media release

ACTU
australian council of trade unions

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Unions want to make housing affordability a key roundtable issue

Australian Unions have backed major tax reforms to tackle the national housing affordability crisis alongside increasing supply.

Working Australians are increasingly being locked out of owning their own homes and rents are skyrocketing in cities and regions, in a hit to national living standards.

The current tax system incentivises investment property, tying up capital that could otherwise be invested more productively, including in productivity enhancing investments and to build new houses around the country.

Australian Unions will back a range of tax reform measures, including limiting negative gearing and the capital gains tax benefits of housing to just one investment property.

Ahead of this month's Economic Reform Roundtable, Unions will argue that negative gearing housing tax breaks and capital gains tax discounts should be restricted to a single investment property, instead of favouring those with multiple properties, which is locking workers out of the housing market.

All current negative gearing and capital gains tax housing tax arrangements would be grandfathered for five years to give property investors time to adjust to the new single investment property tax limits.

Unions also support getting behind modular housing, which can be quicker and cheaper than using conventional building materials; backed by a faster development approvals' process for new housing and green energy projects.

Australia's super funds can and should do more to contribute to building more homes. The super performance test which acts as a barrier to housing investment should be changed to allow super funds to build more homes.

A concerted clamp down on tax avoidance by large companies and high-net-worth individuals should also form part of a tax reform package.

To make the tax system fairer, Unions will argue for a 25 per cent minimum tax rate for individuals who earn over $1 million so that millionaires pay their fair share of tax.

The same 25 per cent minimum tax rate should also apply to family trusts, which have become tax minimisation schemes for wealthy people.

Unions also support reforming the broken Petroleum Resource Rent Tax (PRRT) on oil and gas exploration by replacing it with a new export levy of 25 percent of the revenue from the sale of Liquified Natural Gas.

The Fuel Tax Credit Scheme should also be capped for Australia's biggest businesses so that no company can claim more than $20 million a year in fuel tax credits which will stop unnecessary billions flowing to big miners while keeping it for smaller operators.

Quotes attributable to ACTU Secretary, Sally McManus:

"You can't improve living standards without addressing housing affordability.

“Working people can no longer afford to live near where they work and young people are locked out of the housing market and locked into high rents. It’s just not right and has to change.

“Tax rules around investment properties means investments that could be made in making Australia more productive and growing our economy are locked up in housing.

“We cannot continue down the same path of giving investors tax supports while owning your own home gets further out of reach for average workers and becomes nearly unimaginable for young people.

“Limiting negative gearing and capital gains discounts to one investment property, alongside increasing supply will make a big difference. People who have made these investments should also be given some time to adjust.

“Everyone should pay their fair share of tax. The average worker pays more than 25% in tax, it is only fair the very rich and big business does as well.

“We are supporting a minimum 25% tax on those earning $1 million, a 25% tax on family trusts and a 25% export levy on Liquified Natural Gas replacing the broken PRRT.

“Finally, we need to stop providing unnecessary billions to the big miners through the Fuel Tax Credit Scheme by putting in place a sensible cap.”

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