

# MORTGAGE & FINANCE



## - UPDATE -

### CHANGES FOR THE NEW FINANCIAL YEAR

**The new financial year is here, meaning there are some big changes afoot. Here's what you need to know about what's happening.**

#### SUPER CHANGES

From 1 July 2022 Australian workers benefit from a boost to their superannuation.

The permanent 0.5 percentage point rise in the Superannuation Guarantee rate, from 10% to 10.5%, will increase most employees' super balance at retirement by around 3%.

**For the average Australian worker, that means roughly an extra \$15,000 at retirement.**

A statement from Treasurer Jim Chalmers said Friday's increase was "just another step on the way to a legislated 12 per cent rate by 2025".

**"When the full increase is achieved, it will deliver an extra \$76,000 to the typical Australian worker in retirement," the statement read.**

#### CASH BOOST FOR 1.4 MILLION FAMILIES

More than 1.4 million Australian families will get a welcome increase to family payments from July 1 in a bid to ease cost of living pressures.

Under the change, the Family Tax Benefit (Part A and B) Centrelink payments will rise, with households with a child under the age of 13 getting an increase to the Family Tax Benefit Part A by up to \$204.40 over 2022-23.

For those with a child aged 13 and above, the payment will reach a maximum of \$255.50, while those who are entitled to Family Tax Benefit Part B will see an increase of up to \$164.25 per year for families with a youngest child under five.

Families on Family Tax Benefit Part B with a youngest child aged five to 18 will receive up to \$116.80 more per year.

#### POWER COSTS TO SURGE

**Millions of families will see their electricity costs rise next month after the energy industry watchdog jacked up prices by hundreds of dollars a year.**

The Australian Energy Regulator (AER) will pass on hefty increases to the benchmark power price.

**"You have two different types of energy plans on the market: Those that offer fixed rates for a certain period [such as 12 months] or others that have variable rates," Finder energy expert Mariam Gabaji said.**

**"If you don't like switching electricity plans often in search of the cheapest variable rates, you're likely to benefit from a fixed-rate plan instead."**

#### IMMIGRATION

Short-term Temporary Skill Shortage (TSS) subclass 482 visa holders who worked in Australia during the pandemic will have access to a new Australian permanent residency pathway.

**From then, TSS visa holders will be able to apply for permanent residency through the Temporary Residence Transition (TRT) stream of the Subclass 186 Employer Nomination Scheme (ENS) visa.**

Applicants must have been in Australia between February 1, 2020 and December 14, 2021 for at least one year, as well as meeting all other nomination and visa requirements for the TRT stream of the ENS visa.

#### CAR PRICES JUMP

Changes to the Luxury Car Tax threshold mean that next month, the threshold for fuel-efficient vehicles will be increased by 6.6% to \$84,916. For all other vehicles it's up by 3.9% to \$71,849.

#### CHILDCARE RELIEF

So-called "combined families" – where both members of the couple get the Child Care Subsidy for different children in their family – will automatically be paid the higher subsidy from July. Any higher subsidy these families were eligible for between March 7 and July 2022 will be back paid.

#### TELSTRA CUSTOMERS SQUEEZED

Telstra's mobile plan prices will increase in line with the Consumer Price Index.

**That means the cost of basic and essential plans will rise by \$3 per month, while premium plans will jump by \$4.**

### WELCOME TO OUR SPRING EDITION



The multiple Reserve Bank [RBA] cash rate rises over the past 4 months have had a major impact on borrowing capacity moving forward. While demand for homes has remained strong, the rate rises will apply downward pressure on house prices by impacting borrowing.

There are mixed speculations from different sources as to what degree house-price changes will occur on the WA housing market over the coming years. Some lenders are forecasting prices will fall in 2023 before a rebound in 2024. Other independent forecasters foresee growth to continue, but at a slower pace in 2023 and beyond.

There is always a time lag for changes to filter through and impact house prices. We do know that over the past few years a high percentage of clients managed to fix a major portion of their home loans for 3 to 5 years, when rates were lower or equal to the low variable rates at that time.

For most of these clients who will be coming out of their fixed rates beginning 2023, their main consideration will be to prepare for what happens when they come out of these low fixed rates.

Fixed rates took a slow upward trend from July 2021 through to December 2021 and then showed incredible increases for the following months. Most borrowers who were considering fixing their loan, therefore preferred to go with the lower variable rates still available.

For all other clients, we are concentrating on reducing their rate with their existing lender as much as possible, and for the lenders that only offer marginal decreases, the refinancing opportunity is still strong with some lenders offering between \$2,000 - \$6,000 cashback to change your home loan. This could put you instantly ahead after the costs involved to refinance, if the product is suitable.

