

bnews

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What's New!!

Website

Our new website will be launched on September 24th 2008.

The new website combines all the valued features of the old one but presents in a new and simple form offering a user friendly environment. Have a look and decide for yourself – we welcome your feedback.

Belmore Snippets

Congratulations Rachel Figgins on the birth of her first child, a daughter "Sophie Grace" in August and also Shannon Doyle on the birth her first child "Archie James" also in August. Obviously someone has slipped something into the water again.

Belmores Team Movements

We welcome Nicholas Dean who joins us from Xerri Accounting in Cobram. Nicholas works in the Accounting and Taxation division. He is also studying part time at Latrobe University Shepparton.

Superannuation Investing & Borrowing

Gary Page of Belmores Wealth Management and Tracy Gillies of Belmores Home & Business Lending are conducting free seminars to clients on Superannuation, Investment Opportunities, Borrowing to Invest and Debt Consolidation. If you would like to find out more, please do not hesitate to

contact Gary or Tracy to discuss this opportunity further.

Loan Features

"Overpayment and Redraws"

Tracy Gillies from Belmores Home & Business Lending has been looking at options that best suit clients when borrowing

Tracy believes

"Whether discussing working hours, holidays or many other aspects of modern life, you'd be hard pressed to find someone who wouldn't prefer to have flexibility. This is especially true when it comes to how you structure a housing loan."

These days there are ways to make your home loan work in your favor. A home loan doesn't have to have a limiting repayment plan. Overpayment and redraw facilities are just two options which give flexibility. Used correctly you can save years off the term and thousands of dollars in interest, as well as having access to the surplus funds which have been repaid.

When it comes to finding the best type of overpayment/redraw facility, there are a few basic points to look out for. You'll need easy access, and minimal monthly loan charges and you need to ask what the fee per redraw or overpayment is. In some cases banks will allow a certain number of redraws free and then charge for any subsequent redraws.



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Tracy has access to a variety of products which offer such flexibility and we can sort through the many different loans available on the market and assist you in making informed choices.

Belmores Seminar

Carbon Pollution Reduction Scheme

Chris Howe gave an overview of the Carbon Pollution Reduction Scheme covering:

- how the cap and trade scheme works
- who will be subject to the scheme
- tax implications of the tax scheme
- assistance that will be available for households

It is Chris's belief that the Carbon Pollution Reduction Scheme (CPRS) is the biggest reform since the deregulation of the financial systems and the floating of the \$AUD. It will affect prices and consumer demand as well as investment decisions. It is likely to create investment opportunities.

The scheme in effect will be a Market Based approach to carbon reduction. In effect the Government will set a cap on carbon pollution and permits will be allocated by auction. Businesses responsible for emissions acquire and surrender a permit for each tonne of CO₂ emitted. There is an indirect cost to households and individuals with the cost being passed down the chain in the cost of goods and commodities.

The following industries/businesses will be subject to the CPRS, Stationary Energy Transport, Industrial Processes – including the manufacture of Iron, Steel, Cement and Aluminium, Waste and Forestry with Agriculture having a proposed inclusion date of 2015.

The tax implication of the scheme will see permits being treated similarly to trading stock with the cost of the permit deductible when acquired. The proceeds from selling a permit will be accessible income. The difference in value at the beginning and end of the year will be reflected in taxable income.

Assistance for households has the following core promise:

“Every cent raised for the Australian Government from the CRPS will be used to help Australians – households and business – adjust to the scheme and to invest in clean energy options.

This should mean assistance through:

- existing fuel taxes being reduced by an amount equal to the increase in cost as a result of the scheme.
- An increase in payments, above automatic indexation to people in receipt of pensioner, carer, senior and allowance benefits and to provide other assistance to meet the overall increase in the cost of living flowing from the scheme.
- Increased assistance to other low income households through tax and Centrelink payment system to meet the overall increase in cost of living flowing from the scheme.
- Providing assistance to middle income households to help them meet any overall increase in the cost of living flowing from the scheme.

In conclusion, the Carbon Pollution Reduction Scheme will have a significant impact on prices and will also impact on inflation and interest rates. There is also likely to be additional compliance requirements for individuals with regard to tax returns and Centrelink reviews.

A Global Economic and Market Outlook Chris Caton

Chris Caton from BT Financial Group presented an outline of where he saw the Australian economy, his view of the American economy and its related effect on the world economy.

Overall he believes that we are in for a flat period of growth between now and June 2009

Interest rates will fall, perhaps as early as next month while the exchange rate will fall but will remain strong.



Financial Market Forecasts

	Now (12 Aug)	End-Dec 2008	End-Jun 2009
AUD/USD	0.877	0.85	0.85
Official cash rate (%)	7.25	6.75	6.50
10 Year Bond yield (%)	5.87	6.00	6.00
ASX 200	5050	5250	5750

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Chris also believed that World economic growth has slowed significantly. A mild recession in the US is fully priced in by the market subject to the disclosure of any additional bad news.

