

# BALLAST BULLETIN

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## Identity checks introduced to eliminate fraud

**In 2010 and 2011 Perth experienced two highly publicised title frauds where properties were sold without the owner's knowledge.**

Now following a consultation process, changes have been made to the statutory obligations of real estate agents which will require them to make all reasonable efforts to verify the identity of each person who claims to have the authority to dispose of real estate.

To satisfy this requirement, real estate agents will conduct 100 point checks, similar to those required to identify yourself to other service providers, such as banks when you open an account.

You will be asked for copies of

documents or alternatively the real estate agent may take photographs of documents such as your passport, licence and/or identification card. The agent will be required to safely store these documents and they will not be used for any purpose other than as a record that you have been properly identified.

When your property has been sold and prior to signing the transfer of ownership document another identification verification will need to be conducted by your settlement agent.

If the transfer of ownership document is to be signed when you are overseas, it's important to keep in mind that Landgate will only accept the transfer if your signature is witnessed by an Australian



Consular Officer. Please note Australian consulates are not located in all countries. Your conveyancer will be able to assist you with these requirements.

Please remember that the steps taken to verify your identity have been introduced to protect your interests and because by law your real estate agent must take these steps.

## When interest rates drop get expert advice

**November's interest rate cut was the first movement of interest rates in 12 months but the Mortgage & Finance Association of Australia has warned borrowers to get expert advice before responding to new mortgage offers.**

Chief executive Phil Naylor has warned that borrowers should get expert advice before switching loans. "We had a period of rising interest rates, so it's understandable that there's pent-up demand for cheaper mortgages. However, the borrower must ensure they sign-up for the



deal that's most appropriate for them. We urge people to understand all their options before taking on more debt."

The importance of getting expert advice was illustrated by a recent report which claimed that because exit fees can no longer be levied on variable loans, some lenders are instead pushing fixed rates. Why? Because with fixed interest loans they're allowed to recover 'break costs' should the loan be terminated in advance of the agreed date.

*A Happy  
Christmas  
and a  
prosperous  
New Year*



## Interest rates

# What's on the RBA's mind?

**A**re there any trends emerging that could act as a guide to the RBA's thinking on the future of interest rates?

One thing is clear the RBA continues to be extremely reluctant to cut rates. According to reports there was no unanimity among board members when it came to the Melbourne Cup Day decision to adjust the cash rate downwards by 0.25 basis points.

### Market too 'pessimistic'

Its reluctance to reduce the cash rate, despite the clamour from all and sundry, has come through strongly over the past few months. No one made the RBA's attitude clearer than RBA deputy governor, Ric Battellino, who suggested a couple of months back that the market was being too "pessimistic" in pricing in rate cuts.

The minutes of the RBA Board's Melbourne Cup Day meeting touched on the case for keeping rates on hold saying that unless the world economy turned down in a serious way, the expansionary effects of Australia's high terms of trade and the associated investment build-up would, in time, assert themselves more fully, even though recent conditions had been softer than expected. In that event, policy settings on the tight side of normal would be appropriate over the medium term.

### Rates at right levels

A recent report on a speech by RBA assistant governor, Guy Debelle couldn't have put the RBA's current attitude to rate cuts more clearly. He was reported as saying mortgage rates were about where the central bank wanted them to be.

So what made them decide on the November cut after all? According to the minutes, the case for the easing of rates, was that there had clearly been material changes to the recent course of, and outlook for, underlying inflation over

recent months, while the downside risks for the global economy had increased.

The minutes reflected the fact that in recent months the RBA seems to have become more comfortable with the current direction of inflation, making a rise in the cash rate unlikely in the short term.

In his statement following the RBA Board's October meeting, the governor of the RBA, Glenn Stevens, said that recently revised data showed prices were not increasing as sharply as initially indicated.

