

PO Box 5156, South Lake WA 6964  
 Unit 9, 233 Berrigan Drive, Jandakot WA 6164  
 Website: [www.ballast.com.au](http://www.ballast.com.au)  
 Phone: **1300 270 942** Fax: **(08) 9417 5580**  
 Email: [enquiries@ballast.com.au](mailto:enquiries@ballast.com.au)



## What are things looking like for the Australian economy right now?

**B**usiness confidence in Australia rose strongly in August, despite a period of political uncertainty, a recent survey shows.

According to the survey by National Australia Bank, business confidence rose 9 points from July to plus 11 points in August.

This comes after recent surveys by the Westpac-Melbourne Institute which delivered an encouraging consumer confidence message, with its Consumer Sentiment Index surging by 11.1% in July and 5.4% in August.

In a hopeful sign for the future of the Australian housing market, the Institute's surveys also revealed a significant increase in the number of people who believe the time is ripe to buy a home. The 'Time to Buy a Dwelling' Index surged by 7.3% in June, 15.6% in July and 9.1% in August.

### Strong GDP performance

Recently released growth figures from the Australian Bureau of Statistics (ABS) were also heartening, with GDP growing by a strong 1.2% in the June quarter for an annual growth of 3.3%. It was the biggest quarterly economic growth in three years.

With future growth in WA and Australia heavily reliant on commodities and in particular mineral exports, it was good news to see exports of metal ores and minerals achieve new highs, contributing to a sharp turnaround in the balance of trade.



Australia's trade surplus ballooned to a record in June as export earnings from iron ore and coal surged.

The surplus of \$3.54 billion was almost twice the market forecast and far outstripped the previous record of \$2.5 billion. The surplus for the three months to June amounted to \$6.6 billion, a turnaround of almost \$10 billion from the first quarter's deficit and a boon for economic growth.

Manufacturing activity grew for the seventh consecutive month in July, according to the Australian Industry Group-PricewaterhouseCoopers Australian PMI®. Growth in production, new orders, and deliveries drove July's improved result. Consumer, mining and infrastructure-related manufacturing contributed to the increase in the July figure.

However, the pace of manufacturing activity slowed in August but was still above the point separating expansion from contraction.

Retail spending has been subdued in recent months with spending only going up by 0.2% in both May and June. However, in an indication of the roly-poly nature of things right now, retail trade rose an encouraging 0.7% in July, above the market forecast of 0.4%. Unfortunately, WA lagged behind with retail sales down 1.8% in July.

A cause for concern was AIG's Performance of Services Index which fell from 48.8 to 46.6 in July, its third consecutive month of contraction. In the construction industry new building approvals, an indicator of future activity, dropped by 3.3% in June, having fallen five times in the last six months.

**Continued on page 2.**

## Tax time – don't wait till it's too late

**Don't leave your tax matters till it's too late.**

Ballast can assist individuals and businesses in all aspects of accounting including:

- Preparation of financial reports
- 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.
- Taxation advice
- Liaising with the ATO for tax instalment variations, applications for new tax file numbers and ABNs.
- Assistance with business structuring, set-ups and advice

If you need assistance in any of the above areas, give us a call. We are available for a discussion at your convenience.

# Perth's new urban growth plan – a 'balance of bold vision and sensible strategy'

**T**he State Government's new, urban growth plan for Peel and Perth, 'Directions 2031 and beyond', recognizes the role of private developers in achieving the plan's objective of 47% housing infill development.

According to Property Council of Australia Executive Director, Joe Lenzo, "the plan achieves the necessary balance between bold vision and sensible strategy".

He goes on to say that "the plan's objective of 47% housing infill development is achievable if private developers are willing and able to invest in high density housing projects".

## **328,000 dwellings needed**

'The Directions 2031 and beyond' plan has arrived just in time to alleviate growing concerns regarding the anticipated growth of the city, including an extra 550,000 people requiring 328,000 new dwellings by 2031.

The plan has taken into account the necessary investment into essential services infrastructure that will be required to keep pace with this anticipated population growth.

It has also embraced a new approach to activity centre development in Perth which removes the limits on shopping centre growth. This new 'activity centres'

policy will allow shopping centres to grow into community hubs that are not just concentrated on retailing.

The Western Australian division of the Urban Development Institute of Australia (UDIA) has also responded favourably to the plan, but has concerns that if some of the targets are to be

met, incentives will be needed to entice development companies to get on board.

"Infill development is proven to be much more expensive than Greenfield development due to higher construction costs and infrastructure upgrading requirements", said UDIA CEO Debra Goostrey. "If there are no incentives, such as a tax break, to take on this kind of risk associated project, why would a developer do it?"

