



Speech by

**Hon. R. SCHWARTEN**

**MEMBER FOR ROCKHAMPTON**

---

Hansard 16 May 2000

**STATE HOUSING AMENDMENT BILL (No. 2)**

**Hon. R. E. SCHWARTEN** (Rockhampton— ALP) (Minister for Public Works and Minister for Housing) (5.53 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.

Up until the 1980s, these housing loan schemes were financed under the Commonwealth/State Housing Agreement and through Queensland Treasury concessional loans. However, changes to the Commonwealth/State Housing Agreement in the late 1980s resulted in concessional funding for home lending ceasing. Consequently, lending program funds were sourced from the financial markets at commercial rates through Queensland Treasury Corporation.

The changes to the Commonwealth/State Housing Agreement, together with a significant increase in the volume of home lending and subsequent debt levels and a desire to isolate the resulting liabilities from the State's account, led the commission to move away from direct lending in 1990. Non-public account housing trusts were established to manage and fund mortgages, with the commission providing capital and credit support, as well as operating the trusts on behalf of the Public Trustee of Queensland. Rather than one non-public account trust being created, individual trusts were established as separate accounts to segregate particular lending programs from one another.

Today the housing loan function currently operates out of four accounts: one public and three non-public account trust funds. The non-public account trust structures are complex and have been amended over time, adding to the complexity in their administration. The primary reasons for establishment of the non-public account trusts no longer exist, with home lending programs having reduced in size from high- to low-level programs.

The termination of the non-public account trusts and vesting of assets and liabilities of those trusts in the Queensland Housing Commission will bring the funds of the non-public account trusts back on to the public accounts. This will make the risks and costs of the whole home lending program more transparent, allowing for better scrutiny, enhanced administration and efficiencies in reporting. Accordingly, the primary aim of the State Housing Amendment Bill (No. 2) 2000 is to legislatively wind up the three non-public account trusts administered by the department on behalf of the Queensland Housing Commission and to transfer the assets, liabilities and equity associated with those trusts to the commission. The secondary aim of the State Housing Amendment Bill (No. 2) 2000 is to streamline the interest rate setting procedures of the State Housing Act 1945 for advances made by the commission from 10 October 1990 onwards.

Section 32A of the State Housing Act 1945 applies to advances made on or after 10 October 1990 and up to the commencement of the new interest rate setting provisions contained in the State Housing Amendment Act 2000. The Bill proposes to amend this section to formalise the existing internal policy upon which the commission makes recommendations to the Minister, whilst adding in a

safeguard that the rates declared by the Minister must be consistent with the standard interest rate policy set out in a regulation.

The amendment will also remove the embedded administrative requirement of consultation with the Treasurer, whilst not changing the requirement that interest rates be determined by the Minister. To ensure that this amendment does not affect existing borrower's rights or obligations, if the terms of the advance or contract of sale signed by the commission and the borrower specify a fixed interest rate is payable, interest is payable at that fixed rate. If no fixed rate has been agreed, then interest is payable at the standard variable interest rate, which is the rate declared by the Minister in accordance with the standard interest rate policy prescribed by regulation.

These changes will not apply to any loans made prior to 10 October 1990. This will result in all loans advanced from 10 October 1990 having the standard interest rates declared by the Minister in accordance with the standard interest rate policy. This will lead to administrative efficiency and will allow the Minister to respond far more quickly to review interest rates when there are fluctuations in the market. I commend the Bill to the House.

---