaps it is...

By Patrick Fullerton

(Source: http://www.scamwatch.gov.au)

Before the introduction of the internet, small business was usually confined to a local customer base. The internet has changed this forever. Now the sole trader who sells items as a hobby from their home has a worldwide customer base. Unfortunately this is also the case for criminals.

Criminals throughout the world are fraudulently obtaining funds from unsuspecting victims through the use of the internet, in particular email. One of the most common scams is known as the "Nigerian 419 scam" (named after the Nigerian Penal Code under which it is prosecuted).

This scam usually involves the victim receiving an email where the offender introduces themself and their story. The story usually revolves around the offender having access to a large amount of money but needing assistance in transferring it out of the country. The victim is promised a large amount of that money if they assist the offender in the transfer. After an amount of correspondence with the victim, the offender will inform them they need to pay things such as legal fees, bribes, taxes etc to secure the money. The victim is then asked to fund these payments via a cash transfer to an international account. Once the cash is transferred the offender may try to obtain more funds or simply disappear never to be heard of again.

The Australian Consumer and Competition Commission (ACCC) have created a website (**http://www.scamwatch.gov.au**) to assist the public in recognising, avoiding and reporting these scams. As these scams usually originate overseas they are hard to investigate and therefore the victims rarely receive their money back.

This is just one of many types of scams being conducted over the internet. Some scams use incentives such as the promise of romance or employment. The website offers information on all types of scams and has a contact page for reporting them.

What can you do? As these scams are evolving on a daily basis it is important to be aware of them. Visit **http://www.scamwatch.gov.au** and become familiar with its contents. Be vigilant and thoroughly investigate any investment opportunities. Always seek professional advice before getting involved in such opportunities and remember to <u>never</u> send credit card details via email or open up websites through email attachments.

Changes to stamp duty concessions for first home buyers: Good news or bad news??

By Hiteshi Dekhtawala

Source:
http://www.globalproperty.net.au/changes-to-stamp-duty-concessions-for-first-home-buyers/
http://www.mortgageworldaustralia.com.au/first_home_buyers/stamp_duty_concessions.htm
http://www.homesearchsolutions.com.au/stamp-duty-concession-changes-in-nsw/

The NSW State Government announced on 6 September 2011 that as of 1 January 2012 stamp duty concessions will only be available to First Home Buyers purchasing a brand new home or vacant land intended to be used as a site for a first home. So purchasers of established properties will no longer receive a stamp duty concession as of 1st January 2012. The action of the Government is viewed as an attempt to stimulate the new home market and therefore the building industry. It must be noted that new homes include substantially renovated homes and vacant land. The changes are part of Treasurer Mike Baird's 2011/12 budget delivered on Tuesday, 6 September 2011.

Readers may appreciate that the above changes are applicable only to the "stamp duty" on a purchase. The First Home Buyers Grant of $7,000 will continue to apply to eligible purchases of both new and existing homes.

The Good News

The good news is that the above changes are not applicable straight away. For the First Home Buyers who are intending to buy a property in the near future there is a window of opportunity to be able to buy an existing property and continue to be eligible to receive the concession. The new rules only apply to contracts entered into on and after 1 January 2012. The existing rules continue to apply until 31 December 2011. It must be noted that as long as the contract of purchase is entered into (i.e. the formal commitment is made to purchase) on or before 31 December 2011 the existing rules will apply.

From the Real Estate market point of view, the agents are expecting to have increased sales in the coming weeks until 31 December 2011.

Position after 31 December 2011 and from 1 January 2012

From 1 January 2012, the stamp duty exemption will only apply to eligible purchases of:

- New homes (that is a home which has not been previously occupied or sold as a place of residence) up to $600,000. This includes apartments and off the plan purchases;
- Substantially renovated homes up to $600,000. Substantial renovations for this purpose are defined as renovations in which all, or substantially all, of a building is removed or replaced; and
- A vacant block of residential land (that is intended to be used as the site of a first home) up to $450,000.

As such, the First Home Buyers will have a difficult choice:

- Buy a new home or substantially renovated home up to $600,000. Provided other eligibility criteria are satisfied, no stamp duty will be paid. However, the cost of new homes or substantially renovated properties may be more than the cost of an existing home;
- Buy a vacant block of land up to $450,000 and then build. Provided other eligibility criteria are satisfied, no stamp duty will be paid. However, choosing this option may cost more than purchasing an existing home; and
- Buy an existing home and pay the stamp duty. To appreciate the difficulty of this choice, the stamp duty on the purchase of an existing home for $450,000 is $15,750. This is a huge cost for First Home Buyers and this will obviously make it harder for buyers to get into the market.

The existing scheme provides savings of up to $17,990 for First Home Buyers. It has been an important concession to assist buyers in the purchase of their first homes. Unfortunately, the significant change in the operation of the scheme from 1 January 2012 will no doubt make it harder for First Home Buyers.

Obama proposed 'Buffett Rule' to combat debt crisis

By Robert Thyer

In recent news from the United States, President Barack Obama has caused quite a stir with his proposed "Buffett Rule" to help alleviate some of the pressure of the Country's growing debt crisis. President Obama's proposed tax amendments will change the way individuals are taxed on incomes in excess of $1 million.

The amendment proposal comes after vocal criticism from billionaire investor and current Chief Executive of Berkshire Hathaway, Warren Buffett. Buffett has asserted that part of the reason for the debt crisis is due to the current taxation system favouring higher income earners by allowing a special tax rate on capital gains which is lower than that of ordinary wages. This, Buffett asserts, causes low and middle wage earners at an effectively higher tax bracket than those with significantly higher incomes (Brown 2011).

Although the proposed tax changes have come with high level criticism, a recent poll conducted by media outlet Bloomberg has shown the following statistics in approval for the proposed tax changes (Bloomberg 2011):-

- Respondents based in the United States
  63% approval rating;
- Respondents based in Europe
  78% approval rating; and
- Respondents based in Asia
  69% approval rating.

Irrespective of whether the amendments are brought into legislation in the United States, the talks of adopting tax changes to favour lower income earners are already being seen in other countries such as France. French President Nicolas Sarkozy has recently unveiled plans to add an additional 3 percent surcharge on incomes above 500,000 euros (Lynch 2011). It will be interesting to see if any additional countries follow this example and start overhauling their respective taxation legislation.

As it stands today, the current national debt for the United States is approximately $14.7 trillion and rising by an estimated $3 billion per day (Treasury Direct 2011).

Further reading & References:-

Brown, C 2011, "Obama's 'Buffett Rule' to call for high tax rate for millionaires", Politico, 17 September, viewed 24 September 2011, <www.politico.com/news/stories/0911/63756.html>

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Treasury Direct 2011, "Debt to the Penny", 29 September, viewed 2 October 2011, <http://www.treasurydirect.gov/NP/BPDLogin?application=np>