If you believe you may be on a rate higher than what you should be, then reach out to our team by calling or emailing, and we will do all we can to obtain a rate reduction or seek a better opportunity elsewhere.

We are always thankful for our clients' continued support and referrals. If you have any family or friends who may want to buy, refinance, or review their overall position, please don't hesitate to pass our details on.

- NEWS.COM.AU -

#### CONTACT US FOR FURTHER INFORMATION & GUIDANCE

Mortgage & Finance Call 08 9240 2446 Email [vicg@betterchoice.net.au](mailto:vicg@betterchoice.net.au)  
Suite 12, 10 Whipple Street Balcatta Western Australia 6021 Australian Credit Licence Number 394633

#### VIC GIANNAKIS - DIRECTOR

0413 154 263  
[vicg@betterchoice.net.au](mailto:vicg@betterchoice.net.au)

# THE DODGY TAX DEDUCTIONS LANDLORDS ARE WARNED BY THE ATO NOT TO CLAIM

Property investors are being warned to have sufficient and correct records when declaring rental income and deductions.

**2.2M**

AUSTRALIANS HOLD RENTAL PROPERTY INVESTMENTS

**\$50B**

IN DEDUCTIONS ARE CLAIMED EACH YEAR

More than 2.2 million Australians hold rental property investments, and they claim as much as \$50 billion in deductions each year, which is more than the \$48 billion reported in rental income, according to the taxation statistics.

*The Australian Tax Office (ATO) says four key areas will come under particular scrutiny at tax time this year, including rental property income and deductions as well as record-keeping of all claims.*

Elinor Kasapidis, senior manager of tax policy at CPA Australia said "They will be scrutinising tax returns and the rental schedules. They'll also be looking for things like undeclared income from renting out rooms or homes on a part-time basis,"

Expenses that property investors incur in owning their property are deductible against their income, Kasapidis said, which includes repairs and maintenance, and interest repayments. He said be sure to not mix up claims between repairs, which are deductible, and improvements, which claim depreciation over time.

*"For example, if you're fixing a paling on a fence, it's a repair. But if you're replacing the entire fence, then you claim depreciation on the improvement.*

*"A repair is something you can fix up, and you can get a full deduction for the service you paid for. But if it's going towards a major item replacement such as roofs then it's going to part of the improvement. Once you use new materials on a big job that is improvement."*

Kasapidis said if investors received some form of relief in the form of grants or state government support, that is also taxable and should be declared as income as a general rule.

The Real Estate Institute of Australia president Hayden Groves said investors should be in good stead if their properties are managed by agents.

*"Our members are real estate agents, and they run precise systems within their own agency to account for every dollar and cent that comes through," Groves said.*

Groves said that the ATO was paying particular attention to holiday rental incomes, warning investors to be vigilant and not to overstate deductions.

- DOMAIN -

## WHAT IS THE FIRST HOME LOAN DEPOSIT SCHEME?

Find out more

or

Download FHLDs Fact Sheet



## SHEDDING LIGHT ON BUYERS' BURNING QUESTIONS

REIWA launched an information service in 1992 to help buyers, sellers, tenants and landlords navigate their property journeys.

The service allows Western Australians dealing with a REIWA agent to find answers to their real estate queries and concerns.

REIWA President Damian Collins spoke with West Real Estate and addressed some common buyer questions.

### WHAT HAPPENS IF THE LENDER CANNOT APPROVE MY APPLICATION BY THE LATEST DATE?

A buyer can attempt to negotiate with the seller to extend the finance timeframe.

If an agreement cannot be reached for an extension, the contract will continue until either the seller terminates the contract whereby the deposit will be refunded to the buyer, or the buyer notifies the seller that the finance has been approved.

### IF I NEED FINANCE, DO I HAVE TO NOMINATE A LENDER TOGETHER WITH THE AMOUNT OF THE LOAN?

No. The financial conditions state that if no details are provided, then the lender can be any lender and the amount of loan will be equal to the purchase price.

### CAN I WITHDRAW MY OFFER DURING NEGOTIATIONS?

An offer could be withdrawn at any time prior to the seller signing and notifying the buyer that the contract had been signed.

### WHAT HAPPENS IF I AM TOLD THE OWNER IS CONSIDERING MULTIPLE OFFERS?

*In the current market, it is not unusual for a seller to receive multiple offers.*

It is important to remember that the seller is not under any obligation to consider offers in the order that they were received.

