

**FIRST HOME SAVER ACCOUNTS (FURTHER PROVISIONS)
AMENDMENT BILL 2008
FIRST HOME SAVER ACCOUNT PROVIDERS SUPERVISORY LEVY
IMPOSITION BILL 2008
Second Reading**

Mr ROBERT (Fadden) (6.06 p.m.)—Whilst the coalition supports the [First Home Saver Accounts \(Further Provisions\) Amendment Bill 2008](#), I am personally disappointed that this bill is the hallmark of the government's strategy to assist people to save to enter the housing market. This is it; this is all there is. I fear this bill will fall tragically short of Labor's rhetoric. I can guarantee the House it will fall tragically short of the member for Dawson's rhetoric as to what indeed this bill can achieve. This bill does not solve the key problems. It does not increase the supply of affordable housing and it includes a range of significant structural flaws. You would think that the Treasurer would understand the fundamentals of the shortfall of supply versus demand in the housing market. Property prices are set by supply and demand. This is basic high school Economics 101. We know that the Labor state governments are predominantly in charge of releasing new land for housing developments, and history has quite conclusively shown that they have dragged their feet for years as new home owners and prospective purchasers have struggled to enter the market.

Labor went to the election with this policy as an election promise, copying but missing some of the key elements of the coalition's election promise. A comparison is always interesting. Labor's policy says you must be 18 years old to have an account. The coalition went to the election saying any child can have an account and you can open an account for your child once they have been born and make contributions and assist so that when the child comes of age they will have a healthy deposit for a house. Clearly, Labor are not very big on long-term vision. They are not really big on allowing children to build up a nest egg for a home, as one has to be 18 years old. Labor's policy has no restriction on who can make a contribution, but all contributions must be made from post-tax amounts. Prior to the election, the coalition said that parents, or indeed relatives, could receive a tax deduction up to a certain amount to encourage them to put money into the savings accounts of their children. I guess Labor are not very big on encouragement.

There are a range of structural problems that Labor's bill does not take into account. First of all, it is dealing with the demand side of the equation when the problem is squarely on the supply side of the ledger. The Labor states must release more land. It is patently that simple. In the great electorate of Fadden, on the northern Gold Coast, the Bligh Labor government's South East Queensland Regional Plan, steeped in failure when it was conceived, refuses to release a range of land that is currently being used for cane farming. It refuses to release it for the cane farmers to do anything else but farm cane. The vast majority of cane farmers are not interested in continuing to farm cane in the area; they want options to use their land for other purposes. The Labor state government will not give them the freedom to make a choice as to their land. It dictates that they must use it for cane farming.

Labor states must get rid of stamp duty on first homes. A number of Labor states have followed the abhorrence of the Rudd Labor government's politics of envy by pushing up the higher stamp duty on higher priced houses to allegedly subsidise lower priced houses. Clearly, Labor believes that we should tax the rich and give it all away in this wonderful utopian collectivism. Why don't the Labor states simply get rid of stamp duty on first homes?

Councils must advertise the infrastructure costs across the life of any investment rather than smacking 30 per cent on the price of a house and land package by putting those infrastructure charges upfront. Hopefully, with the enormous change to the Labor councils in New South Wales, with swings of 20 per cent against Labor incumbents, these councils may actually get the message.

In terms of the bill, first home buyers who fit into the following categories are also unlikely to benefit. Those who intend to purchase a home before 2012 are unlikely to benefit from the bill—staggering, I know. Those who are intending to draw on alternative sources for a home deposit, such as family support or an inheritance, are unlikely to benefit from the bill. Frankly, so too are those who cannot save money unlikely to benefit from the bill—being those who do not have the capacity to save by virtue of their incomes or those who do not have the discipline to save. I will reflect in my comments on those who do not have the capacity to save because of higher prices. It is interesting to reflect that, prior to the election, the Rudd government led the Australian people to believe they would bring down grocery prices and petrol prices. Clearly, these things have gone up. No-one can debate that point. In this bill, those who cannot save money because of the cost of living increases are penalised. Those whose incomes are already given concessional tax treatment, although they may still receive some benefit from a government contribution, for the most part are unlikely to be beneficiaries of this bill.

We must ask the question: why is this bill saying that you must be 18 years or older to open an account? I was at the Australian Defence Force Academy at the age of 17. This bill would be saying to me, if I were still a member of the Australian Defence Force: 'I'm sorry but you don't have the maturity and common-sense to go forth and open a first home buyer account.' Soldiers can enter the military at 17. Theoretically, they can be sent on operational deployments. But, no, they can't open a first home saver account! They are responsible enough to go to war but not responsible enough to save money and to receive a government contribution through this bill. It is patently ludicrous.

There are many 15-, 16- and 17-year-olds who want to save money for a house. Many young people who are working long hours to pay their way, to contribute to family budgets, want to save for the future. But clearly this Labor government believes that every teenager is working only so they can buy Billabong shorts and a Rip Curl shirt. Obviously, they do not want to save for a first home because they are not allowed to have an account and receive a benefit from the first home buyer savings account. It is patently ridiculous in the extreme. People who are working should have and must have the opportunity to open an account and receive a government benefit—and saying they must be 18 years old or more is a nonsense.

