

## Q2 - 2012 UPDATE



June 2012

As 1 July bears down upon us, I thought it might be prudent to dedicate this update to the impending Carbon Tax. No doubt this is an emotive topic, and let's be honest... some will be 'for' and 'against' based on their political allegiances only. That's fine, that will always happen pertaining to any policy. It's the group in the middle that swing based on policies and their impact that will have a big say in the future of this Tax. Let's not hide behind anything, this is a major game changer for the Economy of this Country! Is it right? Will it really have an impact on the environment? Is now the right time? How much is this really going to cost us? So many questions... How many of you are aware of the Carbon Levy on Refrigerants? This is in addition to the Carbon Tax! (See Page 7)

This is where it became rather enlightening for me – trying to find answers for this update. Not sure what I was thinking when I came up with this bright idea! I even asked you to comment and provide your opinion/thoughts – awesome response and sincere thanks to all those that made the effort! Survey results including Comments are attached in a separate document. Now, before we go any further... this is **not** meant to offend/upset anybody whatsoever, regardless of political persuasion and/or environmental beliefs. As always though, I provide my own personal opinion & thoughts (shock horror!), and I have tried to remain balanced (though some might disagree). I also welcome your feedback/opinion, as long as it remains respectful... Some may just choose to skip directly to Page 8 (The Residential Lending Market) ☺.

Due to the topic on the CT, the other usual topics get a little left behind in this update, but I'll cover some important aspects (albeit briefly).

On a personal note, 6 hospital stays since Christmas have been a little draining on us. Dee is scheduled to go back in on 20 June to have her Diverticulitis Op finalised. She is expected to be in for a week with a 2-4 week recovery period. I will be a little scarce again during the first 1-2 weeks, but will still be available as required. Email will be best during the first week.

### Carbon Tax

Before I start, let's declare my personal view on it. The Science...? I don't buy it! The Tax...? Nothing more than a 'Redistribution Tax'! Coincidentally, 79% of Survey Respondents did not believe the Carbon Tax would have an impact on the Environment and 80% were against the Tax. However, I'll justify my reasons... then we'll get into what we know about the economic impact.

I'm always happy to reconsider my position providing I can be presented with a factual & logical argument to consider. In a recent debate with a Client, he posed the following: *You're not honestly asking me to believe you support policies across party lines are you?* My answer was an emphatic 'YES' – unfortunately I didn't get a

...I think that a Carbon Tax and the whole climate change industry is a gross misuse of our time & money, and that we have much bigger things to resolve in the world than pretending to do something about an issue over which we have no real control...

**Michael Matusik**

chance to go back and justify my response, so here it is (I know you'll be reading this Paul G ha ha!). I was totally against the 'Mining Tax' – IMO, it was just another Tax on big business. Then someone presented a logical argument about the merits of it based on why we should all share in the rewards of the resources (difficult to question and argue against). Now, I'm all for it, assuming that we do ALL benefit equally from it! See Paul, I am capable of taking a skip from the right to the left... ☺ But I digress...

## **The Science**

This Tax is based on the Science of 'Man Made' Global Warming. An ideology in my view. I'm not for one minute debating the merits of Global Warming whatsoever, in fact the more I research the more I find it hard to argue (if at all) against Global Warming. But what I was most interested in is how much of it is Man induced! Now, in several 'debates' that I've had with my fellow Earthlings who are strongly supportive of this ideology, most have ended with yours truly being called 'ignorant'... not very nice is it? Why? Simply because I posed some simple questions; questions like why was the Earth warmer (3-7 degrees Celsius) and sea levels higher in the 'T-Rex' era (aka 'the Cretaceous Period' – see Wikipedia), at a time when there were no glaciers in either the Arctic or Antarctic? How many Carbon emitting Manufacturers were around then do you think? All I seem to get is that 'most scientists' agree on it! Following my research for this article, I beg to differ on that too. I'm finding more and more questioning the science behind MMGW. The highly speculative climate models are constantly being disproven by temperature readings around the globe, with many scientific authorities now pointing out that contrary to forecasts, global temperatures have been stable since the late 1990's. (And please don't come back with anything about Al Gore, the bloke who presented the ice cores as the sole reason for believing that carbon emissions cause global warming).

