



BLa BLa BLa

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The August edition of *BLa BLa BLa* outlined the proposed changes to superannuation and tax laws that were handed down in the 2006 Federal Budget. We noted that the changes were only proposals at that stage, and that Treasury would consult with various stakeholders before drafting the associated legislation. After extensive consultation, the Treasurer announced on 5 September 2006 that the government is proceeding with the proposals to simplify and streamline super as announced in this year's Budget.

As part of the announcement, the Treasurer confirmed that a number of special arrangements would apply to make the transition to the new rules easier. While some of these announcements represent significant changes to the proposals, others simply clarify how the rules are likely to work after 1 July 2007.

UNDEDUCTED CONTRIBUTION CAP

A transitional cap of \$1 million will apply to undeducted contributions (UDCs) made between 10 May 2006 and 30 June 2007. UDCs are made up of after-tax money you have obtained, for example, from selling a property or from an inheritance. The original Budget announcement saw the amount of UDCs go from an unlimited amount to a capped amount of \$150 000 per person, per financial year, effective from Budget night 2006. Many of our clients were caught out by this sudden shift, having recently sold a property, small business or some other asset. The amendment allowing a contribution of \$1 million per person until 30 June 2007 allows those who were planning to make a large

contribution under the existing rules to do so. It is available to all individuals eligible to contribute to super in the relevant year, and will include any contributions already made during that period.

From 1 July 2007 the \$150 000 cap on UDCs will apply per financial year per person. The ability to make larger contributions of up to \$450 000 averaged over a three-year period will also apply from this date. For example, a person aged under 65 could make a \$450 000 UDC in 2007–08 but would not be able to make further UDCs until 2010–11. The UDC cap will be maintained at three times the concessional deductible contribution limit, which will be indexed by average weekly ordinary times earnings (AWOTE).

Also, from 1 July 2007 a person who turns 65 will be able to make a \$150 000 UDC each financial year provided they satisfy the work test. Those aged 63 and 64 who contribute \$450 000 will not be required to meet the existing work test in the two years after they make the contribution.

CONTRIBUTIONS INCLUDED IN THE UDC CAP

In general:

- the cap will apply to all after-tax contributions made on behalf of an individual
- contributions made directly to a spouse's account to qualify for the spouse contributions rebate will be counted against the receiving spouse's cap
- deductible contributions above the concessional cap will also count towards the UDC cap, and



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- transfers from overseas super funds that are not treated as a taxable contribution will be regarded as a UDC and count against the UDC cap.

EXEMPTIONS TO THE UDC CAP

The following are exempt from the UDC cap:

- proceeds from the sale of assets that qualify for the small business capital gains tax exemptions (that is, the 15-year exemption and the \$500 000 retirement exemption), up to a lifetime limit of \$1 million (indexed)
- proceeds from a settlement for an injury resulting in permanent disability, and
- the government co-contribution.

CONTRIBUTIONS EXCEEDING THE UDC CAP

Contributions that exceed the UDC cap will not have to be refunded as per the original proposals. Instead, these excess contributions will be taxed at the top marginal tax rate plus Medicare levy. This tax will be levied on the individual, who will be able to nominate a super fund to release monies to pay the liability. The balance of the excess contribution can remain in the fund.

Super funds will be prohibited from accepting contributions in excess of the maximum allowable UDC cap in a year (that is, \$450 000 for members aged under 65). The Tax Office will have the discretion to reduce the amount of excess contributions subject to tax if a 'genuine inadvertent breach' should arise. Members who make UDCs in excess of the transitional cap of \$1 million will be able to withdraw these amounts without penalty before 1 July 2007.

The Tax Office will use UDC amounts reported to it by super funds to determine if a member has exceeded the annual UDC cap.

DEDUCTIBLE CONTRIBUTIONS

Age-based limits on deductible contributions will be abolished. From 1 July 2007, a limit on concessional deductible contributions of \$50 000 per person per year will apply and will be taxed at 15%. The \$50 000 threshold will be indexed to AWOTE but will increase only once the indexed amount increases by more than \$5000.

