

FIRST HOME SAVER ACCOUNTS BILL 2008
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BILL 2008
FIRST HOME SAVER ACCOUNTS (CONSEQUENTIAL
AMENDMENTS) BILL 2008
Second Reading

[Mr ROBERT](#) (Fadden) (5.31 p.m.)—I rise to not oppose the passage of the bill and related bills, despite its limitations, as anything that encourages people to save is a welcome and good thing. The facts of the bill are that you must be 18 years old to have one of these new first home saver accounts. There is no restriction on who can make a contribution to your account, although all contributions must be made in post-tax amounts. To ensure that the taxation incentives are appropriately targeted, there is an overall balance cap of \$75,000, noting it is indexed annually by \$5,000. Government contributions are only paid on the first \$5,000 each year—indexed, of course. Payments can only be made from a savings account to purchase a first home if personal contributions of at least \$1,000 have been made in at least four consecutive financial years. You cannot use the funds from this account for at least four years. A government contribution is payable for an individual for a financial year on personal contributions up to \$5,000 indexed per annum, and the rate of contribution by the government is 17 per cent. Funds are taxed at 15 per cent.

They are the facts. That is the basis of the government's proposal. Whilst we will not oppose it, as all savings are good, I think that the government has missed the mark and not provided the full potential that this bill could possibly bring. For a start, the bill the government brings to the table deals with the demand side of the equation. And whilst I am sure the Labor government believes in big government—it believes in giving outcomes to people—we believe in giving people opportunities, getting them to the door, giving them as much incentive as possible and allowing market forces to rule. There is no commensurate supply-side equation in the bill, and the supply-side equation is fundamental.

The Labor states must release more land. It is a statement of the absolute bleedingly obvious. I am faced with the farcical situation in my electorate, the seat of Fadden, where around Woongoolba, the vast cane-growing areas, the average farmer is making something like \$20,000 to \$30,000 a year and is going broke. Out of 60 farmers, 55 of them are not interested in farming anymore, yet in the south-east Queensland plan the Labor state government has demanded that the area stay for primary production of cane. No-one is interested in actually growing cane—the price they are getting is dismal and there is no way to make a living. That land could easily be changed in the south-east Queensland plan to bring up more supply of land.

Labor states must get rid of stamp duty on first home purchases. It is a farce for Labor states to continue to charge a tax on people struggling to get in their first home. City councils must amortise infrastructure costs across the life of a land investment, because at present almost 30 per cent of the costs of a development house and land package are the infrastructure costs leveraged by local city councils.

If states released more land—obviously with a greater supply of land, prices come down; it is simple economics—if the states got rid of stamp duty for first home buyers and if the councils amortised their infrastructure charges, housing prices could be reduced by as much as 30 to 40 per cent. That would put a dent in the issues and the difficulties of first home buyers entering the housing market. Labor has talked up cooperative federalism—Labor from door-to-door across state and federal governments—and yet it still cannot get the states to get rid of stamp

duty on the purchase of first homes or release more land. Cooperative federalism has failed the first hurdle.

While a major deficiency of the bill is that it deals with the demand side of the equation and not the more extensive supply side, there are other deficiencies. The bill only allows for someone to open a bank account if they are 18 years old. I suggest that this is based on the logic that someone finishes school when they are 18. I finished year 12 when I was 16. There are many people who finish school when they are 15. This bill is saying to people who finish school at 15: 'I'm sorry, you can't save for a house. We don't want you saving for your first house. You've got to be 18 to save for your first house, because your government knows best.' I entered the workforce at 16. This bill would have prohibited me from enjoying the benefits that this bill purports to offer because apparently I would have been too young to save for my first home. If that is what this government thinks about the capacity of young people to save for their first home, may I suggest to Kevin O7 and team: go back to the drawing board.

