



Speech by

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## **FIRST HOME OWNER GRANTS**

### **COMMUNITY IMPACT STATEMENT NEEDED FOR BANKS**

**Mr MICKEL** (Logan—ALP) (3.59 p.m.): We have just heard from the honourable member for Keppel, who said that the introduction of the increased first home owners grant was a very bold decision on behalf of the Howard government. It was introduced on 9 March and it finishes on 31 December. What two events coincide with those two dates? One of them, of course, was the Ryan by-election. Far from being a bold initiative, it was one aimed at trying to save the skin of the Liberal Party in the Ryan by-election.

An interesting date is 31 December, because the federal election is due later this year. People will go to the election with this higher first home owners grant which ends soon after the election. It is not a bold decision at all; it is one with political panic written all over it in the face of the Ryan by-election. It was an attempt to hold down the swing and an attempt to keep the federal government in power after December. I am of the view now that the federal government would hold the election on Christmas Day if it thought it had any hope of hanging on to power.

The member for Keppel tried to gloss over a few problems with this scheme. He said, 'The building industry is doing it a little bit tough at the moment.' A little bit tough! This is the worst downturn in the construction industry in living memory. I have builders in my electorate who have not worked for months. They have not worked not because they are lazy but because there is no work for them.

The honourable gentleman also said that he has a bit of population growth up there on the Capricorn Coast. I can tell him that, by population age, I have the second youngest electorate in Queensland. My electorate would love to have a vibrant building industry, but they have the worst downturn in living memory. And the honourable gentleman glosses over it! It is hard to think what would embarrass him. Sure, there has been a bit of a turnaround lately, but it has been off a very low base.

The GST has ruined the cash flows of small business. When we look at the electorates that the government has won, we see that one of the issues was small business. That is why there has been a massive increase in the majority for this government. It has been because of small business and the GST. The GST is an interest-free loan by small business to the Australian Taxation Office. There is not a small businessperson in the building industry in any one of these electorates who would disagree with that. If the honourable gentleman from Keppel thinks that I am wrong, I am sure that any one of the government members here would invite him to their electorate

where he will meet builders who oppose the GST. The fact is that the honourable gentleman would do better to go out there and speak to people affected by the downturn in the building industry.

Rather than be completely negative about the First Home Owner Grant Scheme, let me offer a few suggestions that have been offered to me by real estate agents. I represent an electorate that was built largely on the first home owner schemes of various governments. There are a couple of problems with the schemes which I want to bring to the attention of the House. Most of these first home owner schemes rely upon builders who pitch their marketing at that sector. But they never tell people to go out and get a valuation on their house to ensure that the house and land package reflects market value. At the moment, they advertise what the honourable member for Keppel said—a dream, the great Australian dream. We heard him say it.

For a lot of Australians and a lot of people in first home owner territory, that first home owner dream can become a first home owner nightmare. If they rely, and rely solely, on that \$14,000 as their deposit, it takes only a small interest rate rise or a slight downturn in the economy to bump them out of that house. Because the house and land package did not reflect market value, they can find that after living there for 12 months they have negative equity. The house cannot be resold at the price they paid for it, and that is well documented. But nobody from the opposition side has mentioned that today.

I encourage people to seek an independent valuation before they sign up for a new house/land package. We need to ensure that the valuers are professional and independent from the builders. I have no evidence that they are tied to them. However, I encourage people to do two things before they sign on the dotted line: seek an independent valuation and seek independent financial counselling to ensure that that great Australian dream that they are being asked to sign up for is something that they can afford. It is no use saying, as some of the ads say, 'This will replace the rent that you pay,' because it will not. We all know that. They have to consider things such as rates, insurance and maintenance—even on a new property. If any one of those things is greater than the rent that they pay, then they could find themselves in financial difficulty.

The worst thing about these packages for young couples is that they find that this financial pressure impacts upon their marriage. It does not help the building industry if people lose their home because of the First Home Owner Grant Scheme which dazzles them. History has shown that, if they lose their house, they tend to stay out of the housing market for somewhere between 10 and 15 years. They go into the private rental market or, in the more desperate cases, public rental housing. They carry that misery of having either a family break-up behind them or the memory of what the First Home Owner Grant Scheme brought them.

I encourage people to get a termite inspection report done before buying a home. We are finding in some suburbs—and the honourable member for Algerie would know of this occurring in Forest Lake, and I know of it in Regents Park—that the termite problem has resulted in young couples suddenly finding that if a dodgy termite company has treated their block, they are suddenly up for a maintenance bill that they cannot leap over because the place is literally falling down around them. I encourage them to have a termite inspection carried out.

There is a belief in the industry—and it has been put to me by real estate agents—that rather than directing this grant at first home builders, it should have been directed at all first home buyers. If that were done, first home buyers could have bought an established house. Those people selling those established homes might have built another home. The social problems that I have outlined may not necessarily occur when people purchase a home for the second or third time and who, in turn, build a house.

A lot of honourable members have spoken today about the banking industry. I am concerned greatly about what has happened in the banking industry in growth areas like

the northern area of the Beaudesert Shire, which I have the honour to represent. When people move into an area and want to build or buy a home, one of the persons they have to see is a bank manager. Just to help them out, in Jimboomba the National Australia Bank has closed its doors and the same thing is about to happen in Marsden! However, last week the National Australia Bank announced a \$2 billion-plus profit for just six months. That is little comfort to the bank's loyal customers in the West Logan area. The National Bank's branch at Jimboomba has closed down and the one at Marsden will close down. This will cause a great deal of inconvenience for small business, families, young home buyers and senior citizens.

