

Chris Bowen slams Scott Morrison on build-to-rent delay



Shadow Treasurer Chris Bowen described the build-to-rent decision as the "worst piece of economic governance I have seen in my 14 years in parliament". **Alex Ellinghausen**



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Shadow Treasurer Chris Bowen has pledged Labor will work with the property industry to resolve any potential tax-integrity issues associated with government build-to-rent incentives, slamming Scott Morrison for [delays in addressing the problem](#). Describing Mr Morrison's decision more than eight months ago to effectively shut out potentially billions of dollars in property development by managed investment trusts as the "worst piece of economic governance I have seen in my 14 years in parliament," Mr Bowen said a solution was possible.

Labor has signalled it strongly supports the adoption of build-to-rent projects, which deliver tax incentives to developers who include a certain proportion of affordable housing in their projects.

The Coalition stunned the nascent industry - which is gathering pace in the UK and elsewhere - by announcing in September that managed investment trusts would be barred from gaining tax benefits for mixed projects.

Property industry groups have been left dismayed by the decision - as well as the government's delays in releasing draft legislation.

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They warn major investments in future affordable housing projects [have already been shelved](#) because of the uncertainty and argue that they need projects to have a mix of both standard and affordable stock to be financially viable.

The push for additional housing investment comes amid growing concern the current construction boom could turn from an orderly downturn into a sudden collapse.

Groups such as the Property Council of Australia see build-to-rent as a fresh impetus for growth, as well as alleviating the need for more affordable, stable, and long-term rental stock

While Labor wouldn't support changes that led to rorts, Mr Bowen slammed the government for failing to consult with the industry and experts from the tax office and treasury to solve the problem.

"The tax office, the Treasury, are very good at coming up with well calibrated plans to fix any issues that arise in the tax system," Mr Bowen told a forum hosted by the property council in Parliament House in Canberra on Wednesday.

"I don't think the treasurer has gone anywhere near close to explaining why this government-by-press release is appropriate."

Finding a way through

Mr Bowen added that the UK government under David Cameron and Theresa May have "found a way through".

"It's been important in the UK. Small but emerging," he said of the concept.

Property Council chief executive Ken Morrison downplayed concerns about misuse of the tax breaks, and said his industry was more than willing to help the government work through any concerns.

"This an emerging opportunity that other countries already have in their markets, which we haven't had in our market," he said.

"So this is around an opportunity which the sector, and international and domestic capital, wants to grab.

"The rorts issue is a bit of a misnomer. If there are changes to managed investment trust legislation required to give governments greater comfort then we're absolutely up for that conversation."

Mr Bowen said he sees positive social impacts from build-to-rent schemes, including an increase in housing supply, rental stock, and the fact that owners of such projects are around for the long haul.

"We have a debate from time to time about landlord's rights and tenant's rights and it's true to say that in Australia our rights are very different to how they're constructed in other countries.

"I can see the benefit of big corporations being involved in the rental market because a corporation is not going to ask a tenant to leave to let their relatives move in, or not going to ask a tenant to leave because they've changed their mind about what they're going to do with the property.

"Built-to-rent, can actually provide much more certainty and a good service to people in the rental market."

Treasury officials confirmed in an estimates hearing on Wednesday that the government's build-to-rent legislation has not been put to parliament yet.

"The legislation will be before parliament as soon as it's ready," said Finance Minister Mathias Cormann.