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I was amused and horrified in equal measure recently. No, I hadn't stumbled across a friend watching Married at First Sight, albeit my rare glimpses of this "entertainment" when I do witness such an event have left me somewhat appalled.

The so-called MAFS phenomenon amazes me. I can only tolerate it in very small doses and only while heavily affected by gardening. My god! The premise seems immediately simple and confronting. Gather together a group of emotionally damaged and dysfunctional people, add a few mental health issues, stir in some misappropriation of real feelings and launch.

What I found most disturbing was not the show. It was that apparently nice and moral people find watching this stuff entertaining. Like.....wow. We now consider entertainment to include a contrived situation where people get their hearts broken and we get to watch. I'm not convinced this is healthy although the ratings suggest I'm in the minority.

No, my recent amusement and horror were more real world related, albeit delivered by people who might fit the description above. You know, damaged, dysfunctional... I'm referring to our politicians of course! The recent announcement of the Future Made in Australia Act is just the latest in a series of breathtakingly naïve strategies that seem to defy basic common sense. For some time now I've been amused by what used to be fringe agendas driven mostly by academics and associated zealots with zero real world business experience. Case in point was the recent exchange between Woolworths CEO Brad Banducci and Greens Senator Nick McKim. Regrettably Mr McKim appears to have never read the old saying "Better to be thought a fool than to open one's mouth and remove all doubt". Sadly, some pretty crazy stuff is now getting a mainstream run and I'm sure this will end badly. Kinda like those MAFS romances.

In the case of the Future Made strategy, a country with some of the highest energy costs on earth and spiralling wage growth is going to combine this with monumental inefficiency, union interference, cultural oversight, environmental impact studies and red tape and become an economic and manufacturing powerhouse. Miraculously, we will achieve this result with no nuclear power plants, by picking winners and losers and backing the plans with taxpayer funded loans and grants. What could possibly go wrong? It appears no lessons have been learnt from the spectacular failure of the heavily subsidised car manufacturing industry, although we still have a luxury car import tax to protect an industry that no longer exists.

I fear the current economic madness will find fertile ground much closer to home with the 20% of Australian taxpayers who have one or more investment properties. Of these, about a million are negatively geared. A disturbing number of politicians want to ban negative gearing while demonstrating little understanding of what the term actually means. It means that if you lose money on your investment, you can claim the loss as a tax deduction. That is, if loan interest, rates, insurance, maintenance costs and related expenses exceed your gross rental income you can deduct the loss from your taxable income. Of course, you are still losing real money if you spend \$1 and your top marginal tax rate is 30c. All so called negative gearing does is allow the taxpayer to deduct the costs of holding an income producing asset. Of itself, negative gearing (losing money) doesn't seem that attractive, so you need capital growth in the asset in order for the strategy to work. Basically, the investment property value needs to grow by more than the tax losses it accumulates. And by more I mean a lot more, because waiting patiently at the end of the investment road is our close friend in economic value adding... capital gains tax. This is the money you give the government to thank them for allowing you to use your own capital, initiative, and risk appetite to make a few dollars. Call it a reward for effort, in reverse.

Here's a thought. If politicians want to ban negative gearing, go right ahead. A proviso however, that at the same time CGT and stamp duty gets abolished. Or, we could take a leaf from the political manifesto of my favourite retired prime minister, the kiwi legend St Jacinda Ardern. Her government tinkered with negative gearing rules to restrict interest cost deductions on existing properties and attempt to steer investors to new builds. This strategy worked so well that the current NZ government is reestablishing the old rules in order to stimulate the property investment market and broaden rental availability. It's worth mentioning that St Jacinda promised 100,000 new affordable houses at a rate of 1,000 a year. Her government built 141 in year one and a total of about 1,000 all up, before abandoning the Kiwibuild strategy. A salient lesson in governments trying to act like private sector developers. It simply doesn't work.

Here in Oz we are in a housing crisis so let's increase migration and disincentivise property investors. Genius!

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