



PROACTIVE ACCOUNTING SOLUTIONS

Summer 2016 Newsletter

A NOTE FROM ANDREW

At last we seem to be seeing some general improvement in the Mackay economy with a more positive vibe throughout the rural and mining industries and local businesses.

The rural sectors are enjoying strong prices for both sugar and cattle. With the right weather in the coming months this should provide good results.



In regards to mining there has been a sudden shift in confidence and activity driven by the sharp increase in coking coal prices in September.

The main reason for this jump in prices would appear to have been driven largely by production cuts in China where they had reduced the number of days coal mines can produce coal from 330 days to 274 days.

The increase in price has seen many mines using this opportunity to spend money on maintenance and capital replacement creating much needed work for local businesses.

China has since relaxed their restrictions on mining days to bring coal prices back under control. We can only hope that they settle to a sustainable level over the longer term allowing steady growth in the sector.

BLUE RIVER CHAPTER



Proactive Accounting Solutions is a member of the Blue River chapter of BNI. This is a word of mouth referral system that has proven results. The Blue River chapter have shared over \$1,000,000 in referrals between members in 10 months!

If you are interested in finding out more please contact our office for details.

LOCAL PROPERTY MARKET UPDATE

The residential property market in Mackay appears to have steadied. As at November 2016, there are 2505 properties listed for sale and 1044 available for rent. This is an improvement on the previous 6 months.

Median house prices are still low across all suburbs with the Mackay average being around \$337,000. This represents a near 16% drop in value from 5 years ago when the average was \$400,000.

In the current market, the most active price bracket is the \$250,000 to \$350,000 range with 83 settled sales between April to October 2016.

Median rents are also still low at around \$320 per week on average across the district. They do vary across suburbs with Blacks Beach being the lowest at \$270 per week and Ooralea the highest average at \$398 per week.

SUGAR INDUSTRY UPDATE



At the time of writing, the crush was running about 10-20% behind. This was due to unseasonal rain early in the crush and delays caused by mill breakdowns. There was the prospect of leaving some crops uncut depending on the weather leading up to Christmas. Due to the delays that have occurred, the Mackay Sugar Annual General Meeting is proposed to be held on the 20th January 2017.

The Wilmar situation continues to concern Sarina and Proserpine growers. With the company's move to occupy two positions on the STL board and lengthy negotiations between Wilmar and QSL not yet being resolved, there is still much uncertainty for these growers.

Let's talk 4951 6000

Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

PROACTIVE TOP TEN BUSINESS TIPS

GET TO KNOW KEITH MCDOUGALL



Keith grew up in Mackay with his parents Keith Snr and Mercia running the well-known business Mackay Mowers for over 30 years. This is where Keith first learnt about business working in the shop on weekends and school holidays along with his sister Sharlene.

Keith attended Carlisle Adventist Christian College during his earlier schooling years and is now a member of the board. He commenced a double degree in both Accounting and Information Systems whilst working full time and completed these in 2009. He has since completed his studies to become a CPA.

Keith has been a passionate member of the team for over 10 years providing taxation, business and computer advice and support to our clients.

Keith enjoys travelling, having been to the USA, New Zealand and throughout Australia.

1. KNOW YOUR NUMBERS

How can you effectively run your business if you don't know your numbers? To make good decisions, you need accurate, timely information on a weekly and monthly basis.

2. WORK ON THE BUSINESS

It is easy to spend all your time working in the business each day, but it is essential that you also work on the business. Having regular scheduled meetings is a good way to ensure that you stop and look at how you are going and what can be changed to achieve your goals.

3. GIVE TO GAIN

Don't be afraid to give away some of your time or product. It allows a potential customer to experience who or what you are about without the concern of cost or commitment.

Giving to your existing customers is a great gesture to show that you appreciate their business.

4. HAVE CAPACITY

Without capacity in your business, it will not grow. In tough times, it is important to control your expenses but not to the extent that you aren't in a position to take on new business or provide quality service to your existing customers.

5. STASH THE CASH

Without sufficient cash flow, your business will struggle to meet its commitments. Even the most profitable businesses cannot survive without cash. To have good cash flow, you need to focus on managing the inflows and outflows on a regular basis.

6. LOVE YOUR BANK

It is imperative in business to build a strong relationship with your banker. They need to know and understand your business and its banking needs. Keeping them informed on how the business is tracking helps to identify your needs and how they can help.

7. REFERRAL REALITY

Referrals are one of the best ways to grow your business. Receiving a referral from an existing customer or associate generally has a better chance of resulting in new business and is much cheaper than other forms of advertising. Attracting referrals is as simple as networking with potential referrers and having the confidence to ask for referrals.

8. KNOW YOUR WORTH

There is an old saying that "The first sale is to yourself". Many business owners undervalue what they do or the services and products they provide. If you do not believe in what you are offering and the value it represents, then you will have a difficult time getting potential customers to do so.

