

Media release

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Negative Gearing Must Not be Meddled With

The Real Estate of Australia (REIA) says it agrees with the new Grattan Institute *Renovating Housing Policy* report that a major overhaul of housing policy in Australia is needed, but differs in what needs to be done.

REIA President Peter Bushby says, “We strongly agree with the report’s recommendations to eliminate stamp duties, however it’s essential negative gearing be retained in its current form for the purpose of property investment.”

“REIA has always supported negative gearing because it helps in the provision of rental accommodation. Negative gearing for property investment is complementary to the goals of the Government’s Housing Affordability Fund (HAF) in addressing the supply of rental accommodation.”

“To remove it would show that we haven’t learnt anything from history. When negative gearing was abolished in 1985 it had disastrous consequences for the property market and for people trying to rent. Rents rose 37% across Australia and by 57% in Sydney. Thankfully, negative gearing was reinstated in 1987.”

“It is far too short sighted to link investor interest in housing to negative gearing alone. Negative gearing is only one of a range of factors that contribute to the level of investment in property. Other factors include interest rates, availability and accessibility of finance, share market performance, the unemployment rate, housing supply and consumer confidence.”

“The myth that negative gearing is a plaything of the wealthy also needs to be dispelled. The majority of taxpayers with a negatively geared property earn less than \$80,000 a year.”

“Findings in the *Renovating Housing Policy* report are important and let’s hope they assist in kick-starting a debate on housing policy. With the new government, expectations that industry will be involved in finding workable solutions to these old issues are high.”

REIA’s housing policies can be found at http://www.reia.com.au/userfiles/MEDIARELEASE_1372030438.pdf

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