

FIRST HOME OWNER GRANT AMENDMENT BILL 2009

Third Reading

MR T.R. BUSWELL (Vasse — Treasurer) [12.34 pm]: I move —

That the bill be now read a third time.

MR M. McGOWAN (Rockingham) [12.34 pm]: Hello, Mr Speaker.

Several members interjected.

The SPEAKER: Good afternoon, member for Rockingham.

Mr M. McGOWAN: It is very pleasant to see you, Mr Speaker. I must say the Speaker's new haircut looks very nice.

The SPEAKER: Thank you, member.

Mr R.F. Johnson: No reflections upon the Chair!

Mr M. McGOWAN: It is a lovely haircut, Mr Speaker.

Mr R.F. Johnson: Because it looks like the member's haircut!

Mr M. McGOWAN: It is very similar; people might say that we look very alike.

I rise to contribute to the third reading of the First Home Owner Grant Amendment Bill 2009. The reason we are conducting the third reading today is that the government agreed to amend the legislation yesterday and, accordingly, it meant that we could not proceed to the third reading stage yesterday even though the opposition would have supported the legislation at that point. Procedurally, of course, we were required to wait until today to deal with it.

The bill is something that came out of a national agreement between the commonwealth and all the states. I assume it has been replicated in all the states. It is designed to formalise and provide a legal basis, if we like, to the first home owner grant scheme around Australia. Naturally, our federal colleagues have played a role in the construction of the particular boost arrangements to that grant. Therefore, accordingly, we are supportive of the legislation as it has been brought forward and naturally we would like to see it pass through Parliament as soon as possible.

In the consideration in detail stage of the bill, we moved an amendment. I moved that amendment on the basis of advice given to me by the member for North West and the member for Pilbara who both said that they thought the cap on the value of a home eligible for the first home buyer grant was unfair. Under the bill, people could only buy a house up to a certain value, which was \$750 000, but they said, of course, in some of the areas that they represent, a \$750 000 house was not of the same quality that people could purchase for the same amount in the south west of the state, hence we identified an innate unfairness in the legislation for people who live in the northern parts of the state. Therefore, we put a properly drafted amendment on the notice paper and, as I indicated, the Treasurer agreed to the amendment. It has been a bit of an unusual process in that I cannot recall another occasion on which legislation has been amended by an opposition amendment during the past seven months of this government. This is the first time it has happened. I thank the Treasurer and Minister for Housing and Works for his acceptance of our amendment and for giving it proper consideration and not simply dealing with it as an opposition amendment that would therefore not be worthy of consideration. The Treasurer treated our amendment on its merits and I would like to thank him for doing so.

It was somewhat enlightening during the debate that members on this side of the house put forward arguments for the amendment and the Treasurer responded by way of interjection to say that the government would support it. However, the member for Riverton made a number of contributions in which he disagreed with the proposition that was being put forward, and this was subsequent to the Treasurer's agreement to the amendment we had moved. The member for Riverton ran arguments based around a central philosophical disagreement with the first home owner grant. I think we could say that because we cannot draw a huge distinction between \$750 000 and \$1 million, he simply had a central philosophical objection based upon the view that the first home buyer grant just lifts property values by that amount and therefore it is a waste of money. That was the member for Riverton's argument. Of course, the empirical and practical evidence of the housing market in Western Australia today and, indeed, the housing market around Australia, is that the first home buyers grant and today's interest rates are what is keeping the housing market in its current buoyant condition. One only needs to speak to the Real Estate Institute of WA or the Property Council of Australia to realise that. Without first home buyers in the marketplace, our housing industry would be in a lot of trouble. I take the view that supporting first home buyers is a way forward for the government and a way to ensure that we retain some buoyancy in the

marketplace. It not only helps those people trying to get their first home, but also keeps people in the industry; and many thousands of people in Western Australia are employed in the housing industry.

That is the opposition's view on this bill, but the member for Riverton takes a contrary view and says that it would be better if the government retained that money and did not provide it to first home buyers because it is a waste of government money. I note that the member for Riverton did not vote against the clause during the consideration in detail stage, even though he ran arguments against it during debate. He could, of course, have objected and, as I understand standing orders, called a division and voted against the clause, but he did not do that. That was the most exciting aspect of the entire debate on this bill. Opposition members were pleased to see that the government saw reason and agreed with our proposition.

