



PRODUCT FOCUS

INSURANCE PREMIUM FUNDING

Cash flow management is one of the keys to running a successful business, and most companies these days will grab every opportunity to keep money in their bank account as long as possible, by avoiding major up-front payments and spreading their outgoings over the longest period possible consistent with fair business practice.

Oddly, one area that is often overlooked in cash flow management is the paying of insurance premiums, which are seen as a necessary evil that need to be paid off as soon as the policies become due.

This is no longer the case, because now Pacific Finance Australia has a product that can help you take the sting out of paying those sometimes hefty premiums. It's called Insurance Premium Funding (IPF).

IPF is simply a way of paying your premiums off in monthly installments, keeping at least part of your capital intact for up to a year, instead of settling the whole bill up front.

It's a simple system to use, because Pacific will do all the leg-work for you. We'll obtain approvals, prepare all the documentation and settle and disburse the loan to your insurance company or broker. It's all part of the service.

Naturally, there will be some interest to pay on the loan, but that is fixed, to protect you from the rate increases that will be an inevitable part of the economic recovery, and the interest will normally be tax deductible. The package won't impact on your existing banking or credit arrangements, and no additional security is needed – your insurance policy itself is enough security. And, best of all, there are no loan service fees.

If your business has got into the habit of paying insurance premiums in full, as soon as they become due, just take the time to think how much better that money could work for you if most of it stayed right there in your bank account for a year.

So...next time an insurance renewal lands on your desk, why not ask Pacific to quote on an IPF, and keep your money working for you instead of your insurer?

TEAM BRIEF

ZIGGY KAROW, ACCOUNT MANAGER



Hi, as a licensed finance broker, I cover a wide range of PFA services, but my specialty area is mortgage loans. Over the years I have helped everyone from first home buyers to people buying luxury homes in Cottesloe.

Many people come into the finance industry from financial institutions but my preparation for a career as a finance broker was 22 years as a Physical Training Instructor in the Royal Australian Navy. My family must have thought I was having a great time because I now have a son and a younger brother who are both officers in the Navy.

I used the experience I had gained in the Navy to set up a Health and Fitness business. Among my clients were some of the partners of Pacific and they must have thought convincing them they should have six-packs under their shirts and not in the fridge, showed that I had sales ability, because they offered me a job. I joined Pacific and studied at TAFE to gain the necessary qualifications to operate in my own right under the business certificate of Pacific.

I have thoroughly enjoyed the past decade working with a great team of people and getting involved in all aspects of the operation. One of the major reasons I enjoy working here – and also one of the main reasons for Pacific's rapid and successful growth – is because all the partners have rich sporting / recreational backgrounds which have not only kept them fit in what can be a very demanding working environment, but also enabled them to build a strong network of contacts.

PFA is forever expanding into new areas and totally committed to continually improving its service to customers, so the working environment is constantly changing. I find that very stimulating.

Never has this been truer than over the past year, adjusting to the effects of the global financial crisis and helping our clients to access funding in one of the tightest credit markets any of us can remember. It has made us sharpen our skills and focus harder than ever on the needs of our clients. You can find benefits in any situation as long as you think positively and adjust your game plan to meet the new circumstances.

The First Home Buyer rules are changing as we speak, but at Pacific we're right across the latest developments, so if any of your family or friends are looking to buy their first home, let them know that we can arrange loans at no cost to them!

They can call me on 0414 473 928 or 9321 2120 and I'll be able to give them a quick phone appraisal of their lending ability. I look forward to helping them out.

TIME IS RUNNING OUT ON INVESTMENT ALLOWANCE

The Temporary Investment Allowance that forms part of the Government's stimulus package is still in play... but only just.

Businesses have until December 31, 2009, to place orders for eligible assets, and must take delivery before December 31, 2010.

This piece of Government largesse is particularly attractive to small businesses, because in the last budget the Government increased the allowance from 30% to 50% for this sector, and gave small businesses until December 31, 2009 to place orders for eligible assets. The requirement to take delivery by December 31, 2010 remains in place.

If your annual turnover is less than \$2 million, you really owe it to yourself to be taking a close look at possible asset requirements as a matter of urgency.

For larger businesses, the original 30% allowance was reduced to 10% on July 1, 2009. However, since this is additional to the normal depreciation on the asset, it's well worth taking advantage of the opportunity by ordering assets before the end of this calendar year.

The tax break applies to new assets purchased for use in Australia, and for which depreciation is normally claimed, so purchases of land, trading stocks or building capital works are not eligible.

Small businesses can qualify for the allowance on any eligible purchase of \$1,000 or more. If your turnover is higher than that, the minimum eligible amount is \$10,000. There is no upper limit except in the case of the purchase of luxury vehicles.

