

Ambleside Newsletter Spring 2022

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General Advice only: the information contained in this publication is of a general nature only. It does not take into account your personal circumstances, needs or objectives. Please do not hesitate to contact us to discuss any aspect of it.



A word from the Principal

Welcome to our spring newsletter.

Last Friday we farewelled Caitlin after over 11 years at Ambleside. It was mixed feelings losing all that Caitlin brought to the office, but excited for next steps with a baby on the way. We had a great evening enjoying dinner and drinks at Frolic Bar on Kepler St. With Caitlin leaving Nicole is stepping up to an advice role. Congratulations, once again, for all of Nicole's hard work. We're working on another exciting development on the staff and office front and hope to announce this soon.

Fuel Levy. The excise cut came into force on 30th March and reduced regular petrol by around 25c per litre. It was only ever planned for six months, which has it ending on 29th September. It's unlikely the government will extend. It is estimated this cost the government more than \$3bn to the end of August and we know the government wants to hold onto all revenue possible following COVID debt and increasing interest rates. If you need to fill bulk storage, or even your car, recommend you get in by the end of September!

We continue to see the effect of inflation on our everyday life and it's forecast to grow further. The fuel levy mentioned above will likely add to the cost of goods. Thankfully wages are also increasing, including the age pension, but not at the same rate as inflation. Spare a thought for Argentina, where inflation is set to hit 95% by year end.

We discuss the increases to age pension, and changes to the work bonus, later in the newsletter.

Movie Night. On the 16th August we hosted our movie night, the first since COVID and the first in our new offices. The movie was Elvis, which was Baz Luhrmann's version of the famous story. Thank you to everyone who came and we're looking forward to the next event for those who couldn't make it. See our photos later in the newsletter.

Market update

The share market is being driven right now by inflation and interest rates. Other contributors are the war in Ukraine, supply chains and continuing COVID lockdowns in China.

The ASX200 is currently at 6829, down 8% from 7404 12 months ago. This is only a measure of share price and thankfully dividends have returned to strong pre COVID rates. The recent August reporting season showed earnings were up 22% from FY21 and a major part of this was strong commodity prices. Amazingly, BHP alone paid around 10% of total company tax which shows just how big our mining companies have become.

Interest rates. The reserve bank is following a well worn path in lifting interest rates to reduce inflation. The logic is the reserve bank lifts their cash rate, banks who borrow from the reserve bank then lift their mortgage rates which increases borrowing costs and this in turn reduces the disposable or 'spare' income people have. Next, people reduce spending and finally (hopefully), the cost of everyday goods comes down. This is quite a chain of events and, of course, it never works this smoothly or as quickly as hoped.

The reserve bank has come under a lot of criticism for getting interest rates forecasts wrong. In November last year, they said rates shouldn't go up until 2024 but instead they started lifting them in May 2022. It should be noted this was only ever a 'forecast' and, like the weather, are rarely correct. Interest rates were at their lowest of 0.1% in May this year, and they currently stand at 2.35%. Inflation remains high and it is expected the reserve bank rates will continue to rise to around 3.5%. With banks adding around 2% for their margin, we will see home loans around 5.5%.

China. While many countries have moved forward from COVID lockdowns, China is still pursuing a policy of COVID zero. Around 65 million people are in some form of lockdown and this is having a material impact on their economy and supply chains around the world. This is happening for a range of reasons including attempts to suppress the virus, politics and low vaccine levels. With China being a major driver of the world economy and purchaser of Australian commodities, we will watch this with interest.

We expect to see some volatility as inflation is managed and interest rate lifted to more normal levels.



POWER SAVING BONUS PROGRAM

The Victorian government has announced a one-off \$250 payment for Victorian households.

Applications can be made now until 30 June 2023. To be eligible, you only need to use the Victorian energy compare website (or engage with an energy affordability service). You will then be eligible for a \$250 payment direct to your account.

We're very happy to help you navigate the process to seek this payment. Please just email us at info@ambleside.net.au or call the office on 03 5561 5180.



centrelink

AGE PENSION INCREASE

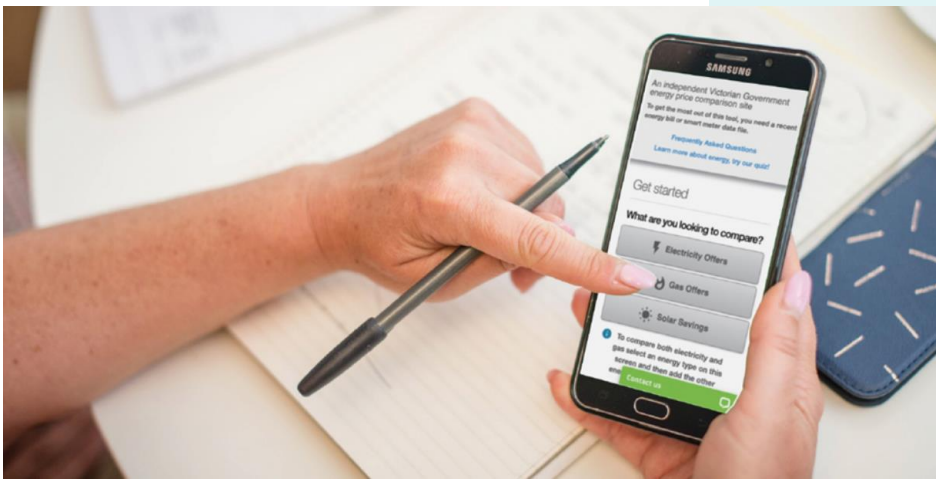
Age pension remains a significant source of income for many Australian retirees. Recent research shows 39% of Australians of Age Pension age receive the full Age Pension and a further 24% receive a part pension.