Furthermore, the bill is capped at \$75,000. This equates to a 20 per cent deposit for a \$300,000 home, excluding other costs. Let me shatter the little bubble that the Labor government lives in: in an article in the *Courier Mail* on 9 September 2007—six months ago, so these numbers are on the low side—said that overall the median price in Brisbane six months ago increased to \$434,000, ahead of Melbourne \$420,000 and close behind Sydney at \$525,000 and Perth on \$446,000. This bill caps the amount you can have at \$75,000, which is a 20 per cent deposit for a \$300,000 house, and yet in Queensland the average house in Brisbane is \$434,000. I say to the government: you are \$134,000 short; your \$75,000 is too low. Nearly one-third of Brisbane suburbs—43 out of 151—have a median house price above half a million dollars, but only five out of 151 suburbs are below \$300,000. So if the \$75,000 limit capped for these accounts in this bill, and all good financial commentators say a deposit should be 20 per cent, was available to someone with one of these accounts—if they were over 18 of course, because heaven forbid, if you are below that you could not possibly save for your first house and enjoy the benefits that this bill would offer—only five out of 151 suburbs would be able to have the pleasure.

Other Sunshine Coast hotspots, getting a more rounded view of Queensland: Buddina, up 24.9 per cent to \$585,000; Alexandra Headland, up 24½ per cent to \$644,000; in Mackay, the median price for homes at Shoal Point on the northern beaches rose 20.9 per cent—double the average for the city—to \$535,000; and at the Gold Coast, where I hold the seat of Fadden, the median price of \$420,000 six months ago was up 6.3 per cent. Considering the cost of entering into a home, considering the fact that this government will not touch the supply side of the equation because clearly it is a little too hard to take on the big scary Labor state governments, why cap the amount at \$75,000? It is literally too little. It must be a minimum of \$100,000 or more. And why cap the contributions that the government will pay a percentage on at \$5,000? Where did the \$5,000 come from? The figure needs to be higher to keep pace with the rising price of housing. It needs to be somewhere around \$10,000. Furthermore, the government must review why it intends to tax the earnings. While I understand the 15 per cent rate is in line with the rate of superannuation, if this is such an emergency as the government purports it to be—I acknowledge the housing crisis means it is difficult for people to get in, but if it is so important and this government is so flush with funds courtesy of the member for Higgins and the financial discipline of a previous government—why tax the earnings in the accounts? Why not allow the earnings to be untaxed and to grow at a more rapid rate?

Furthermore, there is no incentive for parents to save for their children and take a long-term view. This looks like a short-term, politically expedient symbolic view of a hapless Labor government. Why not allow parents to save for their children? Allow the accounts to be open for any age child, to give the incentive for parents to make sacrifices now so their children will be able to afford a house when they come of age. Why not allow accounts for any age? Why not allow a tax

deduction for people who contribute funds, up to a limit, into the accounts of their children or others? By providing a tax deduction, it will get a greater degree of dollars and cents flowing into accounts to assist people to purchase their first home. So while the bill is not opposed, it lacks in so many areas. The government must consider the supply side of the equation. It must take on the Labor state governments. The 18-year-old level at which an account can be opened is ridiculous considering so many people start work at a younger age. It is saying to them, 'I'm sorry, we don't believe you've got the capacity to save and we're not going to help you.' It is another means test that this budget looks at putting in place, but rather than a means test by the politics of envy on those who apparently have too much money for this Labor government to be pleased with, this is saying, 'You're not old enough to be able to save for a house.' The cap at \$75,000 is too low. The cap at which government will pay a contribution of \$5,000 is too low; it should be \$10,000. Tax on the earnings of 15 per cent will simply lessen the amount of money and the incentive for people to put dollars and cents into those accounts, and there is currently no incentive for parents to save for their children.

I was communicating with constituents Nadine and Kirk Hamilton last week. It was interesting because they reflected on this and other budget measures. They are paying more for health insurance and are dreading the Medicare surcharge going up as private health insurance will soar above 10 per cent increases in premiums. They cannot save for their children through various accounts like the first home saver account and enjoy the government contribution because apparently their children are too young for this government. They note the increases of rent and the difficulties of housing affordability coming through, and also note the inadequacies of this legislation. While it has the framework, the bones, the architecture of something remotely decent, it falls over in so many areas. On top of that, with the government unsure about what they are doing with the \$4.7 billion Conroy city-centric plan, these people cannot even get ADSL in the city. The average people like Nadine and Kirk Hamilton, who work hard, who love their families and who are the backbone of a nation, look at this bill and say it has not gone far enough. It has not extended to the areas where it needs to. It has not reached anywhere near its potential. So, while the bill is not opposed, I encourage the government to take a good, hard, solid look in the mirror and look at areas where it could be substantially improved for the benefit of all Australians.