



PROACTIVE

ACCOUNTING SOLUTIONS

Summer 2018 Newsletter

A NOTE FROM ANDREW

Being a 4th generation local, I love Mackay. Not just for its beautiful weather, breathtaking scenery and great fishing, but also for the strength and resilience of the town.



With the mining downturn, the last few years have been very hard for many people in Mackay, both financially and emotionally.

We have seen some businesses not able to survive or having to downsize significantly leading to job losses. This had the flow on effect of a sharp increase in the rental vacancy rate and equally sharp drop in property prices. All these factors combined created an enormous amount of financial distress and hardship.

Although down, Mackay was definitely not out. It is that kind of resilience that is now seeing the town benefit from an economic turnaround driven by improved conditions in the coal industry.

HOUSING & RENTAL MARKET RECOVERING

The housing market suffered greatly in the mining downturn affecting both existing property values and the building industry. Between October 2014 and May 2016, the median price of homes in Mackay had dropped by over \$100K to around \$282K and remained at this level for the next 18 months.

In the last 6 months, we have seen prices steadily increase. They are still a long way from the pre-downturn prices, although the volume of sales has now improved significantly. The building industry is also showing signs of recovery with many new homes being built and estates releasing more land for development.

A strong indication that the housing and building industries should continue to improve is the rental vacancy rate which is now back to a low of under 1%. This level has not been seen since October 2011.

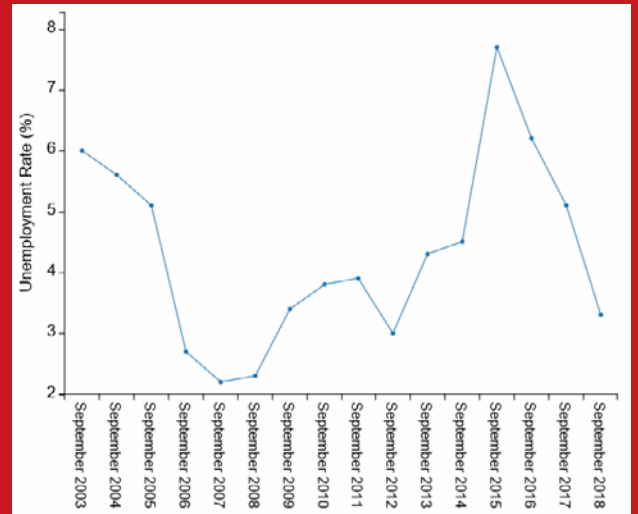
During the mining downturn, the vacancy rate reached as high as 10% and rents dropped significantly. This put investors in a difficult position with their lenders leading to many homes being sold as mortgagee in possessions.

The improvement in value is very welcomed and will help those investors wishing to divest of their properties to sell these with a better exit position. Those wishing to hold onto their properties will find repayments a bit easier with higher rents and that the banks will start to relax as loan to value ratios improve and their confidence in Mackay returns.

GREAT NEWS FOR JOB SEEKERS

The unemployment rate as at September 2018 has dropped to 3.3% down from 5.1% twelve months ago.

During the downturn, the unemployment rate peaked at 7.7% in September 2015 having a severe effect on the local economy. With the drop in unemployment and housing in the town still being affordable, we are seeing people returning to Mackay again to live and work.



Graph – Mackay Unemployment Rate, September 2003 – 2018 (15+)

Median Value Houses - Mackay



Data provided by Hometrack



SUGAR INDUSTRY UPDATE



Mackay Sugar has announced that it has received a proposal from a German company Nordzucker AG to subscribe for up to 70% of the share capital of Mackay Sugar Limited.

The agreed capital contribution will be used to undertake capital improvements on the mills, provide additional working capital and repay the \$2/t grower contribution. The proposal is still subject to approval by the board and growers/shareholders. The transaction is scheduled to be completed in late March 2019 subject to a binding agreement being reached between the parties.

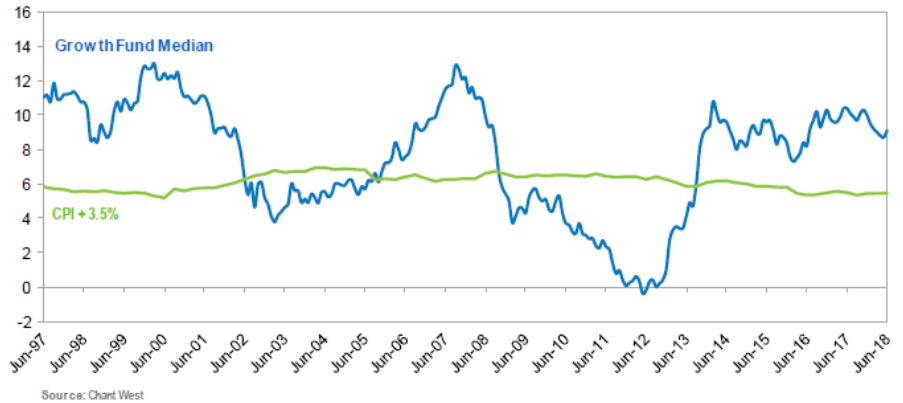
In regards to the crush, both Wilmar and Mackay Sugar have now finished for another year with minimal breakdowns throughout the season. Tonnages are well down on estimates due to the prolonged lack of rain which is also putting pressure on the 2019 crop. It is hoped that the region sees some storm activity in the coming weeks that produces widespread falls.

Superannuation Update

SUPER FUNDS DELIVER HEALTHY RETURNS FOR 2017–2018

The median “growth” superannuation fund delivered a healthy investment return of 9.2% for 2017–2018, with the top spot going to Hostplus with a return of 12.5%, according to superannuation ratings firm, Chant West. Growth super funds are those with a 61–80% allocation to growth assets.

