

Booming WA economy will remain strong for the foreseeable future

The stock market may have developed a bad case of the jitters lately, but there's every sign that Western Australia's extraordinary rate of economic growth will just keep charging ahead.

Access Economics predicts Western Australia's economy will grow at 5.5% in 2008 and that the economy will remain strong for at least the next two years.

In fact Access Director, Chris Richardson, expects Western Australia's economy to "prop-up" the rest of Australia.

In the three months to August 2007 the state's exports were worth more than NSW, Victoria and South Australia's combined.

That economic strength is due not just to the insatiable demand for WA's resources, but to its increasing diversity and sophistication.

The Australian Bureau of Statistics recently reported that expenditure on research and experimental development in WA rose 57.4% between 2002-3 and 2004-5, almost three times the growth of the State's economy.



The Bureau pointed out that the major driver of this growth was the mining industry, which increased its R&D by 130%.

China remains vital to WA's future. It recently passed Japan as the state's biggest export market. Exports to China have grown by an astonishing 340% in just four years.

Chris Richardson believes that while markets are in trouble and the world economy is slowing China's economy remains extremely strong.

David Parker, Director of the Chamber of Minerals and Energy, is equally upbeat about the state's economic prospects, saying that the state now has \$100 billion worth of resource projects either planned or underway.

WA's population also continues to grow strongly. In the year to June 2007 WA led the population stakes, growing by 2.3% according to the Australian Bureau of Statistics.

The state's economic future seems promising indeed and we're proud to be a part of it.

Ever wanted to paint? Join us and learn how

In 2008 we'll be giving some of our clients and friends the opportunity to join us for a day of creativity then joining with family and colleagues to view their work at a combined art show and cocktail party.

This is all happening at the very kind invitation of Joanna Robertson at her Kidogo Gallery right on the water in Fremantle. See article on page 3 for more details of her art classes and gallery details.

If you'd like to join us simply send us an email to register your interest - or you might just receive an invitation in the mail.

Peter Millett

PS. A very big thank you goes to Robyn Brooks for her suggestion which sparked the idea for this day - obviously Robyn will receive the first invite!



Eat your heart out Vincent Van Gogh: Peter Millett with the fruits of his creative labours.



Many property investors are looking to the Eastern States, including Queensland as the next property "hot spot"

Take a long term view on property investment and prosper

2008 is shaping up as an interesting year for Australia's property markets and investors should be asking themselves some questions: How can I make my assets work better? Should I leverage my equity and invest or should I wait?

The answer to the last question is easy: now is a very good time to consider investing in property.

Last year West Australians invested heavily in other parts of Australia and it's easy to see why, with predictions of growth in Melbourne and parts of Queensland. (Adelaide is also well worth a look.)

The question is where to buy? Should you try to pick the next east coast "hot spot" or stay in WA?

The most successful strategy has always been to buy property for long term capital growth.

Capital growth will always happen when the property is well located and well priced and when the investment fundamentals are right.

It's always worth considering the factors driving "lifestyle" investments as well as the state of the local, national and even international economies.

But while doing so don't overlook the "basic stuff" - is your potential investment close to schools and water? Does it have good views?

Many of our clients have invested in rural and residential properties in the south and southwest of WA.

Others have looked to the eastern states. Some are looking further afield to Japan, Bali, Prague and Switzerland.

Many international investments can provide either good long term revenue or equity growth, but make sure you get good advice on matters such as foreign exchange risk along with the right ownership structure for you.

Closer to home WA's economy is still booming. Unemployment is at a record low, with high wages luring workers to WA.

This growing population is putting further pressure on rentals and property prices.

Property prices in the most desirable areas will continue to grow. They're usually the "blue chip" suburbs where people can afford to improve their homes. From here rising prices will "ripple out" to surrounding suburbs.

To benefit from capital growth you need to become an expert in suburbs with strong property fundamentals.

Strong buys in desirable suburbs close to water and infrastructure are what you should be looking for.

If you haven't the time to source such properties you might want to consider using an expert buyers' agent to do the job for you.

Realty Source has the real estate experience to advise you on your next purchase, negotiate on your behalf, achieve the best price and prevent costly mistakes.

