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JULY 2018

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## Welcome to our July Newsletter.

There have been some changes within Berry Financial Services this year, our team has grown & now includes Lucas who has taken over the reins.

Julie is still a key part of Berry Financial Services being available for a chat or to answer questions most of the time when she is not spending time with her family or representing the Financial Planning Industry in the Board positions that she holds.

We have provided you some further information about all the changes that apply from the 1<sup>st</sup> July 2018, we trust that you will find this interesting.

We look forward to catching up with you soon.



**Amanda, Lucas, Julie & Porsha**

## TOPICS THIS QUARTER

### **Volatility returns to Markets but fundamentals remain sound**

Investment Markets around the world received a major jolt during the first quarter of 2018

### **One log in for Government Services**

Australians will be able to access government services with a single log-in under a plan to create a “single digital identity” by 2025.

### **July 1 Changes**

July 1 brings with it a raft of changes to fees, charges, taxes, rules, regulations and laws. Here’s what you need to know

## Volatility Returns to the Markets but Fundamentals remain sound.

**Investment Markets around the world received a major jolt during the first quarter of 2018 thanks to concerns about rising US inflation and uncertainty that President Trump will initiate a global trade war. That could force the US Federal Reserve to hike interest rates faster than expected.**

Global equity markets fell sharply in early February as the ongoing strength of the US economy, combined with the impact of Trump's US\$1.4 trillion tax cut package, spurred inflation concerns.

The S&P 500 closed the quarter down just 1.22% but endured significant volatility including an 11.8% fall at one stage. Australia's S&P/ASX 200 Index posted similar volatility but sank 5.04% over the quarter.

Those losses appear to have been exacerbated by President Trump's plans to impose US\$50 billion of tariffs on Chinese imports prompted China to retaliate with its own tariffs on US goods in March. Nonetheless, the underlying market fundamentals remain sound with around three-quarters of Australian companies reporting in February that their earnings had increased versus a year ago. Meanwhile, the US economy continues to strengthen and Wall Street analysts expect S&P 500 earnings to increase

18.4% for the first quarter, according to Thomson Reuters data. Facebook's data privacy scandal, where users' information was shared with political consultancy firm Cambridge Analytica without their explicit knowledge, prompted a tech sell-off amid fears of further regulation. The surging US tech sector was further crimped when President Trump criticised Amazon's delivery pricing through the United States Postal Service in March.



Global GDP picked up to around 4% last year although Australian economic growth remains relatively sluggish. However, the Reserve Bank of Australia has also now held interest rates at a record low of 1.5% for 20 consecutive months with inflation and

wages growth still lower than expected. Markets currently expect rates to remain on hold for at least the remainder of 2018, before an expected 25 basis point increase in the first half of 2019.

Residential property prices continued to soften in the March quarter with capital city home values 0.9% lower, led by a 1.7% decline in Sydney according to CoreLogic. The slowdown reflects banks' tighter lending criteria to investors after a crackdown by the prudential regulator.

Australia's struggling retailers enjoyed a solid start to the year with retail sales rising a seasonally-adjusted 0.2% in January and 0.6% in February.

The Australian dollar declined by about 2.1% against the US dollar over the quarter and is trading in the US76-77c range.

However, with inflation expected to rise, continued market volatility is expected ahead.

## One log-in for government services access



June 13, 2018

**Matt Coughlan**

*(Australian Associated Press)*

Australians will be able to access government services with a single log-in under a plan to create a “single digital identity” by 2025.

Michael Keenan, the federal minister in charge of digital services, said face-to-face interactions with government services would be greatly reduced. “Think of it as a 100-point digital ID check that will unlock access to almost any government agency through a single portal such as a myGov account,” Mr Keenan said.

The minister wants Australia to be a world leader in digital government, with almost all services to be available online by 2025.

Mr Keenan said having 30 different log-ins for government services is not good enough.

“The old ways of doing things, like forcing our customers to do business with us over the counter, must be re-imagined and refined,” he said.

People will need to establish their digital identity once before being able to use it across services. The first of several pilot programs using a “beta” version of what will be known as myGovID will begin in October.

The initial pilot will enable 100,000 participants to apply for a tax file number online, which Mr Keenan says will reduce processing time to a day from up to a month currently.

In a pilot starting from March next year, services including student identification and Centrelink will be connected to the digital identity. Also, from March 2019, 100,000 people will be able to use their digital identity to create their My Health Record online.

Mr Keenan says one face-to-face or over-the-counter transaction costs on average about \$17 to process, while an online transaction can cost less than 40 cents.

The Human Services department will operate as the gateway between service providers and people.

“This is key to protecting privacy, as the exchange will act as a double-blind – service providers will not see any of the user’s ID information and identity providers will not know what services each user is accessing,” Mr Keenan said.

Labor digital economy spokesman Ed Husic said the Turnbull government was responsible for a “dirty dozen” of failed digital transformation failures, including the census and tax office website crashes.

