



Speech by

Hon. R. SCHWARTEN

MEMBER FOR ROCKHAMPTON

Hansard 29 February 2000

STATE HOUSING AMENDMENT BILL

Hon. R. E. SCHWARTEN (Rockhampton— ALP) (Minister for Public Works and Minister for Housing) (2.55 p.m.): I move—

"That the Bill be now read a second time."

The State Housing Act 1945 establishes the Queensland Housing Commission as a statutory body through which the Department of Housing delivers housing services. These services include housing loan assistance for low to moderate income Queenslanders who are unable to borrow sufficient funds from the private sector to enter into home ownership.

Australia is experiencing a general trend away from home ownership, with the 1996 Census showing Queensland's average of 64% was below the national average at 67%. In some key regions, ownership rates were even lower:

far-north Queensland, 54%;

north Queensland, 60%;

Mackay/Whitsunday, 58%; and

central Queensland, 61%.

While the Department of Housing is not seeking to compete with private sector lenders for home loan business, there are some Queenslanders who are unable to access home ownership through the private sector. It is fundamentally important that Government housing loan assistance is offered in forms that better help our borrowers, and suit their housing loan needs. As the State Housing Act 1945 stands today, it does not allow for flexibility in the design of products to address borrowers' needs.

The proposed Queensland State Housing Loan provides a perfect example of why the State Housing Act 1945 requires change. This new product, which I first announced on 29 October 1999, differs from previous lending products offered through the Department of Housing. This is because it has been specifically designed to protect borrowers from sharp increases in repayments when interest rates rise rapidly, and allows borrowers to benefit from reductions in interest rates in some circumstances.

Considerable research and development has been undertaken in designing a well structured home loan product to assist current public rental tenants, waitlisted applicants and other eligible Queenslanders to purchase a house to be used as their home. However, the Queensland State Housing Loan will not be offered until such time as the Bill is enacted, because under the existing provisions of the State Housing Act 1945 the interest rate methodology cannot be guaranteed for the life of every loan.

Accordingly, the primary aim of the State Housing Amendment Bill 2000 is to provide flexibility to offer a broader range of housing loans, which is achieved by inserting new interest rate setting provisions in the State Housing Act 1945 for future housing loans.

Under the proposed amendment Bill, a standard interest rate policy, detailing the policy by which fixed and variable interest rates are set, will be prescribed by regulation. The Minister for Housing will then, from time to time, declare both fixed and variable interest rates following the standard interest rate policy. These will be notified to the public by newspaper advertisement, in a way similar to the

banks and other private sector lenders. This will lead to administrative efficiency, and allow the Minister to respond far more quickly to review the fixed and variable interest rates when there are fluctuations in the market.

The Bill also provides for interest on loans occurring after its commencement to be payable on the unpaid balance at the rate stated in individual agreements. Under the current provisions interest rates are always subject to alteration by the Minister or, in some cases, the Governor in Council. For future loans the interest rate must be stated in those individual agreements, either by reference to the standard fixed and variable interest rates declared by the Minister, or as a formula that refers to the standard interest rates. This will provide the Department of Housing with the flexibility to develop and offer products that have linkages with the standard interest rates. This will enable the Department of Housing to better assist identified groups of borrowers achieve their goals of obtaining home ownership, by tailor making products and interest rate setting mechanisms to suit the target market.

I emphasise that these changes will only apply to loans made after the new amendments become law. The current interest rate setting arrangements for existing borrowers will continue as before.

The Bill also proposes a minor amendment to align the existing delegations provisions of the State Housing Act 1945 in line with those contained in the Public Service Act 1996, to enable the commission to be more flexible in its administration and operations. This will enable the delegation of the commission's powers in a similar way to the chief executive of a Government department.

A further minor amendment relates to section 89 of the Criminal Code Act 1899. This section provides for prosecution of Public Service employees where they enter into any contract or agreement in a private capacity with the department for which they work. The amendment is to ensure that Public Service employees who are in fact eligible for housing assistance under the State Housing Act 1945 are able to access that assistance without fear of prosecution under the Criminal Code.

I commend the Bill to the House.