Some clients of Pacific Finance Australia have benefited by making timely purchases.

Acting on advice from PFA, real estate agent Beverley Ward brought forward updating her company car in order to qualify for the full 50% Temporary Investment Allowance available to small businesses. Her accountant estimates that the allowance will save her \$8,000 on the price of her car in the first year.

Contact Pacific Finance Australia today to find out how the Temporary Business Allowance could work for you.



AND WA IS COOKING WITH GAS

WA has entered a new era of oil and gas-led development that looks set to underpin the state's economic growth for decades. Key projects in the WA energy pipeline include:

- The \$43 billion Gorgon LNG project at Barrow Island. Gorgon partners will spend about \$33 billion on Australian goods and services over the life of the project, creating 10,000 jobs during construction and over 3,500 jobs once in operation.
- Apache Energy has commenced its \$900 million Devil Creek domestic gas project near Karratha ahead of first production in 2011.
- Engineering and design has begun for Woodside Petroleum's \$20 billion Pluto LNG expansion near Karratha
- Woodside is seeking approval for the \$30 billion Browse LNG project in the Kimberley by the end of next year.
- Planning is advanced on Chevron's \$25 billion Wheatstone LNG project.
- Overall, there are currently ten LNG developments jointly worth \$180 billion proposed off north-western Australia alone.

PFA SERVICES

Are you making the most of Pacific Finance Australia's full range of services? Did you know we also provided:

- Equipment and Finance Leasing
- Business and Corporate Finance
- Commercial Property Finance
- Residential Home Loans
- Property Development Finance
- Motor Vehicle Finance

With our range of services and expert staff, we can help you in every facet of your business and finance needs. Contact PFA on 08 9321 2120 to find out more.



FOOTY TIPPING COMPETITION

Congratulations to our very own Gary Watkins of PFA who took out this year's Footy Tipping Competition. We'll be watching his form for next season.

PACIFIC INSIGHT IT'S ALL SYSTEMS GO IN THE MINING SECTOR...

You won't find it on any formal list of mining or economic indices, but if you want a real measure of sentiment in the mining industry, take a trip to Kalgoorlie in August any year and visit Diggers and Dealers.

Acknowledged as the most significant mining forum in the Southern Hemisphere, Diggers brings together a cross-section of the mining industry, from established miners and exploring hopefuls, to investors looking for deals to equipment and service providers taking advantage of the year's best networking opportunity.

If you had gone to Diggers in 2008, with an open mind and your cheque-book at the ready, chances are you would have returned with all your cheques intact. With the clouds of the Global Financial Crisis looming, and commodity prices experiencing their first sustained south-bound travel in years, the mood was somber in the extreme.

Fast forward just 12 months to discover what a volatile industry mining can be. At Diggers 2009 there were smiles all round and most importantly, deals were being done.

Keynote speaker at this year's Diggers and Dealers was economic guru Professor Nouriel

Roubini, who correctly predicted in 2006 that a global financial crisis was looming.

He said there was light at the end of the tunnel in emerging markets "and even in advanced economies there is a bottoming out". And, though he was cautious about the rate of the recovery on a global basis, he was bullish about Australia's prospects, and felt that our economic recovery was going to be more robust than many other countries. He said financial institutions in Australia were better than in other countries, and forecast that our resources-based economy would grow by two per cent in 2009/10 as China continued to stockpile commodities, which would boost commodity prices in the medium term.

The general uplift in spirits has been given a major additional boost with the long-awaited announcement that the massive Gorgon project will go ahead, which is great news for WA companies providing goods or services to the natural resource sector. And it's also a call to action.

If you will need new plant and equipment to take advantage of the coming resource boom, now is the time to buy. Interest rates



are still very low – although this may change in the months ahead – and the strong Aussie dollar means that imported equipment will be costing your dealer less than six months ago, so he will probably be prepared to take a sharp pencil to his prices.

Finally, if you act quickly, you may still be able to benefit from the Temporary Investment Allowance (see front page story).

SUPERANNUATION AND YOUR INVESTMENT OPTIONS

By Stephen Horsten, Grove Wealth
(Authorised Representative of SECURITOR
Financial group Ltd, AFSL 240687)

Often I hear "Why invest into superannuation – I would rather invest into property or shares".

A common view is that superannuation is an investment. It's not; it's a structure, similar to a company, discretionary trust or unit trust. Although there are many differences with these structures, one of the main advantages of the superannuation structure is the low tax rate. The tax rate in a superannuation/pension account can range between 0% and 15%. In some superannuation trusts the GST paid is only 2.5% instead of 10%.