In trying to authenticate the arguments, I came across a Scientist by the name of Dr David Evans. Who is Dr David? Dr D worked for the Australian Greenhouse Office (now Dept of Climate Change) between 1999-2005 as their Main Modeller of Carbon in Australia's Biosphere.

Check out his videos (very enlightening indeed):

[http://www.youtube.com/watch?v=plr-hTRQ2\\_c](http://www.youtube.com/watch?v=plr-hTRQ2_c)

<http://www.youtube.com/watch?v=PSNW0LC32wU&feature=relmfu>

Like I stated, if anyone can provide reputable information/proof of the 'other' side, I'm all for reviewing it with an open mind...

In saying that, I, like a lot of other inhabitants, agree that we need to monitor and control our pollution. Personally, I want to wake up in the morning and breathe easy because of our 'clean' air. I don't want to have to squint to see the Gateway Bridge from Wynnum because the 'smog' is so thick. I'm sure we all share the same sentiments in this regard!

## **The Tax**

PM Gillard stated during the last Election: "*There will be no carbon tax under the government I lead*" Yet somehow, we find ourselves facing what we were promised wouldn't occur, because even though the 'Science' in most recent times is damning of the Climate Models, all of a sudden the PM has seen the 'light' and decided to act... (It's amazing how bright the light shines when the torch bearer shines it direct into your eyes). Some have argued that little Johnny

According to the best data we have, from our latest instruments and from impeccable sources, all the main predictions of the climate models are now decisively wrong. If the recent global warming was due to CO2 our models would work well, but they don't. So it's not CO2 that is the main cause of the global warming.

**Dr David Evans**

pulled a similar stunt on us with the GST. Ummm, no he didn't! In 1996 he promised no GST in his first term and held to his promise. The GST only came in after the 1998 election in which he'd explicitly put it before the voters during the campaign. In any case, the GST simply replaced the archaic & staged 'Sales Tax' & a range of 'Duties' – it wasn't a new tax like this one.

I'm just wondering out loud though, if the PM had a majority to govern, would we be even having this discussion??

Why I strongly resent this Tax and refer to it as a 'Redistribution Tax' is simple... PM Gillard is asking those who are not receiving any 'compensation' to do their bit for the greater good of the planet, yet... some will be 'better off' under the CT?! Huh?! Why are only some of us doing 'our' bit while others are not?! As many have argued, there's no sacrifice when you're being compensated! Let's just take a step back for a minute... Go ahead and compensate people, but cap the compensation to the perceived increase in cost, and make the compensation reach a wider range of people. But to reward some people to a 'better off' status just makes a mockery of the economic basis of the policy! Whichever way you dissect it, this IS Tax reform under the guise of 'saving the planet', or however you wish to interpret it...

FYM Financial (one of the few to issue an economic understanding of the CT) commented that the compensation to households is highly redistributive, with 1/3 of households not being fully compensated. They go on to state that the CT is tough on business, with a high (by global standards) starting fixed price & higher long term abatement target and is very targeted (only capturing 65% of Australia's carbon emissions).

If she (PM Gillard) gets her carbon tax it could well turn out to be 'her GST'. No, not like John Howard's. No, Julia's experience could mirror that of the Canadian government that tried a similar slick trick to her - promising in the election campaign no GST and then slipping it in after winning the election. At the next election, it was reduced to two seats. Yes, two seats.

**Terry McCrann**

Some may ask why this isn't being taken to the people for a vote. Simple! It was a condition of the support of the Greens to keep Labor in power. We know through the various polls that this Tax is doomed if taken to an election. What we also know is that there will be great expense in rolling this back should the Coalition win Office. Hence why it was agreed to implement this during the 'term' rather than seek the opinion of those it affects most. To have this repealed, the Coalition (should they indeed win the next Election) would have to force a 'double dissolution' of the Senate (currently controlled by the Greens). This would mean back to the Polls we go to re-elect the Senate. We have a very interesting period in our political history coming up...