Chant West advised that every fund in the growth category had positive returns, with even the lowest performer delivering a 6.5% return.



FIRST HOME SUPER SAVER SCHEME: ATO GUIDANCE

Law Companion Ruling LCR 2018/5, issued by the ATO on 15 August 2018, provides guidance on the First Home Super Saver (FHSS) scheme.

People who meet the eligibility criteria can access the scheme by applying to the ATO for a determination and a release authority. They must make superannuation contributions that are eligible for release under the scheme, namely voluntary concessional or non-concessional contributions that come within the relevant contributions cap.



There are limits on the amounts withdrawn - \$15,000 per financial year and \$30,000 in total, subject to the contribution caps.

ILLEGAL EARLY ACCESS TO SUPER: ATO WARNING ABOUT SCAMMERS

The ATO has issued a warning to be aware of scammers who promise to organise access to people’s retirement savings for a fee. Dishonest promoters encourage people to illegally access their super early to help with expenses such as the purchase of a car, paying off debts, sending money to overseas relatives and taking a holiday. The ATO has seen promoters targeting people with small to medium super balances.

YOUR YOUTUBE MENTOR

You Tube has endless video clips for our entertainment and amusement although it also provides a valuable source of business and self-development content from business leaders, coaches and mentors from around the world.

Generally, these clips are short and can be listened to while driving or in your spare time. Some of the more popular clips are TED and TEDx talks which feature quality speakers who are well respected experts

in their fields. It is rare that you do not hear at least one useful idea when listening to these clips that you can apply to your business or personal growth.

In addition to TED talks, there are many dedicated YouTube channels providing access to some of the best business people in the world. Their experiences and ideas can expand your thinking and tools to achieve your own business and personal goals.



Tax Update

CLAIMING WORK-RELATED EXPENSES: ATO GUIDES & TOOLKITS

This year, the ATO has launched its biggest ever education campaign to help taxpayers get their tax returns right. The ATO campaign includes direct contact with over three million selected taxpayers, as well as specialised guides and toolkits for taxpayers, agents, employers and industry bodies.

ATO Assistant Commissioner Kath Anderson says that last year work-related expenses totalled a record \$21.3 billion, with over-claiming of deductions flagged as a big issue. The most popular deductions that the ATO are focusing on being car, clothing, travel, working from home, and self-education expenses.

12 MONTH EXTENSION OF \$20,000 INSTANT ASSET WRITE OFF

The Treasury Laws Amendment (Accelerated Depreciation for Small Business Entities) Bill 2018 has now passed through Parliament without amendment.

The Bill makes changes to the tax law to extend by 12 months the period during which small businesses can access expanded accelerated depreciation rules for assets that cost less than \$20,000. The threshold amount was due to revert to \$1,000 on 1 July 2018, but will now remain at \$20,000 until 30 June 2019.



ATO WARNS ABOUT SCAMMERS AT TAX TIME

The ATO has warned taxpayers to be on "high alert" for tax-related scams. ATO Assistant Commissioner Kath Anderson said the most common scam is still the "fake tax debt" phone scam. The ATO is also seeing an increase in "fake refund" or

"refund for a fee" scams, and email and SMS scams enticing people to click a hyperlink, download a file or open an attachment.

Scammers frequently claim to be from the ATO and taxpayers should be wary of any phone call, text message, email or letter about a tax refund or debt, especially if they were not expecting it.



NUDE LUNCH

As mentioned in our previous newsletter, Proactive were one of the sponsors for the Nude Lunch raising awareness and funding for Ovarian Cancer.



This event was an incredible success with nearly 800 attendees gathering under an enormous marquee in Mulherin Park. The event raised a staggering \$100,000 with a majority of the funds to be used locally and also to assist Ovarian Cancer Australia and their vital research into finding an early detection test.

The event has been running for 3 years and was founded by Trudy Crowley, who sadly passed away just prior to the event after a long and courageous battle with Ovarian Cancer.



Trudy's strength and determination will live on through the annual Nude Lunch event and also through the Trudy Crowley Foundation which has been established to support local families affected by Ovarian Cancer.

BNI® **Want more business?
Want personal Growth?
Want a business
support network?**

Proactive Accounting Solutions is a proud member of the Blue River BNI chapter being one of the founding businesses.

What is BNI? BNI is a word of mouth referral system between local business owners. We currently have 30 members from

a wide variety of trades and professions passing referrals between each other in excess of \$1.3M each year!

BNI differs to other networking as there can only be one member from each business type within each chapter. Mackay currently has three active chapters meeting at different times of the week.

If you would like come along for a visit to see how it all works, please contact our office for more details. You have nothing to lose and a lot to gain!

STAFF NEWS

PROACTIVE CHRISTMAS PARTY

The Proactive team and their families celebrated the office Christmas party at the Coral Sea Resort in Airlie Beach and were blessed with perfect North Queensland weather in an absolutely stunning location.

The directors would like to thank our team for all their hard work throughout the year and wish them an enjoyable and well deserved break over Christmas.



BOQ CHARITY GOLF DAY

Proactive have again been one of the hole sponsors for the Annual BOQ Charity Golf Day raising funds for the Mackay Hospital Foundation and Mackay Community Foundation. This event was well supported by local businesses looking for a good excuse to get out of the office for the afternoon and enjoy a casual round of golf.



CHRISTMAS BREAK

We wish to advise that our office will be closed from 5pm on Friday 21st December 2018 and will be re-opening on Monday 7th January 2019. 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, presents do not need to be wrapped and can be placed under the tree in our office up until Thursday 20th 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?

The British pound is the world's oldest currency still in use – it's 1,200 years old!

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

4951 6000

info@proactivesolutions.com.au

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



connect with us online

WWW.PROACTIVESOLUTIONS.COM.AU