Where the Tax Office identifies that a person's deductible contributions have exceeded \$50 000 in a financial year, the amount in excess of \$50 000 will be taxed at the top marginal tax rate (an additional 31.5% on top of the original 15% paid by the fund). The new threshold will apply per person, irrespective of the number of employers contributing on behalf of the member.

Where a person wishes to claim a deduction for a personal contribution they must notify the trustee when they lodge their tax return or by the end of the following financial year, whichever occurs first. After this time the notice cannot be varied.

Note that there has not been any change to the government's original decision to allow those aged 50 and over a limit of \$100 000 per financial year (for five years).

DEFINED BENEFIT SCHEMES

The \$50 000 cap will apply to contributions made to funded defined benefit schemes (except constitutionally protected funds that are exempt from tax). 'Notional taxable contributions' (the definition of which is to be determined through further consultation) will be added to any other deductible contributions for each employee to determine whether the \$50 000 cap has been exceeded.

As of 5 September 2006, transitional arrangements will allow existing members with notional contributions above the concessional contribution cap to be deemed as having made contributions at the maximum level of the cap for the individual. This arrangement will no longer apply if a scheme amends its rules to increase member benefits.

BENEFITS PAID TO INDIVIDUALS AGED UNDER 60 (TAXED SUPER FUNDS)

Lump sums will have:

- an **exempt component**, which will be tax-free and include the pre-July 1983 component, capital gains tax exempt component, post-June 1994 invalidity component, concessional component and UDCs, and
- a **taxable component**, which will include the current post-June 1983 component and the non-qualifying component and be tax-free up to the low-rate threshold and then taxed at a maximum rate of 15%. The low-rate threshold will be set at \$140 000 on 1 July 2007 and indexed to AWOTE in \$5000 amounts.

CALCULATING THE PRE-JULY 1983 COMPONENT

Super funds will be required to calculate a pre-July 1983 amount based on the value of benefits at 30 June 2007. They must use the existing legislative formula and will have until 30 June 2008 to calculate the amount. Once the amount is calculated, it will become a fixed component and form part of the new exempt component.

Importantly, there will be no crystallisation of the pre-July 1983 component of employer eligible termination payments (ETPs). The pre-July 1983 component will continue to be calculated by the employer on termination of employment.

PROPORTIONAL DRAWDOWN OF BENEFITS

Where a member draws down part of their benefits after 1 July 2007, the benefit will be considered to comprise both the taxable and exempt components, with the relevant portions reflecting the make-up of the member's total super benefit. This appears to imply that the taxable component will not be able to be drawn down in isolation from any exempt component, or vice versa. This was expected, and will mean that members aged 55–59 need to be careful when drawing down entitlements from taxed super funds.

DEATH BENEFITS

Lump sum death benefit payments will be tax-free if paid to a dependant. The definition of dependant will remain as currently defined in the Tax Act. The taxable component of a lump sum paid to a non-dependant will be taxed at 15% (as is currently the case for the post-June 1983 taxed element).

Death benefits will be able to be paid as a pension to a dependant from the accumulation phase where the member dies before commencing a pension. However, where the pension is paid to a dependent child, the pension will be required to be commuted (tax-free) once the child turns 25 (unless the child is permanently disabled).

Pensions will not be able to revert or be paid to a non-dependant on death but will have to be paid as a lump sum.

For those aged under 65 at 1 July 2007, or those aged 65 or over who pass the government's work test, there will be a strong incentive to undertake a 're-contribution strategy'. This will essentially involve withdrawing funds that would not be exempt to a non-dependant, and contributing them as a UDC, which is an exempt component. We are reviewing our clients' position in this regard.