You may or may not be offered the opportunity to submit your best offer.

*If you are not offered a formal opportunity to revise your offer, then you should consider if the offer that has been presented is your best offer in terms of purchase price and associated conditions.*

You can revise your offer and present it to the salesperson if you choose to.

Through their sales representative, sellers will often advise all the buyers that have submitted an offer, that multiple offers have been received and will give you the opportunity to revise your offer by the set date they provide.

### IS THERE A TIME LIMIT ON HOW LONG A SELLER HAS TO RESPOND TO AN OFFER?

There are no laws saying how long a seller has to respond to an offer.



*If the buyer is not satisfied with how long the seller is taking, they can withdraw their offer or alternatively put in a sunset date in their offer at which time the offer lapses without any need to formally withdraw.*

### WHOSE RESPONSIBILITY IS IT TO UNDERTAKE THE BUILDING INSPECTION?

Any special condition requiring a building inspection is not a standard condition of the contract.

Normally, as it is the buyer who requires a building inspection or termite inspection, the costs of those inspections are borne by the buyer.

### WHAT IS A STRUCTURAL DEFECT?

Structural defects relate to the building structure, not items that are cosmetic or minor, non-structural matters such as leaking taps and power points that are not working.

Most buyers and sellers use the REIWA annexure, which defines a structural defect and requires a building inspection to be completed in accordance with Australian Standards.

### WHAT IS THE PURPOSE OF THE FINAL INSPECTION?

It is a standard term in the contract whereby the seller provides a representation that the property will be in the same state and condition that it was in immediately prior to the contract date.

and condition that it was in immediately prior to the contract date.

*The purpose of the final inspection is to ensure that the seller is keeping to their representation. For example, if the grass is green on contract date, then it must be green on settlement date.*

The contract may also contain special conditions. For example, it may require the seller to paint the lounge room red and, at the final inspection, you will determine if the seller has actually painted the room red.

### WHY AM I GIVEN A DISCLOSURE STATEMENT WHEN BUYING A STRATA-TITLED PROPERTY?

*It is a requirement under the Strata Titles Act for the buyer to be given certain information before they sign the contract of sale.*

The disclosure sets out details about the strata lot that is being purchased, provides copies of the scheme plan and bylaws, and copies of any minutes and statements of accounts and details about the levies, which the strata lot owners pay for the upkeep of common property.

### ARE ELECTRONIC SIGNATURES PERMITTED?

Yes, electronic signatures are legal through the Electronic Transactions Act. It is now very common for all contracts to be signed electronically.

### WHEN DOES A CONTRACT COME INTO PLACE?

When all parties have signed an agreement to the terms and conditions of the contract, the representing sales agent will notify the parties that a contract is in place.

- THE WEST AUSTRALIAN -



## OUTRIGHT OWNERSHIP FALLS OVER 25 YEARS: ABS

The proportion of Australians who completely own their property has fallen by 11 percentage points according to the latest census data.

As suggested by the national survey, some of the data of which was released 28 June, the proportion of Australians who own a home outright dropped from 41.6% in 1996 to 31% in 2021.

However, the number of homes owned outright increased by 10% between 1996 and 2021.

This latest census counted 25,422,788 Australians in its survey. In 1996, this number was 17,892,423.

Further, in 2016, 2.56 million people owned their home outright, which rose to 2.87 million people last year.

Outright ownership in 2021 was reported at its highest in Tasmania (37.1%) and at its lowest in the Northern Territory (15.8%).

Speaking of this long-term decline, Housing Industry Association chief economist Tim Reardon said it's a phenomenon that's been observed over the last three decades.

*"I'll flag that as declining homeownership is a trend that we've seen over the past 30 years and is an ongoing concern," Mr Reardon said.*

The same data also noted that, over the last 25 years, the number of Australians who owned a home with a mortgage also reportedly doubled, rising by 96.8%.

Households that owned a mortgaged property rose from 26.2% in 1996 to 35% in 2021.

As of last year, more than 3.2 million people now own a home with a mortgage, with this cohort being at its strongest in the ACT (40.2%) and Western Australia (40%).

Real Estate Institute of Australia (REIA) president Hayden Groves said in a statement to Mortgage Business that this mortgage trend was of specific interest to those aged 25 and under.

"The takeout from this – with home ownership levels stable – is that more lending activity is expected in order to achieve the great Australian dream of home ownership," Mr Groves said.