9. TIMEOUT

As a business owner, you work hard in your business and quite often you are under a lot of stress to ensure that the business stays on track. It is really important that you take time out to enjoy friends and family on a regular basis to clear your head and prevent you or your family resenting the business.

10. USE A PROACTIVE ACCOUNTANT

A proactive accountant is one that helps you in all the above areas. Just using an accountant to get your tax return lodged each year does not provide much value and will not help you to improve and grow your business. Your accountant should be more like a business partner, always there to give you support and guidance where and when needed.



TAX UPDATE

PERSONAL INCOME TAX

From 1st October 2016, the taxable income threshold at which the 32.5% marginal tax rate for individual's ends has increased from \$80,000 to \$87,000. This will necessitate the use of new tax tables for employee's earning over \$80,000.

IMMEDIATE DEDUCTION FOR ASSETS UNDER \$20,000

We would like to remind business clients that the immediate write off of assets under \$20,000 ends on the 30th June 2017 at which time the amount will return to only assets under \$1000. This may change in the 2017 budget but it is advisable if clients wish to take advantage of this generous provision that they look to do so prior to the 30th June 2017.



SUPER UPDATE

The government is moving forward with legislating the extensive superannuation system changes announced in the budget. These changes will commence from 1st July 2017. Below is a brief summary of the changes though we suggest any clients considering any contributions to super to contact our office beforehand to ensure that the rules are met.

REMOVAL OF THE WORK TEST

The work test which currently limits individuals aged 65 to 74 from making contributions to superannuation will be removed.

CONCESSIONAL CONTRIBUTIONS REDUCTION IN CAP

The cap on concessional contributions is to be reduced from \$30,000 to \$25,000 per annum.

UNUSED CARRY FORWARD

Individuals with superannuation balances of less than \$500,000 who did not fully utilise their concessional cap in a prior year will be allowed to make additional concessional contributions.

REMOVAL OF 10% RULE

This will effectively allow all tax payers to make lump sum contributions to superannuation and claim a tax deduction up to their cap amount.



REDUCTION IN DIVISION 293 THRESHOLD

Taxpayers that earn over \$250,000 will pay an additional 15% tax on their concessional contributions, down from the current \$300,000 threshold.

NON-CONCESSIONAL CONTRIBUTIONS LIFETIME CAP SCRAPPED

One of the biggest changes to the budget announcements is the scrapping of the \$500,000 lifetime cap on non-concessional contributions.

ANNUAL NON-CONCESSIONAL CONTRIBUTIONS

The annual non-concessional contribution cap is intended to be reduced to \$100,000 per annum from 1 July 2017.

CAP ON TAX EFFECTIVE PENSION BALANCES

The government are still introducing a \$1.6 million balance cap on the total amount of accumulated superannuation an individual can have in pension phase. Individuals will remain able to accumulate amounts in excess of \$1.6 million in superannuation but these amounts must remain in accumulation phase, where the earnings will be taxed at 15%.

REMOVAL OF TAX FREE EARNINGS ON TRIS' (TRANSITION TO RETIREMENT INCOME STREAMS)

The Government has decided to remove the tax exemption for the earnings of TRIS balances effective 1 July 2017.

STAFF NEWS

The Stork is On The Way

The Proactive Team are all very excited at Majella's announcement that she and husband Scott are expecting their second child in April next year. The baby will be a brother or sister for Harry who turned 3 in November.



Mother of the Bride

Anita is looking forward to being Mother of the Bride at her daughter Loren's wedding to be held in Berry, NSW on the 14th October 2017. Loren is marrying Jason Kirkpatrick also from Mackay. Jason proposed to Loren after their European holiday. Both families are thrilled and will celebrate their engagement in Newcastle in March.



Christmas Break

We wish to advise that our office will be closed from Friday 23rd December and will be re-opening on Tuesday 3rd January 2017. We hope you all have an enjoyable and safe Christmas and New Year.



Kmart Wishing Tree

Proactive Accounting Solutions are proud to have supported the Kmart Wishing Tree Appeal again this year. If you wish to donate any gifts, these can be placed under the tree in our office up until the 22nd December.

About us

The accountants at Proactive Accounting Solutions are passionate about building close relationships with our clients, working with you to achieve your business, financial and lifestyle goals.

Did you know?

Sydney is the 7th most expensive city in the world to buy real estate! Monaco is the most expensive!

What is a Proactive Accountant?

An accountant who is **passionate** about helping their clients

An accountant that **returns your call promptly**

An accountant that is more like a **business partner**

An accountant who **meets with you regularly** to ensure you are on track & achieving your goals

An accountant that **does not charge** you for a quick question or chat

An accountant that can **change your business** & ultimately your personal life

An accountant with an **open door policy** and a **complimentary consultation**

Let's talk

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Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

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