“The biggest challenge confronting the Turnbull government is to quit its addiction to glitzy digital announcements and get stuck into properly delivering these multimillion-dollar projects,” Mr Husic said

## **JULY 1 brings with it a raft of changes to fees, charges, taxes, rules, regulations and laws. Here's what you need to know.**

The start of the new financial year brings with it the usual raft of changes to fees, charges, taxes, rules, regulations and laws. Here's what you need to know.

### **ELECTRICITY PRICES**

Electricity prices for small business customers will stay flat in NSW and ACT but will fall by 4 per cent in southeast Queensland and 1.4 per cent in South Australia. Gas prices will fall by 4 per cent in NSW and 1.9 per cent in ACT but will stay flat elsewhere.

### **PLASTIC BAG BAN**

From July 1, single-use plastic bags will be banned in Queensland, Victoria and Western Australia, bringing them into line with South Australia — the first state to ban the bag in 2009 — the ACT, Northern Territory and Tasmania. While NSW is standing firm, most major retailers have instituted a virtual nationwide ban.

### **NO PASSPORT GLASSES**

From July 1, glasses will not be allowed in passport photos. The Australian Passport Office said the move “further strengthens the integrity of the Australian passport”.

“Research has shown that glasses adversely affect passport facial matching,” the APO said in a statement last month. “Matching is more accurate without glasses. A limited exemption for medical reasons may apply where supported by a medical certificate.” The APO website states that valid medical reasons may include severe light sensitivity or recent eye surgery, but vision impairment alone was not sufficient for medical exemption. If glasses must be worn for medical reasons, the frames “must not obscure the eyes and there must be no reflection from the lenses”.

### **ONLINE SHOPPING TAX**

Amazon will stop shipping to Australian addresses from its international store in response to the government's new online GST laws coming into effect on July 1, which require businesses with annual turnover greater than \$75,000 to collect GST on purchases under the current low-value threshold of \$1000.

The controversial changes came as a result of heavy lobbying from local retailers like Gerry Harvey. Amazon, eBay, Alibaba and Etsy flagged the possibility of geo-blocking Australian users during a Senate inquiry last year.

### **DOWNSIZING CONTRIBUTIONS**

As part of its housing affordability package in last year's federal budget, the government announced an incentive for older Australians to downsize to free up housing stock for first homebuyers.

From July 1, people aged 65 and older will be able to contribute up to \$300,000 from the sale of their family home to their superannuation. The downsizer contribution, which can only be made for the sale of one home, is not affected by existing contributions caps.

To be eligible, the downsizer must have owned the home for at least 10 years prior to the sale and live in it as their main residence. Downsizer contributions are not tax deductible, however, and will be taken into account when determining eligibility for the age pension.

## BETTER CREDIT SCORE

From July 1, comprehensive credit reporting (CCR) will become mandatory, meaning banks will be forced to share detailed positive and negative financial history with other lenders.

Currently, most lenders only share negative information such as credit applications, defaults, overdue payments, bankruptcy and court judgments. Under the new system, they will also have to share positive information, such as when you made all your repayments on time.

CCR has been around since 2014, but with the Big Four largely refusing to take part, Treasurer Scott Morrison was forced to step in. Experts say the change will likely result in most Australians seeing their credit score increase.

A credit score is a rating between zero and 1000 indicating your financial history. Most credit scores sit between 300 and 750, and a higher score is better. It gives you more leverage to negotiate a better deal from banks, telcos, insurance companies and utilities.

“The introduction of mandatory positive information means a history of making regular payments, repaying a loan early or closing unused accounts, can help a borrower demonstrate their creditworthiness and ultimately be rewarded with a better deal from lenders.”

## MODEST TAX RELIEF

As part of the government’s seven-year tax plan announced in last month’s federal budget, taxpayers will be receiving modest relief in the form of either an annual lump sum tax offset or increased tax brackets from July 1.

People earning up to \$37,000 a year will get a maximum offset of \$200, while people earning between \$37,000 and \$90,000 will get a maximum offset of \$530. A person currently earning \$90,000 a year will also pay \$135 less tax.

That’s because the 32.5 per cent tax bracket is being increased from \$87,000 to \$90,000 to ward off bracket creep — the process by which inflation pushes taxpayers into ever higher tax brackets.

## COUNTRY OF ORIGIN

A two-year transition phase to improved country-of-origin food labelling ends on June 30, with all food packaged and imported from July 1 required to comply with the Country of Origin Food Labelling Information Standard 2016.

While country of origin labelling has been mandatory for many years, consumers have often found the wording confusing — such as the dreaded “made with Australian and imported ingredients”.

Under the new system, labels will contain a statement about where the food was produced, grown, made or packaged, and Australian food will carry the kangaroo symbol and an indication of the proportion of Australian ingredients by weight through a statement and a bar graph.

### Frank Chung

Finance Reporter



Frank is a finance reporter for news.com.au. He previously worked for media publication AdNews and has also written for The Canberra Times, The Courier-Mail, The Queensland Times and the Ipswich Advertiser

Now for some fun.....

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Allow	Private instructor				Root vegetable	Part of a church
	Prison					Steering system
		Eutherian mammal	Throw			Spoil
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Lawful				Place of worship		
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