

Media Release



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INTERGENERATIONAL REPORT SHOWS IT IS TIME FOR REFORM FOR TAX ON HOMES

The fifth Intergenerational report just released by the Treasurer has caught the headlines for all the wrong reasons, Real Estate Institute of Australia (REIA) President, Adrian Kelly said.

Mr Kelly said that as a nation, we're getting older, less fertile, more in debt; and as we age and near retirement, fewer Australians will pay more tax. "Those who were undecided about taking the plunge into parenthood may not have taken much comfort from this report. As real estate agents, population growth is a hallmark of a vibrant and sustainable housing market.

"Sales and rentals are our bread and butter, and there was nothing in the headlines that painted a promising picture for our home buyers and tenants. It is however welcome that labour participation is at record levels; and looks promising for women's economic participation," he said.

Mr Kelly said what was missing from the commentary was the opportunity of where this strange, COVID-19-paved road leads us; and that is meaningful reform in a range of areas that affects Australian hip-pockets.

"It's not quite death and taxes but just about – **housing and taxes**. The year 2000 gave us the GST which promised to get rid of inefficient state taxes. It did not and two decades on it is time it was addressed," he said.

According to Mr Kelly, the 2009 *Henry Review* showed us a simple, fair land tax system that taxed all players equally. There was another glimmer of hope with the 2020 *NSW Review of Federal Financial Relations: Supporting the road to recovery draft report* but the conversation failed to start and it was put in the too hard basket.

"Once more we find ourselves with a mish-mash approach to property taxation with States and Territories going it alone despite the opportunity the promised COAG reforms offered; even with the Council of Federal Financial Relations allocated responsibility for property.

"Four of the recent State Budgets plan on taxing home owners and investors more than \$34.9 billion in the next financial year alone. Stamp duties now add an additional 4% on the cost of a home across Australia. There is a substantial win for housing affordability and hip pocket cost right there. Reform in this space would be electorally popular, particularly if offset by a fairer tax agenda.

"But history shows us that finding a better way is frequently shelved. One would think it would be in politicians' best interests to seriously address this from a national perspective given the current challenges to housing affordability.

"What the Intergenerational Report projections show us is that it is time for a national conversation to begin in earnest about wholesale tax reform. Or at the very least – a fairer taxation system that is less punitive on aspiring home owners, home owners and tenants living in private rentals," Mr Kelly said.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.com.au