



Speech by

John-Paul Langbroek

MEMBER FOR SURFERS PARADISE

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HOUSING LEGISLATION AMENDMENT BILL

Mr LANGBROEK (Surfers Paradise—Lib) (4.28 pm): Mr Deputy Speaker, with your indulgence, being on stage here in 'Rock Vegas' takes me back to grade 10 at Sunnybank State High School when we did the musical *Joseph and the Amazing Technicolour Dreamcoat*. Here we have the Speaker and his amazing technicolour ties, a different title, different scripts, a different set and definitely different players.

I am very happy to speak on the Housing Legislation Amendment Bill. In doing so, I welcome all those in the public gallery who have come to watch the proceedings today. It really is a wonderful opportunity for the people of Rockhampton to come here and be a part of the legislative process, to see exactly what goes on in the House and to see that a great deal of the time there is consensus between the government and the opposition, and that we want the best outcomes for all Queenslanders.

I digress for a moment to thank all of the parliamentary staff who have travelled here for the sitting week as well as all of the people who have made this week logistically possible. It is a wonderful initiative. In a state as diverse and as decentralised as Queensland, for parliament to sit in regional centres is tremendous. I spoke to our education services officer, Graeme Kinnear, at lunchtime and he pointed out to me that they had had seven groups of 150 students in this morning. That is 1,050 students, which is fantastic.

This is my first response to a bill as the shadow minister for public works, housing and racing. I want to thank the minister for his goodwill since my elevation to the shadow ministry and indeed since my election. I must be frank and say that, of the 10 portfolios and five ministers that I was shadowing as a shadow shadow, my main efforts over the last 18 months have been in the areas of education and the arts and police and corrective services. However, I have been to some public housing functions with the minister and acknowledge his strongly held views about the vexatious issues of public housing and the changing demands of Queensland's population.

I will endeavour to get across the issues in public housing and will vigorously prosecute any arguments for alternative policies but will support policies such as this bill to help Queenslanders climb the ladder of opportunity, to use a well-worn phrase. I take this opportunity to note that, as the new shadow minister for public works, housing and racing, there will be many times when I am on the other side of the chamber to the honourable minister. I place on the public record that I will endeavour to work with him to make the department and the organs of that department a fluent, efficient machine that delivers the best outcomes for the people of Queensland. After all, as a parliament we are elected to try to deliver the best deal for Queenslanders.

I would like to thank Johnathon Don from the Department of Housing and Bruce Picard, the minister's adviser, for the briefing last week in Brisbane. This was a meeting held at short notice, hurriedly organised and that I later forgot about. I kept them waiting while I was in another meeting.

I will not be obstructionist for the sake of being obstructionist. I will take every opportunity to commend the work of the department where it is warranted. In saying that, this is also a house of debate and I will not hesitate to point out and place on the public record my dismay and objection to actions of the department should they not be providing Queenslanders with the service they deserve in a minister's area

of responsibility. I have a number of issues that have lingered for many years and not been resolved. I intend to take these up with the minister with a view to having them resolved.

But today we are here to debate the Housing Legislation Amendment Bill. From the outset, I indicate to the minister that the opposition will support this legislation. This bill seeks to amend two acts for the purposes of accelerating the divestment of perpetual town leases and to facilitate the process by which perpetual lessees become freehold owners of land. The two acts that are amended are the Housing Act 2003 and the Housing (Freeholding of Land) Act 1957.

A perpetual lease, as the name suggests, is a lease that is granted in perpetuity. In this respect it is much like a freehold of land, at least in terms of security, as there is no expiry date. This becomes a more important factor later when we discuss the movement from a perpetual lease to a freehold of land. It is imperative to keep in mind that perpetual leases have been a product of legislation since they were contained in the Land Act 1987. However, perpetual town leases have been issued since 1924.

In the period of time between 1924 and 1985 over 7,000 residential perpetual town leases were granted. From 1930 a lessee could transfer their lease to freehold by having what was known as a freeholding on terms. The method by which the house would be paid for was for the new freehold owner to have extra repayments added to their existing rent. All of this was done to encourage working families to own a home and to make that a reality.

This is one of the wonderful parts of this legislation and the result of transferring leases into freehold title. There have been 7,000 residential perpetual town leases and every one of them has given a Queensland family the opportunity to fulfil the great Australian dream of owning a home. This continues today. With the market for houses now so difficult to enter for so many young and struggling Queenslanders, it is vitally important that the government helps those that it can under this regime, to help them realise their dreams of being home owners.