For a confidential discussion or further information on their services phone Scott Durell at Realty Source on (08) 9228 0744 or visit their website at www.realtysource.com.au

Lending packages to give you peace of mind

In a rapidly changing world that's full of uncertainty is your home loan package giving you the peace of mind you deserve?

Gone are the days when a home loan was simply a long term loan from a bank allowing you to eventually buy your own home.

Today's home loan products can offer you a sophisticated range of options giving you peace of mind and the flexibility to respond rapidly to fluctuating economic conditions.

The '3 steps' to financial peace of mind

Ideally your home loan should have three components that together give you the peace of mind you need.

Firstly your loan should have a fixed rate component to protect you from rising interest rates, saving you from unnecessary stress and worry.

Secondly it needs a variable rate component with a re-draw facility to provide you with the finance flexibility you need.

Finally it should have an equity line facility to allow you to move quickly and take advantage of promising investment opportunities.

A loan package with these essential features gives you great flexibility, especially when combined with an understanding of how your assets are ranked in terms of their performance.

That gives you a real sense of security, knowing that you can respond to changing circumstances by selling poorly performing assets and/or using the flexibility of your home loan to free up capital if required.

Should you wish to discuss how you can either reshape your existing home finance to better suit you or whether there are other finance options worth considering you can call us at any time to arrange a meeting.



Bank on land for a tax effective long term investment

Land banking has been around for years as a solid, reliable and rewarding investment that can also be tax effective*.

The theory is simple enough: You buy a large plot of land on the outskirts of a city and you wait until the city has spread out to encompass your plot of land. It will then be worth a lot more than you paid for it.

It's an extremely effective "get rich slowly" scheme that's been used by Donald Trump,

Howard Hughes and even Bob Hope to very good effect.

But it's not limited to the city's outskirts. Many investors have done extremely well by purchasing blocks of attractive land in the state's south west and simply holding onto them.

If you had the foresight to purchase a sizeable block of land in the Margaret River area in the 1970s, and you still had it today, you'd now be very happy, wouldn't you?

The same can be said for many regions in the south and south west of our state, where many areas have out-performed Perth, including Dunsborough, Busselton and Albany.

If you're interested in land banking come in and speak to us about the best finance options to enable you to perhaps profit from this most patient of investment strategies.

** check with your accountant to ensure any selected property meets both your needs and the needs of the tax man.*

A double dilemma for the Reserve Bank of Australia

Australia's Reserve Bank will continue to face a difficult dilemma for the foreseeable future: how to make a one-size-fits-all interest rate policy work on an Australian economy that is quite divergent.

A quick look at some quarterly trade figures illustrates the problem. In the three months to August 2007 resource rich Western Australia accounted for 36.3% of the nation's exports.

Fuelled by burgeoning demand from China and India, the state exported some \$15.9 billion worth of exports - more than Victoria, NSW and South Australia combined. Not far behind was Queensland with \$8.4 billion, eclipsing NSW by some \$1.2 billion.

Inflation

That growth is more inflationary than the Reserve Bank would like. Perth's (2.6%) and Brisbane's (2.7%) annual CPI increases are above the weighted average of other Australian cities (1.9%) (with the exception of Darwin at 3.2%). Perth's CPI has now been running above the average for 14 consecutive quarters.

The resources boom is creating a big demand for labour in WA and Qld that's luring new comers at a big rate. That's exacerbating a housing shortage where the output of new homes is below the level of demand.

And that's driving up rentals.

This creates a second dilemma for the Reserve Bank, according to BIS Shrapnel. Housing costs, including rents, are a very big influence on the Consumer Price Index.

If it puts up interest rates to dampen the level of consumer demand and hold down inflation it risks stifling any recovery in dwelling commencements. And by doing that it maintains a housing shortage that contributes to inflation.

So when it comes to interest rates the Reserve Bank may be damned if it does and damned if it doesn't.

Art comes alive at Kidogo Art Gallery

For those with a taste for art, have you ever come across Kidogo Art Gallery?

This gallery is a living, bustling art centre doing more than just displaying art in its two busy galleries. It's also a vibrant venue for musicians, singer-songwriters, poets and authors to stage performances and for budding artists (both professionally and as a hobby).

