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## Negative Gearing Reform Gains Traction as Young Voters Demand Change

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As housing affordability worsens, negative gearing reform re-emerges as a key issue in Australian politics, with younger voters pushing for change to level the playing field.

Australia's housing crisis has thrust negative gearing reform back into the spotlight, with younger voters demanding action to curb tax breaks that favor property investors. Negative gearing, a tax policy allowing investors to deduct losses from rental properties against their taxable income, costs the federal budget \$12.3 billion in 2024-25, according to Treasury estimates. Combined with the 50% Capital Gains Tax (CGT) discount, these concessions are projected to cost \$180.5 billion over the next decade, as per a 2025 parliamentary report. Critics argue this fuels soaring house prices, locking first-home buyers out of the market.

The Australian Labor Party (ALP), led by Prime Minister Anthony Albanese, has faced scrutiny for its reluctance to revisit negative gearing after its 2019 election loss, where proposed reforms to limit negative gearing to new homes and halve the CGT discount to 25% were rejected by voters. However, a 2024 Resolve Political Monitor survey found 46% of voters now support capping negative gearing claims, with only 17% wanting no changes. This shift, driven by younger Australians struggling to afford homes, suggests the 2019 election's lessons may no longer apply. "Voters are focused on affordability, not protecting investor tax breaks," said Jim Reed, director of Resolve Strategic.

The Greens, led by Adam Bandt, have capitalized on this sentiment, advocating for abolishing negative gearing for investors with multiple properties. Their 2024 Parliamentary Library analysis estimated that winding back these tax breaks could enable 292,902 more owner-occupier homes by reducing investor demand. Independent economist Saul Eslake noted that such reforms would primarily affect high-income earners in affluent areas, with minimal impact on rental supply.

Opposition Leader Peter Dutton has warned that altering negative gearing could disrupt the rental market and drive up rents, a concern echoed by the Liberal Party of Australia. Yet, economists like Nicki Hutley argue that curbing investor demand would ease pressure on prices without significantly affecting supply. As the 2025 federal election looms, the ALP's hesitation to embrace reform risks alienating younger voters, who see negative gearing as a barrier to homeownership. With housing affordability at a crisis point, the debate over tax concessions is far from settled.