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The Senate
Select Committee on Intergenerational Housing Inequity
Submitted online

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The FBAA appreciates the opportunity to make a contribution to this inquiry. The Finance Brokers Association of Australasia represents more than 14,000 members across Australia and New Zealand. Our member base comprises mostly of finance and mortgage brokers, various lenders, aggregators and businesses supporting the finance industry.

We note the Terms of Reference for the Select Committee on Intergenerational Housing Inequity cover a broad range of topics which cross many disciplines. Our submission will only focus on select matters.

Opening Statement

We recognise that housing affordability appears to be a challenging issue facing higher numbers of people. There have always been, and will always be, some for whom property ownership will never happen.

We do not support the term "Intergenerational Housing Inequity". We are not convinced that Australia has as big a problem with housing affordability as some groups might claim. People and households on modest incomes are still able to buy a place to call home in Australia. Care needs to be taken to look at real numbers when evaluating claims of intergenerational inequity and not to focus unduly on extreme examples as 'proof' of a problem.

In saying this we do not intend to be dismissive of the problems and struggles faced by those cohorts genuinely encountering barriers to home ownership. We know these exist.

For generations, Australians have taken risks, financially extended themselves and made sacrifices to enter the property market. Most people who own property have worked hard and are paying off, or have paid off, their property over years or decades. We do not suddenly find ourselves in 2026 replete with hundreds of thousands of entitled wealthy people owning large property portfolios. We must stress that the ordinary homeowner who has fought to acquire a home and pay it off over their working life should not now be made a pariah. We must not fall into the trap of maligning homeowners as wealthy elites who are the cause of the disaffection of others. Following this path leads to social dysfunction and anarchy.

Many parents make sacrifices throughout their lives to leave something more behind for their children. It would be a catastrophe if Government thought it had a mandate to reallocate the accumulation of a lifetime of a family's sacrifices to others they deem more deserving through an inheritance tax.

Social values have changed significantly over decades. What people consider adequate for their living standards is considerably higher in 2026 than it was one or two generations ago. Many new and first home buyers aspire to have their first property purchase deliver them into a smartly appointed house in an ideal location. The notion of starting small and working one's way up the ladder is not as widely held as it was to previous generations.

While looking at the factors that have contributed to a perception of intergenerational housing inequity in Australia, it is important to differentiate between true inequity and that created by people claiming inequity because they are unable to enter the property market at a particular level that they deem adequate. At least some of the current dissatisfaction expressed about the perceived challenges of entering the property market come from distorted perceptions and unrealistically high expectations. Fuelling these misconceptions through the use of phrases such as "intergenerational inequity" does not help.

The system does not have to change to punish those who own a home or to alter the dynamics of home ownership which, for most people, starts with a modest purchase, making compromises on amenities or location to gain a foothold and then making repayments that often start as a high percentage of household income, slowly reducing over time as the debt is paid down and/or income increases. This is what we consider to be the 'ordinary' pathway to property ownership and it must be preserved.

We must continue to encourage Australians to invest in property and buy investment properties to sustain a rental market.

Government needs to focus on increasing supply of social and affordable housing. We strongly suggest that Government redirect its focus away from generating more revenue and towards increasing availability of lower cost housing stock to help people enter the market. Increasing taxes and penalising existing homeowners and property investors will do little for improving supply. Government should cease looking at those who own property as the cause of constrained supply.

Elements that contribute to raising barriers to entry

Access to credit will always be a significant barrier to purchasing a home. This barrier is highest for people with low incomes and little or no equity/savings. Most fundamental is a person's capacity to service their loan.

Schemes that provide assistance to consumers to buy their first home remain the best way to help those wanting to enter the market. Since saving a deposit is hardest for those on modest incomes where much of the salary goes to rent and fixed living costs, low/no deposit schemes are effective. Shared equity schemes are also effective. We support Government continuing to offer these schemes and appropriately restricting eligibility so that they help those who need it without distorting the market.

Lenders mortgage insurance can be an extremely high cost relative to the amount saved as a deposit for homebuyers entering the market. Any mechanisms to help consumers apply more of their deposit to a home purchase and to avoid costs such as LMI will promote access.

Elements impacting movement within the property market

Once a person owns property, there are significant cost implications that prevent a person from changing – either moving up or downsizing.

We have long maintained that stamp duty acts as a material barrier that disincentivises homeowners from trading down or moving out of their current home. An ageing couple in a capital city deciding their 4 bedroom home is now too large for their needs will be charged tens of thousands of dollars in stamp duty to downsize. For many, it is the reason they remain in their current homes long after they cease being suitable for their needs. Stamp duty is an opportunistic tax that restricts the availability of houses coming onto the market.

A lifetime stamp duty credit on the purchase of a principal place of residence would be relatively straightforward to administer. The amount of stamp duty paid over the purchaser's life can be calculated and applied as a benefit to future purchases, only requiring the purchaser to pay stamp duty on any amount that is higher than the previous total. For example, a couple has paid stamp duty on $2 million worth of property purchases over their life to date. If the next house they purchase is $3 million, they pay stamp duty on the additional $1 million – meaning they have paid stamp duty on $3 million in total over their property purchasing life. If the next property they wish to buy is less than $3 million, they pay no additional stamp duty. The government collects additional stamp duty on a trade up but does not penalise someone wanting to trade down/ downsize. If they are genuine about wanting to contribute to better housing outcomes, State Governments must look beyond the tax grab to understand what a significant role stamp duty plays when it is applied indiscriminately.

FBAA does not support redistribution of household wealth through inheritance tax or changes to CGT

We are concerned with public statements that suggest it is somehow unfair that the next generation in a family lineage might inherit a property or that the beneficiaries of the distribution of an estate are somehow being given an unfair advantage that requires

Government intervention to reallocate that wealth to others. This does nothing for property supply and is little more than sanctioned theft from people who have paid their taxes and abided by the laws as they existed from time to time throughout their lives.

Opinions are strongly divided on whether the 50% CGT discount method results in Government losing significant taxation revenue. We do not support changing the CGT discount method. Figures can be calculated to show that both the CGT discount method and inflation-adjusted methods produce bigger tax deductions. Changing the CGT discount is disruptive, makes record keeping and accounting more complex thereby raising individual consumer costs and is likely to not produce any material gain for Government. This is not a productive consideration. Not paying CGT on the principal place of residence is critical to enable people to move up the property ladder freeing up lower price housing. We have seen no compelling evidence that CGT rules are distorting the property market. Discussions about tax reform are motivated by Government looking to drive up its income. They detract from exploring meaningful reforms to support access to housing.

We recognise the issues impacting availability of property are complex and intertwined. Changing one part of the framework can have wide ranging consequences. We are certain that hiking costs for existing property owners by changing taxation without adequate notice will only drive prices up. We do not support the introduction of an inheritance tax. This has no impact on the supply side.

Any sustainable solution, such as increasing housing supply or recalibrating the support programs that help first entrants into the property market will take years to bring about. Time allows Government to get the settings right. Government must focus on long term solutions to bring about meaningful reforms. Short term solutions such as taxation changes aimed at financially penalising existing property owners are likely to perpetuate the next generation of problems and have no impact on housing supply or affordability. If anything, it will drive prices higher. Focussing on long-term sustainable change will allow Government to signal future changes and provide a grandfathering period to give people time to adjust their attitudes towards ownership and investment.

Yours faithfully

Peter J White AM MAICD
Interim CEO of the FBAA
& FAMNZ in New Zealand

Life Member – FBAA
Life Member – Order of Australia Association

Advisory Board Member – Small Business Association of Australia (SBAA)
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