

# BALLAST BALLAST BULLETIN

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## You still have time to take steps to reduce your tax bill!



than if you took your full salary as cash. This is a tax effective strategy because you will have to only pay the 15% contributions tax and not your marginal tax rate on this portion of your income.

While it may not have much effect in the current financial year, this is a good time to get this strategy

implemented for the coming financial year.

### Superannuation contributions.

There is a limit of \$25,000 on your pre tax contributions in any one year.

However, if you turn 50 before the end of the current financial year, you will be entitled to a higher pre tax contribution limit of \$50,000 from the time you turn 50 until June 2012.

**If you are self employed.** If you are self employed your personal concessional super contributions are 100% tax deductible. But be aware of limits to such concessional contributions.

**Pre-paid deductions.** By prepaying deductible prepaid expenses you can reduce your tax liability in the current financial year if you are a small business entity.

**Capital losses.** By selling non performing assets now you will be able to bring these capital losses forward into the current financial year to offset any capital gains.

Call us now to arrange a meeting where we can discuss what we can do for you now and in the coming financial year.

### It's that time of the year again. The end of the 2009/10 financial year is fast approaching!

Don't leave tax planning for the current financial year to the last minute. 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.

So what are some of the strategies you should be looking at right now?

**Taking advantage of government co-contributions.** This involves making non-tax deductible super contributions with a view to maximising the co-contribution you get from the Government.

**Contributions on behalf of your spouse.** Where your spouse's income is \$10,800 or less you could get a \$540 tax offset on the first \$3000 you contribute to their super fund from your after tax income. This offset amount decreases as your partner's income increases, cutting out at \$13,800.

**Salary sacrifice.** Boosting your super via salary sacrifice can be extremely attractive. Generally you will pay less tax

## Get a FREE independent report on your property

**Would you like an independent analysis of your property and its likely selling price, free of charge and without any obligation?**

We at Ballast are now offering you just that.

Your report, prepared by RP Data, will provide you with data on your street, suburb and your dwelling and give you an approximation of the property's worth.

The estimations are based on RP Data figures. RP Data has been operating for over 15 years and is Australia's largest property information data base. It has over 90 million records covering 97% of properties for sale and market listings in Australia.

The service is fully confidential and while it is not meant to be a substitute for an appraisal by your local real estate agent, it gives you an independent idea of worth without your having to feel obliged to anyone.

If you contact one of Ballast's branches (Jandakot, East Victoria Park, Midland or Rockingham) they will happily arrange for your comprehensive property report on your existing home, an investment property or any property you are looking to purchase.

Easier still, go to the Ballast website at [www.ballast.com.au](http://www.ballast.com.au), and click on the Contact Us tab to enter your details. Someone will then be in contact with you.

**Also see article on median prices on Pg. 4 of this issue.**

# WA population growing at fastest rate in four decades



**Population figures recently released by the Australian Bureau of Statistics show that WA is growing at its fastest rate in four decades.**

The State's population increasing by 220 people a day during the first three months of 2009.

A record number of those new residents came to WA from overseas, with 14,000 migrants moving to the State during the March 2009 quarter.

In total the local population increased during the period by a record 20,215 people.

During the quarter the population reached 2.2 million people in WA, an increase of 68,000 in the previous 12 months. Of these new residents, 43,000 were from overseas, 18,700 were from the State's increased birth rate while 5900 were attracted from other parts of the country.

## Clear sign economy in an upswing phase

**In a confirmation that the Australian economy has entered an upswing phase, The Westpac-Melbourne Institute Leading Index has come in at 6.2 per cent in December 09, much higher than its long term trend rate of 2.7 per cent.**

A senior economist at Westpac, Matthew Hassan, says the index has staged a sharp turnaround after hitting an extreme low of negative 6.9 per cent in May.

"It's pretty spectacular, I mean this is the biggest turn around we've seen in the leading index since the mid '70s, and the mid '70s was a time when Australian boom/bust cycles were much larger and much more regular," he said.

However, Mr Hassan does see that breakneck speed growth slowing as economic stimulus is withdrawn.

These figures follow the Reserve Bank of Australia's recent upwardly-revised economic growth forecasts and official data showing that nearly 200,000 jobs had been created in the economy since August.

## Property investment

# What do the experts say about future rentals?

**The renewed interest in investing in property in recent months has been driven by favourable interest rates, lower property prices, relatively low unemployment, continued strong population growth and more obviously good rental returns and continued low vacancy rate.**

But what are the prospects for property investment over the next few years?

According to leading industry analyst and economic forecaster, BIS Shrapnel the average annual growth in rentals was 6.5 per cent from 2002 to 2008, well above the national average of 4.4 per cent.

The company says high rental growth has continued in 2009, with an estimated rise of 6.6 per cent but is forecasting more moderate rental growth of 3.2 per cent per annum over the next three years to 2012.

BIS Shrapnel says much of the rental growth has occurred due to very large increases in average wages. It expects average wages growth will be more moderate over the next three years.

