
The Parliament of the Commonwealth of Australia

Report on the inquiry into home ownership

House of Representatives
Standing Committee on Economics

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Chair's foreword

This inquiry was established to assess issues related to home ownership in Australia, and potential policy responses by government.

A range of views on the challenges facing home buyers today were canvassed throughout this inquiry. The core issues related to the housing market inevitably centre on supply and demand – these factors drive property prices around the nation.

Demand for housing is strong in Sydney and Melbourne but it must be noted this is not the case throughout Australia. Many parts of Australia have a relatively weak housing market. It is important that government policy in this area is cognisant of the significant variations in the domestic housing market.

The committee's view is that government policy in this area should predominantly focus on boosting dwelling supply in underserved markets. Many of the witnesses before the inquiry stated that a lack of supply was contributing to rising house prices in Sydney and Melbourne. In the committee's view, state and territory governments need to do more to adequately address land supply and ensure that existing policies and processes are not unnecessarily causing an undersupply.

The Federal Government is also focused on this key supply issue through the Smart Cities Plan announced this year, which will partner with the states and territories, and local governments to deliver coordinated housing supply solutions tailored to local needs. The committee welcomes this initiative.

Tax arrangements for the buying and selling of property were key areas of discussion throughout the inquiry. This included negative gearing, capital gains tax on investment properties, stamp duty and land tax.

The committee supports the maintenance of existing negative gearing arrangements, which have been a feature of the Australian tax system for most of the last century. The committee does not support tax increases in this area.

The committee also does not support increases to capital gains tax rates on the sale of housing. In the committee's view, increasing these tax rates would have a negative impact on the housing market and broader economy.

In relation to possible overheating of the housing market by increased investor activity, the committee notes that APRA has the capacity to further limit the growth of borrowing by investors, should it deem this to be in the interest of financial stability. APRA acted in this manner in late 2014 and may elect to do so again.

The committee notes the strong majority view amongst the contributors to this inquiry that stamp duties are inefficient and out-dated. The committee would be supportive of any future cross-government review of stamp duties to determine whether reform is possible.

Changes to current land taxes, such as the introduction of a broad-based system, would be a major change to Australia's existing taxation arrangements. Any proposal by state governments to make such a change should only be considered in the context of an overall review of property taxation.

On behalf of the committee, I thank all of the organisations and people who contributed to this inquiry and helped to inform the committee through written submissions and appearances at public hearings.

David Coleman MP
Chair



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Membership of the Committee 44th Parliament

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Secretary	Mr Stephen Boyd
Inquiry Secretary	Dr Kilian Perrem
Senior Research Officer	Dr John White
Research Officer	Ms Marina Katic
Administrative Officer	Ms Jazmine Rakic



Terms of reference

On 24 April 2015 the then Treasurer, the Hon Joe Hockey MP, referred an inquiry into home ownership to the House of Representatives Standing Committee on Economics (the committee). The committee adopted the following terms of reference for this inquiry:

- current rates of home ownership;
- demand and supply drivers in the housing market;
- the proportion of investment housing relative to owner-occupied housing;
- the impact of current tax policy at all levels; and
- opportunities for reform.

The committee had not reported when the House of Representatives was dissolved on 9 May 2016. The Treasurer, the Hon Scott Morrison MP, re-referred the inquiry on the 22 November 2016 and asked that it be concluded.



List of abbreviations

ABA	Australian Bankers' Association
ABS	Australian Bureau of Statistics
ADI	Authorised Deposit-Taking Institution
AHURI	Australian Housing and Urban Research Institute
ANZ	Australian and New Zealand Banking Group Limited
APRA	Australian Prudential Regulation Authority
CFFR	Council on Federal Financial Relations
CGT	Capital Gains Tax
COAG	Council of Australian Governments
CPI	Consumer Price Index
HIA	Housing Industry Australia
OECD	Organisation for Economic Co-operation and Development
RBA	Reserve Bank of Australia
UDIA	Urban Development Institute of Australia