### Labour costs

Moreover, he added that with labour market conditions a little softer, the likelihood of a significant acceleration in labour costs outside the resources and related sectors is lessening. "The path for inflation may now be more consistent with the 2-3 per cent target in 2012 and 2013."

Confirmation of this forecast came with the unexpected announcement that inflation eased more than expected in the September quarter, rising by 0.6% in the three months - an announcement which appears to have been one of the main reasons for the interest rate cut

### Flood influence

The November minutes echoed earlier RBA statements on the impact of last summer's floods on the inflation rate, saying that while CPI inflation had remained above 3 per cent on a year-ended basis, it was expected to decline significantly over the next few quarters, as prices fell for some key food products that had been affected by adverse weather earlier in the year.

Of course the elephant in the room is Europe: there is little doubt that further more severe debt complications in Europe will have an influence on the RBA's view of the desirability of interest rate cuts.

# Keystart loans made a little easier



**In terms of its current promotion, Keystart is now offering home loans to qualified applicants who have proof of having saved just 1% of the purchase price of a property over a three month period**

Those seeking a loan do, however, need to have a minimum deposit of 2% of the purchase price, which must include a minimum of 1% in savings: the remainder can come from anywhere such as the First Home Owner Grant or a gift.

To qualify, an applicant cannot have an income higher than \$70,000 for singles and \$90,000 for couples. The purchase price must be \$400,000 or less for metropolitan properties.

### Repayments limited

If you have other loans or credit cards your monthly repayments must not exceed 7% of your gross income.

Keystart was established in 1989 to help low-to-moderate income earning West Australians into affordable home ownership. It offers home loans for affordable homes, with an education focus to help people understand the process and resources available to achieve home ownership. Loans are for owner-occupiers only.

Please contact Ballast on 1300 270 942 if you would like any further information.

## Tara makes a move

Tara has been appointed Compliance Officer with Ballast head office for Financial Planning and Finance.



# The easy way to check how much you can borrow before starting your house search



**I**n a sellers' market getting your finance pre-approved can make all the difference between securing your dream home or facing the disappointment of losing out on a property made for you.

On the other hand, in today's market where buyers have a great deal of choice, there would appear to be no need to get your finance pre-approved.

However, that doesn't mean you should start your home hunt without first finding out what you can borrow and under what conditions.

If you're informed about your financial capabilities you're in a much better position to make an offer on a property or to avoid wasting your time inspecting properties beyond your budget.

In this respect, rather than

concentrating on what the bank will allow you to borrow, it makes more sense to concentrate on how much you can comfortably afford to borrow.

You don't want to be a slave to your mortgage so allow yourself some disposable income so you can enjoy the other things in life.

Buying a smaller dwelling than you could afford might suit your lifestyle better.

To get an idea of your financing options, call a mortgage consultant. They will be able to give you a good indication in a matter of minutes and at the same time answer any queries you might have.

And, importantly, you won't have to go through a lengthy formal pre-approval process.

# Are short holidays worth it?



**R**ecent research has shown short holidays have a positive effect on health and wellbeing, though the feeling fades after a few days.

As if you didn't know already, the research indicated that you should leave your work at home to benefit from the mental detachment provided by holidays.

The study by Jessica de Bloom of the Behavioural Science Institute at Radboud University in the Netherlands, identified a number of other factors that enhance the beneficial effects of short holidays. First of all, it's better for you if you derive pleasure from your holiday activities, which may suggest sticking with the things you really enjoy.

As could be expected, relaxation helped reinforce a feeling of wellbeing, while negative incidents had the opposite effect. Importantly, you will benefit further if you spend a lot of time in conversation with your partner.

## **Opportunity to connect**

So are holidays worth it when it comes to your health and feeling of wellbeing. Ms De Bloom says, "Holidays give people the opportunity to connect to family, partner and friends. They help us to refill our batteries, remain productive and perform on high levels.

"The fact that the after effects are short lived only emphasises that we should go on holiday more frequently to keep our levels of health and wellbeing high."