We broadly agreed on the other components of the bill. There are some nuances when a person acquires a property, when a person lays a slab, and all of those things that will create heartache for some people who fall just outside the zone. To draw an analogy, numerous people came to me when the baby bonus was implemented to explain that their baby was born a day or two before the scheme was introduced and they had missed out. However, a line drawn has to be drawn. Under the first home owner scheme, in the end, the line is when agreement is reached on the purchase or construction of a property.

I recall some debate on the stamp duty exemption for the first home owner scheme, which the former government introduced, and which creates some buoyancy for that part of the marketplace and allows people—predominantly young people and people without a lot of money—easier access to owning a house. The Labor government introduced a complete exemption for properties up to \$500 000, with the grant phasing out at \$600 000, after which the full stamp duty would be applied to the purchase price. The arguments that were run in relation to properties in the north of the state could easily be run in this instance as well. I can see a logical consistency between those two points of view. That is not something we could consider as part of the bill that we are dealing with today, but I think there is an argument in its favour. I am very proud to have put in place the most generous stamp duty exemptions applying across Australia to help people into the marketplace.

As I may have said before, the cost to government is that the stamp duty it forgoes could be spent on public housing for people in need, but the Labor government took the view that it would be better for people to own their own houses rather than join the public housing waiting list. Of course, the stamp duty exemption allows people to get into the marketplace.

This country, particularly Western Australia, has not suffered from the extreme levels of mortgage stress experienced by people in the United States in particular and in other countries around the world. We do not seem to have people who indebted themselves to the extreme degree that they did in the United States. Accordingly, when the downturn came in the US—it generated the downturn, if you like—people were unable to service their debt. That caused a huge amount of stress not just for them but also for the financial institutions that supported them. There is a range of reasons that that has not happened in this country. I think the evidence shows that the assistance that the government provided through the first home owner grant and stamp duty exemptions has not encouraged people to take out loans that they are unable to manage to anywhere near the degree that occurred in other countries. The assistance provided in Australia has not exacerbated the problem in the way that events have transpired in the United States of America.

The Labor government had the mix right. The first home owner scheme and generous stamp duty concessions for first home buyers in Western Australia has been a good mix. I suggested earlier this year that we should look at lifting the threshold for the first home owner grant so that it might be phased out at \$700 000 or \$800 000, considering what has happened with home values in this state in recent years. That is an option that has yet to be considered. Perhaps we could make it consistent with this legislation and make it \$750 000, so that people would have the capacity to purchase homes of higher value. What we have seen throughout Western Australia is that the people who have suffered with the housing market flattening have been people who have taken out mortgages on second properties often valued above the \$500 000 threshold; therefore, they have not necessarily been the beneficiaries of the huge activity among first home buyers. That would have been a way to deal with that particular issue. There are many ways the government can cut taxes and assist people, but that is one way we could assist the housing market and also people who have taken out mortgages. It could also help first home buyers, particularly those in the more expensive communities—not necessarily in the city, because there are a range of places one can live in close proximity to the city—that are a long way from the city where people must live to be near work or to be near their families. That would have been one way to deal with that problem. A range of things could be done. The first home buyer scheme is one opportunity.

The other point I want to make—and I made this point last week—is that the commonwealth should extend the boost component of the scheme beyond 30 June, unless it wants to see a decline in building activity and in the housing market. That program commenced in October last year and will finish on 30 June. If the government wants to continue that program, it needs to make the announcement now. If the commonwealth makes the

announcement closer to 30 June, it will distort building activity. If the announcement were made now, people would not rush to sign up prior to 30 June, and it would not distort prices. If the commonwealth government makes the announcement now, it will not necessarily have that rush, but if it waits closer to the day, it might actually distort market activity and prices for first home buyers.

Mr T.R. Buswell: The member is right. If they are going to extend it, an early announcement is better, but the advice I have is that that sort of pull-forward effect is already evident in the market. That is not necessarily a bad thing; that is what it was designed to do. It is just an interesting point.

