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MEDIA RELEASE

Red Tape and Taxes account for half of a House and Land Package

“Half of the cost of a house and land package in Sydney is red tape and taxes,” stated David Bare, HIA’s Executive Director NSW.

HIA commissioned the Centre for International Economics to perform a bottom-up investigation of the magnitude of the taxes and red tape in housing costs which concluded that 10% of all government revenue is raised from taxes on housing.

“Housing is a true necessity of life and the current tax imposts on housing have constrained housing supply and driven the escalating house prices over recent decades leading to higher rents and unnecessary financial pressure on all Australians.

“Housing is one of the most heavily taxed sectors of the economy alongside of the ‘vice taxes’ applied to cigarettes and alcohol.

“Over the ten years it takes to produce a house and land package there is a long and cascading list of red tape and taxes that account for half of the cost of the new house and land package.

“Stamp duty on the land and the house, GST, land tax, council rates, payroll, income and company taxes combine to raise almost \$180,000 in taxes on a typical new house and land package.

“This does not include the additional \$40,000 in development charges or the \$220,000 incurred in red tape.

“Soil testing, native vegetation protection, contamination reports, heritage assessments, bushfire assessments, road access fees, traffic management fees, site inspection fees, building levies, connection fees, energy reports and flood assessments are just some of the cascading costs and delays that push up building costs.

“Governments have had a temporary reprieve from the affordability challenge as a fall in house prices and interest rates have offset the impact of some of these taxes and red tape.

“As house prices stabilise, housing affordability will again deteriorate unless there is structural reform in how we tax and regulate the supply of new homes and apartments.

“More than 92 per cent of renters in Australia aspire to own their own home, but yet less than half of these people anticipate achieving this goal.

“Ten years from paddock to home is too long and \$417,000 in taxes and regulatory costs on an average home is too much.

“We need a coordinated national approach to addressing affordability that includes addressing the tax and regulatory system that constrains the supply of new homes and is the root cause of the affordability challenge,” concluded Mr Bare.

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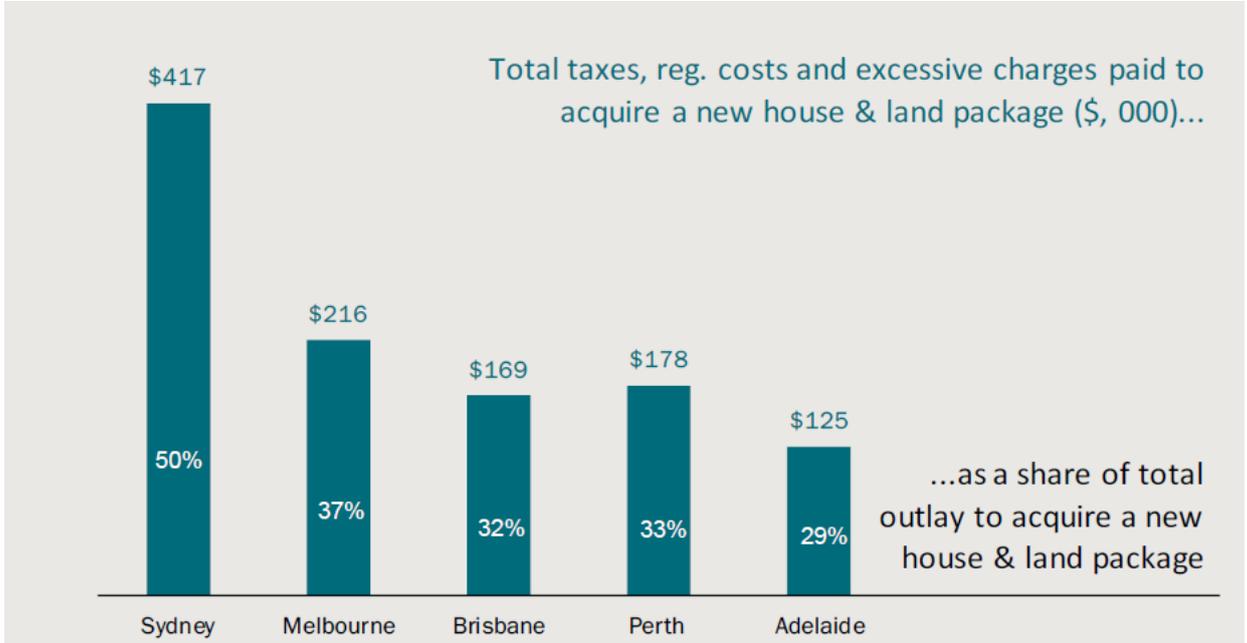
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Data source: The CIE