



Speech by

# Mr BRUCE LAMING

## MEMBER FOR MOOLOOLAH

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Hansard 18 May 2000

### FIRST HOME OWNER GRANT BILL

**Mr LAMING** (Mooloolah—LP) (12.17 p.m.): I was reading a book from the Parliamentary Library last night after the House rose—

**Mr Hamill:** You skite!

**Mr LAMING:** Yes, I can read. I learnt that there are now more Australians in the 25 to 35 year age group renting than buying homes. That is a relatively new phenomenon. I am sure there are social as well as economic reasons for this. However, home ownership, particularly when starting a family, remains one of the most important and sought after situations for most Australians. The purchase of a home has been and will remain the most important single social and economic decision a person or a couple will make, bearing in mind that career changes and business opportunities these days are not restricted to a single decision.

I am sure most honourable members can remember, as I can, the joy and satisfaction of their first home purchase. The First Home Owner Grant Scheme, which is the purpose of this legislation, is an initiative of the Howard Government as a part of the Federal coalition's new tax system. Members opposite take shallow delight in slamming the GST provisions of the new tax system, while doing their utmost to hide the many benefits of the greatest revision of the tax system in Australia's history. Their response is that of "tax reform vandals".

I note from the Speaker's list that there are no other Government speakers besides the Treasurer. When this Bill was introduced, only one backbencher received media cover for this most important initiative.

The Federal Government has been careful to identify those in the community who may be disadvantaged in the reform and considerate in its response to those concerns. So it is that first home owners have been identified as requiring such assistance. The First Home Owner Grant recognises that it is anticipated that there will be an extra \$7,000 on the cost of an average \$150,000 home and provides a grant up to this amount to all eligible applicants. As advised by the Leader of the Liberal Party, the scheme is fully supported by those on this side of the House. The eligibility criteria for the grant—and it is a grant and not a loan—is fairly well documented, but I seek a point of clarification from the Treasurer. In his second-reading speech, he stated that the grant will not be payable where the home is a gift or a bequest. He might like to clarify in his summing-up the position if a home is purchased, say, from a relative at less than its market value.

Although I understand there are uniform arrangements throughout the States, the States' approaches and interpretations are not identical, and I will come back to that. The grant is not means tested, which seems to concern Government members, and there is no upper limit on the value of the property. I think the Treasurer referred to the scheme as being iniquitous. I do not agree. The GST will affect all home owners, and the grant is worked out based on the average cost of a home. Therefore, the buyer of an expensive home receives less than the impact of the GST and the buyer of a less expensive home receives more than the impact of the GST. How can this be described as iniquitous? The Federal Government has recognised an impact of the new tax system and has addressed it. If the Treasurer feels it to be iniquitous, it is incumbent on him to outline that convincingly.

It is important to note that the starting date for the scheme is 1 July, which is only 43 days away. It is incredibly important that the scheme and the details of it are advertised widely. The Government is

well aware that, if a binding contract is entered into prior to 1 July, for instance, in the next 42 days, the owner may well incur the GST and not be eligible for the grant. Surely the interests of first home owners are not being risked in some misguided political aim to blame the GST for people's potential misfortunes.

It is not only first home owners who risk disadvantage if the First Home Owner Grant Scheme is not promoted. A lot of concern has been expressed by the building industry that there could be a lull in the industry following the pre-GST housing rush. It is clear that the Government believes that this will occur, judging by the comments from the Minister for Housing in the Courier-Mail recently. One article states—

"Mr Schwarten yesterday revealed plans to delay the start of 200 public housing projects for at least three months to provide work for the building industry, which fears a construction drought after the introduction of the GST ..."

He was further reported as stating—

"No-one's going to gain anything by having every small builder in Queensland out of work after July ..."

If the Minister for Public Housing were fair dinkum about the interests of first home owners and the welfare of the building industry, he would have been promoting the scheme weeks ago. I even gave this Government a kindly reminder call in the House a month ago. The fact that no promotion occurred even after the Bill was introduced indicates to first home owners and the building industry that this Government is not fair dinkum.

As I said a month ago, the housing department in Western Australia has been promoting the scheme enthusiastically since the end of March. I table a copy of a full-page ad that is indicative of the type of advertising being run in Western Australia—and there are also coloured brochures—to ensure that all potential first home owners are aware of the scheme.

The Treasurer would also be aware of approaches by the Housing Industry Association to allow the payment of the First Home Owner Grant at the first progress payment rather than at completion. I am aware that the Federal requirement is that the grant be paid no later than upon completion, but the States can make this payment earlier if they decide that they want to help the building industry at a time when they believe it will be experiencing a considerable lull in building activity. Such a move, implemented and promoted properly through lending institutions, would facilitate the grant being taken into account in the mortgage, thus saving interest charges over the life of the loan. Is any other State doing this? Yes! After a similar request by the HIA, the South Australian Government is providing the grant at the first progress payment, as long as the application is submitted to an authorised financial institution for processing. I am aware of a concern that such a move might increase the risk to the Government. I table a letter from Revenue South Australia that states that such an initiative will not significantly increase the risk with proper procedures in place.

The Opposition supports this legislation. I am not convinced that the Government really does. If it did, it would be promoting its obvious benefits to potential first home owners and builders.

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