In this legislation there are great incentives to transfer from being a leaseholder to having one's own home. It is also in the interests of the state to facilitate this. With these perpetual leases being a time-intensive thing to maintain and therefore costly, it is important for the state to do what it can to reduce their number and let them run their intended course. It is indeed a win-win situation. We have the opportunity to help Queensland families and, at the same time, we have the opportunity to reduce the cost and main expense of running the department. Whenever that situation arises there will always be my support.

The number of loans increased greatly after World War II. This underscores the intention of these leases and the program in general—that is, to facilitate a betterment of the quality of life of Queenslanders. In the period after the war, it is no wonder that, in a time of extended need, the number of leases being given out increased dramatically. As of July this year there were 262 of those original 7,000 granted leases left. As all of the original loan arrangements have been finalised, the current leases will only continue until the current lessees choose to freehold.

The essence of the bill is to try to get the remaining lessees to change from their current lease arrangements to freehold. There are two ways in which this can be done: either voluntarily or automatically. For a lease to be transferred voluntarily the lessee must apply to the chief executive and as soon as practicable the chief executive must outline a number of requirements to be set out as terms to transfer the lease into freehold. The automatic transfer of leases will occur on a date that has now been designated by the amendment as circulated by the minister this morning—that is, 1 July 2009. That will have the same effect as a voluntary transfer.

The aim of the bill is to accelerate the divestment of perpetual leases. To facilitate this the bill contains a mixture of incentives to do so and disincentives not to transfer a lease. This is a very good way of encouraging those who are still leaseholders to change to being freehold owners of their property. If it were the case that there were only incentives and no disincentives then some people may not be encouraged to change as there would be no difference, relative to their current position and their quality of life, if they simply did nothing.

Similarly, if it was that the legislation only provided for disincentives or punishments for not transferring a lease then the legislation would not be as good as the bill that is currently before the House. It would not be fair to force people, with the threat of the stick, into doing something that may not be convenient for them at that point in time. Partly for that reason the legislation does not contain disincentives on their own.

There are three main incentives for current leaseholders to transfer their lease over and become freehold owners. Firstly, they can purchase the land based on a percentage of unimproved capital value of the land. Secondly, there are extra discounts, including a length-of-occupancy concession and a cost-of-conversion grant of up to \$500 for a limited period. Thirdly, the application process will be streamlined for those who want to transfer their lease.

I will deal with the first incentive—that is, that the purchase of land will happen at a percentage of unimproved capital value. We realise that this is indeed the most significant incentive for a lessee to

transfer their lease. If the lessee was to transfer their lease they would be receiving the property for 75 per cent of the unimproved value of the place. This has major benefits that are not confined just to the 25 per cent discount off unimproved capital value.

At the moment, as we are all aware, the price of houses has gone through the roof. As I alluded to before, it is difficult for young Queenslanders to enter the property market because of the skyrocketing prices for houses and apartments. Even though the market has cooled off a little, it is still a difficult climate.

Under this legislation, if a person wanted to transfer their lease the price would be based on the unimproved capital value of the land and not the market price. This is a major difference and one that significantly advantages those who are in these situations and thinking about transferring their leases over. Moreover, it is a further significant starting advantage to have the price calculated at just 75 per cent of the UCV. This really is a wonderful incentive for those currently on a lease to transfer it over to freehold. I commend the drafters of this legislation for putting into this bill such a significant incentive for those contemplating changing their lease over.

The price of the house will be well below market value. This provides the family that this scheme seeks to reach with a great base on which to end their perpetual lease and own their own home. After all, that was the intent of the legislation when it was implemented in its early form back in 1915. It is very good to see that a similar opportunity is being presented here.

However, this is not the only incentive to have people transfer their lease from a perpetual town lease into freehold title. If a lessee transfers their lease over they will also receive some discounts. One of these—it is a very significant discount—is a cost-of-conversion grant of up to \$500.

There is a detailed process involved in the price and payment of the conversion of the lease. The bill goes in depth into the provisions relating to that activity. Proposed new section 6 defines the conversion costs and states that the cost must be paid within a certain period of time. There are consequences for not paying within that period of time. That includes the chief executive's right to take recourse to have the property sold. To do so, however, the chief executive must provide written notice to the registered owner of the land stating the unpaid conversion cost and that the land may be sold within a period of time no less than 14 days of that notice should payment of the conversion not be received.

Again, this is a good and fair provision. There is plenty of time to pay the conversion costs and, with the added incentive of a grant for those who find themselves eligible, the cost becomes easier to bear. There is also, for those who wish to transfer their lease over, an option to have the process for application and acceptance streamlined. This is always very much an added bonus and makes the whole process just that little bit easier. As can be seen from this non-exhaustive list of incentives, there is a real carrot being offered by this legislation to lessees to have their perpetual town leases transferred over to freehold title. In particular, as I have mentioned before, having the property sold at 75 per cent of UCV as opposed to the full market price will certainly provide a massive incentive for those thinking of changing to do so.

