

HOUSING AFFORDABILITY SUMMIT

Thursday, 26 July 2007

The Hon. D.G.E. HOOD: Family First has been quite vocal for a long time about the need for the state government to give stamp duty relief for home purchasers, as have some other members of this chamber. South Australian families, particularly young couples, are struggling to afford to buy their first home or find a bigger home as their family grows. There has also been running criticism of the Land Management Corporation for not releasing more land and having profit-making in its charter. Federal politicians have been weighing into this debate, with Treasurer Peter Costello critical of the Labor state governments across the country for continuing to charge stamp duty on home purchases, and failing to release more land. Treasurer Costello continually says this is a breach of the year 2000 agreement regarding the introduction of the GST.

The state government announced yesterday, to its credit, that it would realign Adelaide's urban boundary to facilitate an extra 2 000 hectares at our urban fringes, some of which will be for residential development. Mr Rudd's housing affordability summit begins tomorrow, and Treasurer Costello has, in an article on the Melbourne *Herald-Sun* website published last night, predicted that the state Labor governments will cut stamp duty after the summit. The *Herald-Sun* reports, 'Labor's housing spokeswoman Tanya Plibersek would not rule out talk on stamp duty at the summit.' My questions to the Treasurer are:

1. Has a deal between Mr Rudd and the Labor state governments to cut stamp duty on home purchases already been done irrespective of what occurs at the housing affordability summit?
2. If the summit recommends stamp duty relief for home buyers, will the Treasurer commit to follow the summit's recommendation?

The Hon. P. HOLLOWAY (Minister for Police): I thank the honourable member for his question and for his comments in relation to the urban boundary realignment, which I announced yesterday. The honourable member raised a

number of issues in his question, one being the 2000 agreement on the GST and Peter Costello's comments in relation to that. It is my understanding that, in fact, stamp duty on homes was not part of that agreement. Part of the problem we have in this country is the vertical fiscal imbalance that exists. In other words, those levels of government that spend the most money—which is the states—do not have the capacity to raise it at the levels that the commonwealth government has. The commonwealth government is the level of government that is awash with cash in this country.

There are Liberal politicians who like to create the fiction and pretend that somehow or other states are awash with cash. Of course, nothing could be further from the truth. Whereas there have been increases of several hundred dollars per capita in revenue available to South Australia, if one looked over the same period in recent years, it would measure in the thousand dollars per capita extra additional tax that the commonwealth government has, because it has access to company tax and income tax, which are far and away the greater sources of revenue.

So, if there is a level of government in this country that is awash with cash, it is, of course, the federal government. It is that level of government which should be doing its utmost to address housing affordability. It is certainly true that the honourable member has raised issues in relation to housing affordability. I totally agree with him—and I have said so publicly in this council before—that housing affordability is one of the most serious issues facing the population in this country today, if not the most serious issue. I remember saying several months ago that I hoped that it would become a key issue at the next federal election. Fortunately, that appears to be the case. As the honourable member mentioned, the Labor Party has, I think today, a housing summit addressing these issues. It has invited members from key groups in the community that have concerns about housing, as well as state ministers, to address this so that the Australian Labor Party at the federal level can have a proper policy response towards housing affordability.

In relation to this state government's policies, we have done what we can. In relation to taxation generally, again, one of the issues that the states face is that we are reliant for half our revenue from the commonwealth government, and that has always been the case in terms of transfer payments, and that the taxes in which we are self-sufficient and which provides the other 50 per cent are nearly all very regressive forms of taxation that one would rather not have, such as payroll tax, a tax on employment, stamp duties and the like. Nevertheless, after a series of constitutional challenges these are the only forms of revenue, apart from fees and charges, which this state has available to it. It is the commonwealth government that is awash with cash. I think in the past few years it is about \$2 600 per head. It is awash with cash. Just look at this year; let me explain it. Between the commonwealth government's mid year budget review and the commonwealth budget, about an extra \$14 billion in tax was available to the commonwealth government. South Australia's share just in the six month commonwealth intake—if you think that we have about 8 per cent of the population—is over \$1 billion on a state level. So, the states are struggling to produce balanced budgets or budgets with tens of millions of dollars of surplus, because of all of the demands on us.

Members opposite keep saying we should be spending more money on this, more money on that, and more money on everything else; every day we hear the demands. We have the Leader of the Opposition in another place saying that we should be cutting taxes. But, just in the six months between the mid year budget review and the budget the commonwealth got \$14 billion extra revenue. As I said, South Australia share would be \$1 billion. Can you imagine what would happen if we in this state suddenly had an extra \$1 billion becoming available to us in six months? It is about time this furphy was known. I know that members opposite have an interest in trying to create that piece of mythology, but it is totally untrue.

One would hope that a future Labor federal government, or even the current government, would start to recognise that housing affordability is one of the most serious problems in this country and use something of its massive tax windfall, one that vastly exceeds that of the states. While it is at it, it might also

give us a fair share of road funding, for example; it could also give us just our fair share. Instead of building roads up in Queensland in marginal seats, perhaps it could give us a fair share of funding here, but that is getting off the point. To get back to the honourable member's question—and it is an important question—the point is that housing affordability is one of the key issues in the nation. I am not aware of any deal, but what I do I sincerely hope is that, later this year—and I think it is increasingly likely that we will get a Rudd government—the federal government will put housing affordability at the top of the agenda and that it will negotiate with the states in a way in which we can make housing more affordable for young people.