

Second Reading Speech

First Home Owner Grant Amendment Bill 2014

Madam Speaker

Since 2000, under a national agreement with the Commonwealth Government, all states and territories are required to offer grant assistance to first home buyers. The Tasmanian Government provides assistance to Tasmanians buying or building their first home through the *First Home Owner Grant Act 2000*.

In late 2012, in a bid to stimulate the building industry and create employment, the previous Government more than doubled the assistance it provided to first home builders who constructed a new home or purchased a newly constructed home by increasing the first home owner grant of \$7 000 to \$15 000. It was a measure consistent with our own policy and accordingly, we supported the amendment when it was tabled in Parliament in 2013.

On 7 November 2013 the previous Government announced that, due to slower take-up rates, the First Home Builder Boost would be doubled to \$30 000 to accelerate building activity and industry job creation.

The increased Boost commenced on 7 November 2013 and will end on 31 December 2014. Since commencement in November 2013, an increase in building activity has already started to occur with a sharp increase in uptake of the increased scheme.

The grant is now the most generous in the nation, particularly when taking into account Tasmania's housing affordability, which should provide the incentive for people wanting to build their first home to do so.

As Parliament rose before draft legislation could be tabled, the increased grant is currently being administered under a grant deed. To ensure certainty and the full suite of protection under the legislation for both first home builders and the Government, it is preferable that the increased Boost is legislated.

Madam Speaker, I note that in June 2013, the Parliament passed legislation introduced by the previous Government to cease payment of the first home owners grant of \$7 000 to first home buyers of established homes, and that this will take effect from 1 July 2014. This reflects a change in focus of government assistance from a universal scheme that helps first home buyers purchase a new or established home, to a more targeted scheme assisting first home buyers who build or purchase a newly constructed home.

Restricting first home buyer assistance to purchasers of newly built dwellings is consistent with similar announcements made by New South Wales, Queensland, Victoria, ACT and South Australia. It is supportive of concerns that broadly based ongoing first home buyer assistance does not make housing more affordable for first home buyers but may instead inflate the price of property. It also better targets the assistance to more directly stimulate housing construction and increase housing supply.

As the First Home Builder Boost ends on 31 December 2014, the future of support to first home buyers is being assessed during the 2014-15 Budget development process.

Conclusion

Madam Speaker,

This Government is supportive of measures to attract and retain skilled tradespeople in Tasmania. The amendments contained in this Bill give effect to commitments made by the previous Government on 7 November 2013, and provide certainty to prospective first home builders and the Government.

I commend this Bill to the House.