PENSION PAYMENTS

While people will be able to choose the amount they take from their pension each year, a minimum amount will be required to ensure that capital is drawn down over time. The minimum annual pension payment amounts are as follows:

Age	% of account balance
55–64	4
65–74	5
75–84	6
85–94	10
95+	14



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EXISTING ALLOCATED PENSIONS

Members of existing allocated pensions will be allowed to transfer to the new pension products (that meet the new minimum standards) from 1 July 2007 and take advantage of the lower minimum pension payment arrangements, without the need to commute their existing pension. This will potentially save many people the cost and administrative burden of commuting their existing pension to satisfy the new minimum standards. See pages 4-6 for more details.

COMMUTATION OF COMPLYING PENSIONS

The government does not intend to increase the ability for people to commute a complying pension. However, the concessions these pensions attract (such as being 50% exempt for the assets test) will continue to apply.

UNTAXED SCHEMES SUCH AS CSS, PSS, DFRDB AND MSBS

The taxation of lump sum benefits taken from an untaxed fund has been changed, as follows:

- for people aged 60 or over – all payments up to \$1 million (up from \$700 000) taxed at 15%, and amounts over \$1 million at the top marginal rate of 46.5%
- for people aged 55–59 – payments up to the low-rate threshold (\$140 000) taxed at 15%, amounts over this up to \$1 million at 30%, and amounts over \$1 million at the top marginal rate
- for people aged under 55 – payments up to \$1 million taxed at 30%, and amounts over \$1 million at the top marginal rate.

The limit of \$1 million will apply on a lifetime basis to each member of the fund and will be indexed by AWOTE.

Importantly, this refers only to the **untaxed** component of the scheme, if taken as a lump sum. In the CSS, around 98% of the member and productivity components are paid from a **taxed** source, so these rules do not apply.

This is of most importance in the PSS or on a redundancy from the CSS where the member has the option of taking the (untaxed) employer component as a lump sum benefit.

The treatment of pensions paid from untaxed schemes remains as previously announced, with the 10% tax rebate applying after age 60 (see August edition of *BLa BLa BLa*).

All lump sum death benefits paid to a dependant will be tax-free. Payments to non-dependants (of any age) of the post-June 1983 untaxed element will be taxed at 30% up to \$1 million, and at the top marginal tax rate above that.

The taxation of death benefit payments as a reversionary pension will depend on the age of the primary and reversionary beneficiaries. The rules are broadly similar to the general death benefit rules that apply to taxed funds, except that instead of being tax-free, the application of the 10% offset will depend on the age of the primary pensioner on death.

Like the general rules for taxed funds, a pension will not be able to revert to a non-dependant on death. In this situation, death benefit payments to non-dependants will have to be made as a lump sum.

Amounts rolled over from an untaxed fund may also have tax withheld at the top marginal rate where the amount rolled over is \$1 million or more. Amounts under \$1 million will be treated as a taxable contribution by the receiving fund.

PROGRESS ON 2007 CHANGES

As stated in the August edition of *BLa BLa BLa* and in this issue, the government is moving to implement the super changes announced in the 2006 Federal Budget. Although some changes have already taken place (such as removing the requirement for individuals to cash out their super when they turn 65 and no longer pass a work test), most of the changes will take effect on 1 July 2007.

The new changes are beneficial, and will generally result in a reduction of tax payable on income streams from both Commonwealth and private income streams. For

example, a 60-year-old receiving a CSS pension of \$40 000 a year will see an increase in their net pension payment of approximately \$150 a fortnight from that date. For those aged 60 and above, any income or withdrawals from an allocated pension or annuity will be completely tax-free.

At the same time as these new tax concessions kick in, individuals with allocated pensions will have the opportunity to reduce the minimum amount of income drawn down from their annual pension. For example, a 63-year-old with an allocated pension of \$300 000 will currently have a minimum withdrawal of either \$18 060 or \$16 560 a year, depending on whether the pension started before 1 January 2006. Under the new rules, the minimum would be \$12 000 a year.