The areas I refer to are not areas with diminishing populations or declining business activity. As I said, the Jimboomba area is experiencing rapid housing growth and the West Logan area is one of the main growth corridors in our state. Bank customers of the Jimboomba branch will now have to travel over 20 minutes to the Browns Plains branch. Bank customers at the Marsden branch will have to travel for at least 10 minutes to the nearest branch. There is a perception that only rural and regional communities have been impacted by bank closures. While the impact on rural and regional communities has been devastating, the reality is that closures have actually been greater in metropolitan and outer metropolitan areas. Between 1990 and 1999, the number of bank branches in Australia dropped from 6,575 to 5,358, a decline of 18.5 per cent. The number of metropolitan branches dropped by 19.7 per cent in the same period. The number of rural and regional branches dropped by 16.8 per cent. In the same period the number of bank agencies dropped by 19 per cent, with agencies in metropolitan areas reducing by almost 25 per cent.

The time has come for the nation's banks, which operate under a licence from the federal government, to be made accountable for the service they provide, or are supposed to provide, to their customers. The banks are making record profits. The National Bank of Australia is not alone in making billion-dollar profits. Whilst these record profits may please shareholders, they are being achieved at the expense of customer services and at the expense of the traditional link between the customer and his or her bank. The Jimboomba and Marsden closures will force small business to keep more cash on their premises because they will have to reduce their visits to the bank. The closures will also force staff to carry cash considerable distances, often in busy periods and even at night. At a time when everyone is being encouraged to be proactive to help reduce crime, the action of the National Australia Bank is totally contrary to that goal.

Families and senior citizens in the area will have to use an ATM—people cannot get a bank loan through an ATM—phone banking or travel up to 20 minutes from their own area to Browns Plains just to do their banking. Just as bank closures have affected businesses in country towns, they will have the same impact on businesses and first home buyers in Marsden and Jimboomba. The reality is that the banks do not want to see their customers at all. They want them to use the Net, the phone or ATMs. The traditional contact between the bank manager and his or her customers is all but finished. Senior citizens and families who have greater faith in passbooks and chequebooks rather than cards are being directly penalised and discouraged. But the greatest impact of all is on small business, particularly retailers, who will be asked to carry more cash, to cash cheques for customers and who will then lose business as people travel away from their shopping area to where the banks have a branch. The use of private vehicles to transport large amounts of cash on the highway to the nearest branch will, as I already indicated, put the security of small businesspeople and their staff at significantly greater risk.

Even though banking has been deregulated, banks still need a licence to operate, a licence issued by the federal Treasurer and supervised by the Reserve Bank. Just as other businesses which operate under a licence, such as hotels and clubs, must meet certain conditions to gain and retain a licence, banks ought to meet the same conditions

as well. One condition must relate to planned closures or downgrading of branches. Before a bank makes a final decision to close a branch, it should be required to prepare a community impact statement which would examine in detail the impact of any closure on customers and the wider community.

The bank should be required to invite its customers to participate in the preparation of the community impact statement. That statement should cover the following areas: first, the impact on small business such as the likely cost, inconvenience and safety arising out of a requirement to travel to another centre to undertake banking; second, the impact on senior citizens and families, including the availability of public transport to the area where the banking services will be available; third, whether other banks provide comprehensive services in the affected area; fourth, what impact the closure will have on local businesses, especially retailers, which would result from customers banking and shopping in another centre; fifth, what reduced or alternative banking facilities the bank will offer to the local community such as ATMs, agencies, et cetera; and, sixth, whether the proposed closure is due to a downturn in business at the branch in question or due to overall bank rationalisation policies.

This statement should be available to customers and community leaders. It should be on display in the branch and be completed at least three months before the proposed closure. The statement may not prevent the closure, but it will force greater accountability by the banks and greater consideration for the rights and needs of their customers and the local community. It may well shame the banks into reversing decisions to close branches and it may well lead to community action campaigns based on the impact statement forcing them to do so. A bank is a service provider. It is not just part of a big and profitable business. The community service role of banks is ever diminishing, even when branches are not closed.

The community impact statement may not prevent many closures, but it will force the banks to consult their customers. The closure of banks has caused great hardship in rural towns and communities. It is also causing hardship and inconvenience in rapidly growing communities like mine. I believe the requirement of a community impact statement will slow down closures and force the banks to a level of accountability they have long avoided.

I am pleased to say that the local community I represent is fighting back. Today people are encouraged to join the local community bank in Marsden. I commend the people behind that. Fundamentally, automatic teller machines and the Internet cannot provide first home buyers with the advice they need from a bank manager. Unfortunately, constituents in my electorate serviced by the banks at Jimboomba and Marsden will have to travel a considerable distance and incur additional expenses to access services that are available and taken for granted in other areas of the community. I encourage first home buyers to seek financial counselling and independent valuations before they sign up for this grant. I realise that the state government's hands are largely tied on this very political decision to double the grant, which commenced before the Ryan by-election and which will continue until the federal election when hopefully the Howard government will come to an end.

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