



the voice of the industry

FOR IMMEDIATE RELEASE

MEDIA RELEASE

20 February 2019

Taxes in NSW Strangling Future Housing: HIA

In the lead up to the NSW election, the NSW residential building industry is being strangled in red tape and taxes, said David Bare, HIA Executive Director NSW.

“43 per cent of the cost of a new house and land package is made up of taxes, charges and levies from all three tiers of Government,” said Mr Bare.

“Despite this, policies implemented by the State government continue to add to the tax burden for the housing industry.”

“By way of example, in the past 18 months, the following regulations and taxes have been implemented or proposed, each one having a negative impact on housing affordability and supply.

- Removing caps on section 94 development contributions adding \$20,000 – \$40,000 per dwelling;
- Increasing the BASIX energy efficiency targets adding an average of \$10,000 per new dwelling;
- Delaying the start of the medium density housing code to deal with Sydney’s “missing middle” for terrace and low rise medium density housing projects reacting to unreasonable and simple incorrect claims that the code would promote high density housing after promoting the savings of around \$15,000 in approval costs for these type of dwellings from the implementation of the code;
- Introducing a 2 per cent defect bond and an additional double barrel inspection regime for strata developments that will be ineffectual and add to the cost of all new strata projects and
- Proposing a Greater Macarthur state infrastructure contribution (SIC) of \$40,000 per dwelling, along with new SIC levies in the Hunter.

“These changes can easily account for an additional \$70-\$90,000 per dwelling and once applied, they may be subject to stamp duty.

“There are many things our state politicians can consider to help housing supply and affordability that don’t require drastic structural change.

“For instance, the NSW Productivity Commissioner should be directed to undertake a detailed review of the regulatory burden and costs to the residential sector with the aim of reducing red tape, increasing productivity and thus improving housing affordability.

“All new legislation and regulation impacting the housing sector should be subject to a thorough public regulatory impact assessment.

“Adding to the problem of housing affordability and rental affordability with new red tape and taxes is not the solution to ensuring people in NSW can afford to buy or rent a home. More needs to be done now, politicians need to get serious and focus on real changes that will make a real difference to the cost of new homes in NSW,” concluded Mr Bare.

Contact: Executive Director NSW, David Bare 0418924127