Looking at Australia as a whole, BIS Shrapnel's Senior Economist Jason Anderson says, "Higher interest rates would dampen the construction of new dwellings, exacerbate the housing shortage, and thereby place upward pressure on rentals.

If you have been considering investing in property visit your finance broker to examine the options available to you.



**Remember Ballast can look after all your financial needs**



- Finance
- Insurance
- Accounting
- Superannuation
- Financial Planning

# Buying a business?

## How to go about getting the financing you need

**A**s we emerge from the economic downturn, an increasing number of people seem to be considering the idea of purchasing a business.

As financing the purchase of a business is paramount to its success, borrowers need to be aware that there are few set rules for financing a business – lending policy is usually case specific.

Interest rates, fees and terms tend to depend on what the finance institution regards as the risk profile of the business and the asset position of the purchaser.

When purchasing a business a considerable amount of documentation is required to support a loan application. The following are the requirements for a typical application.

- The purchase price must indicate what's included such as a dollar breakdown of plant and equipment, stock, the value of the building and what has been deemed as goodwill.
- A history of the business such as how long the current owners have had it, what hours they work and why they're selling.



- Trading figures and full financial statements need to be detailed for two financial years. As the 2008/2009 financials don't have to be lodged until March 2010 there will be a requirement to supply accountants' figures for that year along with 4 BAS statements. This is important as the 2008/2009 figures cover a year that has experienced an economic downturn.

Financial institutions are also asking for some form of business plan, especially with a demonstration that realistic cash flow planning is in place. If you don't do it right your application stands a good chance of being rejected. Talk to your finance brokers. They know what the banks are looking for.

## Women way behind when it comes to protecting their financial health

**W**hen it comes to protecting themselves it seems that women have a lot of catching up to do.

For despite the fact that they make up 45% of the work force, women only represent 15 to 25% of all insured incomes.

Yet women are far more financially vulnerable than men, because they typically spend less time in the workforce, partly because of children. They are also likely to retire earlier than men and are often compelled to take time off to look after children or elderly relatives.

Less time in the workforce means fewer savings, super and less of an ability to recover from financial setbacks. And since women live longer than men these setbacks can be even more financially damaging over time.

So what type of insurance should women have? Income Protection insurance typically covers up to 75% of your income if you can't work temporarily because of illness or injury. To protect yourselves against diseases like cancer you can take out Trauma Insurance. It can pay a lump sum on diagnosis, which can take away the financial burdens associated with medical costs, rehabilitation and other expenses.

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.

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. This could include the cost of finding a

replacement for you if you need one.

There are a range of options available, so be sure to contact one of our specialists at Ballast to see what option best suits your particular circumstances.

One last point on insurance: Consider the cost, but more importantly, consider the cost to your lifestyle and financial position of not having cover!



# How shifts in the property market can skew those median prices



**F**or most of last year, as a result of first home buyer activity, we saw the vast majority of property sales coming from the lower end of the market.

With few sales in the higher price range and the majority taking place at the lower end this had the effect of dragging down median prices in most suburbs

Things started changing in the last quarter of 2009, with a strong increase in sales up the price ladder and continued good sales in the lower end. The result of this should be reflected in an increase in median prices for the December quarter when these figures are published.

Be careful though. Median price increased in the recently published December 09 quarterly figures were probably mainly the result of a shift in demand to higher priced properties. While your property's value may have grown a little, it will probably not have increased by the percentage shown in the figures.

This year some of the experts expect to see a significant increase in sales activity in the higher priced sector. If this occurs it will help push up median prices further.

Keep in mind that the median is not an average. It is merely the middle price recorded over a particular period.

Let's look then at how in a period of few sales, a particular suburb can record often dramatic changes in median price - short term changes that can give an incorrect impression of the direction of prices.

In our hypothetical example (see table) we assume there have been five sales in your suburb in each of the September '09, December '09 and March '10 quarters. The median price in September '09 is \$350,000 In December 2009 the median price is \$440,000 and in March 2010 it reaches \$550,000.

While this is an extreme hypothetical example, it does illustrate the point that basing your price expectations on the median price is not a good idea. It is clear over the 9 month period that the rise in median price is almost entirely due to the market shifting from lower priced to higher priced properties. Further complicating the matter is the fact that published median prices are often way out of date when published.

Median price movements give a reasonably accurate indication of actual changes in value over the long term. However, you can get an idea of what your home is worth in today's market by calling Ballast for a free independent report on your property.

Sept '09	Dec '09	Mar '10
\$300,000	\$340,000	\$320,000
\$320,000	\$400,000	\$500,000
<b>\$350,000</b>	<b>\$440,000</b>	<b>\$550,000</b>
\$375,000	\$550,000	\$720,000
\$600,000	\$750,000	\$880,000

## Meet Ballast's Midland team



**Ballast Finance's Midland Directors, Holly Mackie and Nick Noble have over 55 years experience in the finance industry between them.**

They have joined forces with Ballast to ensure the best comprehensive service to their clients.

**Their team includes loan consultants Brett Walker, Berti Bagdi and Mahi Masud.**

This team strives to provide a professional and quality service to all their valued clients.

**Contact them at 08 9274 6555**



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