Like companies, unit trusts and discretionary trusts, you can also invest in almost anything you wish in superannuation. These investments may include rental properties, Australian shares, international shares, wine, art, coins or gold. In addition, you can also borrow money to buy investments in your superannuation.

So how can you invest into these investments? The flexibility of investment choice comes down to the type of fund

you are in. The cheapest option generally has less investment options, less flexibility, less functionality and a reduced level of service than the more expensive options. Superannuation options in the market can be broken down into the following four main groups.

Industry funds

This is a superannuation account in which, in almost all cases, the investments are chosen for you and you have little or no choice where your money is invested. Your funds are generally invested in the same investments as other peoples'. The costs of managing the industry fund (e.g. advertising, printing etc) are paid by the members and the profits are then distributed to the members. This is generally the cheapest superannuation account in terms of fees, but provides the least flexibility in investments and functionality.

Retail funds (low cost)

In recent years, low cost versions of retail superannuation accounts have become available. They provide a cheap option to those who wish to choose their own investments, but without high costs. Most

of these products give you a choice of between 60 – 100 managed funds, which include Australian shares, international shares, property, bonds, term deposits and cash. Although more expensive than an industry fund, the choice, functionality and services are better.

Retail funds (Full Service)

Over the last 10 years, full service retail funds have reinvented themselves to provide full service with a lower cost. These full service products provide a broad range of investments with over 300 managed funds, which cover Australian shares, international shares, term deposits, bonds, cash, listed property, ethical funds and in most cases the ability to trade in the ASX 300 with low cost trade prices. As you may expect, this option is generally more expensive than the two options above, however you are provided with more investment choices, greater functionality and in most cases, better service.

Self-managed Superannuation Funds (SMSF)

A SMSF is the most flexible of all superannuation accounts. However, for many people, this can also be the most

CLIENT INTERVIEW STEPHEN KOCH PRINCIPAL, KOCH ENTERPRISES

Stephen Koch, principal of Koch Enterprises, learnt about the building industry as a sheet metal apprentice working with his father's metal roofing company.

After working for the railways, he returned to the family business as a partner, honing his skills both in roofing and running a company, and 25 years ago took the plunge and formed his own metal roofing business. His wife Denise worked with him as an administration manager, and this was reflected in the name of the company, S & D Roofing.

Ten years on, Stephen expanded the scope of the business into other areas of building, including metal decking and civil works, and changed the name to Koch Enterprises.

Peter Langley, a friend with many years of experience as an owner-manager in a number of building businesses, joined Stephen as a partner and manager, and their pooled experience gave them to confidence to take the business further into the area of demolition, which now accounts for most of the company's work.

Today, the company holds a Class

1 demolition licence, has built up an impressive track record and has a well-earned reputation for quality and service delivery.

As Stephen puts it: "We're prepared to take on the more challenging demolition jobs. We can handle the safe removal and disposal of non-limpet asbestos waste, with all the stringent safety regulations associated with this potentially deadly material. In fact, you could say we're happy to take on those really difficult tasks that others won't touch."

Stephen says every type of job poses its own challenges. Koch Enterprises has handled projects at Royal Perth, Princess Margaret, Sir Charles Gairdner and St John of God hospitals as well as Aquinas College.

Most of the work completed to date has been within the Perth metropolitan area and has been of a corporate nature. The coming of age for this business is now beginning to show, with work opportunities filtering in from all over Australia.

Koch Enterprises remains very much a family business, with Stephen's wife Denise still handling the administration of the



company. Their eldest son is a qualified carpenter who works in the business, and their younger son is a qualified electrician. There are currently 15 full time staff, with contractors brought in to handle additional workload as required.

Even with the economic uncertainty over the past year, there has been a steady flow of work filtering through and Stephen expects it to accelerate, with an order book that includes form work of the old Perth GPO building and the cinema complex on Barrack St.

Stephen and Denise met PFA finance broker Tim Edwards more than six years ago.

"Tim has a very good understanding of our financial requirements, and we have an excellent relationship built on trust and integrity," said Stephen.

PFA SPONSORSHIP A WINNER

Pacific Finance were proud to be the sponsors of the Wembley Footy Club for the 2009 season. Congratulations to the Reserves who won their grand final and to the Firsts who came a gallant second.

Reports from the ground suggest that this set-back did nothing to blunt the end-of-season celebrations. Well done, Wembley – and good luck next year.



Disclaimer: Pacific Finance does not sell or give advice on superannuation or life insurance products. Any clients who may require more information on these services should consult a professional adviser. Alternatively, we would be happy to introduce you to Stephen Horsten who can personally assist with your enquiry.