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Budget Full Of Broken Promises Fails Test On Real Reform

Changes to property taxes and trusts mean that SME construction businesses are the losers from this Budget.

Mathew Pollock, Executive Director of Master Builders NSW said, “Changes to negative gearing and Capital Gains Tax arrangements are a broken promise to the 300,000 businesses which make up the construction industry.

“The move to make Australian standards free for building practitioners is welcomed, along with more funding for enabling infrastructure.

“But the Budget falls short of any major reforms to address the shortfall in the housing accord targets raising the question of whether the Federal Government is walking away from its housing targets.

“Master Builders has real concerns around the impact of changes to negative gearing arrangements. Removing it from existing homes could drive up rents and reduce building activity in the renovations market.

“The last time negative gearing was removed it needed to be reintroduced two years later because rents had spiked to unacceptable levels.

“We already have housing inflation growing at close to double the rate of inflation in the rest of the economy. These changes risk pushing up costs even further and compounding the impact of cost escalations resulting from the Iran War. The Federal Government’s last major tax review specifically recommended not to touch property taxes until the supply problem was fixed.

“The Budget does little to help the construction industry to overcome capacity constraints such as labour shortages so it can boost productivity.

This failure is just going to make the Reserve Bank’s job harder and could lock in interest rate rises into 2028 based on comments by the RBA’s Governor.

“It appears that the Albanese Government is the first Federal Government since the Hawke Keating Government to abandon inflation management as a major tenet of its fiscal policy settings.

“As a whole, this budget is expansionary and will make the job of fighting inflation harder. That means more pain for households and businesses that will have to carry this burden,” Matthew Pollock said.

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