



# BALLAST *BULLETIN*

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## Ballast announces acquisition of Sound Finance and opens new Midland branch

**B**uilding on its successful Western Australian operations, Ballast has announced that it has purchased the Sound Finance Group.

The move was immediately followed by a decision to further expand its operations by creating a new Ballast outlet in Midland.

With access to the expertise of over 80 different financial services representatives across WA and Queensland, Ballast is well equipped to provide a complete one-stop service for its clients.

The acquisition of Sound Finance included the purchase of two retail offices based in Rockingham and Victoria Park.

Commenting on the acquisition, Ballast's GM, Frank Paratore said he was delighted to welcome Sound Finance as well as the



new Midland Branch into the Ballast family.

"Both our companies share a commitment to providing excellent service to clients and have

outstanding business reputations in the financial services area.

"Sound Finance and our new Midland branch are a good 'fit' with Ballast's business ethos and we are pleased to say that all existing staff will be retained."

Speaking at a recent celebratory dinner during which Ballast's acquisition was announced Anthony Hewitt, Director of Distribution with Macquarie Global Investments said, "It is very pleasing to see Ballast continue to grow and diversify their business in what has been a particularly



challenging environment over the past 12 months.

"I think the expansion of their finance operations will position them very well within the industry, enabling them to continue implementing their financial planning business, which has also continued to grow during a very difficult period," he added.

## Brokers banish winter blues at first Ballast sundowner

**Finance brokers from across Perth recently braved the winter weather to celebrate the first Ballast industry sundowner.**

More than 65 invited guests from the industry gathered at Pure Bar in Subiaco for fantastic food and drinks – enjoying the opportunity to relax and take a well deserved break.

Ballast decided to organise the event after recognising that few opportunities existed in Perth for professionals to gather together in an informal environment and simply catch up.

"We work in a very intense business. It's not the kind of job where you can just clock off at 5pm and head home," said Frank Paratore, Ballast's GM. "We thought having a sundowner would be a great way of encouraging ongoing communication within our business community.

"Ballast prides itself on being an industry leader and we feel very strongly that events

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# Resources set to be the main driver of Australia's economy

**T**he recent Gorgon announcement has once again focussed attention on the role which resources and in particular those in WA will play in driving future growth in the Australian economy.

It followed the announcement by ABARE (Australian Bureau of Agricultural and Resource Economics), that advanced minerals and energy projects to the value of \$80 billion were currently under way in Australia.

According to ABARE's Executive Director, Phillip Glyde this supported expectations of growing demand for minerals and energy commodities in the medium term.

In its recently released report Minerals and energy: major development projects – April 2009 listing, ABARE detailed 321 projects - 247 of which are still undergoing feasibility studies.

Energy projects accounted for around 54 per cent, or \$43.4 billion, of the estimated capital cost of all listed major projects with

iron ore projects accounting for a further 25 per cent or \$20.4 billion.

**WA responsible for 70% of capital spending on advanced resources projects**

Western Australia is responsible for more than 70 per cent of the capital expenditure on advanced projects, including eight oil and gas projects (valued at \$26.8 billion) and 10 iron ore projects (\$20.4 billion).

The Reserve Bank (RBA), in its recent quarterly statement on monetary policy, said some mining companies were almost back to full capacity because of the way China had rebounded. While prices would fall this year, they would still be at the relatively high levels of those achieved in 2007.

"Further increases in petroleum exploration and the recovery in energy prices and demand for bulk commodities could significantly boost investment spending in the medium term, especially in the LNG and iron ore sectors," the RBA added.



## Consumer confidence takes a welcome turn for the better

**The International Monetary Fund (IMF) has raised its forecast for global economic growth next year by 0.6 of a percentage point to 2.5%.**

The improved outlook coincided with the release of the Westpac-Melbourne Institute Consumer Sentiment Index, which showed the majority of Australian consumers believe economic conditions and their family finances will improve over the next year.

According to the index, consumer sentiment improved by 9.3% in July, going from 100.1 in June to 109.4.