Mr M. McGOWAN: I had the briefing as well, and the pull-forward effect is there. I think if the commonwealth is going to extend the scheme, it should do it soon. Obviously, they are busy people, but I assume it is on their agenda, and I would expect them to do it. Naturally, the effect of the global financial economy and the impact on the Australian economy with a corporate recession will not have abated by 30 June. In the current economic conditions it would be a good thing if the commonwealth government kept the scheme running for longer. When economic conditions improve, I can understand how the commonwealth might remove the boost component and go back to the old scheme. Of course, we all have to pay for the debt that the commonwealth accrues.

However, the judgement that the commonwealth has made is that it is better to do that than to go through the hardship now. In any event, I encourage the commonwealth to do it. I think it is a fair enough thing to do, and we support it. Indeed, as we did last week, we encourage the commonwealth to do so. I did not write to the commonwealth minister—perhaps I should have—but I assume that the commonwealth is getting enough pressure from around the country to know the views of the various states and the various state oppositions on this matter.

In any event, we support the legislation. We are pleased that the government has supported the amendment that we put forward. Hopefully, it will make life better for those families—there will not be many; probably in the dozens—who want to take up the opportunity in the north of the state above the twenty-sixth parallel. It is a good reform.

MR V.A. CATANIA (North West) [12.50 pm]: I want to echo what the member for Rockingham has said. The member for Rockingham has shown his commitment to regional WA with his support for these amendments to the First Home Owner Grant Amendment Bill 2009. He has a very good track record in regional WA. When he was education minister, he announced the \$103 million education precinct in Karratha. That shows the commitment that the member for Rockingham has to regional WA, unlike, unfortunately, the member for Riverton, who I think wants to work in the opposite direction.

I am glad that the Treasurer has supported these amendments, because it is obviously important to try to give regional WA as much assistance as possible, particularly in the north of this state, an area that has gone through a very tough period as a result of the growth there. A lot of pressure has obviously been put on the housing market in that area. However, I should say that during our time in government, we released quite a bit of land, particularly in Karratha. I believe that one of our releases in Baynton West is soon to go to ballot—it may have even gone to ballot. Some 400 lots will be released. The property market is changing rapidly in places such as Karratha. The government has recognised this through its support for our amendments to ensure that the first home buyers' cap in the north will be much more than it is below the twenty-sixth parallel; that is, it will be \$750 000 for homes south of the twenty-sixth parallel and \$1 million for homes north of the twenty-sixth parallel.

I thank the Treasurer and I thank the government, in particular, for their support for these amendments. They recognise somewhat what is happening in regional WA. With this recognition and this support for these amendments, I hope that when the Treasurer prepares to hand down his budget, he will also look at some of the projects that the former government had in its former estimates.

Mr C.J. Barnett: Don't worry. We'll look after you so well.

Mr V.A. CATANIA: I hope the Premier does. When the budget is handed down, I hope it will show that the Premier and the Treasurer have remembered projects such as the Karratha Senior High School and the Karratha Primary School, the Carnarvon police station and courthouse, the Carnarvon power station and the second stage of the Carnarvon hospital—all those projects that were —

Mr C.J. Barnett: Such a long list of things you didn't do.

Mr V.A. CATANIA: I am glad that the Premier is in the chamber, because I want to tell him that just before my opponent and former member of this chamber, Rod Sweetman, left this place in 2005, he commented that Labor had done more in four years in government than the Court government had done in eight years. How is that? Can members recall that? I do not have the clipping with me. However, he said something about the Premier, but I want to keep that for another day. I do not want to talk about the past, because I want to move forward.

Mr C.J. Barnett: Save it for when you will really, really need it. That day will come.

Mr V.A. CATANIA: He is a very smart and wise man, and he made some very interesting comments about the Premier. I am sure he has probably made some interesting comments about the Treasurer too, because the time when the Treasurer went to Carnarvon was interesting. A lot of things happened there. Perhaps the Treasurer could enlighten the house about what happened when he went to the Port Hotel.

Mr D.A. Templeman: Who are you talking about—the Treasurer?

Mr V.A. CATANIA: The Treasurer. At the time he was the opposition leader. However, we will not go into that.

