

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Treasury

Question: AET 47

Topic: Changes to negative gearing in the last two years

Reference: Hansard page no. 78 - 10 February 2016

Senator: Ketter, Chris

Question:

Senator KETTER: No. I am not asking you what you actually advised the Treasurer. I am asking whether you have done work; I think that is a completely different issue.

Mr Heferen: Is the question: have we done any work on changes to negative gearing?

Senator KETTER: Yes.

Mr Heferen: The answer is yes.

I would have to take on notice.

CHAIR: So it would not be unusual for you to look at negative gearing in the context of any government policy, tax mix or tax changes over the years, Mr Heferen?

Mr Heferen: We tend not to. The times where we tend to look at the system and advise on changes are: where there are particular issues that the Treasurer of the day or any of our ministers are interested in; where a problem in the system is identified, largely through consultation with taxpayers—and, more often than not, the tax office; or where we feel there is a change that ought to be made that would contribute to improved economic growth. So, as to changes that do not go to the broader question of economic growth and do not go to the question of the integrity of the system, we tend to limit work on those to those which are requested by one of our ministers. As you are aware, many things will be requested but few things will ever be acted on, because it is part of the process to try to determine what is out there and what might be useful to take forward.

Senator KETTER: Your response to my question was that Treasury had not done any substantive analysis of options to direct or limit negative gearing to new residential housing.

Mr Heferen: That is correct.

Senator KETTER: As to that same two-year period, have you done substantive analysis or modelling of any options to reform negative gearing in the past two years?

Mr Heferen: So when you asked that question, I think at the September or October—

Senator KETTER: October.

Mr Heferen: So we are talking about the past two years from that date?

Senator KETTER: Yes.

Mr Heferen: I am assuming now you are asking me as to the past two years from the current date?

Senator KETTER: Yes, from the—

Mr Heferen: Because, if it was the past two years from the past date, the answer would be the same. So, just to be clear, the question I am taking on notice is: have we done any substantive work on limiting negative gearing to new houses?

Senator KETTER: My previous question and the response you gave me was quite specific to the issue of new residential housing. I am now seeking to clarify whether there has been any work done on any changes to negative gearing in the previous two year period.

Mr Heferen: From today?

Senator KETTER: From today, yes. And you are taking that on notice.

Answer:

The *re:think* tax discussion paper contained material on negative gearing.

The Treasury has considered negative gearing issues raised in response to *re:think* and other proposals put forward to Government.

The Government took a policy to make no changes to negative gearing to the most recent federal election.