IN 1996  
**41.6%**  
OF AUSTRALIANS OWNED  
THEIR HOME OUTRIGHT

IN 2021  
**31%**  
OF AUSTRALIANS OWNED  
THEIR HOME OUTRIGHT



*"It also reflects that housing affordability is an issue that remains unaddressed by State and Federal Governments."*

In 2021, two-thirds of households (66%) either owned their home outright or with a mortgage. In 1996, this figure was 67.8%.

*There were also nearly 11 million private dwellings counted in the 2021 census, an increase of over 950,712 compared to 2016.*

According to this latest data, these dwellings mostly consisted of separate houses, which accounted for 70%. Apartments comprised 16% of the total dwellings, while town houses were 13%.



The Australian Bureau of Statistics has also said that the increase of apartments between 2016 and 2021 accounted for almost 31% of the total growth in private dwellings.

Over 2.5 million people, or 10.3% of Australians, are reported to live in apartments.

Speaking at the 2021 Census data release launch, Australian statistician Dr David Gruen AO said there were a number of "interesting patterns" in the data over Australian housing, particularly "in terms of homeownership and the proportion of people who own their home but have a mortgage".

### MORTGAGE AFFORDABILITY REPORTEDLY INCREASES

But while this data has suggested mortgaged homes increased over five years, their monthly repayments were reported as being more affordable.

*According to this latest data, the median monthly mortgage repayment grew from \$1,755 to \$1,863 over the five-year period.*

However, the number of owners who reported that these instalments accounted for 30% or less of their income increased from 67.3% (1.92 million) to 74% (2.4 million) between 2016 and 2021.

This trend was also observed in those paying at least 30% – considered by some to be mortgage stress – of their income in mortgage repayments, which dropped from 19.3% [551,753] to 14.5% [468,817].

The cash rate in August 2021, the month that the 2021 census was conducted, was 10 bps – a record low that began in November 2020.

- MORTGAGEBUSINESS.COM.AU -

## 70% OF MORTGAGES GO THROUGH A BROKER: MFAA

Broker market share has hit new heights, according to data from the Mortgage & Finance Association of Australia (MFAA).



With settlements from 18 of the leading brokers and aggregators, researchers found that mortgage brokers facilitated 69.5% of all new residential home loans during the March quarter, a record high.

**70%**

OF NEW MORTGAGES  
WERE WRITTEN BY  
BROKERS, ACCORDING  
TO THE MFAA

**51%**

THE PROPORTION OF PEOPLE  
WILLING TO MAKE CHANGES TO  
THEIR HOME LOAN IN THE FACE  
OF RISING INTEREST RATES

## COUNTRY'S HARDWIRED INFRASTRUCTURE AND HIGH USE OF MOBILE DEVICES MAKE IT AN ATTRACTIVE TARGET FOR CYBER CRIMINALS



Australians using mobile banking apps might not be as secure as they think. Australia is the fourth most targeted country in the world for banking app malware, with 34 of the country's banking apps under attack from malicious programs known as trojans, a new report says.

Of the 34 targeted apps, 13 are being targeted by three or more trojans, according to research by mobile security company Zimperium. This puts users of those apps at higher risk of having their financial information stolen, The Australian reported.

*Three of the nation's big four banks – Commonwealth Bank, Westpac and ANZ – are under attack from four trojan programs. Several other financial institutions are being attacked by the same trojans, including Bank of Queensland and Bendigo and Adelaide Bank. However, National Australia Bank does not appear on the list at all, The Australian reported.*

There are two types of trojans targeting mobile banking customers, Zimperium reported. The first is part of a larger attack chain that seeks access to banking credentials and data, as well as security controls such as multifactor authentication. The second uses keyloggers and screen scrapers to siphon money from customer accounts directly through the app when a customer logs in.

Richard Melick, director of threat reporting at Zimperium said that banking institutions needed to do more to protect customers from malware.

- MPAMAG.COM -

## CUT COSTS TO YOUR LOAN. ASK US HOW.

Imagine what you could spend those savings on!  
Contact us today for a free consultation.

SUBJECT TO YOUR PERSONAL CIRCUMSTANCES. SUBJECT TO LENDER T&C'S.

**Mortgage & Finance**  
(HOLDINGS) PTY LTD

MORTGAGEFINANCE.COM.AU

**APPLY NOW** ✓



**HOME  
LOANS**



**BUSINESS  
LOANS**



**CAR AND  
EQUIPMENT  
LOANS**

## INTEREST RATES

**OWNER OCCUPIER**

**3.84%**

**P&I**

**MIN 20% DEPOSIT AND FEES**

\*CONDITIONS APPLY

## COMPARISON RATE

**3.84%**

WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison.



