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MEDIA RELEASE

## Tax Forum should focus on Fixing our Housing Shortage

Today's release of the Tax Forum discussion paper by the Deputy Prime Minister represents an opportunity for Australia to take steps towards reducing the large tax burden levied on new housing and to remedy the nation's chronic housing shortage, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Managing Director, Mr Shane Goodwin, noted that some elements of the Tax Forum discussion paper were pleasing but emphasised that the opportunity should be taken to tackle Australia's large housing shortage.

"HIA welcomes the opportunity to participate in the Tax Forum and emphasises that the Government could use the Forum to make inroads to Australia's insufficient levels of housing supply," said Mr Goodwin.

Mr Goodwin noted that there are a few pleasing elements in today's Tax Forum release including that the Government has:

- committed to not changing the treatment of the family home in income support means test;
- reiterated the importance of improving the efficiency of housing supply; and
- noted that stamp duties are a highly inefficient tax while also leaving room for substantial reform to this taxation element.

However, much more needs to be done to reduce the tax burden placed on new housing by all tiers of government.

Mr Goodwin noted that, "independent economic modelling by the Centre for International Economics has found that the total taxation burden on a new home can be well over 40 per cent of its purchase price."

"Worryingly, most of the taxation burden is borne by the home buyer. The Tax Forum could be used to reduce this large impost on homes and hence increase housing supply and improve affordability."

"Housing is a true necessity of life and the current restrictions to housing supply have created a large dwelling shortage that has driven escalating prices and climbing rents, and has placed unnecessary financial pressure on Australians already struggling to meet the rising costs of living," added Mr Goodwin.

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