



**DEPUTY PRIME MINISTER  
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The Hon. John Murphy MP  
Chair, Standing Committee on Petitions  
Parliament House  
CANBERRA ACT 2600

Dear Mr Murphy

Thank you for your letter of 19 March 2012, regarding a petition lodged with the Standing Committee on Petitions concerning the investment of superannuation contributions into owner-occupied homes.

Superannuation receives generous taxation concessions designed to encourage individuals to save for their retirement. Superannuation benefits are generally preserved until a member's retirement, on or after reaching preservation age (between 55 and 60 years of age, depending on a person's date of birth). Restrictions are placed on the early withdrawal of superannuation savings to ensure they are available for genuine retirement income.

The superannuation legislation provides for the early release of superannuation benefits only in very limited circumstances, such as: severe financial hardship; a limited number of compassionate circumstances; permanent incapacity; and for individuals suffering from a terminal medical condition.

These arrangements attempt to balance the need for superannuation benefits to be protected for retirement purposes against the need for access to be provided where superannuation fund members experience personal emergency situations.

The Government considers that using superannuation savings to purchase a home would negate the benefits of regular superannuation contributions and compounding interest, and result in lower retirement incomes than would otherwise be the case. On this basis, the Government is not in favour of allowing access to superannuation savings for this purpose.

Nevertheless, the Government recognises the impact that rising housing costs can have, particularly on families, and is committed to improving the availability of affordable housing across all communities. One of the issues that has impacted on housing affordability is that the supply of housing has not kept pace with strong growth in demand in recent years. As such, the Government has announced a number of initiatives to help tackle this problem.

The Government is investing nearly \$450 million in the Housing Affordability Fund to help lower the cost of building new homes. This program focuses on improving the supply of new housing and on making housing more affordable for home buyers entering the market. It is helping address two significant barriers to the housing supply, namely holding costs incurred by developers as a result of

planning and approval waiting times, and infrastructure costs relating to water, sewerage, transport and open space.

The Government's Building Better Regional Cities program will assist the construction of more affordable homes in regional cities. This will help relieve pressure on our major capital cities so that Australia can grow sustainably. The Government will fund participating councils to invest in local infrastructure projects that support new housing developments, such as connecting roads, extensions to drains and sewerage pipes, and community infrastructure such as parks and community centres.

The Government's First Home Saver Accounts are also helping first home buyers to save a larger deposit for the purchase of their first home. The Government will make a contribution of 17 per cent for all individuals on the first \$5,500 of personal contributions made each year. These accounts complement the Government's policies to increase the supply of affordable housing.

I trust this information will be of assistance to you.

Yours sincerely

WAYNE SWAN