**Mortgage  
& Finance**  
(HOLDINGS) PTY LTD



**BOOK YOUR  
FREE APPOINTMENT**

Email [vicg@betterchoice.net.au](mailto:vicg@betterchoice.net.au)

## TEN SMART TIPS WHEN BUYING A HOME FOR THE FIRST TIME



**As a first-time homebuyer, you are embarking on the biggest purchase you have made up until that point. So it is critical that you know how to approach it and what to look out for.**

### 1 RESEARCH THE MARKET

The research you will want to conduct will depend on what you want to get out of buying real estate. In other words, are you looking to purchase an investment property or are you searching for a home to live in? After deciding, you will want to research the market, get an idea of which area you want to buy in, recent trends in the area, and the type of home you can afford.

### 2 WORK WITH EXPERIENCED PROFESSIONALS

Since this will be one of the biggest purchases of your life, you will likely want to surround yourself with experienced professionals. These include a licensed home inspector, a mortgage broker, and a financial advisor. Ensuring your lawyer is not also representing the seller is a good way to avoid conflict.

### 3 ASSESS WHAT TYPE OF PROPERTY YOU CAN AFFORD

It is critical that you know what type of property you can afford, even before you start looking. This means the most you are prepared to pay each month rather than the maximum amount you are able to borrow. More than rental payments, home loan repayments—as well as the costs associated with owning a property—impact your monthly budget far more.

### 4 SET AND SAVE BUDGET

Regardless of the kind of property you are looking to purchase, you will have to save for a deposit. If you put together a budget, you will be able to calculate how much you will need to save every month. You will also want to ensure that both your goals and your budget are realistic. Your budget will act as a great motivator to achieve your savings goals each step of the way.

### 5 DO NOT FORGET TO TAKE ACCOUNT OF THE ADDITIONAL COSTS

The costs associated with purchasing a property are much more than simply the deposit. You need to think of things such as pest inspection and stamp duty. Keep in mind, if this is your first property, you could be eligible for the First Home Loan Deposit Scheme or the First Home Owner Grant.

### 6 TAKE TIME TO INSPECT THE PROPERTY YOU WOULD LIKE TO BUY

Inspecting the property you would like to buy will ensure that there are no hidden—and unpleasant—surprises. For instance, smell for animal-related odours and mould; knock on walls to see if they are solid; and even open the dishwasher and the dryer. Other checklist items include flushing the toilet, testing the heating and air-conditioning, checking the fireplace, water pressure and appliances, and verifying what does or does not have council approval.

### 7 CONSIDER HOME LOAN OPTIONS

You will want to find out the best home loan option for you and your financial situation. Firstly, you will have to ensure that you can afford the monthly mortgage repayments. Ideally, your monthly repayments should be less than 30% of your salary, after taxes. Naturally, the best home loan option depends on your circumstance, so it is important to weigh whether a fixed interest rate, a variable interest rate, or a combination of the two will work best for you.

### 8 NEGOTIATE AS MUCH AS YOU CAN

Make sure that you negotiate as much as you can. Ultimately, you should feel that you are in control of the proceedings—and the fact is, you have nothing to lose from thorough research and negotiation. After all, that extra \$20,000 may not seem like a lot at first, but with such a costly investment, it certainly adds up.

### 9 DO NOT BECOME EMOTIONALLY ATTACHED TO THE PROPERTY JUST YET

When searching for the right property for you, it is important not to get emotionally attached—especially before you've done the right amount of research and negotiating. Purchasing property is better done with the head [rational] rather than the heart [emotional]. With this in mind, it is best to feel confident walking away from a deal that just doesn't feel right to you. There will always be another property. And your terms have to be met. If you don't get the property, move on and continue to search.

*Remember: it is your timeline, not anyone else's. Do not commit to anything that will add further stress to your home search. So what if it takes longer than anticipated? If you do not find the property that best suits you, move on and continue your search—keep looking.*

**- MPA MAGAZINE -**

## SETTLEMENTS AND LEGAL WORK

**MDH LEGAL** are highly recommended solicitors, specialising in the following services:

- Settlements for the sale and purchase of residential and commercial properties
- Settlements for the sale and purchase of businesses
- Strata titles
- Subdivision applications
- Related party transfers
- Deceased estates
- Powers of attorney
- Wills
- Debt recovery

*Melissa Dixon provides a very personalized and cost effective service and will provide a no obligation free quote for any of your settlement and legal requirements on request.*

Suite 3, 175 Main Street, Osborne Park P. (08) 9344 1677 E. [melissa@mdhlegal.com.au](mailto:melissa@mdhlegal.com.au)