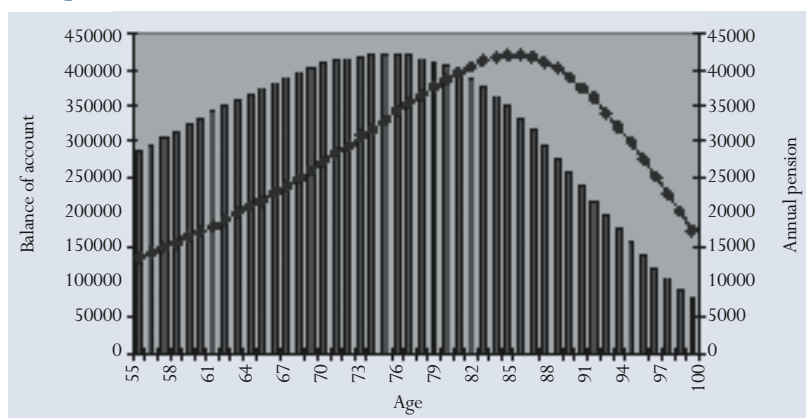
Many individuals will decide to take advantage of the lower pension factors, particularly given that they will also be getting the new tax concessions. If they are also receiving a \$40 000 CSS pension, the net increase of \$150 a fortnight (explained above) equates to a net annual increase of \$4000. If a person feels that this is a comfortable level of income, it makes sense to reduce the minimum income payment from the allocated pension to maintain the status quo.

This gives rise to an interesting decision. Where an individual chooses to reduce the income from their allocated pension each year, compared with what they receive now, the 'shape' of the future allocated pension will be vastly different. This is best shown through a series of examples.

In the first example, we have an individual who maintains the current minimum withdrawal factors on a \$300 000 allocated pension commenced at age 55. Graph 1 assumes that over the life of the pension the earning rate of the fund is 8%.

As can be seen from Graph 1, the income stream (as measured against the right-hand scale by the dotted line) commences at just under \$15 000 a year and rises steadily into the person's mid-eighties before falling away sharply. The balance of the fund continues to grow into the person's mid to late seventies, at which time the minimum withdrawal factor (around 8%) exceeds the earnings of 8%.

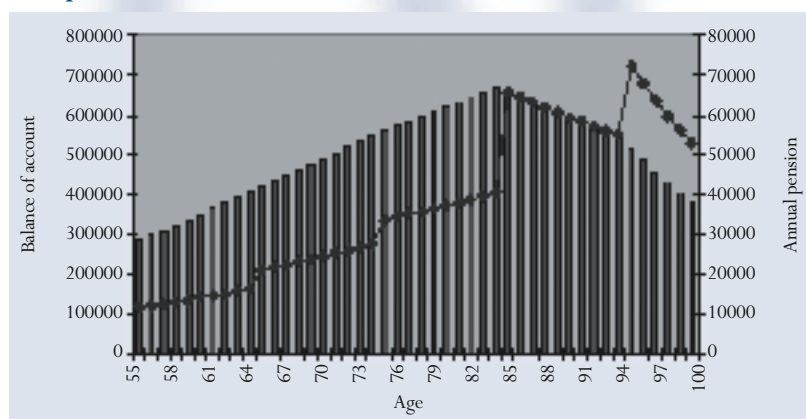
Graph 1



This is different to our next example where an individual chooses to take the same allocated pension, with the same investment earnings, but using the new minimum pension factors.

As Graph 2 shows, both the account balance and the income stream continue to grow into the individual's late eighties under this model. One imagines that in future years this will be referred to as the 'richest pensioner in the graveyard' model, as it provides an ever increasing income and account balance into the eighties and nineties.

