

# BALLAST BULLETIN

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## WA businesses the most optimistic about future sales and profits - survey

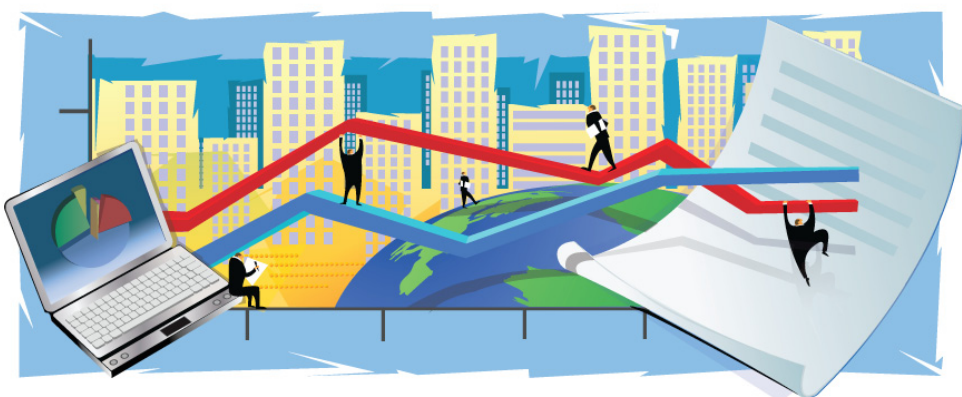
**Private businesses in Australia are set to transform short term caution into longer term optimism, according to the ninth edition of PwC's Private Business Barometer released early in May.**

The independent bi-annual survey of more than 850 private businesses has revealed that growth is top of the private business 'to-do' list.

Over the next 12 months Australian private businesses have tipped sales and profits to grow by 13 and 17% respectively with a jump to 23% in the longer term. West Australian businesses have set the most ambitious sales and profit growth targets in the short term of 17 and 21% respectively and in the longer term of 25% and 24% respectively.

***Western Australia records strongest sales growth in Australia***

Nearly three quarters of the businesses surveyed nationally maintained or grew



sales in the past 12 months. Western Australia experienced the strongest sales growth at 9% as compared to the national average of 6%.

Organic growth remained the preferred method of growth at least in the short term, with plans for acquisitions expected to rise from 20% in the next 12 months to 28% in the longer term.

Commenting, PwC Private Clients Partner, Gregory Will said, "Relying

on organic growth only could inhibit a business' ability to grow and be competitive. Pursuing alternative growth strategies such as geographic and product expansion could be a game changing move for businesses."

For the first time in four years, businesses have moved to increase the level of debt on their balance sheets. Average national debt levels hit 21% this Barometer, a significant increase over the 17% recorded in September.

## Last minute tax minimisation opportunities

**You still have a bit of time to take action to minimise your tax for the 2010/11 tax year.**

Some of the things you could do before June 30:

- Make tax deductible contributions to superannuation or take advantage of the Government's co-contribution scheme;
- If your business turnover is below \$2m you can pay certain expenses in advance, such as lease payments,

rent, advertising and the cost of protective items;

- See if there are capital losses to offset against capital gains;
- If you're a property investor you can bring forward certain repairs to your property, or pay interest on your property loan in advance.

These are just a few of the things that are possible but you'll have to move quickly. Call Greg at Ballast to find out more.

## Housing affordability improves in WA

**Housing affordability has improved in Perth by 6.1 per cent for the March 2011 quarter, and by 6.6 per cent in regional WA, according to the Commonwealth Bank/ Housing Industry Association affordability survey.**

The improvement was due to a growth in average weekly earnings and a softening in dwelling prices in a stagnant market, said HIA senior economist Andrew Harvey. "Improved affordability is great news for home buyers, particularly first-home buyers with sound financial positions who have been considering entering the market in 2011," he said.