If you only have a small amount of annual leave available to you and not enough money to go somewhere exotic, don't fret. Ms De Bloom's study on short holidays as well as those by other researchers indicates the length of a holiday is not important and that happy memories will linger even if you're not doing something wildly exciting every day.

# On the move

**Hannah Rogers is leaving Ballast head office and moving to Ballast Melville as a personal assistant and loan processor.**

We wish her all the very best in her new role and thank her for her great work with head office.

Gemma Thornton has accepted a promotion from receptionist to replace Hannah as our Accreditations Officer and Administration Assistant. We know Gemma will be an asset in this role and will enjoy working with our finance brokers.



**Gemma Thornton**



**Hannah Rogers**

# What steps have to be taken to make an SMSF fly?

**S**o what steps have to be taken to turn your SMSF thought bubble into reality?

Briefly the following are the things you or your financial adviser would have to do to get your SMSF up and running:

- The first step involves setting up a trust which establishes the operating rules for the fund and ensures it qualifies as a complying superannuation fund. This would typically be prepared by a legal adviser. Your financial adviser can assist you in this task;
- It is then necessary to appoint trustees. These will be people who have agreed in writing to being appointed;
- A trustee declaration must be completed by directors and trustees of an SMSF in which they state that they understand their responsibilities and obligations;
- To receive concessional tax treatment, it will be necessary to elect to have the SMSF regulated by the ATO. The trustees must also obtain a TFN and ABN for the fund;
- The next step is to set up a bank account for the fund;
- Thereafter, it is necessary to establish a written investment strategy which takes



into account factors such as diversification, risk, liquidity etc;

- Finally, you would roll your other super funds into your SMSF. And you would also inform all contributing employers of your new SMSF details so they can pay super guarantee and other contributions into your SMSF.

Does it all sound too much for you? Well, don't worry. With specialised assistance you'll find it's a lot easier than you think. So if you're considering starting your SMSF give Ballast's Superannuation Department a call and let us give you the information you need to make a final decision.

## Standard Tax Deduction

The Government is preparing to introduce a \$500 standard tax deduction in time for the 2013 tax season, increasing to \$1,000 in 2014.

The standard deduction would be available instead of claiming actual expenses for the cost of managing your tax affairs and for work-related expenses such as stationery, union fees and laundry and would remove substantiation requirements for claims up to \$500.

Claims in excess of the standard deduction will still be allowed but will need to be substantiated.

### Ballast Christmas/New Year closing times

**Ballast Jandakot, Ballast Melbourne, Ballast South Perth and Ballast Goldfields**

23rd Dec – 9th Jan 2012

**Ballast Midland**

23rd Dec – 2nd Jan 2012

**Ballast Melville**

19th Dec – 16th Jan 2012

**Ballast Leederville**

23rd Dec to 4th Jan 2012

**Ballast Rockingham**

23rd Dec to 9th Jan 2012

**Ballast East Victoria Park**

23rd Dec to 9th Jan 2012

**Ballast Adelaide**

Closed on public holidays only.

## Practical property guidance on ATO's new property webpage

**T**he Australian Taxation Office has recently launched a new one-stop property webpage to provide practical guidance and easy access to all the ATO's property related tax information in one location.

The ATO's Property page, located at [www.ato.gov.au/property](http://www.ato.gov.au/property), outlines information on property topics including:

- Income Tax
- Capital Gains Tax
- Goods and Services Tax
- Residential rental properties
- Business real property
- Property development
- Building and renovating

### Building approvals down but home loans up

Approvals for private sector houses in September jumped 3.9% in New South Wales and 2.1% in Victoria. They fell by 1.3% in Queensland, 1.2% in South Australia and 0.7% in Western Australia, according to the Australian Bureau of Statistics.

The number of home loans approved in September rose 2.2% to 51,821, well above market expectations.



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