

# Media Release

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## UDIA Applauds Turnbull Government for Confirming No Change to Negative Gearing and Capital Gains Tax

The UDIA has welcomed the Turnbull Government's announcement that there will be no changes to Negative Gearing and Capital Gains Tax.

National UDIA President, Michael Corcoran, said "there has been much speculation about the Government's position on Negative Gearing and Capital Gains Tax and this has caused uncertainty for the industry and investors which has harmed investment in an industry which constitutes 10% of the Australian economy".

"The combination of Negative Gearing and Capital Gains Tax creates a rational incentive for private investment in to low yielding rental housing. This is essential to keep supply up with demand, keep rents affordable and growing housing supply for our growing population. Investors assess Negative Gearing and CGT working collectively."

UDIA modelling, validated independently by MacroPlan Dimasi, demonstrates that a median investment house under current NG & CGT arrangements still delivers between \$43,897 to \$71,699 net revenue to the Federal Budget bottom line. Additionally, the current arrangements are key to the Federal Government not having to invest billions in public rental housing as is the case with the UK Government.

This is going to be a major issue in the upcoming Federal election campaign and UDIA will support good public policy. The government's announcement today shows that they understand the policy environment and care about jobs and the economy.

"The current NG & CGT arrangements are already a boon for Government as they are a net contributor to Federal Budget revenues and also reduces Federal Government housing expenditure by billions of dollars. Why increase the take on investors by more than 100% on private investment in low yielding rental housing when the current arrangements already contribute to budget revenues and deliver much needed rental housing stock. Changes to the status of Negative Gearing and CGT will hurt middle and low income Australian renters enormously."

"Changes to the status will spike rental prices, cause falls in the value of the family home and reduce supply of needed rental housing which is derived from both established and new housing stocks. Additionally, many first home buyers, who see building a new home as their path to home ownership, will be outbid for their new home by investors who have been forced in to this one segment " said UDIA President Michael Corcoran.

**For media inquiries, please contact:**

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