## Tax time

# There's still time to benefit from expert advice!



### The end of the 2011 financial year is fast approaching!

Even at this late stage it could be to your advantage to talk to the Ballast Accounting team, particularly if you have experienced a capital gain or an increase in income.

Our accountants have a vast array of experience in the accounting industry and are able to assist you and your business 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.

## What does Budget 2011 mean for you?

The following are some of the features of Budget 2011 that could impact on you and/or your business.

- \$5000 motor vehicle allowance for small business.
- Introduction of a pilot compliance initiative which will scrutinise contractor and sub contractor arrangements.
- Rules of access to the small business CGT concession will be tightened for trusts.
- Bigger business to benefit from the removal of impediments to infrastructure investment.
- A flat 20% rate to be applied to car fringe benefits. People driving long distances will still be able to use log books to further reduce their FBT.
- Superannuation rules to change to allow for the refunding of excess contributions, avoiding additional tax. A higher concessional contributions cap to apply for the over 50s with superannuation balances of less than \$500,000 from July 1, 2012.
- Various measures to address the two-speed economy and increase productivity.
- Initiatives to decrease the compliance burden on business.

To find out more about how the Budget could affect you give Greg Piotrowski at Ballast a call on 1300 270 942

## Have you been thinking of starting your own SMSF, but haven't got around to it yet?

**H**ave you been thinking you could be doing better by starting your own Self Managed Superannuation Fund (SMSF) but haven't got around to making a move?

Well, then it may be a good idea to read this article, which sets out the benefits of an SMSF.

### You have control

- As a trustee of an SMSF fund you have control over where the funds are invested. Your choices include shares, property, managed funds, bonds, private equity, direct mortgages and fixed interest investments.
- Your SMSF can borrow funds, provided certain restrictions are met. This means you can use your fund to pursue additional wealth creation opportunities.
- You are able to assess the taxation

implications of each investment available to you.

- You can decide how the fund operates.
- Members of the fund can utilise the SMSF to provide protection for their assets, through various insurance options.
- With good specialised advice, strategies can be introduced to help you achieve your desired estate planning goals.
- You could enjoy substantial savings in running costs when compared to retail superannuation funds.
- As a trustee you can choose to contribute assets such as shares, managed fund units, business property and fixed term deposits to the SMSF.

Of course there are situations where it would be better not to have an SMSF. Give us a call if you'd like to know more about the pros and cons of a SMSF or how to get one up and running.

# 10 easy ways to relieve mortgage stress

**W**ith interest rate rises, it's fair to assume that many may be experiencing higher levels of stress.

Before situations start spiralling out of control, borrowers should consider the following suggestions to help minimise stress levels.

1. **Talk to a financial services representative** before your situation becomes desperate. A financial services representative may be able to assist you in restructuring your finances to suit your current situation. It may be as simple as switching loans and lenders, restructuring your loans to 'interest only' or consolidating all your loans.
2. **Don't put off the inevitable** – act now and get assistance.
3. **Prepare a budget and stick to it.** Try and cut back spending by 10 to 15%.
4. **Reassess your employment conditions.** Look for a second job to supplement your income or a better paying one. Think of asking your current employer for a salary increase.
5. **Maximise your home space** – think about renting out a room to a student. Rentals are high and there is a shortage of student rental accommodation.
6. **Children contribution** – if you have kids and they're in their mid to late teens they could get a job to assist in relieving the burden of financing their increasingly costly lifestyle.
7. **Buy in bulk and shop around** – where possible buy groceries in bulk .... prices are generally cheaper. Shop around for better prices for any large expense items. That junk mail in your letter box could save you a packet.
8. **Avoid impulse spending.** If you've managed without it so far, chances are you don't need it.

9. **Restructure your living arrangements.** It may be possible to rent your home out and move into a much cheaper rental. Until interest rates fall, you could rent out your home and save on monthly outgoings while potentially receiving tax deductions as well.