Westpac chief economist, Bill Evans said the improvement in sentiment meant the index was now showing an increase of 23.2% over the last two months – the largest two month increase in the Index since the survey began in 1975.

New housing finance figures, released at the same time, showed consumers are backing their judgement about the economy, arranging a record \$12.9 billion in new home loans in May.

# MFAA Ball – great food, wine and entertainment

**Members of Perth's financial services industry recently gathered at the Parmelia Hilton for the Ballast sponsored Mortgage & Finance Association of Australia (MFAA) annual ball.**

This year's black tie event attracted over 230 guests, all keen to enjoy a night of great food, excellent wine and fabulous entertainment.

Music was provided by special guest performer, Jay Weston who impressed everyone with his incredible voice. After a delicious three course meal, guests let their hair down and danced the night away to the music of Tod Johnston and Peace Love & All that Stuff.

As the MFAA's Western Australian Platinum sponsor, Ballast ensured that its representatives were on hand to lend support to this important industry event.

Ballast's GM, Frank Paratore had the pleasure of drawing the heavily anticipated door prize, donated by Ballast, of a \$1000 Flight Centre voucher. "It was a great night. Everybody I spoke to said they had a wonderful time," Mr Paratore said.

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like this are a great way to acknowledge just how hard we all work."

Guests at the sundowner were enthusiastic about the value of the event. Justin McManus from AXA thought it provided an excellent networking opportunity for finance industry professionals. "The value of creating traditional networking opportunities seems to have been ignored recently. We often forget how much business is done face to face within a social setting."

Fiona Derham from Elite Brokerage Services was delighted to attend the function. "It was a really nice get together with colleagues and an opportunity to relax and unwind in a fantastic location.

"Everybody is working so hard that sometimes it can be really difficult to find opportunities to simply catch up with people outside work. It was a great way to share experiences and see what everyone else is up to."

## REMINDERS

### First home buyers

**First Home buyers have until September 30 to enjoy the full benefit of the Government's First Home Owner Boost.**

### Business equipment tax rebate

**Businesses with a turnover of less than \$2m need to buy before December 31 to get a 50% tax rebate on new business equipment and vehicles.**

This highly successful event was the first in a series of sundowners planned by Ballast. The next one is due to take place on Thursday September 17.

# Men failing to plan for retirement happiness - survey

**M**en are planning for their financial security in retirement but not for their happiness, according to a new survey.

The research, published in *Psychology and Aging*, suggests men could find retirement lonely and isolating unless they build social and leisure networks before they leave the workforce.

"Our finding is significant because a person's level of leisure involvement during their working years tends to predict their involvement during retirement," said



the report's co-author, UNSW psychologist Dr Joanne Earl.

The survey revealed that more women than men plan for their health and leisure interests before they stop working.

"If the men we surveyed are representative, Australia's male Baby Boomers could be in for a tough time during retirement. There is a strong emphasis in society to plan and save money for retirement but I think the bigger questions are: 'What am I saving for?' and, 'What do I really want to do when I retire?'" she said.

#### **Other key survey findings:**

- Older workers are more likely to plan financially for their retirement than younger workers.
- High income workers are less likely to plan their post-retirement pursuits than lower-income workers.
- Women with higher income and education levels were more likely to engage in health-promoting activities than men, workers with lower incomes and those with less education.

Dr Earl and PhD student Alexa Muratore have developed a measure to assist people when planning activities for a happy retirement. Seventy percent of people completing the survey have said it helped them identify aspects of retirement worth considering. The survey can be completed at <http://www.surveys.unsw.edu.au/survey/154445/1dac/>

## TAX TIME IS FAST APPROACHING!

**Don't leave your tax matters to the last minute... Ballast Accountants can assist individuals and businesses in all aspects of accounting including:**

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- Bookkeeping
- GST advice and reporting requirements
- Income tax returns for individuals, partnerships, trusts and companies
- Preparation of self-managed superannuation fund financial reports and income tax returns as well as audit services.
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- Liaising with the ATO for tax instalment variations, applications for new tax file numbers and ABNs
- Assistance with business structuring, set-ups and advice



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**The right financing package can protect your business from the downturn and help you to...**

## Take advantage of future growth opportunities

**There are a number of actions which you can adopt to protect your business from the worst ravages of recession.**

These include avoiding emotional or panic decisions, concentrating on your best customers, carefully re-examining overheads and supplier costs, ensuring your business is driven by profit rather than sales, working to budgets, avoiding drastic discounting and monitoring cash flow.