Graph 2



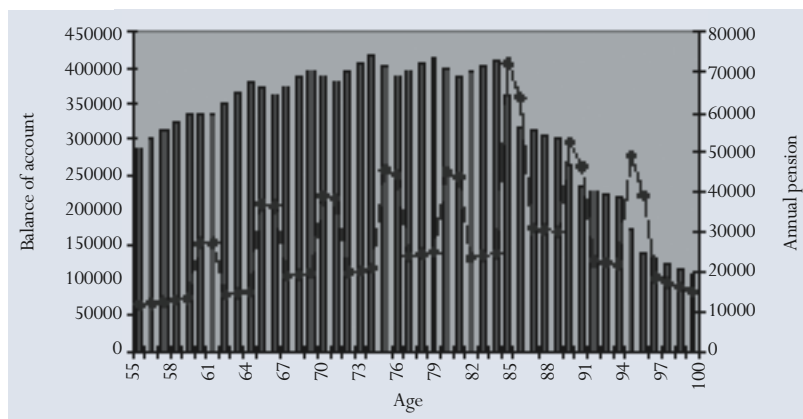
What should not be forgotten however is that under the new rules there will no longer be any maximum pension or lump sum withdrawal amount. This means that if an individual chooses to counter the rising account balance by making an ad hoc withdrawal, the shape of the pension will change again, as shown in Graph 3 on the next page.



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Graph 3



Under this model, the individual chooses to withdraw double the minimum amount twice every five years. These additional withdrawals artificially inflate income for the year, reducing the account balance.

There is no right or wrong with this – it really boils down to every individual's needs and expectations. One good bit of news, however, is that if an individual does want to take advantage of the new reduced pension factors, they will probably not have to stop their existing allocated pension and start another. This was the case with the changes in January of this year, with the paperwork involved deterring many from making the change. Based on information so far released by the government, it appears individuals will be able to switch to the new minimum factors within their existing allocated pensions, by making a notification in writing.

We are writing to all our clients who are running allocated pensions under our advice. We are outlining what the current and proposed payments are likely to be, and seeking an indication of whether clients want to maintain the status quo or make an adjustment. The adjustment does not necessarily have to be to a lower amount, as removing the maximum factors allows true flexibility to choose whatever income is required.

We expect to have written to all affected clients by the end of January. Once we have their responses and the legislation is clearer, we will prepare the necessary paperwork for them to sign and be submitted to

allocated pension funds. This will hopefully ensure there is no mad rush on this issue at the end of June 2007.

So we urge all clients to help us by responding to our request as soon as possible.

This exercise extends beyond the issue of how much is drawn down from the income stream, into that of estate matters. When reviewing the income stream position we are also preparing calculations on the tax efficiency of the individual allocated pension should it be paid to a non-dependant. Where possible, we will be looking at undertaking a re-contribution strategy to reduce any tax payable to a non-dependant following the death of the primary recipient. This is further reason why we encourage all affected clients to get their responses to us as soon as possible. Questions can be addressed to Debbie-Jane Campbell via email at deb@blapl.com.au

Super VERSUS MORTGAGE

In times of rising interest rates, it has always been a sound financial strategy to reduce the amount of non deductible debt. Lifestyle debt (debt that is not used to produce income) must be serviced from post tax dollars and receives no tax concessions whatsoever. It should be no surprise that this is often the first bit of advice provided to individuals with large mortgages.

However, when the new superannuation rules are implemented, there will be a strong financial argument to minimise debt repayments and salary sacrifice to superannuation instead.

The reason for this is that in order to reduce a mortgage, an individual must first pay tax on their income, which can see as much as 46.5% lost in tax before the net pay can be used against the mortgage. Under the new superannuation arrangements, an individual sacrificing pre tax dollars into superannuation, and leaving these funds until age 60 (when the new legislation has them tax free), will only lose 15% tax. This differential can be seen in the example below.

Leland is 50 and earns between \$25 000 and \$75 000 per annum (making his marginal rate with Medicare 31.5%). He has an outstanding 10 year mortgage of \$300 000 with an interest rate of 7.5%. His super fund earns 7.5% in interest (net of fees and charges). To pay off the mortgage in ten years, Leland must make a monthly payment of \$3561, servicing the interest and reducing the principal. As Leland loses 31.5% of this part of his income in tax, the net payment of \$3561 represents a gross amount (before he pays tax on it) of \$5199 per month.

