

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

[Ms RISHWORTH](#) (Kingston) (6.43 p.m.)—I am very pleased to rise to support the [First Home Saver Accounts Bill 2008](#) and associated bills. The introduction of the first home saver account legislation not only delivers on one of the Rudd government's key election promises but also provides a real practical measure to help thousands of young Australians get a step closer to the Australian dream of home ownership. This is something that the previous government seemed uninterested in doing anything about. They sat back and ignored this growing crisis without any strategy. They had their head in the sand when it came to housing affordability.

Those on this side of the House know that housing affordability is placing significant strain on our neighbourhoods. That is why this government has placed, and will continue to place, housing affordability firmly on the national agenda. This is in stark contrast to those on the other side who for the majority of their time in government did not even have a housing minister. There is not a week that goes by that someone in my electorate of Kingston does not bring up with me their concerns about housing affordability, whether it is anxiety about how to pay the mortgage if there is another interest rate rise or where to find rental accommodation or how to pay a rental bond.

One of the many young people affected by the housing affordability crisis in my electorate is Danielle. She is a 20-year-old woman living in Woodcroft who earns about \$35,000 per year. Danielle had recently embarked on what many young people want to do—that is, move out of the family home and share a house with friends. For Danielle this only lasted a short time as she found it almost impossible to pay rent and afford food and petrol, let alone save for a deposit to purchase a home. She has had to move back home with her parents who help subsidise her living costs. This, unfortunately, is a too common story around my electorate.

Australia's housing market is one of the least affordable in the developed world. Over the past decade the price of an average house has risen from five to 7½ times the average annual wage. Also over the past decade, average weekly rents have risen by approximately 82 per cent and, according to the National Centre for Social and Economic Modelling, 1.1 million low- to moderate-income households are paying more than 30 per cent of their disposable income. This is an approximate 20 per cent increase since 2004—and it is our young Australians who are at the greatest level of housing stress.

Homeownership has historically been an essential part of wealth creation and economic security for families in this country. The high cost of rent makes it very difficult to save for a deposit for a new home. There was a time when renting was only a temporary measure for families who were saving to buy their first home. However, this is no longer the case. One of the most significant barriers between young people and homeownership is that challenge of saving for a deposit. With the cost of rent taking a huge chunk of the weekly budget, it is near impossible for individuals or families to save for their own home. The government's first home saver account will help young people and families in this task. It will help

young people like Danielle. This initiative is particularly important in my seat of Kingston, where a significant proportion of the population is aged between 18 and 30—the stage in life where most people are starting to think about buying their first home.

The first home saver account will be able to be offered by banks, credit unions and superannuation funds, and it is expected that account holders will be able to choose from a number of institutions with a number of different investment options. Account holders will receive a 17 per cent government contribution to their account on the first \$5,000 of individual contributions. This will mean that a person who contributes \$5,000 in their first year will receive a government contribution of \$850. Account holders will continue to be eligible for government contributions in subsequent years, until the account holder withdraws the balance to purchase a home or if the account reaches the balance cap of \$75,000 indexed. Over time, and with the effect of compound interest, the government's contribution will build and become a substantial component of the final account balance upon withdrawal. Investment earnings or interest on these accounts will be taxed at a flat rate of 15 per cent. This gives a considerable concession to the majority of young families who pay a marginal tax rate of more than 15 per cent.

I believe that one of the best features of these new accounts is that parents and grandparents are able to make contributions on behalf of their children. It is often parents who express to me their deep concern about the housing affordability crisis and the impact it will have on their children's future. They fear their children will never be able to achieve the dream of a family home. Many of these parents and grandparents around Kingston want to take action to help their children save for a deposit but they cannot afford to pay their children a lump sum at once. Under this new program the government will pay the 17 per cent contribution for payments made by parents or grandparents into their children's accounts.

The Rudd government has a broad agenda on housing which considers the whole spectrum of housing issues. This ranges from the chronically homeless to the needs of aspiring homeowners and to those who own their own home but are burdened by significant debt. In addition to our home saver account, the government has announced a number of other innovative initiatives. These initiatives are part of a \$2.2 billion package to tackle housing affordability and homelessness. As mentioned previously, rental accommodation has become extremely expensive. The Rudd government's National Rental Affordability Scheme aims to deliver up to an extra 50,000 new affordable rental homes over the next four years and another 50,000 if the demand remains strong into the next decade. This will be achieved by providing incentives to investors to deliver affordable rental properties at 80 per cent of prevailing market rates. This initiative will help ease the burden on renters and has certainly been warmly welcomed by the community housing sector in my electorate who already invest in housing and rent these properties well below the market rates.

Another initiative in this budget which will assist with lowering the cost of buying a new home is the \$512 million Housing Affordability Fund. The new fund will help pay for the infrastructure for new developments, such as water, sewerage and transport, and help streamline development approval processes around Australia. This fund will help lower the cost of building new homes and reduce supply-side barriers to developing new housing. This is particularly significant for my seat of Kingston, which sits in the outer metropolitan area of Adelaide where many new houses will be built over the coming years.

The Rudd Labor government is taking the issue of housing affordability seriously. We have a challenge ahead of us which has been severely exacerbated by the years of neglect by the previous government. The first home saver accounts are one step to help ease the burden of housing affordability on young people and young families. I commend the bills to the House.