



## **JOINT STATEMENT – INDEPENDENT ECONOMIC MODELLING CAUTIONS AGAINST MORE TAX ON HOUSING IN FEDERAL BUDGET**

23 March 2025

Australia's building, construction and property industry associations have called on the Federal Government to ensure the upcoming budget delivers an increase, not a decrease, in the supply of new housing – which won't occur with more tax on new homes.

Today, the associations are releasing commissioned modelling by Qaive and Tulipwood Economics, on the impacts to housing supply of potential Capital Gains Tax (CGT) Discount and negative gearing changes, which reveals that in a range of scenarios, reducing access to either will only result in a reduction in new housing supply.

The release of this modelling follows recent media reports as well as last week's report presented by the Select Committee on the CGT Discount, whose findings failed to take into account the housing supply crisis. The sector holds serious concerns that this year's federal budget could result in a decrease in the supply of new housing due to a higher tax burden.

Australia's building and construction industry is firmly committed to the National Housing Accord target of 1.2 million homes over 5 years, and to any policy measures that will increase supply. The policies developed to address housing supply have been appreciated by the industry, including the Housing Australia Future Fund, the National Planning Reform Blueprint and the modernisation of the National Construction Code.

At a time when interest rates are rising, a war is waging and the country is in a housing crisis, now is the time to introduce policies that turbo charge new housing supply. Builders, renters and home owners cannot afford policies developed in a silo that would stall or reduce the number of new homes being built.

Investors finance up to two in every five new homes built – private rental investment is part of the solution to our housing crisis, not part of the problem.

Housing policy demands a holistic approach, simply pulling one or two policy levers that increase the tax impost on housing will not increase supply.

Over time, the result of reducing the CGT Discount or negative gearing will be a reduction in rental property investment. This will lead to a contraction in the supply of rental properties putting upward pressure on rents, as fewer investors enter or remain in the market.

The National Housing Accord is a rare opportunity to address the housing crisis. This year's federal budget can either boost supply or set it backwards. We jointly call on the Federal Government to ensure this budget delivers a significant net increase in new housing supply.



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