




Speech By
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HELP TO BUY (COMMONWEALTH POWERS) BILL

 **Dr MacMAHON** (South Brisbane—Grn) (4.50 pm): This bill exists to facilitate the federal government's Help to Buy scheme in Queensland. The scheme aims to help about 2,000 Queensland households a year to break into the housing market—a housing market where house prices have been heated up by tax concessions for investors and the rapidly rising cost of rent. The scheme will provide up to 40 per cent of the purchase price of a new home and up to 30 per cent for an existing home. A potential buyer must have at least a two per cent deposit. In Brisbane the median house price is over \$800,000 so that is about \$16,000.

What does this look like? Through a housing lottery, a tiny number of people with a good amount of savings will receive a handout to buy their first home. The scheme will do nothing to bring down the cost of housing. In fact, it will do the opposite. The government will not fix the housing crisis by giving a lucky few the cash to break into an inflated housing market. You cannot tackle the housing crisis with schemes that push up house prices.

While both state and federal Labor are unwilling to take measures that will actually bring down the cost of housing, like capping rents, winding back negative gearing and capital gains tax concessions or building enough public housing, the housing crisis will only get worse. Our federal colleagues have made a very reasonable offer to the federal Labor government. The Greens are willing to come to the table if Labor scraps negative gearing and capital gains discounts, caps rents and builds enough public housing. That is very reasonable. If Labor takes action on tax handouts from property investors, which is a genuine step towards fixing the rental and housing crisis, the Greens are willing to come to the table too.

I will start with tax handouts for property investors. Tax handouts such as negative gearing and capital gains tax discounts drive up the cost of housing, drive up the cost of rent and make it easier for big investors to buy their seventh property than for a first home buyer to buy their first. In fact, tax handouts to property investors will cost the federal budget \$39 billion in foregone revenue. Those tax handouts turbocharge housing prices by allowing property investors to pay way more for a house than a first home buyer. If the housing minister wants to see this housing lottery scheme come to life, I ask her to get on the phone to her federal colleagues and tell them to phase out tax concessions for investors, tell them to cap rents and tell them to increase funding for public housing. This scheme will drive up the cost of housing even further. By helping 0.2 per cent of homebuyers, the scheme will drive up the cost of housing for the other 99.8 per cent of people who want to buy a home. Like every other Labor housing policy, this one benefits existing property owners.

When our federal Greens colleagues asked the government representatives why the scheme was so minimal in terms of who will be eligible, they were told that to expand the scheme would have too much of an inflationary impact on house prices so, if the scheme was expanded to help the other 99.8 per cent of people who are eligible, housing would become substantially more expensive. Federal Treasury did no economic modelling on the impact of this scheme and even declined to appear at the Queensland parliamentary inquiry into this bill. However, a number of other economists have stepped in to explain the inflationary impacts of the scheme.

John Quiggen, Professor of Economics at the University of Queensland, contributed to both the Queensland parliamentary inquiry into this bill and the Senate inquiry into the federal scheme. He said—

- subsidies to home buyers are generally undesirable, since their main impact is to benefit existing homeowners.
- The fact that eligibility is limited to 2000 places a year gives the scheme an undesirable lottery character
- The top priority for public expenditure should be the construction of more social housing

In the Senate inquiry, economists lined up to critique the scheme with responses ranging from complete underwhelm to forensic take-downs. The chief economist at the Centre for Independent Studies, Dr Peter Tulip, said—

When you stimulate demand, it puts up prices and makes housing more expensive for everybody else.

...

We have a housing affordability crisis, and this makes that problem worse for the majority of people entering the market.

The University of New South Wales' City Futures Research Centre submitted—

Like all demand-side assistant measures there will be some inflationary impact.

Mr Matt Grudnoff, a senior economist at the Australia Institute, said—

The Help to Buy scheme, like many previous housing affordability schemes from both major parties, is a policy to boost the financial position of a particular group ... The problem with these kinds of policies is that they simply increase demand for housing, and this increases the price of housing. The result is that it makes housing less affordable.

We have seen this happen with similar schemes, the first home buyer grants and the coalition's HomeBuilder program. The Commonwealth Productivity Commission has said that there is no strong case for the government to provide this kind of assistance. In 2022 they clearly stated that giving money to homebuyers increases the amount they can borrow which increases house prices and reduces housing affordability. The Productivity Commission said that the government should keep the money it would spend on the first home buyer grants and stamp duty concessions unless they are specifically targeted at groups that are marginalised in the housing market. With this money it should directly support people who are homeless or experiencing rental stress that is putting them at risk of homelessness. By inflating the cost of housing, this bill will do nothing for the housing crisis expect to make it worse.

Over the past five years, across the country renters have paid an average of \$106,000 per household in rent. That means renters are effectively paying rent equal to someone else's house deposit every five years. In effect, a renter ends up paying off someone else's mortgage while often copping massive rent increases that make it nearly impossible for them to save for a house for themselves. In addition, they can face the huge costs associated with moving house. Renters face precarity and are always on the brink of unbudgeted blowouts if they have to move house multiple times a year so, on top of skyrocketing rents, they cannot save for a house deposit.

The rental crisis is also having flow-on effects for other parts of the economy. I note that today's budget contains measures for a Night Life Economy Commissioner. Nothing is going to save live music when young people cannot afford to go out because their rent keeps going up and up. The housing crisis and uncontrolled rents are spiralling out of control and ruining other things that make Queensland so special. By helping renters and restoring some rights to the thousands of Queenslanders who rent, this government would be providing a much more meaningful support to prospective homebuyers than is contained in this bill.

Every week, fewer and fewer people are able to afford secure and appropriate housing and there are scores of measures that this government and its federal counterparts could take to fix that now. However, there are three measures that are absolutely essential to addressing the housing crisis. The first is freezing and capping rent increases. The next is ending the billions of dollars that Australians pay each year in tax concessions to investors. These include negative gearing and capital gains tax discounts. Finally, we need to build enough public housing.

This bill will likely be one of Labor's last chances to address the rental crisis in this term of government. The stage 2 rental reforms passed just a few weeks ago are chock-full of measures that the Greens have been pushing for, but they exclude some key measures: capping rents and giving tenants a guaranteed right to a lease renewal. The minister said she wants no potential first home buyer to forget the Greens' position on this bill; neither do we. I want every first home buyer to know that the Labor governments at both federal and state levels have wilfully driven up the cost of housing. The federal government continues to give handout after handout to investors, driving up the cost of property. Now, in a pathetic attempt to bandaid over their own failure, Labor is throwing in their lot behind a scheme that will drive up the cost of housing and give only a tiny number of people access to home ownership while continuing to support unlimited rent increases and tax handouts for investors.