

**FIRST HOME SAVER ACCOUNTS BILL 2008 - INCOME TAX (FIRST HOME SAVER ACCOUNTS MISUSE TAX) BILL 2008 - FIRST HOME SAVER ACCOUNTS (CONSEQUENTIAL AMENDMENTS) BILL 2008 – 2<sup>nd</sup> June 2008**

**Mrs VALE** (Hughes) (1:38 PM) —I rise to address these three bills, the [First Home Saver Accounts Bill 2008](#), the [First Home Saver Accounts \(Consequential Amendments\) Bill 2008](#) and the [Income Tax \(First Home Saver Accounts Misuse Tax\) Bill 2008](#). First, all the business that was put before the House last week has demonstrated that this government is forcing through its legislative agenda with insolent disregard to the well-established parliamentary convention here in this place. For decades this practice has allowed the various parties and Independent members the opportunity to scrutinise legislation in the true exercise of the democratic process as it moves through the threshold of initial consideration by this House. The process is essential for the transparency and accountability that our fellow Australians have rightly come to expect from us here in this chamber. Unfortunately for my constituents, there has been no opportunity to fully apprehend the details of several bills that went through the House last week, and these bills were virtually dumped on them by the government late last Tuesday night.

Fortunately, these three bills relating to housing affordability measures were held over to this week and I wish to take this opportunity to speak on the bills because they are aimed at an issue which has engaged my interest for some time and one that is of concern to many of my fellow Australians, especially Indigenous and disadvantaged Australians, who see themselves as locked out of the great Australian dream of owning their own home. The [First Home Saver Accounts Bill 2008](#) is not a supply-side solution; it is a demand-side measure and a modest measure at that, but I do not oppose the measure. It does establish first home saver accounts, it governs their operation, it provides for the payment of government contributions for account holders and it provides for the prudential regulation of account providers. The [First Home Saver Accounts \(Consequential Amendments\) Bill 2008](#) provides consequential amendments to other Commonwealth laws, chiefly the taxation and corporations law. Finally, the [Income Tax \(First Home Saver Accounts Misuse Tax\) Bill 2008](#) imposes the misuse tax to claw back benefits obtained by an account holder who inappropriately uses the account.

I note that the government's proposed model has significantly changed since the announcement of the budget. Pre-budget, the government was to pay a variable contribution of between 15 and 30 per cent of the first \$5,000 per annum, depending on the account holder's marginal tax rate. This would have resulted in higher income earners receiving a significantly larger government contribution than lower income earners, which would have been grossly unfair. It was a point made a number of times in this chamber during question time, to which the minister never provided a straight answer but which we now note has been addressed in this legislation. I am now advised that the first \$5,000 per annum saved in a first home saver account will attract a 17 per cent contribution from the Australian government and earnings on the account will be taxed at a low 15 per cent. The overall account balance limit has also been increased to \$75,000 indexed, after which no further personal contributions can be made. Withdrawals can only be made after contributions of at least \$1,000 have been made in the last four separate financial years, and withdrawals are tax free when the money is used to buy or build a first home in which the couple lives.

During the last election the coalition policy regarding homeownership proposed to introduce tax-free home saver accounts to provide a simple, tax effective way to help Australians to save for their first home. A key difference in the coalition policy is that it was proposed to have two types of accounts: one a tax-free home saver account for children and the other a tax-free home saver account for adults. Tax-free home saver accounts for children were to be available to all Australians under 18 years of age. Parents, grandparents and others wishing to contribute up to a total of \$1,000 between them each year could place money into an account. The enticement of this initiative is that these contributions would have been tax deductible and savings in the account would have been available to purchase a first home anytime after the account holder turned 18 years of age. Other initiatives proposed by the coalition last year included shared equity schemes. This included providing a capital gains exemption to individuals who shared equity in a home occupied by a family member and which is the family member's first time home.

This legislation now before the House represents the Rudd government's response to the crisis in housing affordability and I repeat that it includes three measures: the Housing Affordability Fund, the National Rental Affordability Scheme and the first home saver account. However, as Australians well know, the major drivers in the housing affordability crisis include the restrictive

land release policies of state and local governments, and government taxes, fees, levies, charges and compliance costs which are borne by the new homeowner. These charges make up more than a quarter of the cost of a new house and land package.

I note that the report from the Senate Select Committee on Housing Affordability is due to be presented in mid-June this year. While this government is looking at these three measures to address the current housing affordability crisis, we all know that they will not solve the core problem. It seems to me that what is really required here is that we take a objective, fresh and honest look at the issue, which is a problem that impacts on the most disadvantaged Australians, and find a solution that provides equity and equality in homeownership for disadvantaged Australian families, including Indigenous Australian families. It is possible that such a solution could be framed to be a supply-side solution flexible enough to address, at the same time, several key portfolio areas of concern and, further, be implemented at considerable savings to the government.

