



Make housing affordable

It is evident that we have a housing market that produces huge gains for some, largely as a result of tax incentives, and at the same time drives others into poverty (“Boom time as average home loan crosses \$500,000”, September 4).

Every day across the state, the St Vincent de Paul Society NSW sees the challenges people on low incomes face in accessing safe and affordable accommodation.

We must have a debate on the range of options that could improve housing affordability. For example, each year taxpayers spend \$6 billion on providing negative gearing and capital gains tax concessions which simply encourage speculation in the housing market and drive up house prices. As respected economist Saul Eslake argues, there is no policy rationale for negative gearing. Apart from the enormous cost, it does not increase the supply of housing or rental properties, does nothing to improve rental affordability and increases demand and prices.

One option is to limit these concessions to investments in affordable housing or the supply of new housing. Our housing market needs urgent and fundamental reform to ensure it delivers for all Australians.

I refuse to believe that we are not capable of reforming these tax arrangements despite the political difficulty in doing so. Past and present governments have achieved much greater reform.

Michael Perusco CEO, St Vincent de Paul Society NSW