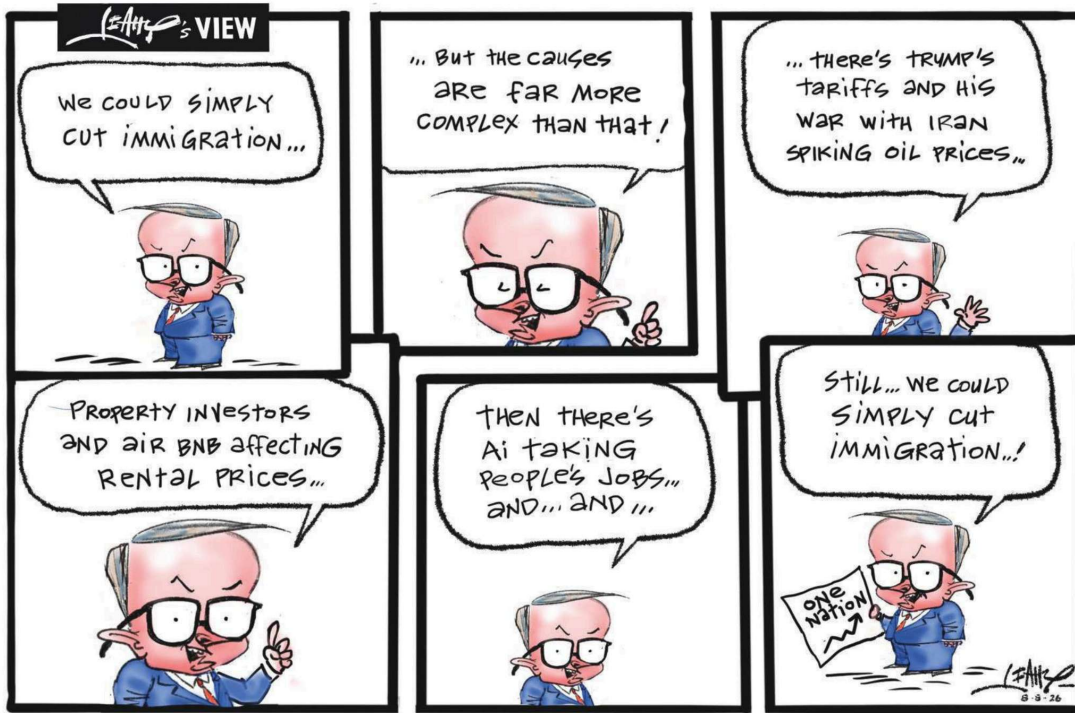




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Laws are an abuse of trust

Denita Wawn



A systemic shock is about to hit the building and construction sector, delivered by the Federal Government.

This is an industry which is 98 per cent small businesses and contributes 11.8 per cent of GDP. Around 1 in 5 of these small businesses use a structure that involves a trust.

The shock is the Federal Government's proposed changes to trust laws, which will compel many small businesses to restructure. These are changes to long-established and lawful business structures that help builders manage risk in a volatile sector like construction.

Politicians and bureaucrats might say, "just restructure as a company instead of a trust. Simple." This misses the reality of what that would mean.

Changing a building business from one structure to another isn't like changing your phone plan. It can involve lawyers, accountants, banks, insurers, licences and contracts, all of which cost money and ultimately make building more expensive at the worst possible time.

Our analysis indicates that a small family-owned construction business with taxable income of \$400,000 could face tax increases of up to 70 per cent, and one-off restructuring costs of between \$82,000 and \$175,000. It could also include ongoing annual costs of between \$21,000 and \$67,500.

These are not multinational corporations. They're local family builders and tradies building homes, roads and facilities, employing apprentices and supporting communities across Australia.

The impacts do not stop with builders. Forced restructures could create serious questions around existing warranty arrangements, contractual obligations and consumer protections that have not been properly considered.

What builders and tradies around the country are discovering is a no-win situation.

At a minimum, these changes should be grandfathered. It is not right for the Government to change the rules halfway through the game. It is not right that this is going after small businesses, hence our call for a permanent small business carve out. There also needs to be a full regulatory impact assessment and a review of the definition of discretionary trust.

