



the voice of the industry

FOR IMMEDIATE RELEASE

23 March 2012

It's time to act on housing, says HIA

Interest rate cuts and renewed action on supply side reforms are required now to arrest the on-going decline in residential construction activity, says the Housing Industry Association, the voice of Australia's residential building industry.

"The residential building industry is a key barometer of Australia's economic health, but regrettably there is unequivocal evidence of a further deterioration in conditions following a very weak 2011," said HIA Managing Director, Shane Goodwin.

"Business closures and job losses are mounting and thousands of small businesses face an even more challenging 2012 than last year," said Mr Goodwin.

"The RBA needs to cut rates and the banks need to follow suit in the national interest."

There are also a range of government policies deserving of urgent attention, including:-

- a strategy to encourage state and territory governments to reduce stamp duty on new homes, a highly inefficient tax which contributes to new housing being one of the most heavily taxed sectors of the Australian economy;
- a Building Industry Financing Guarantee to offset the credit crunch which is preventing commercially-viable residential developments from proceeding;
- amendment of capital allowance provisions to enable accelerated depreciation of new rental dwellings; and
- reinvigoration of a program of structural reform to housing supply which includes: extending and enhancing the existing Housing Affordability Fund (HAF); simplifying COAG reforms to focus on tied funding related to reduced planning delays; funding residential infrastructure through the issuance of Federal infrastructure bonds; and providing support for pilot residential projects to be funded by a mix of State infrastructure bonds and Tax Incremental Finance (TIF) programs.

"Housing is shelter, a necessity of life. Reducing the cost base of new housing, increasing housing supply, and boosting affordability are not only laudable policy aims, they are essential to a more productive Australian economy," added Mr Goodwin.

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