

Q&A: Where do the parties stand on housing issues?



by Danielle Cahill

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With the long lead-up to the 2016 election, it can be hard to keep track of where each party stands on certain issues.

Not sure where the parties stand on housing issues? Here's a rundown of where Labor, the Greens and the Coalition stand on issues affecting the property market.

Housing affordability

Coalition: Prime Minister Malcolm Turnbull says investing in infrastructure projects, such as the \$43 million rail link from Adelaide to Flinders University, will make housing more affordable as it opens new areas up to development.

"This is a very important point because housing affordability is a big issue," he says.

"That increases supply of housing and makes housing more affordable. Now that's what we're doing. What's the Labor Party doing?"

The Turnbull Government also believes increasing supply through rezoning land and releasing new lots previously earmarked as non-residential will increase housing affordability.

Labor: Labor says the changes it proposes making to negative gearing and capital gains tax will make housing more affordable for everyday Australians. *Scroll down for more on each of these individual policies.*

Greens: The Greens say that ending the practice of negative gearing will make housing more affordable for buyers, particularly those looking for their first home. *Scroll down for more information on this policy area.*

Other options: The NSW government recently announced plans to apply a 1-1.5 % surcharge to all properties purchased by overseas buyers while last year the Victorian government introduced a 0.5% levy to homes bought by overseas investors.

Some experts have argued that taxing both foreign investors and those who leave their investment properties vacant could increase the supply of housing and thus make it more affordable.

Victorian Premier Daniel Andrews earlier this year said he was “carefully considering” a plan to tax vacant properties.

Negative Gearing

Explainer: How negative gearing works

Coalition: The Government wants to leave negative gearing as it is and warns that changes to the tax deduction for investment properties would result in properties being devalued.



Some experts say limiting negative gearing could result in higher rent prices.

Labor: Labor leader Bill Shorten says negative gearing should be limited to just new houses from 2017, meaning those who already purchased property wouldn't be affected until a property is sold.

The Greens: The Greens want to see negative gearing scrapped for new homes with a provision to grandfather existing arrangements for current investment properties.

What the property industry says: Chief Executive of Industry Policy at the Housing Industry Association Graham Wolfe says “negative gearing should not be changed because it will distort the market in many ways and at many different levels”.

Independent assessments: The parliamentary budget office estimates that scrapping negative gearing could save up to \$32 billion over the next decade.

Economic modelling of Labor’s plan undertaken by the Australian National University’s Centre for Social Research and Methods shows the policy could slow the pace of house price growth while boosting the construction of new homes.

Capital Gains Tax

Explainer: How capital gains tax works

Coalition: The Government says there should be no changes to capital gains tax concessions as it protects the mum and dad investors who buy properties and rent them out.

Labor: As part of the party’s approach to negative gearing, Labor would like to halve the capital gains discount to 25%.

The Greens: The Greens want to phase out capital gains concessions by 2020 with the discount being reduced by 10% each year for five years, in line with the party’s negative gearing policy.



Would changes to capital gains tax improve housing affordability?

What the property industry says: Property Council chief executive Ken Morrison says changes would have a huge impact on the economy.

“Almost two million Australians own an investment property and almost 1.2 million negative gear. This is an industry that is vital to our economy; 1.1 million Australians rely on property for their jobs and property generates one-ninth of Australia’s GDP,” he tells *The Australian*.

Other options: The Business Council of Australia says it would like to see the capital gains discount fall from the current 50% to 40%, which was a recommendation of the Henry Tax Review. The BCA also suggested the introduction of a tax-free capital gains threshold of \$10,000.

What politicians can claim for their houses



Joe Hockey claimed the away from home allowance for this Canberra house owned by his wife.

Under the current system, members of parliament can claim up to \$273 a night while they stay in Canberra when parliament sits.

Former MP Joe Hockey famously claimed this away from home allowance for his Canberra residence that was kept in his wife’s name. The house was purchased in 1997 for \$320,000 and sold for \$1.5 million in April.

Hockey had claimed around \$1000 a month as an MP to stay at the property and some rooms of the house were sublet to other senior Liberals.

Under a 1999 ruling by the tax office, it has also been revealed that MPs can also claim another tax deduction on a second home in the capital.

Coalition: Malcolm Turnbull says the allowance and the deduction should be left to the independent Remuneration Tribunal to set.

“The remuneration tribunal reviews these allowances regularly and I’m sure they will do so in the future,” he says.

Labor: Bill Shorten says that the system allows members to “double dip” and he wants to put an end to it, if elected in July.

“What I have asked Chris Bowen and my Treasury team to do is to look at how we close down this ruling.

“I don’t think it’s fair and I make it very clear to Australians that where I don’t think something is fair, I will act on it,” Shorten says.

Greens: Greens Leader Richard Di Natale says that while he wouldn’t criticise members who have made use of these entitlements, he thinks the system should be scrapped.

“We believe the rules need to be changed and that’s why we’ve long supported an overhaul of parliamentary allowances,” he says.

What the tax office says: The ATO recently announced it will review the rule which allows MPs to claim deductions for a second property in Canberra.

Social Housing & homelessness

Coalition: Yet to release their social housing policy.

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The Greens: The Greens want to double federal government funding for services for the homeless, which would cost \$507 million a year. The Greens also plan to spend \$320 million a year for ten years on a new National Partnership Agreement on Homelessness.

What the property industry says: LJ Hooker Head of Real Estate Christopher Mourd says some properties in new developments should be put aside for emergency service personnel – police, nurses, doctors, paramedics and the like – particularly for projects built near hospitals.

“It’s how you create the opportunity for those people to acquire property they otherwise wouldn’t...It’s how you get the private sector to fund development for properties that are affordable,” he says.

Other options: Earlier this year, the NSW government was pushing to have rent automatically deducted from welfare payments and it argued such a move could reduce the number of families who end up homeless.