Why, in the middle of a housing crisis, is the Federal Government making it harder to run a building business and build homes?

Denita Wawn is Master Builders Australia CEO

Chalmers is on another planet

Kylie Lang



By now Treasurer Jim Chalmers should realise his sweeping changes to negative gearing and capital gains tax are failures – and scrap them entirely.

He shouldn't be grandstanding about tweaking legislation that was terribly ill-conceived in the first place then rushed through Parliament.

It was immediately clear to almost anyone not in government that the broken election promises laid out in the May 12 budget would be diabolical – and the fallout gets worse week by week. However, it's purely because of public backlash and fear of losing votes that carve outs are being made, so hold your applause.

A responsible government would have sought consultation prior to the budget. A responsible government would have taken advice from real-world economic experts rather than make captains' calls based on socialist ideology.

And a responsible government would stop treating Australians as cash cows to alleviate its fiscal mismanagement – and respect how hard most of us work for what we have. Labor is not that government. Not by a long shot.

This week, Chalmers released draft legislation to prevent widowers, divorcees and victims of domestic

LOVE

Olympic legend Dawn Fraser calling Anthony Albanese "spineless" and "vile" for not criticising the ABC over a Race Around the World program sketch that depicted a fantasy of violence involving mining magnate Gina Rinehart.

violence from facing less favourable tax treatment on investment properties previously owned with a spouse or partner.

The original legislation meant properties inherited after May 12 would cease to be eligible for negative gearing post the July 2027 cut-off unless they were new builds.

The "widow's tax" was described as an unintended consequence of the tax changes. What about all the other unintended consequences?

Like wiping a collective \$230bn off property values, as Protrack announced this week. And, in individual terms, potentially slashing the median home price from \$849,000 to \$764,100.

Like creating such uncertainty that people aren't selling – be it their primary residence or an investment – further shrinking supply and shutting out first homebuyer dreams.

Chalmers said on Tuesday the tranche of draft changes "reflects the government's commitment to consult on more complex elements of the tax reforms announced in the budget".

LOATHE

The ABC apologising to Ms Rinehart one month too late. The offensive sketch aired on July 12 and only this week did managing director Hugh Marks own it, saying it had "fallen short of community expectations".

He's months too late. Calling the tax reform package "ambitious" – try careless – Chalmers said it would deliver "a fair go for first home buyers".

He's on another planet, also occupied by Social Services Minister Tanya Plibersek, who reckons there has never been a "better time to be a first homebuyer".

This week it was revealed more than 34,000 first-home buyers who bought with a taxpayer-backed 5 per cent deposit are at risk of falling into negative equity.

That means the market value of their property will be lower than the balance of their home loan – unless you ask another Labor intellect, assistant minister Matt Thistlethwaite, who on Monday told News 24 it means defaulting on mortgage repayments. Wrong. Back to school.

The sad reality is as interest rates rise and cost of living pressures bite harder, many people will be forced to sell, and they'll find themselves back in the rental fray, now facing higher rents in an ever-shrinking pool.

How's that for helping young people get ahead!

Labor expanded the 5 per cent deposit scheme, with no income caps, in October 2025 amid scathing opposition from finance experts. Noel Whittaker called it "the worst policy I have ever seen a government do".

Then just three months later it began crafting the budget after "changing its position" on negative gearing and CGT.

Did nobody in the corridors of power care to connect the dots?

Since May 12 loan applications from first home buyers have fallen by more than 20 per cent. Young people are spooked – and they're not the only ones.

Last week as National Australia Bank revealed the demand for all new loans had plummeted by 15 per cent, Reserve Bank of Australia chief economist Sarah Hunter said the tax changes had caused people to question their decisions. That's putting it mildly.

Ms Hunter said weaker house prices would lead to a decrease in construction and general spending, citing the "wealth effect".

Australians are feeling poorer – because we are. Instead of inspiring Australians to build wealth and enjoy the freedoms of self-determination, Labor is killing aspiration and increasing dependence on government handouts as it pushes national debt towards a staggering \$1 trillion.

Booting out this bunch of clowns can't come quickly enough.

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