

Media Release

Labor policy to further damage WA Housing

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The ALP's proposed changes to negative gearing and capital gains tax at federal level would deliver a further blow to WA's already frail residential building sector, according to newly released economic modelling.

The proposed Labor policies would:

- Result in up to 2,500 fewer homes being built in WA over a five-year period – enough to house 6,700 people.
- Reduce residential building employment by up to 2,000.
- Cause output in WA's construction sector to drop by a further \$858 million over the first five years of the ALP's policy change.

"The effect of Labor's policy will be to kick the state's residential home builders when they are already down," John Gelavis, Executive Director of Master Builders Western Australia said.

"If these policies are allowed to progress, it will be a further hit to new home building activity in WA as new home commencements in the state dropped from 32,606 in 2014 to 18,124 in 2017/18, a reduction of 44.4 per cent and well below the 10-year average of 23,263.

"This rapid decline in activity recently prompted Master Builders Association of Western Australia to again call for the reintroduction of the \$5,000 First Home Owners Boost.

"It's why Master Builders Western Australia is also calling on Federal Labor to rethink their policy on negative gearing and capital gains tax in the light of this new research and a changed housing market. Western Australia cannot afford for housing supply, building activity and employment to go even further backwards after three difficult years. The imposition of the ALP policy proposals would only further delay any hopes of a residential building recovery taking hold in WA," he concluded.

Cadence Economics was commissioned by Master Builders to test Labor's claims that its policy to restrict negative gearing to investments in new housing and halve the capital gains tax discount to 25 per cent all properties will increase the supply of new housing and employment in the building industry. The results of the modelling show that within five years of Labor's property tax policy being implemented the construction of new housing would fall in Western Australia and building jobs would also decline over the same period.

Master Builders has always said increasing the supply of new housing is the only way to ensure that home ownership remains a mainstay of Australian life. Cutting the hidden costs of land, removing red tape and improving the approvals process, particularly in WA, remains essential to unlocking new housing supply so that home ownership remains within reach of all Australians.

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