What we know is that the Top 500 Carbon Emitters will pay a starting price of \$23/Tonne of Carbon emitted in 2012/13, before moving to a fixed price ETS in 2015. So far, 250 have been named:

<http://www.cleanenergyregulator.gov.au/Carbon-Pricing-Mechanism/Public-information-databases/LEPID-for-2012-13-Financial-year/Pages/default.aspx>

## **The Economics**

By far this has been the most difficult aspect of my research! A whopping 94% of survey respondents did not believe the Government has fully and honestly explained the economic implications of the CT! Not hard to see why when I have spent considerable time trying to decipher the 'cost', yet I'm still perplexed in attempting to quantify the increase in Cost of Living. Nearly everyone (97%) acknowledged that Utilities would increase – we've already been told this, and most agreed that Groceries (92%), Personal Transport (97%) & Public

Transport (92%) would increase! How many of you also know about the 'Carbon Levy'? This is in addition to the CT (more on his later).

FYM Financial has stated that it is not obvious that the current carbon plan will be sufficient to meet the Government's goal of reducing carbon emissions by 2020.

What we have to remember is that it's not just our personal Utility (as one key example) use that will increase in cost, but Utility use by every single producer/provider of items/services we purchase. What business is going to take a 'hit' to their bottom line without trying to recoup some or all of their increased costs? This will have a flow on effect into everything! Let's take a look at some key Sectors...

## Housing

While Matusik argues that it is difficult to determine the impact of the CT with any great clarity, Master Builders Executive Director Graham Cuthbert estimates construction costs for a typical 200m<sup>2</sup> slab on ground home will increase by \$7000-\$9000 (based on the Carbon price of \$23/Tonne). He further states that this doesn't factor in an increase to transport costs, particularly in areas outside SE Qld. HIA CEO Graham Woolfe states that "the CT will permeate through building material manufacture, production & fabrication phases & supply chains, and eventually be passed on to new home buyers". Woolfe takes it one step further into reality by adding that the CT will impact on thousands of materials that go into a new home, & unlike its impact on average weekly household expenses, the CT is added on to a mortgage in one large lump. "The home owner goes on paying for the tax for years – over the course of their home loan". The Centre for International Economics forecasts that building and construction costs will increase by up to 2.6%.

Shadforth Financial in re-evaluating the value of Company's domestic operations compared to the benefits and flexibility of moving to an import option, notes this as one of the potential drawbacks of the CT scheme - domestic industry losing out to imports with no resulting reduction in global carbon emissions. Brickworks estimates a \$9m impact on after-tax profitability, which will have to be recouped with a 6% rise in brick prices that will see its products at a disadvantage to steel and cement, which are eligible for trade exposed compensation.

Brisbane City Council has also declared its intentions to pass on the entire CT burden to Ratepayers rather than absorb it, estimating that the average Rates bill will increase by \$36.60 or 1.9% in 2012-13 due to the CT.

## Transport and Logistics

Transport companies will face an effective carbon price via changes to the Fuel Tax regime. This will cover domestic aviation (but not international), marine and rail transport. Heavy on-road vehicles will be affected from 1 July 2014.

Depending on 'fossil' fuels is the largest liability for the transport industry and already major airlines including Qantas (Est cost increase of \$110M - \$115M in 2013FY) & Virgin (\$45M in 2013FY) have signalled that they will need to pass on higher fuel costs to consumers. Virgin stated: "Virgin Australia will not be able to absorb the additional costs of the price on carbon and consequently these costs will be passed in full to consumers." Qld Tourism Industry Council Chief Daniel Gschwind added: "While domestic airfares will be driven up by the tax, international fares will not. And consumers with higher incomes and thus a greater propensity to travel, will feel

The proposed carbon tax will create a very challenging and costly business environment that our industry now needs to navigate, with the benefits being only a minimal reduction in global greenhouse gas emissions.