Leland changes his loan to interest only, meaning his repayments now fall to \$1875 per month. This is a reduction (compared with his previous payments) of \$1686 per month. As he requires \$1686 less net pay each month, he can salary sacrifice \$2461 from his gross pay into superannuation. This loses 15% tax on entry, making it a net monthly deposit of \$2092, to attract interest at 7.5%.

Had Leland continued with the principal and interest repayments, at age 60 his debt would be reduced to \$0. By switching to interest only repayments, he will still owe \$300 000 on the debt at age 60. However, against this he will now have built up \$372 263 in his superannuation account, which upon retirement at age 60 is tax free. After paying off the remaining \$300 000 mortgage, he is still ahead by \$72 263.

If Leland was at a higher tax rate, the saving is even greater. This is because the tax rate on salary sacrifice remains fixed at 15%, but the rate of personal tax, when higher, means a larger portion of gross income is forfeited in tax in order to pay the mortgage. If Leland is at a 41.5% marginal tax rate (income between \$75 000 and \$150 000), the total saving from this strategy would be \$135 897, while at 46.5% (where income is over \$150 000), the saving is \$176 636.

The above example (where the saving was \$72 263), relied on the mortgage rate and interest rate in the fund being at the same level of 7.5% - what if this was not the case?

If the super fund earning rate was consistent at 7.5%, interest rates on the mortgage would have to be higher than 11.2% for this strategy to be detrimental. If interest rates on the mortgage were consistent at 7.5%, the superannuation fund would have to earn less than 3.6% in interest before the advantage is removed.

Obviously this is still dependent on the passage of the new legislation; however it does open up a range of possibilities that were not previously available.



Merry CHRISTMAS?

Christmas may be a time for giving, but employers don't have to apply the 'giving' principle when dealing with the Tax Office. Paying tax on employee entertainment and gifts is a sure-fire way to take some of the cheer out of Christmas. So it's important that those running a business who want to reward their staff for a year of hard work know that there are a few things they can do to make Christmas a little less taxing.

AN OFFICE CHRISTMAS PARTY

Throwing a Christmas party for staff can be problematic for employers. For example, is the cost of hosting a lavish Christmas party for staff at the business premises a tax deduction? Under current tax law the cost of providing a Christmas party for staff at work is non-deductible but exempt from fringe benefits tax (FBT). This is not the case if employees bring a spouse or friends, as the cost of entertaining 'associates' of employees is deductible but subject to FBT. By contrast, the cost of entertaining clients and business contacts is not subject to FBT but is non-deductible. What began as a simple Christmas offering to staff suddenly becomes a maze of rules with differing tax outcomes — and all before apportionment is even considered!

A RESTAURANT PARTY

Is the tax situation different if the party is held at a local restaurant?

Unfortunately, from a tax viewpoint, it is not easier. The complexity of the FBT rules means that, if the function is not held at work premises, the cost of entertaining employees remains non-deductible and becomes subject to FBT. It appears that 'it's not what you eat and drink but where you consume it' which, at least partially, determines the tax outcome.

A CHEAPER PARTY

But a Christmas function will be treated as an exempt minor benefit if it costs less than \$100 per employee. But don't rejoice too quickly. Nothing is quite this simple. The \$100 threshold applies per employee, including associates. This reduces the exemption for couples to \$49 a head, or even less if a family function is held.

To make matters worse, all benefits associated with a Christmas function must fit within the 'minor and infrequent benefits' cap of \$100 per employee. For example, the cost of bottles of wine and hampers distributed at a Christmas function becomes a benefit associated with the function itself. That outcome may be different, for example, if the hampers were distributed in the office two days before the Christmas party.

ACT *Seniors Card*

If you are ineligible for any Centrelink or Veterans' Affairs entitlements but are at least 60 years of age, a permanent resident of the ACT and not in paid employment for more than 20 hours a week, you can apply for an ACT Seniors Card.

A Seniors Card provides cardholders with discounts at over 500 businesses in the ACT and interstate, including up to 50% concessions for train travel via ACT Countrylink for travel from the ACT to NSW.