If I ruled the world, I would want such a solution to provide affordable housing for our disadvantaged Australians, our disadvantaged Indigenous Australians, as well as mainstream Australians. I take the opportunity provided by this debate to outline a framework that would include three important benchmarks in addressing affordable housing ownership, particularly ownership by my fellow Australians: one, it must provide homeownership for disadvantaged Australian families; two, it must pay for itself through savings in recurrent outlays; and, three, it must include Indigenous Australians.

Members may not be aware, but the federal government spends around \$3 billion a year on rental assistance. This is in payments for rental assistance through Centrelink and housing assistance to the states. This is \$3 billion a year. It is spent by the government simply to keep people as renters. The Australian government can do much better than this. Home affordability is an issue in all the states and, evidenced by these bills, it is an issue also for the federal government. If this government is serious about addressing this issue, it needs to set in place a national structural change agenda that systematically addresses the reasons for the emergence of home affordability as an issue in the states and one that provides for coordinated and economically responsible long-term solutions.

The idea is this: the federal government should adopt a national housing policy framework to allow it to take a direct leadership position in stimulating the supply of affordable housing through a private-public partnership approach and at the same time address the causes of home affordability issues that have emerged in the states. Let's face it, the piecemeal approach adopted by the states has proved to be an abject failure. We are all aware that the explosion of state fees and charges on land is one of the main causes of the increase in the cost of housing. Mindful that the federal government contributes around \$3 billion each year to keep people as renters, it could allocate a portion of this to fund up to 20 per cent of the cost of a house and land package constructed for a price—let us say, \$250,000—and sold to approved applicants who are currently on state government public housing waiting lists or for other low-income earners—

**Mr Kerr** —Mr Deputy Speaker, I rise on a point of order. I apologise to the member for Hughes for the discourtesy of asking her to address the subject matter of this legislation, but she is very far from this particular bill and it was a matter that your predecessor in the chair drew attention to earlier today.

**The DEPUTY SPEAKER (Hon. BC Scott)**—What is your point of order?

**Mr Kerr** —I would simply ask that the member address the actual subject matter of the legislation rather than the generality of issues that she is addressing presently.

**The DEPUTY SPEAKER** —There is no point of order. I have been listening to the member for Hughes. She is talking about housing affordability. I think she is also putting forward some suggestions as part of her speech. I call the member for Hughes.

**Mrs VALE** —Thank you, Mr Deputy Speaker. Indeed, I am—I could not be more focused on a particular policy or a particular piece of legislation. As I was saying, the federal government could

allocate a portion of the \$3 billion a year that it spends to keep people as renters to fund up to 20 per cent of the cost of a house and land package constructed for a price—and let us say, \$250,000—and that would be sold to approved applicants who are currently on state government public housing waiting lists or other low-income earners who may wish to buy in. Three-quarters of this 20 per cent could be allocated as a co-contribution to the approved purchaser as a deposit on the \$250,000 house and land package. The remaining quarter could be allocated to the developer as an incentive to provide housing in the market sector.

**Mr Kerr** —Mr Deputy Speaker, I rise on a point of order. This is a very interesting excursus into what a policy might be on an area not covered by the legislation.

**The DEPUTY SPEAKER** —There is no point of order. The member for Hughes is talking about housing affordability. I call the member for Hughes.

**Mrs VALE** —Thank you, Mr Deputy Speaker. I certainly am. I am talking about housing affordability for our most disadvantaged Australians, and it is appropriate that it be addressed in this particular legislation. Mr Deputy Speaker, you will have noticed that this is a supply-side solution. It is about building a family home for a price. Yes, the approved purchaser would have to source their own house financing, perhaps via the new shared equity mortgage products that are currently appearing on the market, or perhaps cashed-up baby boomers would run with the opportunity to equity-share with a grandchild now that the grandchild has access to a home deposit, especially if the government provides that there would be no tax liability for the other party on any future sale of the property.

The federal government is in a position to allocate crown land or surplus Defence land to a developer on commercial terms or perhaps offset the co-contribution, where appropriate, to target areas in particular need of affordable housing. Most importantly, this framework would provide a return on the investment to the public purse, which might be of interest to the member at the table. On a \$250,000 house package, the cost to the government is \$50,000.