From 20th September the maximum full age full Age Pension increases \$38.90 per fortnight for a single person, and \$29.40 per person per fortnight for a couple.

WORK BONUS

People receiving the age pension can currently earn \$7,800 per year without having their age pension impacted. This is known as the work bonus.

For this year only, the limit will be increased to \$11,800. This is an attempt by the government to address labour shortages and encourage older Australians to work.



\$250 Power Saving Bonus





VOLUNTEERING TRENDS

In this article, Katherine talks about recent trends in volunteering.

A recent ABC article confirmed what we have all felt. In the context of a long term trend of declining volunteering rates, COVID would appear to have made an already bad situation, worse.

In the 12 months from April 2020 to April 2021, only half of the volunteers who were volunteering previously, continued after lockdowns and social distancing restrictions had eased.

Interestingly, men and women volunteer in similar rates, with people aged 40 to 54 being the most likely to volunteer. Perhaps surprisingly, rates of volunteering in metro and regional areas are almost identical.

A further trend altering the volunteering landscape, is that volunteers are less willing to be involved in working groups or to undertake volunteer roles that involve training commitments. This is leaving many events in limbo without a working group to organise (despite many offers of help on the day of the event to take on one off, discrete tasks in the lead up).

More encouragingly, Volunteering Australia are seeing a small increase in participation rates in 2022. We hope this will continue.

Ambleside proudly sponsors the following local clubs and events. We send our thanks and congratulations to the many people who give their time so generously to them



Reid Oval, Cramer Street, Warrnambool 3280 Victoria



PORT FAIRY MARATHON
community running festival





MOVIE NIGHT

Thank you to those who were able to attend our recent movie night.

For us, it was wonderful to reconnect after the two year COVID break. It was also a delight for us to see our new building lit up and filled with conversation.





Farewell and thank you to Caitlin

It was a sad day when we farewelled Caitlin from Ambleside. After over 11 years in the office, Caitlin is off to enjoy the next (wonderful) phase of being a mum. Thank you for all of your positivity, kindness and hard work. You are already missed.



WORKING AT HOME COULD RISK YOUR INSURANCE

If you're like many business owners, you've already insured the physical assets within your business premises from theft, fire and damage.

But, if you opt to conduct any business activities within your home you might end up jeopardising your home and contents insurance coverage, irrespective of whether you already have business insurance in place.

A recent investigation from the ABC found cases of business owners' home insurance being immediately cancelled upon the insurer identifying that they had conducted business activities at their own home. The insurer argues that any business-related tasks are considered high risk, and are not covered by general home insurance policies.

This sounds somewhat reasonable. However, the insurers' assessment on what they deem to be business related activities being completed at home, is extensive.

For example, a family were denied their insurance claim after their home was destroyed in a fire which was started by an electrical fault at the house. The insurer denied their claim, as the family didn't inform them that they were running a business at the property. The kicker was, that this business was selling eggs at the front gate stall located at the end of their driveway, using a honesty box. Other stories to hit the news include business owners who trade at local markets being unable to get home insurance if they store their stock at home and a couple, who had their home insurance policy cancelled because their food truck van was registered at their home address.

With the insurance industry feeling the pressure of rising costs, and more claims being paid due to natural disasters, it's no wonder more insurance providers are becoming stricter on what they will cover. In addition, as a result of the royal commission into the financial services industry, the onus is now on the customers to take reasonable care when answering questions during the insurance application process. This becomes challenging when customers might not understand what they should disclose during the application process, which creates an unfair playing field between consumers and insurers.

This is a timely reminder to check the fine print of your home insurance policy, especially if you operate a business and take this home with you. If your insurance claim is denied, you can always make a formal complaint with the Australian Financial Complaints Authority. For more information or if you have any concerns about your cover, please give our office a call.

- Nicole O'Sullivan

<https://www.abc.net.au/news/2022-07-20/side-businesses-voiding-home-insurance-widespread/101246862>

Katherine's Mums Yoghurt Lemon Syrup Cake



Ingredients

- 125g butter
- 1 ½ cups SR flour
- 1 cup castor sugar
- ¾ cup natural yoghurt
- Zest and strained juice of ½ lemon
- 3 eggs
- 1/3 cup water ¾ cup sugar

Method

Cake: Cream butter and castor sugar until pale and light. Beat in eggs, one at a time. Gently fold in the lemon zest and flour and then yoghurt. Make center a little lower than the edges. Bake for 30 – 40 minutes at 180 until cooked. Poke a fine skewer all over top and spoon the hot lemon syrup over.

Syrup: Melt butter, then add the water and sugar.