



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**FIRST HOME SAVER ACCOUNTS BILL 2008**

**INCOME TAX (FIRST HOME SAVER  
ACCOUNTS MISUSE TAX) BILL 2008**

**FIRST HOME SAVER  
ACCOUNTS (CONSEQUENTIAL  
AMENDMENTS) BILL 2008**

**Second Reading**

**SPEECH**

**Tuesday, 17 June 2008**

BY AUTHORITY OF THE SENATE

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## SPEECH

**Date** Tuesday, 17 June 2008  
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**Questioner**  
**Speaker** Polley, Sen Helen

**Source** Senate  
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**Responder**  
**Question No.**

**Senator POLLEY** (Tasmania) (1.54 pm)—I rise in the Senate today to speak on the First Home Saver Accounts Bill 2008 and related bills. The Rudd Labor government understands that homeownership is vital to the economic and social wellbeing of all Australians. The home is a stable base from which to participate in our society and the primary asset for most families. According to official statistics, it has never been harder for first home buyers to purchase a home in Australia. The average home now costs seven times the average annual wage, up from four times the average annual wage just 10 years ago. Nationally, first home buyers are now spending 31.7 per cent of their total income on mortgage repayments, up from 17.9 per cent in 1996. Many Australian cities are experiencing large increases in rental costs and a shortage of rental stock. This is of particular concern because of the current shortage of housing supply affecting the most disadvantaged people in the Australian community.

The Rudd Labor government also understands that the cost of living is rising more rapidly than it has in more than a decade. Over the past year, food costs have risen 5.7 per cent, mainly due to increases in the prices of a broad range of household groceries. For example, a litre of milk has gone up 11.6 per cent over the past year, and a loaf of bread is now nine per cent more expensive than it was 12 months ago. The Rudd Labor government understands that all Australians are finding it hard to make ends meet, which is why it is tackling the housing affordability crisis head-on with the First Home Saver Accounts Bill.

In essence, the first home saver accounts are a simple, tax-effective way for Australians to save for their first home, through a combination of low taxes and government contributions. The first home saver accounts will bring the dream of homeownership closer to a reality for hundreds of thousands of young Australians. The Rudd Labor government understands that one of the greatest obstacles to buying a first home is saving for a deposit. From 1 July 2008, a couple each earning average incomes will be able to save a deposit of more than \$88,000 after five years of disciplined saving. This is up to \$12,600 more than if they were to save using an ordinary deposit account, depending on returns. Ultimately, having a large deposit reduces the

tax burden for young homebuyers and can help them avoid incurring costly mortgage insurance.

Federal Labor's First Home Saver Account scheme forms part of our responsible approach to economic management. First home saver accounts are an important element of the Rudd Labor government's five-point plan to win the war on inflation, encouraging private savings and helping to put downward pressure on inflation and interest rates. This initiative will help boost national savings, with the accounts anticipated to hold around \$4 billion in savings after four years. The government understands that there is no single solution to the crisis in housing affordability, which is why the first home saver accounts will work in conjunction with federal Labor's existing \$1.1 billion worth of commitments to increase the supply of affordable first homes and rental properties. They include the first Housing Affordability Fund, which will increase housing supply by providing money for local infrastructure and giving state and local governments incentives to lower development charges; the National Rental Affordability Scheme, which will provide investors with tax incentives to increase the supply of new affordable rental properties across Australia, saving 50,000 low- to middle-income families 20 per cent on their rental bills; and introducing a better approach to land release, with all surplus Commonwealth land being free for housing development or community infrastructure.

Many Australians are having trouble finding affordable housing, and they are using a growing proportion of their income to keep it. This is a long-term measure to assist more Australians to achieve their dream of homeownership. Whether people can afford to buy or rent, the federal Rudd Labor government has a plan to comprehensively tackle the housing affordability crisis. The Liberal Party's inflation legacy has made it harder for working families, especially first home buyers, to save a deposit and buy themselves their first home. The new government has an ambitious housing policy agenda. After more than a decade of neglect, this country is in dire need of direction. The Rudd Labor government is fixing the problems created by the previous, Liberal government. We now have a Minister for Housing, the

Hon. Tanya Plibersek, backed up by the departmental capacity in the department of families—

Debate interrupted.