10. **Consider taking out income or life insurance.** Would your family have difficulty making any loan repayments in the absence of your income? Just because your income may stop doesn't mean your debts will do the same.

If you'd like more information on how to manage debt as part of a well structured financial plan, contact us on 1300 270 942.



## WA dominates mine capital spending

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), announced recently that planned investment in Australia's mining sector has soared to a record A\$173.5 billion in April.

The \$173.5 billion in estimated capital spending represents 94 projects at an advanced stage of development and includes 35 mineral mining projects, 35 energy projects, 20 infrastructure projects and four processing projects.

WA accounted for 63% of the advanced capital spending, while Queensland accounted for 28%.

## Welcome back Lill

Ballast would like to welcome back Lill Raine to our administration team. Lill has returned to Ballast after seven months in Dublin, Ireland.



She is now responsible for all our SMSF clients' online updates and broker commissions.

## Tara makes a move

Tara has moved back to the financial planning area of Ballast.

She will be handling advisers' commissions, compliance and para planning.



## About Ballast Finance Melville

# How perseverance and know-how got funding for this 5 storey apartment development

**The importance of perseverance and the know-how needed to satisfy lender requirements was recently clearly demonstrated by a sister company of Ballast Finance Melville.**

When the developers of a 5 storey apartment building in the Perth CBD had their funding application rejected by all major lenders, they approached the sister company, Corporate & Commercial Finance.

One of these lenders ultimately funded the project, but only after representations by Corporate & Commercial Finance proved to the bank the viability of the project.

Ballast Finance Melville have the expertise to provide finance in a variety of situations from residential and investment lending for individuals to complex business financing. As the business matures the focus has shifted to predominantly corporate and commercial finance. Our client base ranges from individuals and families with complex trust structures to business owners, executives, entrepreneurs and public companies.

Laurence Pace, Principal of Ballast Finance Melville, has career-long experience as a business owner and has been specialising in finance for the past five years. Laurence is well versed in the areas of both personal and business finance and has developed expertise in presenting complex deals in a way that results in positive outcomes for his clients.

In April 2011, Mitchell Burgon, Finance Broker and Director of credit representative Peak Finance Pty Ltd joined Laurence at the Melville office. Mitchell has worked for 6 years in the finance industry and has a solid track record and good reputation within the industry.

Supporting Laurence and Mitchell in their practice is Finance Administrator Melissa Archer.

In December 2010, Ballast Finance Melville attained their ACL licence demonstrating an already strong compliance framework and fostering their ongoing ability to provide quality service to clients within a highly regulated industry.

## No extensive mortgage stress - RBA



**The RBA's deputy governor, Ric Battellino recently told a stockbrokers' conference that despite being more exposed to interest rate rises than at any time in the last 15 years, Australian households are not suffering extensive mortgage stress.**

Mr. Battellino said mortgage lending in Australia had benefited overall from safer lending standards and the strong labour market.

The current caution from households about spending and borrowing was unsurprising, he said, with sensitivity to interest rates gripping the housing sector. He predicted consumers and business would eventually begin to step up the pace of borrowing and lending from their current subdued levels.

## Meet financial planner Richard



**Financial Planner, Richard Stiles, who recently joined Ballast, brings with him more than 20 years of experience in banking and financial planning.**

An outdoor enthusiast, Richard enjoys fishing, walks on the beach and watching AFL. He loves cooking, travel and trying different foods in the company of a good red. A 1980s music tragic, Richard's ideal holiday is lazing on a deck chair around a pool at a warm overseas destination.

He spends a lot of time with his two sons and daughter including being there for their weekend sports pursuits.

## Ballast news and tips now on Facebook

**Ballast now has a Facebook page, where you will find regularly updated Ballast News and Tips as well as important things happening in the finance industry.**



If you haven't already done so, log in to your Facebook account, search for Ballast Financial Services and click the Like Button on Ballast's Facebook page. Please suggest the page to your family and friends.



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