**Daniel Gschwind – Chief Executive  
QTIC**

more of an impact on their hip pockets thanks to the price on carbon". So much for encouraging tourism within our own beautiful country huh?!

Despite 97% of Respondents believing 'Personal Transport' will increase in cost, it appears we won't be hit directly at the bowers (public transport also seems to be unaffected). Companies in the Transport industry however will be hit the hardest!

Many sectors including tourism, mining and agriculture depend on transport and logistics companies for transporting goods over rail, road and sea. Refrigerated Transport has the added burden of the 'Carbon Levy' on Refrigerants to contend with too! The following Transport Categories will have a direct increase in cost: Heavy Road Transport Vehicles >4.5T, Mining, Marine, Rail, Construction, Manufacturing, Wholesale/retail, Property Management, Landscaping. National accounting firm BDO Partner (& Carbon Specialist) Dylan Byrne concludes that the transport sector is already running on 'knife-edge' margins and the CT will have direct & indirect impacts.

Nolan's Interstate Transport (based in Gatton) employs more than 280 staff across Australia and has facilities in Brisbane, Sydney and Melbourne. "Nolan's Interstate Transport does not support the Government's carbon tax, and have said so publicly. We are very concerned about its impact on our company" stated the company's Compliance Manager Darren Nolan. "Our concern is that we won't be able to pass the tax on to our customers when it is extended to the fuel used by the trucking industry on 1 July 2014. The tax would also ignore the enormous investment we have made to meet the new emissions standards that have come in since the 1990s".

### **Agriculture/Groceries**

Agriculture has escaped the tax, with the Government making the industry exempt. Agricultural industry body AgForce says it may be hit by future changes to the tax and that higher costs for electricity will impact on farmers. The body believes the average farmer will be hit about \$1500 per year.

AT Kearney Management Consultants (who did CT Modelling for the Australian Food and Grocery Council) believe that while the direct impact of the CT on the Australian food and beverage, grocery and fresh produce processing sector is likely to be small, it will indirectly increase the cost of manufacturing. Costs associated with energy consumption, freight/road transport, packaging and compliance are expected to increase and add further pressures on the industry. They further found that food processors would suffer a hit of about 4.4% to their operating profits, rising once trucking fuel was included in the carbon pricing scheme. Some sectors would suffer more, with dairy and meat processors losing almost 10 per cent of their operating profits before tax.

Despite this, the Council said the impact would not hit household shopping bills, because the highly competitive food retailers would not allow the price rises to flow through. Council Chief Kate Carnell stated: "It is very unlikely food processors would be able to pass on any rises in costs in this depressed retailing market and with a supermarket price war underway". LOL!!! Again, this hasn't factored in the Carbon Levy yet...

Andrew Reitzer, Chief Executive of Australia's biggest grocery Wholesaler, Metcash, has no doubt that grocery bills will be higher. "It's almost a guarantee the consumer is going to pay more".

Treasury's forecast? The Federal Treasury's modelling, which assumes the full passing of the CT impact to consumers, forecast price rises of less than 0.5%, or 80 cents a week for the average shopping bill, of which processed food is one part. See why I'm having difficulty in trying to quantify with any certainty the economic impact?



## Retail & Small Business

Many businesses are concerned that large polluters will simply pass on their carbon-tax costs across their customer base (rather than being driven to cut the tax they pay by reducing their emissions), creating a cascade effect that will leave small business operators with higher prices on electricity, petrol, logistics, manufacturing and other services.

With nobody to whom they can pass on their input costs, small businesses will either have to raise their prices (and risk losing customers) or learn to bury the cost hikes in reduced margins, maintaining their pricing to stay competitive. With this in mind, the tax would have a significant effect on small businesses that are far too small to be counted within the government's 500 largest-polluters list, simply from the supply chain effects.