**Mr Kerr** —Mr Deputy Speaker, I rise on a point of order. It is of interest to the member at the table, but it is simply not relevant to the legislation under discussion. Mr Deputy Speaker, you do have a responsibility of holding speakers to the subject matter of the legislation before the House. This is not legislation addressed generally to the subject of housing; it is legislation—

**The DEPUTY SPEAKER** —The parliamentary secretary has made his point of order.

**Mr Kerr** —which is very specific, and it would be helpful to at least have one or two comments from the member for Hughes on the legislation.

**The DEPUTY SPEAKER** —The parliamentary secretary will resume his seat. I also listened to the minister herself, who spoke about the previous government's inaction, as she termed it, which I do not think was referred to in the bill. We listened to that. I have ruled on the point of order. The member for Hughes has the call.

**Mrs VALE** —Most importantly, this framework would provide a return on the investment to the public purse. On a \$250,000 house and land package, the cost to the government is \$50,000. Of this amount, \$12,500 would be assigned to the developer and \$37,500 to the approved purchaser. These figures are indicative. For example, for a person in public housing receiving rent assistance of about \$130 a week, the pay-back period is under eight years and in this time the approved purchaser is a winner in Australia's economic stability and not a victim of it.

One of the key positive outcomes of this approach is that in providing a solution to those communities needing homeownership support, it creates the greatest long-term and short-term return—that is, by providing homeownership support to a family with two or more children, the social benefits for the family are immediate and as such families attract the highest government rent assistance, the long-term economic benefit is high. This framework would pay for itself in

eight years and return about 12 per cent on the investment to our government. This is a national solution to a national problem, and with homeownership as the key driver to increased supply, we enable people to get out of the rental trap and allow the federal government to rebalance federal housing funding by either implementing national long-term solutions or maintaining the currently failing systems of state public housing.

It also provides leverage. For every \$1 of public money we get \$5 worth of increasing affordable housing and the affordable housing is in the form of homeownership, not bigger and fatter landlords. This means that the \$15 billion allocated over the next five years by the federal government to the states for housing and rental assistance could be leveraged to \$75 billion by putting disadvantaged Australians into their own homes. I refer to an article in the *Herald Sun* on 14 August last year called 'Rental relief 'flimsy'' where the then Treasurer, Peter Costello, said the federal government would be spending the equivalent of \$15 billion on homes for low-income earners and on rental aid over the next five-year period.

The federal government would then be in a position to undertake a long-term program of balancing federal housing funds between providing increased homeownership and/or the current state public housing. This program would allow the government to target housing solutions to rural and remote areas or to key areas within towns and cities. But what can this framework deliver for the people of Australia? Several cross-portfolio opportunities present themselves, like the opportunity to implement a national building code and the ability to address the current skills shortage. Also, the program will honour Indigenous Australians and assist with the process of reconciliation in a positive way. But most importantly, such a national structural change will also beget social attitudinal changes. Those federal funds that currently pay to keep low-income Australians in the rent trap will be available to contribute to many of those same Australians becoming homeowners with all the positive social ramifications that homeownership is known to generate.

With an opportunity to implement a national building code, the government would be in a position to assist in driving down the associated building costs of housing which can be part of its solution for affordable housing. Driving down the cost of building houses is important as a long-term strategy, but it would also provide increased certainty to the housing industry and help level out the bust and boom cycles. Further, a national building code could call for all the individual cost components for land to be itemised so that the consumer can see exactly how much of the price is due to value-add by the developer or builder, and how much is fees and charges by state and local governments. Many an Australian family would be vitally interested in knowing such details that go to the cost of their home. I think this is important and it is something that was raised by previous speakers on this bill.

This framework would also allow the government to address another key cost driver in the housing industry—that is, the skills shortage. A new national trades accreditation regime by the federal government could be based on trainees having their year 12 plus a two-year traineeship program. Already, some school students are undertaking vocational training as part of the HSC. But when we understand that even to be a tiler is a four-year training program, it is ridiculous in the greater scheme of things. The federal government would be in a position to introduce a national TAFE training and accreditation program to address this issue. A national trades accreditation regime means mobility of the workforce and increased supply. It would encourage more trainees and, in particular, it would remove key barriers to mature age people taking up a trade.

A national regime would also encourage—

**The DEPUTY SPEAKER** —The member for Hughes is straying from the subject at the moment by talking about skilling Australians. She will come back to the bill before the House.

**Mrs VALE** —Thank you, Mr Deputy Speaker. No doubt, the government would find that other opportunities would present themselves in this framework. It is a practical suggestion regarding housing affordability that is driven by the supply of housing built for a price for disadvantaged Australians who may never have the opportunity to share in the great Australian dream of homeownership. I will be putting this framework for affordable housing to the Senate Select Committee on Housing Affordability in Australia for the committee's consideration. I thank the House.