

## Labor's negative gearing and CGT proposals

- (1) Shorten, Sunrise, 14 February 2016
- (2) Bowen, Sky, 13 February 2016
- (3) Labor media release
- (4) Bowen quoted in AFR, 14 February 2016
- (5) Bowen, The Australian, 15 February 2016

	<b>Labor claim</b>	<b>True/False and comments</b>	<b>Treasury lead</b>
1.	50% of house purchases at the moment are investments. (2)	According to ABS housing finance data (ABS Cat. No. 5609.0), the value of financial commitments by investors as a share of total financial commitments has never reached 50 per cent throughout the history of the series (starting from January 1985). Over the last three months of 2015, the share of investor housing finance commitments remained steady at 35 per cent.	MECD
2.	93% of negative gearing goes into old properties; only 7% goes into new properties. (2)	Unable to verify in the time provided.	TAD
3.	93% of new investment loans go to people purchasing existing housing stock. (3)	According to ABS housing finance data (ABS Cat. No. 5609.0), the average proportion for the past two years is around 93.4 per cent, with the proportion in December 2015 falling to 91.4 per cent.	MECD
4.	The top 10% of earners capture more benefit from negative gearing than the bottom 60% of earners. (3)	Unable to verify in the time provided.	IITD – based on fact sheet
5.	The top 20% of income earners receive about half of all the benefits of negative gearing. (5)	Unable to verify in the time provided. See response to 4 – Treasury's negative gearing fact sheet has analysed data relating to negative gearers (individuals with net rental losses) rather than all 'earners'.	IITD – based on fact sheet
6.	The top 10% of earners capture nearly 70% of the total subsidy of the CGT discount. (3)	Unable to verify in the time provided. See response to 4 – Treasury's negative gearing fact sheet has analysed data relating to people with capital gains, rather than all 'earners'.	IITD – based on fact sheet
7.	Finance managers and anaesthetists benefit most from negative gearing. (3)	Unable to verify in the time provided. Treasury's negative gearing fact sheet	IITD – based on

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		looks at the number and percent of negative gearers in different occupations, not at the average tax benefit.	fact sheet
8.	Investment in existing housing stock does not increase supply or boost jobs; it just increases demand and the price of existing homes. (3)	We are unable to fact-check this statement.	MECD
9.	First home buyers now make up less than 15% of all home purchases, which is well below the historic average of 20% / In 2015 investors outnumbered owner-occupiers in new housing loans for the first time. (3)	According to ABS housing finance data (ABS Cat. No. 5609.0), the proportion of first home buyer financial commitments increased slightly in December 2015 to 15.1 per cent, from 14.9 per cent recorded in November 2015. This is lower than the historical average of 19.7 per cent. For the question regarding investor loans, please refer to answer to question 1.	MECD
10.	1 in 7 people buying a house in Australia at the moment is a first home buyer. (2)	As noted above, first home buyers constituted 15.1 per cent (around 1 in 7) of home purchases in December 2015.	MECD