S&P 500 peaks and troughs - the market turns before the economy, and usually recovers strongly

Peaks			Troughs			% change in S&P 500		
S&P 500	Economy	Lead (months)	S&P 500	Economy	Lead (months)	Previous 12 months	Peak to trough	Following 12 months
Dec 59	Apr 60	4	Oct 60	Feb 61	4	10.4	-9.0	26.6
May 69	Dec 69	7	Jun 70	Nov 70	5	6.9	-27.8	31.9
Oct 73	Nov 73	1	Dec 74	Mar 75	3	0.3	-38.9	32.3
Dec 79	Jan 80	1	Apr 80	Jul 80	3	12.1	-4.5	30.6
Apr 81	Jul 81	3	Jul 82	Nov 82	4	30.6	-18.6	52.6
Jun 90	Jul 90	1	Oct 90	Mar 91	5	11.3	-14.8	26.0
Aug 00	Mar 01	7	Feb 03	Nov 01	-15	11.9	-43.6	36.5
Oct 07	Jan 08?	3?	Jul 08?	-	-	12.9	-18?	-

Source: National Bureau of Economic research and the Wall Street Journal
Note: S&P 500 data reflect monthly averages. The peaks and troughs for the economy are designated by the National Bureau of Economic Research Business Cycle Dating Committee

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The Australian economy is slowing, although not drastically. Stocks are cheap right now but they may get cheaper still.

2009 Growth Forecasts (%)

Month of Forecast

	J-08	F-08	M-08	A-08	M-08	J-08	J-08
Australia	3.5	3.3	3.2	3.0	3.0	2.8	2.8
New Zealand	2.6	2.6	2.5	2.1	2.1	2.1	1.8
US	2.7	2.6	2.3	2.1	1.9	1.7	1.5
Japan	2.0	1.9	1.8	1.7	1.6	1.5	1.3
China	9.8	9.7	9.6	9.3	9.3	9.4	9.3
Germany	1.9	1.9	1.8	1.6	1.5	1.3	1.2
UK	2.0	2.0	1.9	1.7	1.6	1.3	1.0
"World"	3.4	3.3	3.2	3.1	3.0	2.9	2.7

Source: Consensus Economics

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Tax Update – Maximising your Return for 2009

Education Tax Refund

Paul Nieuwenhout from Belmores has been looking at ways for families to reduce the cost of school education

Overview

The Education Tax Refund (ETR) aims to help families with children undertaking primary or secondary school studies to meet the costs of school education through assistance with certain education expenses.

- a 50% refundable tax offset every year for up to \$750 for each child undertaking primary school, (that is, a refund of up to \$375 per child, per year);
- a 50% refundable tax offset every year for up to \$1,500 for each child undertaking secondary school (that is, a refund of up to \$750 per child, per year).

Eligibility

- Those entitled to Family Tax Benefit (FTB) Part A in respect of children undertaking primary or secondary school studies for the relevant financial year are eligible to the ETR.
- Eligibility is also extended to parents with school children undertaking primary or secondary school studies who would be an eligible child for FTB Part A purposes, but for the fact that the child receives certain payments or allowances, for example"

- Youth Allowance;
- Disability Support Pension;
- ABSTUDY Living Allowance;
- Payments under the Veterans' Children Education Scheme; and
- Payments under the military Rehabilitation and Compensation Act 2004.

Eligible Expenses

- Laptops, home computers and associated costs.
- Education software;
- School textbooks and material (including prescribed textbooks, associated learning materials, study guides and stationery); and
- Prescribed trade tools.



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Commencement of the ETR

- The refundable tax offset will apply to eligible expenses incurred from 1 July 2008. Parents cannot claim the offset in 2008, but they should start keeping records after 1 July 2008 to enable their ETR claim to be made in their 2008-09 income tax return.

Claiming the ETR

- Parents can simply claim the refund against eligible education expenses incurred from 1 July 2008, when they complete their 2008-09 income tax return.

Evidence to support an ETR claim

- Claimants are expected to retain receipts for the purchases of items for which they intend to claim the ETR.

Crop Competition: Yarrowonga and District and Dookie and District

Entries are again open for the annual crop competition, which is organised and sponsored by Belmores. The competition is open to farmers in Yarrowonga and District and Dookie and District and the prizes will be awarded at the Yarrowonga and Dookie Shows. Entry forms will be mailed to farmers or alternatively they will be available at the Belmores office. This year the categories will be:

Best Wheat Crop
Best Barley Crop
Best Canola Crop

Entries close on Friday September 19th 2008.

Important Dates For 2008/2009

28 th October 2008	Jul - Sep 2008 BAS Due
28 th October 2008	Quarterly Instalment Notice Due
28 th February 2009	Oct – Dec 2008 BAS Due
28 th February 2009	Quarterly Instalment Notice Due
31 st March 2009	Member contributions for Self Managed Super Funds due
28 th April 2008	Jan – Mar 2008 BAS Due
28 th April 2009	Quarterly Instalment Notice Due
5 th May 2009	Due date for all 2008 tax returns.
28 th July 2009	Apr – Jun 2008 BAS Due
28 th July 2009	Quarterly Instalment Notice Due





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