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PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**COMMITTEES**

**Economics Committee**

**Report**

**SPEECH**

**Tuesday, 7 February 2017**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Speaker** Thistlethwaite, Matt, MP

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**Mr THISTLETHWAITE** (Kingsford Smith) (17:06): by leave—The Turnbull government has reached a new low when it comes to doing nothing to help our nation's first home buyers, after releasing this economics committee report on housing affordability, which, unsurprisingly, contains zero recommendations. The government members on this committee have made no recommendations whatsoever. We could perhaps check back through the history books of the parliament because, as far as I am aware, in my time in this place there has never, ever been a committee of the parliament that has made no recommendations as the result of an inquiry. The Australian people are rightly justified in asking, 'What was the point of the inquiry?' What a waste of taxpayers' dollars the government has just put the Australian people through on this very important issue of housing affordability to make zero recommendations—absolutely no recommendations whatsoever. It would be funny—it would be quite hilarious and comical—if the issue was not so serious, because housing affordability is a massive problem. It is a massive issue for many people, particularly those living in our major capital cities, and it is a huge issue in the electorate that I represent, Kingsford Smith. Not a week goes by when someone in my community does not comment to me about skyrocketing house prices and the fact that a No. 1 concern is that their kids or grandkids will never be able to afford to live in the community that they grew up in, where all their family, their support networks and their social services are.

The House Standing Committee on Economics inquiry into home ownership and the 55-page report released today represent a new low for the Turnbull government in ignoring the wishes of the Australian people to ease the crisis in housing affordability throughout the country. The Labor members in our dissenting report called this a 'Claytons report'—the report you have when you're not having a report. We have 55 pages here of, basically, bluster and, at the end of the day, it makes no recommendations whatsoever. It is a pathetic effort from the Turnbull government representatives and a complete waste of taxpayers' money and demonstrates the intention of this government to continue to ignore domestic housing affordability issues.

In October 2013, the Grattan Institute issued a policy paper that highlighted the impact of capital gains tax and negative gearing on potential homebuyers, with ownership rates falling from 60 per cent to 48 per cent for young people aged 25 to 34. The damning findings were backed in this inquiry by one of the country's most respected and renowned economists, Saul Eslake, who gave evidence to both this inquiry and a similar Senate inquiry, stating that negative gearing had increased the number of investors and the level of investment in housing, making it more expensive than it otherwise would be. Mr Eslake slammed negative gearing for exacerbating the mismatch between the demand for and the supply of housing, distorting the allocation of capital and undermining the equity integrity of the income taxation system. This leading economist was similarly damning with regard to capital gains tax.

More than just impacting middle- and low-income Australians and their prospects of ever owning their own home, the government's lack of sound policies around home ownership is failing a large number of Australians and continuing to increase homelessness throughout the country. According to the 2011 census, 105,000 people, or one in 200 Australians, are experiencing homelessness on any given night. Australian Bureau of Statistics data also reports that there were 657,000 low-income households across Australia living in rental stress and 318,000 low-income households in mortgage stress in 2013-14.

After being confronted with the reality of the housing affordability crisis, the former chair of this committee, who actually instigated this inquiry—I am speaking, of course, of the member for Bennelong, John Alexander—summed up the problem when he said:

Too often we see the young couple getting beaten out at the auction, and then renting out the very place that they were trying to buy.

That is the view of the member for Bennelong. More recently, the member for Bennelong and others in the government have been critical of negative gearing and, we understand through leaks to the media, have in the

background been pressing the Treasurer and the government to take action on negative gearing because of the detrimental effect that it is having on the housing market. Mr Alexander's empathy and honesty were repaid by the Turnbull government through his removal from the committee. Because he made these comments, what do you know? When the parliament resumed and we came back for the 45th Parliament, have a guess who was no longer the chair of the House economics committee continuing this inquiry into home ownership. That was, of course, the member for Bennelong. He was replaced, magically, by government members who were happy to toe the coalition line when it comes to feigning ignorance and making absolutely no attempts to solve a problem that has reached crisis levels, particularly for our nation's young people in capital cities.

In contrast, Labor has been consulting with the community and has listened to the Australian public. We announced a positive set of plans to improve housing affordability in the lead-up to the last election. Our plans ensure that first home buyers are not forced to compete with property speculators who may be seeking to negatively gear their seventh or eighth investment property. It is absolutely ridiculous that in Australia at the moment a couple can go to their first auction to try and buy their first home and be competing against people who may be seeking to negatively gear their seventh or eighth investment property. Those people who are negatively gearing get more support from the government than that young couple seeking to buy their first home. In this inquiry, Labor members recommended negative gearing and capital gains tax reforms that ensure that our tax system is fair and sustainable and targets jobs and growth. The government should limit negative gearing to new housing from 1 July 2017. All investments made before this date will not be affected by our proposed change and will be fully grandfathered. The government should also halve the capital gains tax discount for all assets purchased after 1 July 2017. This will reduce the capital gains discount for assets that are held longer than 12 months from the current 50 per cent to 25 per cent. All investments made before this date, again, will not be affected because they will be grandfathered.

In this report, the government members even reach some conclusions, at paragraph 2.124:

The committee notes the strong majority view amongst the contributors to this inquiry that stamp duties are inefficient and out-dated.

That is the view of the government members, and I said to them in deliberations about this report: 'If that's your view, why not make a recommendation about it? Why not make a recommendation even to get COAG together and have a look at this issue of stamp duty?' But no, they would not even make a recommendation about an issue where they say, 'Stamp duties are inefficient and outdated.' It just shows you how tepid the government members on this committee have been.

In conclusion, rather than waste taxpayers dollars by sitting through inquiries that make no recommendations, the Turnbull government needs to contribute to fixing housing affordability in Australia and it should do that by adopting Labor's sensible policies on negative gearing and reform of capital gains tax.