As I mentioned before, though, this legislation works in those incentives to change with some not harsh, yet significant disincentives to stay on the perpetual lease. As I said, this is a very good aspect of this bill in the sense that it really does look to guide lessees into fulfilling the intended purpose of the original lease, and that is that they will voluntarily choose to become freehold owners of the land. The first and most significant of these disincentives is a rent increase from three per cent to five per cent of UCV. This does provide a disincentive for people to continue on with their lease if the rent that they will be paying will be so significantly higher. In saying that, though, the rent increase is not morbidly oppressive and, while significant, does not have the effect of being a penalty so much as a disincentive. Other disincentives include transfer conditions that will restrict transfers and limit the leases to existing lessees, automatic conversion of the lease where a transfer causes a change of ownership, exclusions to the conversion requirement and measures that provide warning to prospective lease buyers of the conversion requirement. All of these provide a disincentive for a leaseholder to maintain their current position and it is hoped that, together with the incentives, these will provide enough ammunition to have leaseholders change their lease to freehold in the near future.

With regard to the disincentives, though, there are some reservations, and there were similar reservations raised by some members when a similar bill was presented to the South Australian parliament in 2003. First, this bill has the effect of changing the rights of leaseholders. As I mentioned before, relative to their current positions, leaseholders will be either better off taking the freehold title that is available or, relative to their current position, worse off if they do not convert their lease. That is the whole point of putting both incentives and disincentives into the bill. However, by doing so, the rights of leaseholders are altered. This is significant because, as I mentioned before, these are perpetual leases and, as the name suggests, they are leases that are granted in perpetuity. That means that the rights contained in those leases will be active in perpetuity. However, because of the changes to this legislation made by this bill and the disincentives that are provided for under this bill, the rights of leaseholders will be altered and indeed diminished. The problem lies in the fact that these are rights that the leaseholders thought they did have as the leases were granted in perpetuity. Indeed, they are rights that the leaseholders thought they would

always have. To strip them of some rights or to downgrade the rights they do have is a big step, considering that these leases were granted in perpetuity and the problem that will be faced is trying to tell those affected people that there is a justified reason for their rights being stripped from them.

Moreover, there is the added problem of disincentives that are being provided for in this legislation. The most significant disincentive is an increase in rent to the leaseholders. It would appear that this increase, as much as being a disincentive to those currently holding a lease to continue to do so, is justified in part by saying that the increase is to cover the costs of administering the leases that will continue. This may be the case. However, it seems as though a rent increase for these purposes may be seen as not appropriately adapted when one considers that the families affected will suffer a great detriment.

It is good to see that from the South Australian legislation a number of amendments went to the select committee and were made, and they have also been made in this piece of legislation. There are also a number of safeguards in this legislation that protect some of the more vulnerable leaseholders from the possibility of rough treatment under these new provisions. Most notably, the two that I want to point out are that there are appropriate exclusions to the conversion requirement that are provided for and other exclusions may be added if required. Also, and very importantly, there will be rent remission to be provided for lessees experiencing hardship. Again, this is very important and in the spirit of the original bill. It helps those who are struggling under fast-rising house prices and rents increasing for dwellings around the state.

Even though the minister's amendment has dealt with it, I also note the concern of the Scrutiny of Legislation Committee. It expressed concerns about the unusually long period of time that was going to elapse between assent and commencement of the bill. Originally, second-phase provisions under this bill would commence on a date to be set by regulation but at a date no earlier than 1 July 2009. I note now that that date has been made specifically 1 July 2009. Originally I was prepared to say that the Acts Interpretation Act allowed for the commencement of an act to be extended for up to two years, and I thought that that was fair enough with struggling Queensland families who might want to own a home. The fact that they were given an extra year could help them to organise themselves to be in a better position, but by bringing the amendment in as the minister has—

Mr Schwarten interjected.

Mr LANGBROEK: Yes, exactly. The amendment has dealt with the Scrutiny of Legislation Committee's concerns.

I respect the reservations and I could not envisage that there would be too many instances where the provisions in the Acts Interpretation Act could be overlooked. It is a very significant bill. The effects of the legislation are very far-reaching for the individuals involved and there was a strong case that a longer period of time would be required between assent and commencement of the provisions, because we are talking about the reversal of rights under leases and other significant housing considerations. In conclusion, I congratulate the minister and his department on this bill, and I commend it to the House.