

# Tax deal sees Tasmania's federal housing debt wiped



Housing Minister Michael Sukkar will reveal details of the deal on Sunday.  
Picture: Kym Smith

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Finance Minister Mathias Cormann is prepared to listen to other state governments after Tasmania secured a deal with the Morrison government to waive \$157 million in housing debt it owed to the commonwealth.

“If other state governments around Australia want to approach us with a view of reaching an overall agreement in relation to these matters that are important to them, we are, of course, open to discussing these matters with them,” Senator Cormann told the ABC on Sunday.

Tasmania will be able to provide up to 80 extra public housing units a year under a long-promised deal with the Morrison government to wipe its federal housing debt.

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The deal, promised in July in return for independent Senator Jacqui Lambie's support for the Coalition's tax cuts, includes a requirement the funds freed up are spent on entirely on public and low-cost housing.

Senator Cormann said the Tasmanian state government also lobbied the federal government on the issue.

"So on a bilateral basis between the federal government and the Tasmanian Government, we've been working through this issue over the last eight weeks or so," he said.

The debt forgiveness, which will save the island state \$230.2 million in total interest and principal repayments to 2041-42, acknowledged Tasmania's unique housing problem, caused by rising property values and a swift loss of rental properties to short-stay tourism rentals.

It also delivers on a promise made to secure Senator Lambie's vote for tax cuts and while long expected is a significant win for the outspoken independent.



Senator Jacqui Lambie. While long expected, this is a significant win for the outspoken independent.

Housing Minister Michael Sukkar, addressing reporters in Launceston on Sunday to announce the decision, said the reason why the federal government was willing to take this unprecedented step to forgive the debt, is that it has confidence in the state government led by Will Hodgman to spend the money wisely. He was adamant the state would not lose any other funding because of the decision.

“This is an additional amount of money ... that would have otherwise been paid to the commonwealth,” Mr Sukkar said.

“The only stipulation is every single cent must be spent on housing ... and homelessness services.”

Federal Labor - pre-empting the decision in a statement on Saturday - said it welcomed the move, having called on the government to address the state’s housing crisis for months.

It said Tasmania had the highest rental stress in the country and there were 20 per cent more Tasmanians accessing homelessness and crisis housing services than two years ago.

Senator Lambie said she wished she had asked the government for more for Tasmania in exchange for supporting the income tax cut package. She will hold a key vote when the federal government has another go to trial drug tests for welfare participants.

She has already said that to get her vote, federal politicians should also face drug testing.

Mr Sukkar did not expect the Tasmanian housing deal would automatically mean Senator Lambie would support the drugs testing legislation.

“No, this is a stand-alone issue that is of significance to Tasmania,” he said in response to a question.

State Housing Minister Roger Jaensch hailed the debt agreement. “Wiping the debt will save up to \$15m annually over coming years in debt and interest payments, which will be used instead to build more social housing for Tasmanians in need,” he said.

“We estimate this could mean around 80 more houses for people on the social housing waiting list across Tasmania, each year.”

Housing and welfare agencies welcomed finalisation of the agreement, which was opposed by Tasmanian Liberal Senator Eric Abetz, who expressed concern it would lead other states to demand a similar deal.

Colony 47 chief executive Danny Sutton said his organisation wanted to see how the extra funds would assist young Tasmanians, who made up nearly a third of its social housing register.

“This is a great start, but the challenges confronting many Tasmanians are significant and we need to continue to find ways to help those in need,” Mr Sutton said.

With AAP

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Matthew Denholm is a multi-award winning journalist with 25 years' experience. For the past decade, he has been Tasmania correspondent for The Australian, and has previously worked for a variety of newspaper an... [Read more](#)