



Speech by

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MEMBER FOR CABOOLTURE

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FIRST HOME OWNER GRANT BILL

Mr FELDMAN (Caboolture—CCAQ) (12.25 p.m.): The City Country Alliance will be supporting the First Home Owner Grant Bill 2000 to introduce the First Home Owner Grant Scheme in Queensland. Unfortunately, the GST will have a negative impact on home ownership. More and more families will be, and are, finding themselves unable to afford the dream of owning their own home. The percentage of Queenslanders buying homes has decreased, as the last Speaker said, over past years to the point at which the level of new home ownership in this State is below the national average. Of course, there are many reasons for this, the most obvious being unemployment, coupled with the fact that the employment held by those lucky enough to have jobs is very precarious. For example, in today's society employment can be part time, permanent part time, casual and so on. Banks are not prepared to lend the amounts they used to if the applicant does not have a permanent job. Unfortunately, that has impacted significantly on the levels of new home ownership and home ownership in general.

Employment is not as secure as it used to be, with small businesses closing down. More and more we are seeing that this is the result of destructive economic rationalist policies, such as NCP—the National Competition Policy—deregulation and privatisation. Let us not forget that prior to all of this, back in 1972, this country enjoyed full employment.

The pending GST and the resulting increase in the price of homes by 10% will push families even harder, forcing them to stretch their small dollar—which is falling even lower in value on the money markets—further in an attempt to own their own home. If a first home buyer purchases an established home for, say, \$150,000 after 1 July 2000, that person will be charged 10% GST, making the actual cost of the home \$165,000. The usual stamp duty will still apply on mortgages and house purchases, but the extent to which it will apply has still not been determined. Stamp duties payable may actually rise because of the increased price of the home and the mortgage amount.

The Office of State Revenue, to which we have spoken, is still yet to issue a policy as to whether stamp duty will be calculated on pre-GST or post GST prices of a house. It is concerning that there is still no policy, given that this scheme is to commence, as the previous member said, in less than 42 days' time. Nevertheless, to partly offset this increase the First Home Owner Grant Scheme, as a condition of States and Territories receiving GST revenue, has been established to assist the affordability for persons building or buying their first home.

To encourage and to help home ownership, those eligible for assistance will receive a lump sum payment of \$7,000 through the scheme. Indeed, this lump sum will certainly assist those seeking to purchase their first home. However, my concern is that, because of the GST, those families eager to own their own home will be forced to stretch their dollar further than perhaps they had contemplated and perhaps further than they needed to. They will probably have to borrow extra money from the bank to cover and balance the GST burden. In addition to the principal amount being borrowed, they will probably have to borrow several thousand dollars extra, resulting in increased loan repayments for the duration of the loan. Many Queensland families, including many of the families I know and work with in Caboolture, will struggle to meet these increased financial commitments.

Owning a home is a hope and a dream that also brings with it the responsibility, the worry and the heartache over stretched financial commitments, the loan repayments affected by increased interest rates and finding the money to pay the council rates, the repairs or the maintenance that

always comes along. We know that maintenance is always a problem, especially when we are buying established homes that were perhaps in need of a little repair along the way. We generally find that out long after we actually purchase those homes.

Battlers tend to extend themselves, and it would be a shame to see someone suffer because of the mere fact that they had defaulted on a loan after they had extended themselves to the stage where they did that. But in reality, this will probably be more frequent post GST because families will be forced to extend themselves if they intend to pursue that great Australian dream of purchasing and buying their own home. The City Country Alliance is concerned about the wellbeing of the citizens of this country, and too many destructive economic policies over the years have led to the mess that this country is now in. The GST is yet another destructive policy which will cause families to struggle even more and which will widen the gap even further between the rich and the poor.

The First Home Owner Grant Bill 2000 is definitely necessary legislation to help address the burden of the GST and the effect that it will have on families purchasing their first home. It would be commendable if the grant was extended to support families who buy a second home as a result of having to sell their first. Circumstances change all the time. Moves due to employment—even more so now—education or health are common in very many families. It would be an extremely hard blow to a family moving home after five years because of a change of employment to have to yet again pay another financial burden— another 10% GST on their second home.

As I have said, the City Country Alliance will be supporting this Bill, because any attempt to assist battlers and to help those people in need to get into their first home is essential in this country at this time. Previous speakers have highlighted the necessity to push that in order to boost some parts of our building industry, which even now is feeling the effect of the GST. Many people in my area are rushing to build homes before the GST comes in because of that price hike. I think that this is one scheme that will be beneficial to the State, to industry, and to the battlers and the people who need it most.
