

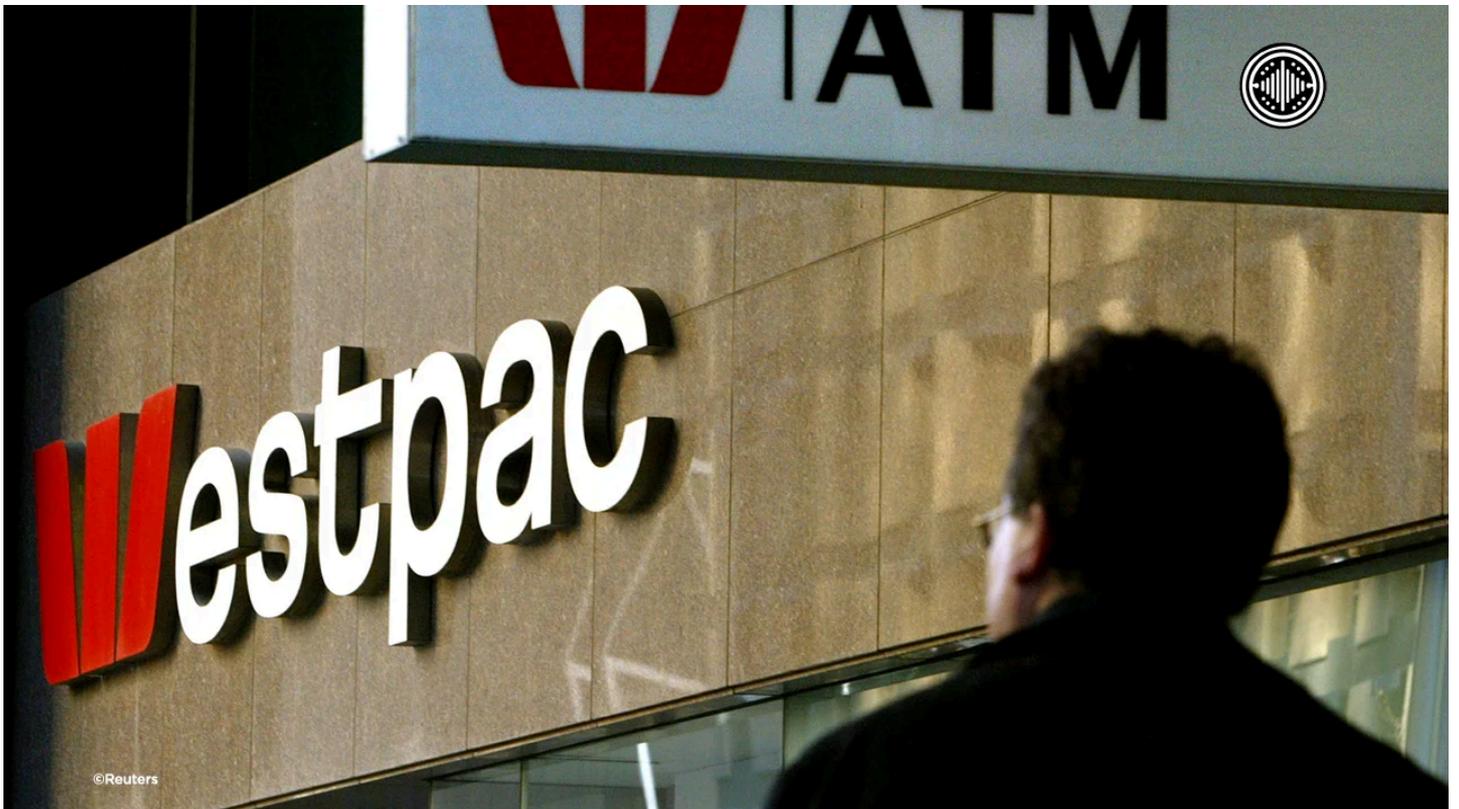
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Westpac's Bold Plan to Boost Australia's Productivity, Homes

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Westpac has submitted a comprehensive set of policy recommendations to the Economic Reform Roundtable scheduled for August 2025. The submission focuses on addressing Australia's long-term economic stagnation through reforms aimed at improving productivity, easing housing pressures, and encouraging regional development. The bank highlights that the country's productivity growth has reached its lowest point in nearly six decades, affecting national income and wages.

A key proposal calls for indexing personal income tax thresholds to an annual inflation rate of 2.5 percent. This reform is intended to prevent bracket creep, where workers are pushed into higher tax brackets due to inflation without receiving a real increase in purchasing power. The proposal is estimated to cost \$4 billion in the short term, rising to

\$10 billion by 2035, but is presented as a targeted way to support household budgets and maintain equity in the tax system.

To relieve pressure on major urban centres, Westpac recommends relocating one million Australians to regional cities by 2032. Locations identified for this initiative include regional centres with populations between 100,000 and one million. The aim is to stimulate local economies, reduce strain on metropolitan infrastructure, and provide more affordable housing opportunities in growing communities.

The submission also addresses housing supply issues by advocating for streamlined planning and regulatory approval processes. It suggests incentivising states to invest in housing infrastructure and creating tax-free zones to attract professionals to regional areas. These recommendations are positioned as practical steps to increase housing stock and improve affordability.

In addition to housing and tax reform, Westpac proposes adjustments to capital gains tax settings, including replacing the existing discount with a fixed inflation adjustment. The bank argues this change would help correct investment distortions and reduce reliance on strategies such as negative gearing.

The roundtable, led by the federal Treasurer, seeks broad consensus on structural reforms to support productivity and fiscal resilience. However, concerns have been raised over the limited involvement of state and territory governments in the process. Westpac's submission contrasts with calls for across-the-board corporate tax cuts, instead offering targeted, long-term policy measures intended to boost living standards and economic stability.