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**REIA SUBMISSION TO THE TREASURY’S DRAFT LEGISLATION ON HOUSING-RELATED SUPERANNUATION MEASURES**

**AUGUST 2017**

**PREPARED BY**

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The Real Estate Institute of Australia (REIA) is the peak national association for the real estate profession in Australia.

The REIA’s members are the State and Territory Real Estate Institutes, through which around 75 per cent of real estate agencies are collectively represented. The 2011 Census records the Rental, Hiring and Real Estate Services Industry employment sitting at a total of 117,880. By occupation the key data recorded by ABS Census were 64,699 business brokers, property managers, principals, real estate agents and representatives.

The REIA represents an important element of the broader property and construction sector which together makes a significant contribution to Australia’s social climate and economic development. Property contributes $300 billion annually in economic activity.

Importantly, REIA represents an integral element of the small business sector. Some 99 per cent of real estate agencies are small businesses and 11 per cent of all small businesses in Australia are involved in real estate.

REIA is committed to providing and assisting research and well-informed advice to the Federal Government, Opposition, professional members of the real estate sector, media and the public on a range of issues affecting the property market.

The REIA welcomes the opportunity to provide a submission to the Treasury’s Draft Legislation on Housing-Related Superannuation Measures.

**Introduction**

The Consultation Paper seeks responses to the 2017/18 Budgetary measures to reduce pressure on housing affordability through establishing a First Home Super Saver Scheme and by allowing a special 'downsizing' contribution into superannuation.

REIA is fully supportive of the two measures which as part of a broader package are designed to address the very important issue if housing affordability particularly for first home buyers.

REIA has already been involved in consultation with Treasury on the First Home Super Saver Scheme which will allow individuals to save for their first home inside their superannuation accounts.

REIA’s comments in this submission will thus focus on the draft legislation for the downsizing measure which will allow individuals aged 65 years or over to make non-concessional contributions of up to $300,000 from the proceeds of selling their main residences to their superannuation accounts.

**Downsizing Measure**

REIA’s Pre Budget Submission for 2017/18 noted that transaction costs were a major hurdle for older home owners to down size to accommodation more suited to their needs in retirement and were preventing a more efficient use of the housing stock and could be exacerbating the supply problem.

Whilst this measure doesn’t directly address transaction costs (which are a state government responsibility) it does provide an incentive to downsize.

REIA’s members are reporting that potential downsizers have shown considerable interest in the measure but are disappointed to learn that it would apply to proceeds from contracts for the sale of a main residence entered into (exchanged) on or after 1 July 2018. Thus delaying their decision to sell and restricting the Government’s objective in introducing it.

The measure would achieve its desired outcome earlier if it was introduced either as soon as the legislation is passed or by making the applicable date in the legislation retrospective such as 1 July 2017.

***REIA recommends that the down sizing measure be introduced before 1 July 2018 and no later than when the legislation is passed.***