The government is capping the contribution at \$75,000, which is odd because this equates to a 20 per cent deposit for a \$300,000 home excluding other on-costs. Let us look at the cost of housing. I refer the House to the *Courier-Mail* of 9 September last year. Overall, the median price in Brisbane increased to \$434,000 in the last quarter—ahead of Melbourne, at \$420,000, and close behind Sydney, at \$525,000, and Perth, at \$446,500. Nearly a third of Brisbane suburbs, 43 out of 151, now have a median price above half a million dollars. Yet I remind the House that the cap, at \$75,000, equates to a 20 per cent deposit for a \$300,000 loan.

I will talk about the Sunshine Coast hot spots. Buddina is up by 24.9 per cent to \$585,000. Alexandra Headlands is up by 24.5 per cent. In Mackay, in the seat of Dawson, which is held by the astute member we have just heard from, the median price for homes at Shoal Point, on the northern beaches, rose by 20.9 per cent—double the average for the city—to \$535,000. Glenella also broke the half a million dollar mark. On the Gold Coast, my home, where the mighty electorate of Fadden is, the median price is

\$420,000, which is \$130,000 more than this \$300,000 cap. The government has put a \$75,000 cap on it, which is 20 per cent of the \$300,000. The cap needs to be increased.

One has to question also the cost of administering the first home saver accounts, because the cost is not known. It is expected, though, that the financial institutions will incur most of the cost, as the bill refers to a levy upon those institutions. What has been the response from the nation's financial institutions? I refer the House to an article by Alex Tilbury in the *Courier-Mail* on 12 September—four days ago. It reads:

The Rudd government's great hope to overcome the housing affordability crisis by offering first home buyers beefed-up savings accounts looks set to be a huge fizzer.

The silence is deafening from the finance sector, just two weeks out from the 1 October deadline when the accounts were set to hit the market.

Of almost 200 banks, credit unions and building societies in Australia, just 14 obscure outlets—mostly close to teachers and police—have expressed any interest with the banking regulator regarding the accounts.

Life insurers and super funds can also offer them and so far the Labor Union Retirement Cooperative Fund is the first to show any interest—

I can only assume that is because the government has actually told them to—

Fiona Reynolds, Chief Executive of the Australian Institute of Superannuation Trustees, said, 'Many super funds had put the first home saver accounts in the too-hard basket. These products are welcome but, under the proposed legislation—

the legislation that we are debating here today—

the costs of establishing and running a first home saver account are simply too high for many super funds. The accounts were first lauded in February and later in the May Budget by Treasurer Wayne Swan as a great saviour to help new buyers get on to the property ladder. Yet InfoChoice spokesman Steve Anderson said that there had not been a peep out of any of the major banks regarding these new products because they had been deemed to be too expensive and too complex. Finance industry sources said the accounts had to be created using a trust structure similar to superannuation, and the government's reporting was too onerous and too complicated.

As if that were not damning enough, the article continues:

But Mr Swan's spokesman was adamant—

I am sure he was—

that "a few banks and various other institutions are going to offer the accounts" from 1 October. But he declined to name any.

Perhaps he could not think of any.

Opposition housing spokeswoman, Susan Ley, told the *Courier-Mail* people did not have to have \$1,000 to open an account. That is a change from the initial policy introduced. I think it smacks of desperation by the government they've had to lower the threshold.

That sums up the *Courier-Mail's* view of the legislation, which I think hits it on the head—14 small outlets have taken the accounts up. None of the big four banks, the bulk of the banking institutions of this country, have picked up this 'saviour' that the Treasurer put out. So I called my local bank on the Gold Coast. I called the NAB. I spoke to the senior banker there and he had not heard of it. He had not heard of this saviour for people saving for houses. He said he would call me back after he had checked with his national headquarters. Half an hour later he gave me a call back to say that, yes,

they were aware of it and were considering what to do next. That was the Gold Coast NAB's view on this particular piece of legislation, which is rushed, complex and onerous. It puts fees and charges on the banks and has so far inspired 14 small banks.

May I encourage the government to look at the opposition's policy, which was simpler, more flexible, less onerous on fees and charges, allowed anyone of any age to have an account established and allowed a tax deductibility for those accounts. Before you sacrifice the savings of people wanting to get into their first home, before you limit the number of banking institutions because of poor policy, look at what the coalition put forward.

In conclusion, limited land supply induced by the restrictive land release policies of Labor state governments and local governments is one of the main reasons for rising housing costs. Government taxes, fees, levies, charges and compliance costs at the state and local level are adding enormously to the cost of new housing and now represent close to a third of the cost of a new house and land package. Before this hypocritical federal Labor government stands up and blames everyone but themselves, may I suggest they call their moribund state Labor counterparts and ask them to do something about land release and these costs. The supply of land to build entry-level first homes is in no way keeping up with the demand. By adding more dollars to the demand side of the equation, you are simply giving people more money to spend in an already extremely tight housing market. Whilst we support the intent of the bill and the direction in which it is going, it falls far short of the rhetoric from the Labor Party and far short of what it could have been if it had been sensibly thought through. It does not even begin to address the supply side issues and is restrictive on who can access the accounts. It appears that the banking sector are voting with their feet. Two weeks out from the start of the accounts, the big bankers, the big entities, the major players are silent. Silence is acquiescence. It is all a little too hard.