Additional Comments by Labor Senators

1.1 Labor Senators are supportive of this bill but wish to make some points about details of the bill and the Government's budget measures to address housing affordability.

1.2 Labor Senators have confirmed through the inquiry process that there has been a policy change. The original measure as announced on budget night stated that foreign and temporary tax residents would be denied access to the CGT main residence exemption.

1.3 The clarification to state that Australian tax residents (including temporary tax residents that are also an Australian tax resident) can access the main residence exemption is welcome. However, this is not how policy process should be run. A competent Government would have worked through these impacts before making the announcement on budget night. A competent Government would not have created confusion in the community.

1.4 This measure is an integrity measure—helping to ensure that foreign residents are paying the correct capital gains tax on property transactions. In that spirit, Labor Senators will support the bill.

1.5 However, to claim that it reduces pressure on housing affordability is a sham. This measure is an integrity measure, and does not increase the taxation level that foreign residents pay on property transactions. This measure will not have any meaningful impact on housing demand and on housing affordability.

1.6 Labelling this measure a 'housing affordability' measure also shows that the Government is clutching at straws. If the Government was serious about housing affordability, it would work with Labor Senators to wind back negative gearing and the capital gains tax discount.

1.7 The Government has effectively waved the white flag on housing affordability.

1.8 Labor is the only party with a plan to increase affordable housing supply and tackle demand issues associated with the most generous tax concessions in the world.

Senator Chris Ketter   **Senator Jenny McAllister**
Deputy Chair   **Australian Labor Party, NSW**