I appreciate the government's support for these amendments. I hope that that support will continue for all those other projects, such as the education precinct, which the member for Rockingham started when he was education minister. These projects are very important. Being a regional member, it is hard trying to convince metropolitan members of how important regional WA and the projects that make a town grow and become vibrant are. This legislation now has the cap at \$1 million. There will not be a lot of people who will access a first home buyers' grant over the \$750 000 mark, but if it is one or two people or a family who go to the north west to live, that is what we are talking about. We are trying to make these areas family-friendly places in which to live and work. I believe that the amendments to this legislation will help ease the burden that people in the north west, in particular, are facing. People in regional WA will always face tough challenges, because that is part of living in regional WA. These people do not expect to have all the amenities that a place such as Perth has, but they want to have the ability to access basic services that they rightly deserve. I am glad that the Treasurer has recognised that. The next test for the Treasurer will obviously be when he hands down the budget on 14 May. I hope that his acceptance of our amendments to make this a good piece of legislation will be reflected in, for example, the very important pieces of infrastructure in my electorate that currently have a question mark over them.

There is another thing that I must note and that members in the chamber should also note. Given that we are talking about policy changes in regional WA, I am somewhat concerned and very disappointed that not one National Party member has stood to speak on this legislation and on the amendments. Given that we are trying, through this legislation, to attract people to and retain them in areas above the twenty-sixth parallel, I thought that the Nationals would have made a contribution to the debate. This is probably the third or fourth piece of legislation on which they have not participated in the debate. If the Speaker had a chance to speak, I am sure that he would support what I am saying.

The SPEAKER: I might say that we are talking about a particular piece of legislation in this place, the First Home Owner Grant Amendment Bill. That is all I will say.

Mr V.A. CATANIA: I am thankful that we have some National Party representation in the chamber today to hear this debate. However, as I said, I am disappointed that the National Party members have not made a contribution to the debate and supported the amendments, because it is important to attract people to and retain them in regional WA so that we can make it a family-friendly environment. In future debates when we move amendments to reflect what is happening in the north west, I hope that the National Party members will make a contribution and also assist me, as a regional member, to make some good changes that will help people who are moving to regional WA, so that they will want to stay in regional WA, have a family, grow old and —

An opposition member interjected.

Mr V.A. CATANIA: Yes, and die there. That involves another industry. However, we want people to spend the rest of their lives in regional WA. I thank the Treasurer. Hopefully, he can entice his National Party cabinet colleagues to participate in and make a contribution to these very important debates to ensure that regional WA gets its fair share.

MR D.A. TEMPLEMAN (Mandurah) [12.59 pm]: As a regional member of this chamber —

Dr K.D. Hames: Absolutely!

Mr C.J. Barnett: Connected to the metropolitan rail system!

Mr D.A. TEMPLEMAN: I have been mocked by the Premier. I am very disappointed that the Premier does not recognise the Peel region, and the City of Mandurah as the pivotal city in the Peel region, but I will leave that for another day!

The First Home Owner Grant Amendment Bill is obviously a very important bill, and there was some very good debate during the second reading stage. The third reading stage provides an opportunity to review some of the key elements of the bill, and I particularly pay tribute to the members for North West and Pilbara for their foresight in bringing an amendment to the attention of the house, and ultimately of the Treasurer. We acknowledge and applaud that the Treasurer and the government have supported the increase in the cap for those

living north of the twenty-sixth parallel. Of course, I could have tried to move an amendment of my own, related to those living below the twenty-sixth parallel—particularly in the regional area of Peel—but I am sure I would have been laughed out of this place!

The amendment is an important one. It reinforces that we, in this place, recognise regional Western Australia and the special circumstances of people living in remote communities, particularly those north of the twenty-sixth parallel in the regions of the Pilbara and the Kimberley. We need to acknowledge their specific needs and the specific circumstances they face, having chosen to relocate their family to live and work in those regions. We should be doing everything possible to support them to live in the region. As the member for North West mentioned in his contribution to the third reading debate, this cap will be available to probably a small number of people, but it is additional support for those who make that ultimate decision to relocate their families and live in the beautiful regions of the Pilbara and the Kimberley.