The Property Council of Australia has also identified a number of key actions necessary to achieve the housing infill targets set in 'Directions 2031 and beyond' including unlocking development



finance constraints, freeing up local planning controls that prevent innovative and affordable housing options and providing timely infrastructure to support development in strategic sites.

Despite these concerns, Mr Lenzo went on to say "it is refreshing that the Government has recognised the importance of planning for urban growth in a strategic manner".

What remains to be seen is if the Government responds in an appropriate and timely manner to the UDIA's and Property Council of Australia's concerns. If they don't, the potential of 'Directions 2031 and beyond' will remain unrealised.

## From page 1

### **Room for hope**

There was some room for hope though: July saw building approvals rise by 2.3%, despite the market predicting a fall of 0.7%. However, this improvement had not reached WA with approvals down by 4.9% in July.

Business investment in equipment and machinery is an important indicator of future growth. It was therefore disheartening to see recently released ABS figures showing that business spending on equipment and machinery fell from the first to the second quarter of this year by 4%.

The decline was fuelled by the construction, wholesale and retail sectors. On the other hand investment rose in the mining and manufacturing sectors, though some believe the overall investment figure would have been considerably boosted if there had been no mining tax controversy.

Some commentators have pointed to negatives which could impact on growth, including the effects of interest rate rises on retail sales, construction activity, manufacturing and the property market, which in most parts of the country is now in the doldrums.

### **Two speed economy**

Looking at all this, there's little doubt that a two speed economy persists and that resources are still mainly responsible for keeping Australia growing. There are, however, some hesitant signs that the economic recovery is moving into non-commodity sectors.

In addition to local issues, it's clear that developments overseas will have a strong influence on the path ahead for the Australian economy. For the time being though, the economy is travelling surprisingly well, taking into account what we've been through over the past couple of years.

## Meet Chek Siew

**Ballast would like to welcome Chek Siew on board as our new Paraplanner.**

Chek has a Bachelors degree in Banking and Finance and is a passionate soccer supporter.



## Income protection

# Illness and injury doesn't discriminate between gender, age, income or occupation

**A**nother financial year has just passed and most of us would have lodged our tax return and received a refund (hopefully).

If you paid income protection premiums throughout the financial year, you were eligible to claim the premiums as a tax deduction (providing income protection was held outside of superannuation).

The Australian Taxation Office allows tax deductions for insurance premiums where it can be proven that those premiums relate to the earning of assessable income.

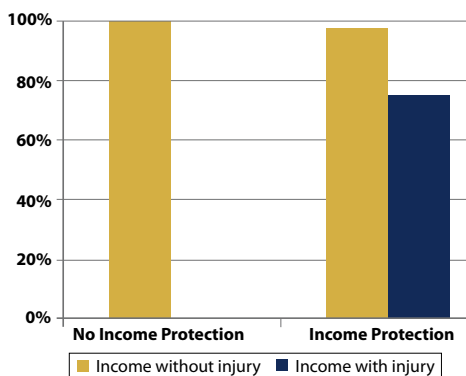
Income protection is very important for everyone, you've worked hard to get your assets/ lifestyle/education and everything seems to be travelling perfectly, but one of the easiest traps to fall into is to not insure your biggest asset (Yourself). If you suffered an injury which prevented you from working (broken leg, back strain etc), how would you pay the mortgage, bills, living expenses?

In general, people are very quick to insure their home, contents and car. However, many people do not insure themselves, yet their ability to earn an income is generally their biggest asset. If you were no longer able to earn an income, it would be very hard to keep your car, home contents and home, and retain the lifestyle you and your family have become used to.

### So what are the risk factors?

So what does this mean? Well in simple terms income protection costs on

average 2% of income on an annual basis (depending on circumstances, including age, occupation and risk).



The graph illustrates the potential downside with and without insurance. The first bar graph shows the potential risk of not having insurance. It illustrates that presently you may be taking home 100% of your income, however if you suffer an injury which prevents you from working, the income that you would take home is 0%. However, with income protection you would receive 98% of your income (2% paid as premiums). However, if you were to suffer an injury, your income would drop to 75%.

### You don't have to earn an income to be valuable

It's a fact, serious illness and injury does not discriminate between gender, age, income or occupation. Home-makers have as much chance of becoming ill or injured as those in full time employment.

The value of the home-maker is frequently underestimated. Take a moment to think about how much it would cost to pay somebody to:

- provide in-home care
- perform the household chores
- run the household errands
- take the kids to school
- take care of the kids before and after school.

The costs could amount to thousands of dollars every month to have somebody take care of these essential needs and responsibilities.

Whilst insurance can't prevent serious illnesses and injuries from occurring, it can protect your family from the financial consequences such misfortune can bring. Even though home-makers don't earn an income, the financial risk to the family is substantial and therefore needs to be addressed through available risk insurance products.

