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Welfare Groups, Unions Push for Housing Tax Reform

August 6, 2025

– Categories: Politics & Government



Welfare organizations and unions are urging the Australian government to reform housing tax policies, specifically targeting negative gearing and capital gains tax concessions, ahead of the 2025 productivity roundtable, citing their role in exacerbating the housing crisis.

Welfare groups, led by the Australian Council of Social Services (ACOSS), have joined forces with the Australian Council of Trade Unions (ACTU) to demand a significant overhaul of housing tax policies before the government's economic productivity roundtable

scheduled for late August 2025. The coalition argues that current tax settings, particularly negative gearing and the capital gains tax discount, are inflating property prices and locking working Australians out of homeownership. ACOSS proposes halving the 50% capital gains tax discount over five years and phasing out negative gearing entirely for existing investments within the same period, redirecting the revenue to fund social housing initiatives.

The ACTU echoes this call, advocating for limiting negative gearing and capital gains tax benefits to a single investment property per investor. This, they argue, would free up capital for more productive economic investments and increase housing supply. “Tax rules around investment properties divert funds from productive sectors, making homeownership increasingly unattainable for average workers,” an ACTU spokesperson stated, emphasizing a five-year grandfathering period to ease the transition for investors.

However, business groups and some government figures counter that scaling back these tax incentives could deter property investment, which drives construction and housing supply. They warn that such reforms risk stalling new projects, potentially worsening affordability. Nearly half of Australian landlords utilized negative gearing in 2023, claiming billions in tax concessions, highlighting the scale of the issue.

The push comes as the government prepares for its economic roundtable, where productivity and housing affordability will be key topics. ACOSS and the ACTU argue that reallocating tax revenue to social housing could address the crisis more effectively than current policies, which they claim disproportionately benefit high earners. Critics, however, urge caution, noting that abrupt changes could disrupt the market. As discussions loom, the debate underscores deep divisions over how to balance investor incentives with the urgent need for affordable housing.