I thank the two members I have mentioned in particular, and I also thank the Treasurer for his wise understanding of the opposition's plea in this amendment. It was very interesting to watch the debate when the member for Riverton made his points. He has every right to do that, but it was interesting to watch a member of the government make comments that are ultimately opposite in view to that of his parliamentary government colleagues, and then, of course, when it came to the vote, he did not go through with it —

Mr V.A. Catania interjected.

Mr D.A. TEMPLEMAN: This bill is an important one. I am pleased the amendment was supported, and that this place, through its support of that amendment, recognises the importance of supporting regional communities, particularly those above the twenty-sixth parallel. I think it sends a very good signal to people who choose to live in those regions that this Parliament understands their circumstances and is willing to frame legislation to support them in the way that we have.

I endorse the bill and endorse its swift passage through this place into the other place, so that the contentions —

Mr V.A. Catania: Not if the member for Riverton had his way!

Mr D.A. TEMPLEMAN: That is right! Hopefully it will pass through the other place quickly so that the benefits provided by the bill will be received as quickly as possible by people who need them.

MR T.R. BUSWELL (Vasse — Treasurer) [1.04 pm] — in reply: I will make a couple of comments to conclude the debate.

I thank members on both sides of the house for their comments on this bill. There has been a lot of discussion about the amendment, but the bill in itself is a significant bill because it imposes a cap on the provision of the first home owner grant in Western Australia. That cap will be for houses up to a value of \$750 000 south of the twenty-sixth parallel, and up to \$1 million for houses north of the twenty-sixth parallel. That amendment is a significant shift in public policy related to the application of the first home owner grant in Western Australia, which has previously been uncapped.

The number of people who purchase properties above \$750 000 or \$1 million is not statistically large, but it is important that we, as a Parliament, say, in effect, that if people can afford to buy a home worth more than \$750 000—or \$1 million in the north of the state—on the balance of probabilities we do not think they need a \$7 000 handout from the state to assist them. That is the fundamental public policy issue, and that is why I support the cap. When I was in opposition, that was the position of the then government, and I know the then Treasurer had the same view. The capacity to make the policy change has been brought about by a relaxing of the commonwealth's insistence that no cap could be applied, on the proviso that the cap is not introduced until after the expiry of the federal boost package. That is scheduled to expire on 30 June. We hope it will be extended, although it has to be understood that the commonwealth's decision will be made in the context of a fairly tight budgetary framework. I do not know what the outcome will be but, notwithstanding that decision, that is the policy issue.

The government supported the amendment. As I outlined in consideration in detail yesterday, the amendment will not impact on a lot of people. I do not see it as being an issue. It is just a fact—there is a broader principle. I also pointed out that no argument was raised by members of the then government about the amendment to the extension of the first home owner stamp duty exemption, and I imagine the same principles would apply. I would not encourage members opposite to bring that consideration to the house, because I doubt we would support that because it starts to get a little complicated. I should just highlight to members the government's commitment—if commitment is measured by differentials in grants and accesses—to housing. Earlier this year Keystart came to me with a proposal to change some of the Keystart funding criteria. Keystart, rather than becoming a lender of last resort, was becoming the default lender. That was not the original purpose of Keystart. At that time, Keystart had a property value limit set at under \$500 000; Keystart sought to change that limit to

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Mr Troy Buswell; Mr Mark McGowan; Mr Vincent Catania; Mr David Templeman

reduce the demand. In the metropolitan area the limit was recast at the then Perth median house price of \$412 000. However, in the north west area—above the twenty-sixth parallel—it remained at \$500 000. This amendment to this bill is entirely consistent with the approach taken by the board of Keystart. I share that with members opposite to highlight the inconsistency between the treatment by Keystart and the original treatment in this bill of people who live above the twenty-sixth parallel. I am pleased that it was brought to the attention of the house and I am happy we have dealt with it. I should also mention that, at the same time, the maximum income for a standard Keystart loan was reduced from \$170 000 to \$120 000, and some other changes were made to requirements regarding personal debt levels. That was part of a package of changes introduced by Keystart, designed to more effectively define Keystart's role not as a default lender, but more as a lender of last resort.

The government supports the amended bill. I thank all members for their participation in the debate and commend the bill to the house.

Question put and passed.

Bill read a third time and transmitted to the Council.