In terms of ACT Government benefits, cardholders receive:

- special rates for ACTION bus travel during off-peak periods, and all day on weekends and public holidays
- discounts on ACT dog registration through ACT Government shopfronts
- a 10% concession on the registration component of privately registered motor vehicles (registered in cardholder's name only), and

- a \$35 subsidy (every two years) towards purchasing spectacles through a provider of your choice.

You can obtain a copy of the Seniors Card directory for a listing of all the benefits and discounts available, plus the relevant application form, from:

- ACT Government shopfronts
- ACT public libraries
- Dickson Motor Vehicle Registry
- Council On the Ageing (COTA), Hughes Community Centre.

Alternatively, you can download a copy of the directory at http://www.cota-act.org.au/Download_Documents/seniors_card_1.pdf

Public Servants

LIVE LONGER

A new study has found that public servants live for an average 19.4 years after retiring at age 65, compared to 17.7 years for the average person. The Mercer Human Resource Consulting research study was based on data from four major public service superannuation schemes. The study revealed that female public servants live an average 22.2 years after the age of 65, rather than the average 21.2 years. However, a fascinating finding of the study is that once this group attains the age of 85, their mortality rate rises above that of the general population.

This increased longevity is believed to arise from the fact that public servants are likely to have higher educational standards and income, leading to different lifestyle choices and better access to health services than the general population.

An increase in longevity requires additional consideration with retirement funding. A person living just one and a half years beyond normal life expectancy requires financial resources to stretch up to another 10%.

This research is consistent with UK studies which also show that high net worth individuals with good retirement savings live longer. The research showed that males aged 70–74 with pensions of more than \$32 400 a year had a mortality rate 50% below that of males with pensions a third of that amount.



IS IT TIME TO *take gains?*

In our December 2005 newsletter we ran an article entitled 'Is it time to take gains?' A copy of this can be seen in our archives at <http://www.blapl.com.au/documents/Dec05Newsletter.pdf>

The article attempted to raise awareness of the fact that the share market had made significant gains in calendar year 2005, with the ASX All Ordinaries Accumulation Index rising from 2666 in March 2003 to around 4500 at the time of the December 2005 newsletter. This article was misinterpreted by many readers, who took it as a BL&A prophecy that the Australian share market was overvalued and headed for a correction.

This was never the intention of the article. The BL&A investment process **will never** attempt a 'tactical' approach to asset allocation, which would involve moving in and out of markets based on the assumption that it is about to rise or fall. Our investment process is summed up in 'Using the BL&A bucket approach to investing' which can be seen on our website at www.blapl.com.au Under the bucket approach, the single most important factor in choosing the appropriate investment is the consumption timeframe. This means that if funds are quarantined for consumption in the long term (more than seven years from now), they will be invested in the share market, regardless of whether the consensus is that the market is too high, too low or about right.

As we approach the end of the 2006 calendar year, there are two reasons why we must again ask 'Is it time to take gains?'

Firstly, there have been good gains made in both Australian and international share markets in 2006. The US Dow Jones Industrial Average Index has increased from around 10 700 a year ago to around 12 300 at the time of writing. Over the same period, the ASX All Ordinaries Accumulation Index has increased from around 4400 to 5400. Clearly, taking gains is something that one contemplates only when gains are on offer – and the share market has clearly delivered gains over the last 12 months.

The second and most important reason to consider taking gains is that the end of the year marks another 'rolling year' in the 'bucket cycle'. Under the bucket approach, clients quarantine expenditure based on when the funds are to be consumed. This can be in the first bucket (1–3 years), second bucket (4–7 years) or the third bucket (8 years plus). If the buckets were set 12 months ago, the first bucket should now contain only enough for consumption in the next two years. Under these circumstances, it is advisable to take the gains from buckets two and three to top up the first bucket, before the market has a chance to take the gains back.