Myer Chief Bernie Brookes said costs will increase by between \$3-6 million, having warned that they will need to pass on higher costs to consumers. No doubt other large retailers (eg David Jones) will need to pass on costs, with margins already thin & under pressure.

Australian Retailers Association Executive Director Russell Zimmerman states that the flow on effects of the CT will see price impacts passed through the supply chain and ultimately end with an already 'price sensitive' consumer market. He adds that Retailers have concerns that the price impact on the cost of goods has been underestimated and the industry needs to see more detail on how that modelling was determined. Huh?! The Government can't even tell us who the Top 500 Companies are and you guys want detail on modelling?? That's funny!

Retailers are at the very end of the manufacturing & supply chain, & cost increases along the line will ultimately be caught by them. The Government's planned Carbon Tax fails to offer retailers any compensation for being the catchment point for price rises leaving them no choice but to pass these costs onto customers.

**Russell Zimmerman - Executive Director ARA**

The Chamber of Commerce & Industry Qld President David Goodwin believes Queensland's small-medium sized businesses will pay the highest price for the carbon tax, highlighting a lack of support for SME's will see them suffer in light of driven down consumer spending and a blow to business confidence & viability. "While the Federal Government has been attempting to reassure the public that they will be compensated, there has been no mention of support for small-medium businesses".

The owner of six McDonald's outlets in Sydney estimates the carbon tax will add hundreds of thousands of dollars to his annual operating costs. 'Sure you don't want fries with that... I mean are you REALLY sure???'

Lets' also not forget that the IT industry is perhaps the most electricity-dependent sector in the country and as a result will incur higher costs that will likely be passed on to consumers. Businesses using data centres will find their costs will likely increase, or simply store data in house.

## Mining & Resources

As well as being a major contributor to the Australian economy, the mining industry is one of the nation's biggest polluters. Around 100 of the 500 businesses liable under the carbon tax are primarily involved in either coal or other mining ventures. Mining also supplies more than half of all Australia's export earnings.

Australia's mining giants are at odds with Government & Union Reps who insist it will have very little impact on industry operations.

Construction, Forestry, Mining and Energy Union spokesman Peter Colley says the effect the tax will have on the mining industry as a whole will be 'negligible'. Department of Resources, Energy and Tourism (RET) spokesperson Sean Louder reinforces this stating that the government does not anticipate that a carbon price will have a major impact on mining industry operations in Australia. He further added part of the price companies will pay will be subsidised through government assistance packages.

The Australian Coal Association Chairman John Pegler says the proposed compensation will be insignificant compared to the overall cost of the tax for the mining industry. "The government has underestimated the impact of the carbon tax and mining companies will be paying too much. The tax's cost impact, will hit many of Australia's mines making them uncompetitive on international markets". Rio Tinto Australia's Managing Director David Peever believes the country's mining sector "now faces significant additional costs not faced by competitors".

The resources & mining sector now has the triple whammy of competitive pressure from the strength of the Australian dollar, the impact of the mineral resource rent tax and now the effects of a price on carbon.

**Dylan Byrne - BDO Partner & Carbon Specialist**

BDO's Dylan Byrne concludes that while carbon costs won't close the low cost mines run by most of the major producers, it will force them to evaluate where these projects sit on the investment portfolio. Future investments and expansions may be done elsewhere. "Many mining companies are already reviewing the long-term viability of some of their operations".

### Carbon 'Levy'

Predominantly affects 'Refrigerant Gases'. Refrigerant gases consisting of Hydrofluorocarbons (HFC) (aka Synthetic Greenhouse Gases) were developed to replace ozone depleting refrigerants. Globally, the environmental focus has now 'switched' from... wait for it... 'ozone' to 'global warming potential', and HFC based refrigerants are categorised as high global warming gases!! Think I might start a 'book' on what the next focused 'switch' will be to... 10-1 anyone??

