

10 September 2021

House of Representatives Standing Committee on Tax and Revenue
Committee Secretariat
PO Box 6021
Parliament House
Canberra ACT 2600
TaxRev.reps@aph.gov.au

Dear Sir or Madam

ISA submission to House of Representatives Standing Committee on Tax and Revenue Inquiry into Housing Affordability and Supply in Australia

Industry Super Australia (ISA) undertakes policy research and advocacy on behalf of nearly five million members of Industry SuperFunds, to ensure that the policy settings for superannuation are consistent with the objective of maximising their retirement incomes. ISA welcomes the opportunity to make a submission to this inquiry.

Australia's housing affordability problem has developed over several decades and will require a long-term commitment by all levels of government to resolve, driven by improved coordination.

ISA agrees that "demand is a multivariate thing; whereas supply of housing is the one thing that could materially shift the cost of housing in Australia" and "if you want to create a stock of affordable housing you need to reform planning laws to get more housing into the market".¹

Supporting this view is a range of data and evidence, including research and modelling which shows that increasing demand in the market by, for example, allowing the early release of superannuation to buy a home materially increases prices and makes it harder for first homebuyers. ISA's analysis, undertaken before the most recent housing boom, found that if home buyers drained their super to fund a house deposit median prices in the five biggest cities could increase by between 8 and 16 per cent. In Sydney, where the market is already overheated, median prices could rise by up to \$134,000 – making it harder and more expensive for new entrants. The full report is at **Attachment 1**.²

¹ Mr Jason Falinski MP, [House of Representatives Standing Committee on Economics hearing - 29/03/2021](#).

² Also available online: <https://www.industrysuper.com/assets/FileDownloadCTA/Super-Bad-Final-v2.pdf>

Previous ISA findings and recommendations on improving housing affordability

On the supply-side:

- ▶ Provide tax incentives to attract more long-term equity investment into residential housing by institutional investors such as superannuation funds.
- ▶ Reform state land taxes by replacing stamp duties with a small annual land tax – following the lead already taken by the ACT and NSW.
- ▶ Streamline town planning procedures by lowering barriers or restrictions for urban infills and density upgrades, and reducing approval timeframes.

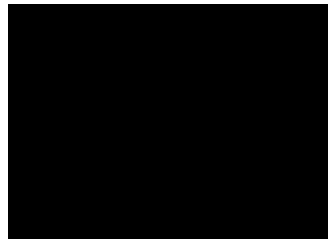
On the demand-side:

- ▶ Reorientate taxes that are fuelling excess demand, for example by limiting negative gearing concessions to new builds.
- ▶ Restricting investment from overseas to new buildings to redirect such investment to increase supply.

Simply increasing overall housing stock will not ensure that more affordable housing becomes available. Instead, increasing the supply of affordable housing specifically is required. ISA works in close collaboration with the national community housing sector to develop strategic thinking aimed at increasing home ownership rates among Australians.

ISA strongly supports an effective housing affordability strategy that comprises of a mix of supply and demand measures. Institutional investors also have a role to fill the funding gap currently restraining supply of the new stock needed to address demand shortages.

I trust this submission is of use to the committee, if you wish to discuss the contents of this submission, please contact Lillian Hannock at [REDACTED]



Lilly Hannock
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