

Second Reading Speech

First Home Owner Grant Amendment Bill (No. 2) 2014

Madam Speaker

In August 2014, the Liberal Government announced the extension of the First Home Builder Boost. This is just one of several policies to support the Tasmanian building and construction industry, worth more than \$2 billion a year and employing around 17 500 Tasmanians.

I am pleased to report that the Boosts are having an effect in bringing forward building activity and increasing the supply of new housing. As an indicator, dwelling approvals were up 18.5 per cent for the year ending July 2014 compared to the year ending July 2013.

The \$30 000 boost has created demand well above the long term trend for first home builders. In non-boost periods the long run trend is for 20 grants per month for first home builders, whereas over the last six months the average number of \$30 000 grants has been 67 per month.

From a first home buyer perspective, there has never been a better time than right now to build a house in Tasmania. The \$30 000 grant is currently the most generous first home buyer assistance in the country; even more so when taking into account Tasmania's housing affordability. In the lead up to 31 December 2014 when it finishes, I expect to see even further activity as people look to bring forward their decision to build.

However, maintaining this level of assistance has a significant Budget impact and also runs a risk that the value of the Boost becomes captured in the cost of building, rather than providing real assistance to first home builders. With this in mind, the Government wants to continue to responsibly support the building

industry by tapering the Boost over a six-month period which should avoid a sudden contraction of the building industry and give first home builders time to access what is still a significant grant.

Madam Speaker, this Bill will amend the *First Home Owner Grant Act 2000* to allow for the First Home Builder Boost to be extended for six months from 1 January to 30 June next year at the rate of \$20 000.

From 1 July 2015, the First Home Builder grant will then continue at \$10 000 ongoing. Building activity and job creation will continue to be supported and Tasmania will be able to retain its skilled workforce.

This approach remains consistent with first home owner assistance provided in other jurisdictions and is also consistent with our obligations under a national agreement with the Commonwealth Government, all states and territories.

Conclusion

Madam Speaker,

This Government supports measures to attract and retain skilled tradespeople in Tasmania. The amendments contained in this Bill allow a tapering of the First Home Builder Boost over a six-month period which provides certainty to prospective first home builders whilst being financially responsible.

I commend this Bill to the House and move that the Bill be read a second time.