

Liberal MPs agitate over negative gearing

JANUARY 27, 2017

Malcolm Turnbull has shot down calls from some of his Liberal backbenchers to consider changes to negative gearing in a bid to tackle the housing affordability crisis.

Several Liberals including Sydney MP John Alexander are urging the Turnbull government to rethink its opposition to reining in negative gearing ahead of the May budget.

But the prime minister is adamant building more dwellings is the secret to curbing property prices.

"There is a tendency for people, particularly on the left, to overlook the fundamental reality that the reason housing affordability has deteriorated is simply because demand has consistently been exceeding supply," he told Neil Mitchell on 3AW Radio on Friday.

"We have not been building enough dwellings."

Mr Turnbull said the vast majority of people harnessing the property investment tax breaks were middle-income earners.

"There are vastly more teachers and police doing this than high-flying lawyers and tax accountants," he said.

Labor frontbencher Anthony Albanese said it was clear the excesses of negative gearing were pricing young people out of the property market.

"They (the government) have got this rhetoric, simply because Labor came up with a solution," he told the Nine Network.

"It's about time they put politics aside and got on with finding a solution - part of that has to be the tax regime."

But Finance Services Minister Kelly O'Dwyer defended the government's retention of negative gearing, saying there was no silver bullet to tackling property prices.

"All levels of government have to work together to make sure that people can afford to purchase a home and can afford to rent a home," she said.

"The worst thing that could be done is Labor's proposal which is to smash negative gearing, to actually take so many people out of the market who currently use negative gearing at the moment."