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REIA calls for holistic approach to property taxation

The Real Estate Institute of Australia welcomes the recent contribution by the Master Builders Association and the Housing Industry Association to the understanding of the economic impacts of changes to current arrangements for negative gearing and capital gains tax on property.

“The commissioned research highlights the significant contribution that the property sector makes to growth in the Australian economy,” REIA President Malcolm Gunning said.

“Australia’s property industry including new home building has been a crucial support to economic growth and increased employment in the transition away from a decade-long reliance on mining,” Mr Gunning said.

“The property sector is one of the largest sectors in the Australian economy in terms of employment, GDP and investment. It is also one of the most heavily taxed sectors with research by HIA showing that the average tax burden on the new housing sector is around 30 per cent of the value.

“If we are serious about addressing housing affordability we need to take a holistic approach by looking at all taxes and charges impacting on the final cost of housing. We cannot just tinker with one or two that are ‘easy fixes’ without fully considering the consequences.”

Mr Gunning said the government needs to be looking at supply-side solutions including streamlining planning processes and reducing extra taxation on homebuyers such as stamp duties.

“Improved infrastructure such as public transport to employment hubs which encourage decentralisation to more affordable suburban and regional areas should be considered.

“Recognising the importance that the property sector plays in the economy, REIA advocates the appointment of a Minister for Property Services,” Mr Gunning said.

“The Minister for Property Services can take leadership in addressing housing affordability by coordinating a holistic approach of all levels of government in objectively addressing all property taxes. For example, research shows that abolishing stamp duties and replacing them with land tax not only has a greater impact on affordability than changes to negative gearing and capital gains tax but improves economic growth.

“It is only then that a strategy can be formulated that pulls the right levers,” Mr Gunning concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Malcolm Gunning please contact Helen Hull at media@reia.com.au or 0419 642 961.