Debbie-Jane Campbell is currently reviewing the 'bucket mix' of our clients. If you think that your portfolio needs tweaking, please contact her on (02) 6247 0099 or via email at deb@blapl.com.au

One small business test

TO ACCESS ALL SMALL BUSINESS TAX CONCESSIONS: LAW TO BE AMENDED

On 13 November 2006 the Treasurer and the Minister for Small Business announced that the government will introduce legislation to standardise the eligibility criteria for small business tax concessions from 1 July 2007. At present there are separate eligibility tests for GST, the simplified tax system, capital gains tax, FBT and pay as you go small business concessions. The announcement will mean that any business with annual turnover of less than \$2 million will be able to access any of the concessions. Small businesses will have to apply only one eligibility test to access a range of small business concessions.

The Treasurer said this proposal incorporates and goes beyond the package of measures to assist small businesses announced in this year's Federal Budget.

Businesses with existing access to capital gains tax, FBT or pay as you go small business concessions will not lose out under the new arrangements. Those benefits will apply to businesses that meet the new small business definition or other existing eligibility criteria. The government will consult publicly on the draft legislation in early 2007.

Around THE OFFICE

WHERE'S FRANCES?

Callers to BL&A during November were greeted by a new receptionist, Jodie Barnett. Jodie has been filling in for Frances who has been honeymooning in Japan, Italy, Spain, Paris and the South of France. However, all good things must come to an end and Frances is now back on deck in the 'South of Braddon', getting back into the day-to-day grind. We congratulate Frances and Patrick on a wonderful wedding and wish them every enjoyment for a long and happy future together.

Stephen Barnett is especially happy to see the return of Frances. This is not a reflection of being unhappy working with his wife Jodie, but he now has a greater appreciation of the old saying 'for better, for worse but not for lunch'.

BL&A COBRAS SECURE THIRD PLACE FOR MINOR SEMI-FINAL PLAY-OFF

Despite getting off to a slow start in the Division 10 ACT squash competition by losing the first two games of the

spring pennant program, the BL&A Cobras (Dickson 2) managed to secure third place and a play-off for the minor semi-final against their fellow club team Dickson 3.

After a convincing first round loss to Queanbeyan, the Cobras had their tails against the wall going into round two against National 2 as Steve Walker (Ancient Cobra) was unable to play due to the flu, and a nasty training injury to Stephen Barnett (King Cobra) left the skip in hospital for a week. This resulted in number three player Scott Lilley (Pelican Cobra) losing two rubbers, with the Cobras receiving only five competition points in two weeks. Given that Scott caused the training injury to Stephen, some feel a sense of karma in him having to play the additional games.

With a full-strength and fit team, the Cobras managed to win the next four rounds. This was followed by two straight losses to Dickson 1 and the team to beat – Queanbeyan. Importantly, it was also the first loss for skip Stephen Barnett after returning from injury and eventually succumbing to the pressure of losing three games to one against a superior and stronger female opponent.



Around THE OFFICE – *continued from page 11*

The remaining six rounds of the regular spring season saw the Cobras dominate with a six-game winning streak (including two rounds where they accumulated the maximum 12 competition points) to secure a place in the minor semi-final against their close rivals Dickson 3. This match-up will be a do or die game for the Cobras to have any chance of securing a place in the grand final against either Dickson 1 (who the Cobras defeated in the final home and away match) or the hotly favoured Queanbeyan boys who have lost only one match this year – and who should have a good hard look at themselves in the ‘grading mirror’.

A full summary of the Cobras’ finals appearance will be detailed in the first issue of *BLa BLa BLa* in 2007.

Alternatively, you can review their finals progress online at <http://squashmatrix.com/Default.asp> by selecting Division 10.

CHRISTMAS AND NEW YEAR HOURS

This year the BL&A office will close on Friday 22 December 2006 and reopen on Tuesday 2 January 2007. During this time an answering machine will take messages, and our email clients@blapl.com.au will continue to operate. Both will be checked regularly over the break.

We wish all our valued clients a safe and prosperous holiday season.

Deb, Doug, Fiona, Frances, Lynn, Meg, Scott, Stephen, Steve and Wendy

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