HFC's are managed under the Kyoto Protocol. Under the latest version of Australia's Climate Change Plan, HFC's are excluded from the Carbon Price Mechanism, and are now managed under the Ozone Protection & Synthetic Greenhouse Gas Management Legislation. Anyone still with me? I'm sure if I dig far enough, I'll probably find a 'Flatulence Legislation' somewhere...

The impact? Look at this...

Refrigerant Type	Current \$/Kg	Post 1 July \$/Kg	Increase %
Motor Vehicle AC; Domestic Fridges	65.72	181.82	<b>276</b>
Commercial Refrigeration ie Cold Rooms/Freezers (inc Ref Trucks etc)	92.88 111.38	377.71 384.69	<b>406</b> <b>345</b>
New AC's (Residential & Commercial)	90.58	227.91	<b>251</b>

THESE NUMBERS ARE NOT A MISPRINT!!

Now, just ponder for a minute of how many industries, manufacturers, suppliers, services etc this affects? This is in addition to the CT! So (as one minor example), while 'Agriculture' may be exempt from the CT, the cost of transporting & storing your fruit & veg will be impacted.

There is also common agreement within the industry that these 'Gases' will now become a 'black-market' item! So everyone from Manufacturing Plants, Distributors, Transport Companies have to ramp up their Security (24/7). More cost! Bag of ice anyone?

## Summary

As alluded to, this an extremely complex Tax that has not been carefully & fully thought out but rushed in for reasons mentioned earlier! No one (other than Treasury – surprise surprise) can give a definitive \$\$ figure on the true impact of this Tax, and there numbers have been widely questioned/debated. I have spent the best part of the last month researching for this update and while I have significantly enlightened and expanded my knowledge on this subject, I still can't tell you what you can definitively expect your cost of living to increase by. All I know is that the economic impact is widespread and will affect just about everything we do/touch in our daily lives.

While the Government has estimated that the initial impact of the package will increase average weekly household expenditure by around \$9.90, Shadforth Financial says the impacts on company profitability will be difficult to assess and some time will pass before clear impacts and trends emerge.

As Australia embarks on this course, not necessarily shared at the present time by major trading partners and competing economies in south-east Asia, the cause and effect implications are extremely complex for business, employment and households alike.

**Shadforth Financial Group**

I believe the Government should have taken their time in researching, modelling and preparing for such an economic 'game changer', and then taken it to the people for their vote! But we all know that's not going to happen! And some wonder what the Late Great Kerry Francis Bullmore Packer meant by the following statement:

***I am not evading tax in any way, shape or form. Now of course I am minimizing my tax and if anybody in this country doesn't minimize their tax they want their heads read because as a government I can tell you you're not spending it that well that we should be donating extra!***

## The Residential Lending Market/Interest Rates

Much angst has appeared once again pertaining to Bank profits, mainly (& unfairly) centred around their Interest Rate movements. It's not a fallacy, it is fact that 'Costs of Funds' wildly fluctuate. It's okay for XYZ Bank to come out and preach how they are cheaper than the Majors (& I can assure you it's not much, if at all), but try and get a loan with XYZ. XYZ have limited funds (funny enough, due to COF). Hence, they usually base their lending policies around simple 'vanilla' loans. The trade-off is this... the Majors could also limit their COF to ensure 'cheaper' rates. But they would then also have to base their lending on 'vanilla' criteria. Effectively, this means a Credit Squeeze! In layman's terms? I would suggest that 50% of current borrowers would not be able to obtain finance. Some might say 'well, that doesn't affect me, I've got my home loan'. Sure! But then when you try and sell your property, that's 50% of your potential buyers out. What does that do to the property market and subsequent value of your home/s...?? Sometimes we must be careful what we wish for...



I still maintain that I'd rather be paying 6-7% now than what I paid for my first home loan... 13.9% Fixed (Variable circa 15%)!!