### I'm confused.... what do I need?

The above information is general in nature but the best way to get all the information you need and to ask questions is to take some time out of your day to sit with a Ballast Financial Planner. The appointment is free of charge and therefore only costs you the time you spend in the meeting. At the end of the meeting you will have a better understanding of how a Ballast Financial Planner can help and what steps are needed to go forward.

## Australia faces a vastly different housing future

**A little publicised research report from the Australian Bureau of Statistics (ABS) has thrown new light on WA's future housing requirements.**

According to the ABS, the number of households in WA will increase between 66 per cent and 71 per cent between 2006 and 2031, to about 1.3 million. At the same time the makeup of households is likely to change drastically.

The research indicates that the proportion of single-person households will roughly double, to as many as 416,000 during the period.

There will be a change in household type with couples without children expected to become the dominant group, overtaking couples with children as early as 2012, depending on which of three growth scenarios adopted by the ABS is used.

Under a high-growth scenario, the number of childless couple households - which also includes couples whose children have left home - could reach 433,000 by 2031.

This trend coupled with affordability issues could offer opportunities to

developers. Perth based Dykstra Planning says that in some cases it may be possible for home owners to retain their existing houses and build one or more single bedroom dwellings even where lot size would not enable traditional development and sub-division.

There is no doubt that developers will in the coming years have to take note of this dramatic shift away from families with children to childless couples and singles.

## Consumers overwhelmingly happy with advice given by super funds

**C**onsumers are overwhelmingly happy with the financial advice they receive from their superannuation funds, according to a recent survey by financial research company, Canstar Cannex.

Unsurprisingly though, fees charged by superannuation funds was a major gripe by respondents who rated 70 super funds in Australia.

"Industry funds generally have lower fees because they are not for profit, but retail funds generally offer wider investment choices, so the choice of fund is entirely dependent on your financial situation and future goals," the head of research at Canstar Cannex, Steve Mickenbecker said.

He added that there were ways to minimise fees, such as negotiating with an adviser or fund, using a discount broker or choosing a low-cost fund.

Mr Mickenbecker said levels of satisfaction with advice given by superannuation funds were very high – over 87%.

Cannex Canstar rated some 70 funds that are available to everyone across 80 features for each product.



AGEST Super Personal, AMIST Super Personal, AMP Flexible Super, AustChoice Super Personal, Esi Super Personal Plan, first State Personal Super, Pursuit Select Personal, Master Key Super and Pension Fundamentals, RecruitmentSuper Select Super and Sunsuper Solutions were rated as five star superannuation products.

## A sad farewell.....

**We wish to farewell Tara Roberts and Lill Raine who are both leaving Ballast.**

After seven years with Ballast, Tara is moving on to a new role as personal assistant to two financial planners and Lill is off to Ireland after being with Ballast for almost three years.

We wish them both the very best in their new ventures. They will be missed.



Lill Raine



Tara Roberts

## Kathryn Jobling

**Kathryn has recently changed roles within Ballast to now become a member of our Self Managed Super Fund team.**

She joins John Langiu in that department. Together they will look after our SMSF clients and the day to day running of their Self Managed Super Funds.



# Welcome to Ballast

## Ushma Joshi



**Ushma Joshi has recently joined us as a Paraplanner.**

She has a Bachelors Degree in Actuarial Science and a Masters in Financial Planning and previously worked for Superannuation Recall Consultants as an administration Manager and Assistant to Auditor of Self Managed Superfunds.

In her spare time Ushma enjoys keeping up with classical dancing, a course in which she graduated after 10 years of training.

## Lauren Hill



**Lauren Hill has joined us as our new Commissions Officer.**

She has over 6 years experience within the finance and accounting industries and comes to us from the Westate Finance/Buyer's Choice group.

## Gerry Emmons



**Gerry Emmons has taken over the accounting role from Greg.**

Gerry has 28 years taxation and accounting experience, including 12 years in private practice, and is a Fellow of the Australian Society of Certified Practising Accountants.



**Unit 9, 233 Berrigan Drive,  
Jandakot WA 6164**

**Phone: 1300 270 942**

**Fax: (08) 9417 5580**

**Email: [enquiries@ballast.com.au](mailto:enquiries@ballast.com.au)**

**Website: [www.ballast.com.au](http://www.ballast.com.au)**

The information and articles in this newsletter may contain advice that is of a general nature. Please note that this advice may not be suitable to your financial situation, objectives, circumstances and or needs. The advice is general in nature and is designed to provide you with an informative insight into certain idea / issues / concepts. You must therefore assess whether it is appropriate, in light of your own individual circumstances, to act upon this advice. We strongly advise that you seek professional qualified personal advice before proceeding that does take into consideration your investment objectives, financial situation and or needs.