The gallery's art students meet, observe and learn from professional artists while working alongside them at one of Perth's busiest art venues.

Kidogo Arthouse is superbly situated on Bathers Beach, Mews Road, Fremantle, with classroom windows opening onto the sparkling Indian Ocean. Their web site, too, is well worth a look: www.creativecourses.com

Put your feet up and enjoy a spectacular cruise from Broome to Darwin

How would you like to put your feet up and enjoy the most spectacular scenery WA has to offer on an unforgettable cruise from Broome to Darwin?

The Oceanic Discoverer is offering 72 people an 11 day cruise along the magnificent Kimberley coastline, giving you the opportunity to immerse yourself in this rugged and beautiful landscape.

The ship is small enough to cruise the rivers, coves and islands of the Kimberley, bringing you up close and personal with the wildlife and scenery of this unique country.

It's a delightful vessel - small enough for you to make friends with your crew and fellow passengers, yet big enough to offer the luxury of staterooms with ensuites, large sun decks with spas and lounges and even a cocktail bar.

Guest lecturers will keep you informed and entertained about the natural wonders you've encountered during the day and will also guide you on daily shore excursions where they'll answer any questions you have.

Places on this adventure of a lifetime are likely to sell quickly. Contact Travis Smith at Integrated Tourism Services on 9381 9244 for further information.



Winemaker's bold prediction has had a ring of truth

About 10 years ago now, Stuart Blackwell of St Halletts Winery in the Barossa Valley made the big bold statement at a wine tasting held in the cellars of Western Australia's Chateau Guildford that his objective was to produce a wine the equal of a Penfolds Grange.

Those attending certainly raised their eyebrows at the thought of this comparatively small winery reaching the level of a mighty Penfolds.

Well by crikey, you'd have to say that the St Hallett Old Block Shiraz has reached the point where it is definitely in that league.

If you're a fan of Australian red wines then the Old Block Shiraz is a must to try as it is now regarded as the icon of Barossa reds.

Wine experts like James Halliday regularly rate this wine at 96 to 98 points giving it at times higher ratings than the famous Grange.

The Old Block Shiraz is interesting in that it comes from vines 70 - 100 years old.

It's treated to 28 months in oak and a year in the bottle before being released, so with that level of nurturing you'd expect it to be well worthwhile drinking and of course to be priced fairly highly.



Typically Old Block is a rich purple red in colour, full bodied, displaying flavours of dark chocolate and plum. It has a velvety texture, fine grained tannins and a long finish.

The nose has highlights of blackberry, vanilla, liquorice and spice and the flavours on the palate are undoubtedly complex.

There's a slight touch of toasted oak, black currant and very ripe plums.

Store sales usually have a new release at about \$60 with older bottles commanding a higher price.

A '98 was recently advertised for \$84.99. So obviously it's not your every day quaffer - but for a special occasion it really is a treat.

Bluewaters Café is a Cottesloe favourite

I must confess that the owners of 'Bluewaters Café' are both clients and friends of mine, however I couldn't in all honesty recommend it to my clients unless Jason and his team were not up to the mark, and clearly they are.

Set right on the beach in Cottesloe, the food here is excellent and I'm pleased to say that applies whether Jason is in the kitchen or not.

Personally I regard their Chicken Caesar Salad and Tasting Plate as the best in Perth.

If you haven't already been there give them a try. Enjoy.



Selah offers fine dining near Circular Quay

For those of you who travel to Sydney from time-to-time I had the pleasure of revisiting an old restaurant 'haunt' of mine from many years ago.

'Selah' is a contemporary Australian cuisine restaurant right near Circular Quay, at 12 Loftus Street - just down from Bridge Street. It's always refreshing to know that sometimes good things don't change, as the food and service there remains a joy.

While working in Sydney a few years ago I used to depend on Selah as a place for guaranteed quality. While the atmosphere was simple, the food and the wine list were always first class.

The Head Chef learnt his art in Perth at 'Frasers' - yet another example of a Western Australian leading the way. When you're next in Sydney give them a call and book a table.



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