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Ben Carter
National Director Media & Public Affairs
Phone 0447 775 507

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Labor's Housing Taxes Will Mean Less New Homes

Labor's housing taxes will mean less new homes.

"When you dramatically increase the tax on something you get less of it. It's that simple," Denita Wawn, CEO of Master Builders Australia said.

"The housing debate in Australia shouldn't be shrouded by a smokescreen of a complicated taxation debate when it's a matter of simple arithmetic," she said.

"Australia needs our industry to build at least 195,000 new homes a year to house our growing population, replace old housing stock and improve social housing access. Instead we currently build around 175,000 new homes – a deficit of 20,000 homes a year," Denita Wawn said.

"At this Federal Election Master Builders has been calling on all political parties to deliver policy solutions that will ensure we can close that gap. The response has been a mixed bag," she said.

"Both major parties head into Election Day with policies that make will make a positive contribution. The Coalition's First Home Deposit Scheme will help First Home Buyers to tackle the deposit gap and get them into home ownership faster and create stimulus for building more new homes. Labor's build to rent policy will support the construction of new rental properties. Both have committed extra funding to social housing," Denita Wawn said.

"But Labor's plan to double Capital Gains Tax and restrict Negative Gearing will be a backwards step by increasing the housing deficit. Doubling the tax on housing means there will be up to 42,000 less new homes over 5 years if Labor's policy is rolled out," she said.

"Modelling by Cadence Economics, on behalf of Master Builders Australia, shows that there would also be a loss of up to 32,000 building and construction jobs and a \$1.8 billion dollar hit to the industry over same period," Denita Wawn said.

"Not only is this bad news for our members and our industry which is the nation's second largest and biggest provider of full time jobs, it will make it harder for First Home Buyers to realise the dream of homeownership and it's the opposite of what's needed for a stronger economy," she said.

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“It’s also the opposite of what Labor promised its policy would do when it was conceived prior to the 2016 Federal Election at a time when house prices were high and housing construction was at historic highs. Three years later conditions have dramatically changed with the market down by around 30 percent meaning the result of Labor’s policies would now be even worse,” Denita Wawn said.

“Master Builders has always said that increasing the supply of new housing is the only real solution to tackling housing affordability and backed policies to help First Home Buyers to tackle the deposit gap. We tested Labor’s plan to double housing tax and restrict negative gearing and found that it failed Labor’s own test for success,” she said.

“With new billion dollar spending initiatives being promised to the Australian people the need for a stronger economy to sustain these commitments is vital. We are calling for policies that will support new investment, productivity and economic growth not ill timed policies that fail their own test,” Denita Wawn said.

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