When it comes to reducing costs a good starting point is to re-examine your financing arrangements. There can be wide variations in the interest rates which banks charge for business loans. Only by having your finance broker check it out for you can you find out whether you are getting a good deal.

At the same time, it's important too not to lose sight of the need to position your business for future economic recovery. In simple terms, there are four steps to growing a business: protect the

existing operation (the situation faced by many businesses in a recession); further penetrate current market segments; extend the business; and diversify into new markets.

Right now, your priority is to focus on point one. Once you have established a sustainable, trim base you should start working on point two. Only then should you plan for points three and four to allow you to fully exploit the first signs of economic recovery.

Your financing requirements will probably change as you go through the various stages. And if you're borrowing to grow the business, it's important to ensure your profitability will allow you to pay back the debt.

Right now a talk with your finance broker could help you achieve what you really need right now – a reduction in your borrowing costs. However, he/she could at the same time examine your possible future financing requirements.

# Positive gearing may be your best option

**T**he constant emphasis on negative gearing tends to make us all forget about that other real estate investment strategy – positive gearing.

It is, however, a strategy that is once again in the spotlight for a number of reasons. First of all, with interest rate cuts and falls in house prices, positive gearing opportunities have started re-emerging in some areas of the market.

Secondly, reductions in top tax rates over recent years have tended to erode the benefits of negative gearing.

Thirdly, with the consolidation of property prices throughout Australia, some investors are starting to again focus on the fact that it's not all about growth.

A strong income flow is once again taking its rightful place as an important consideration in any decision to invest in property.

Positive gearing is popular among investors who are in a position where they have to think about their future retirement income. They are looking for positive rather than negative cash flow from their current and/or future investments.

Also, there are some younger investors who are weary of having to work harder and harder at a job in order to finance their negatively geared properties.

Their motivation is simple. The more positively geared property in their portfolio the less they have to work.



It is important to explain what we mean by positive gearing since this term is sometimes used for investments that are in effect negatively geared. In simple terms your property is positively geared if it pays for itself and there is something left over.

When it comes to finding positive cash flow investment properties, good research and advice are as necessary as they are for any investment decision.

Talk to your financial adviser to see whether it is a strategy suited to your particular circumstances and make sure the property you buy will deliver a positive cash flow.

Then have a word with your finance broker to get a good idea of your financing options.

## Welcome Hannah



**Ballast would like to welcome Hannah Rogers as our new receptionist. Hannah has great experience with customer service and is a**

**welcome addition to our office.**

She is an ex state golfer and does Calisthenics in her spare time.

## Have you protected your family in case something happens to you?

**If you were to die unexpectedly today would your family be able to pay off the mortgage and live comfortably in your absence?**

If the answer is NO, you need to review your current situation to ensure you and your family are adequately protected from an insurance perspective.

Did you know that more than 81% of the Australian population has inadequate levels of life insurance cover?

It is crazy that we go out and acquire assets, generally using bank finance, without considering the consequences of not being able to service these liabilities in the event of an unforeseen traumatic event taking place.

So what type of insurance should you have? Life and/or Total and Permanent Disability Insurance can provide a lump

sum to you or your beneficiaries if you are seriously disabled or die. This can be vital if you have a family or a mortgage to look after.

Then there's Income Protection Insurance which typically covers up to 75% of your income if you can't work temporarily because of illness or injury.

If you're self employed or run a business you can also cover your fixed business expenses in case you're unable to work temporarily because of sickness or injury.

There are many ways insurance can be structured to suit all budgets.

Don't leave it to chance! If you feel you don't have adequate insurance cover in place and want to review your situation please contact our qualified adviser for an obligation free meeting to discuss your personal situation.



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