On that note, I'm not sure why the Regulatory bodies allow 2<sup>nd</sup> Tier/Non-Bank Lenders to continue to advertise their Rates in direct comparison to the Majors SVR's! Essentially, the 2<sup>nd</sup>'s are advertising their 'Base' Variable as their Standard, or a significantly reduced SVR, which gives the impression that they are significantly cheaper than the Majors (no thanks to the media and embarrassments like Damien Smith - CEO Rate City). Here's an example:

Let's use Celebrity Boss Mark Bouris and his Company YBR... he was on the Today Show spruiking his home loans against the big bad Majors. (Please Note: Rates quoted are those prior to the latest Rate changes - CBA announced a 0.21% cut while YBR are yet to announce).

YBR's SVR is 6.64%, while CBA's SVR is 7.01%. Yes, WOW, that is significant! But who's on the SVR with the Majors... anyone??

So, let's have a look what you should be on (assume new customer to CBA)... 6.26% - 6.31% (\$250K - \$500k), even cheaper >\$500k. YBR? 6.29% >\$250k.

CBA's Base Variable (NO Fee Home Loan) 6.31%. YBR's Base Variable 6.33%!

Oooh yes, better rush out & refinance to the 2<sup>nd</sup>'s where when the world hits the fan, it will be their Rates that skyrocket first! But because YBR's SVR is 6.64%, he technically is not actually misleading you (hhee hhmm Mr Bouris). I also wonder how many consumers got 'nabbed' by NAB over the past year or so? 'We have the lowest SVR of the Majors blah blah blah!' I always said they were pricing to buy business and now that they're within 0.02% of CBA, how much out of pocket are those that refinanced are? I also noticed their ads have been pulled since the last Interest Rate movements... I wonder why?!

## Property Outlook

**The home concession will be reinstated from 1 July 2012**, and will apply to transactions where the liability date is on or after 1 July 2012, and where the property is the person's home.

### On or after 1 July 2012

- A contract signed before 1 July 2012 that settles after 1 July is **not eligible** for the home concession. The liability date is the date the contract is signed by all parties—conditions placed on the contract and settlement date do not affect the liability date.
- If there is a legally binding arrangement made before 1 July 2012 that has the sole or main purpose of deferring the making of a contract until on or after 1 July 2012 so that the concession will apply, the transaction is **not eligible** for the home concession.
- A contract made on or after 1 July 2012 that replaces a contract made before that date is **not eligible** for the home concession.
- An option (e.g. a put and call option or a similar arrangement) that is granted before 1 July 2012 to enter into a contract to purchase the home and exercised on or after 1 July 2012 is **not eligible** for the home concession.

Just a reminder, we forward information on this topic weekly to our Property/Finance Information Group via e-mail. Should you wish to be added to this list, please notify me accordingly.

## Home Sweet Loans

This year started with some confidence however since Easter, the enquiry level has quietened somewhat. Seems to be a common theme around Easter every year and then begins ramping up again in August. If you know anyone that we could assist, please pass on our details...

On our website is our new '**Budget Organiser**' Template. This Organiser has been designed to assist you in implementing a budget or simply tracking your expenses. It's amazing where your money goes once you decipher it on paper! You can download this for FREE! I'm also open to any suggestions on how we can improve it too!

**Home Buyer Guides** - The Home Buying Essentials and Property Investment Essentials. These 24 page colour booklets are packed with information for those who haven't purchased a home (ever or in a long while), or anyone considering dipping their toes in the Investment pool. If you would like a FREE copy, or know anyone that could benefit from them, please email me or request from the HSL website...



On a housekeeping matter, please note that we are here to assist during the Application process, and post Settlement. If you require any assistance whatsoever once you have your loan in place, please call us at anytime. This alleviates any issues that you will encounter dealing directly with your respective Lender, especially when it comes to Product switches and Discharges/Releases.

## We Value Your Thoughts!

Gift Vouchers, Movie Tickets, a night at the Footy, lunch/dinner at sumptuous Restaurants – the more of your family & friends you refer, the greater your rewards! We also conduct a regular competition through our Quarterly Magazine. Throughout the year, we conduct several competitions that are exclusive to our 'Email Alert' members & Facebook 'Likers'.

**Take Care!**  
**Tarek**

