

## DRAFT SECOND READING SPEECH

HON MICHAEL FERGUSON MP

*Treasury Miscellaneous (Cost of Living and Affordable Housing Support) Bill 2021*

*\*check Hansard for delivery\**

Mr Speaker,

On 16 March 2021, the Premier delivered the State of the State Address in which he outlined the Government's response to the Premier's Economic and Social Recovery Advisory Council report, and the Government's roadmap to secure Tasmania's future.

In that Address the Government promised to:

- increase the conveyance threshold for the First Home Buyer and Pensioner duty concessions from \$400 000 to \$500 000;
- double the land value at which land tax becomes payable, from \$25 000 to \$50 000; and increase the maximum land value threshold by \$50 000, from \$350 000 to \$400 000;
- halve the premium rate of interest charged on unpaid tax; and
- allow for land tax bills over \$500 to be paid by three instalments over the year.

In the lead up to the 2021 Tasmanian State Election, this Government also committed to boost the First Home Owner Grant from \$20 000 to \$30 000, introduce more frequent vehicle registration payments to help smooth household bills and provide a two year waiver of duty on the purchase of new and second hand electric and hydrogen fuel cell vehicles.

This Bill delivers on these State of the State Address and Election commitments.

Mr Speaker,

The Premier's Economic and Social Advisory Council's report released in March this year clearly noted the challenges inherent in our housing market at this time.

This is why we are taking targeted action to boost supply, support home ownership and support families.

One such action is increased support for first home buyers and pensioners downsizing in the form of increasing the threshold for the 50 per cent conveyance duty concession from \$400 000 to \$500 000.

This change, which reflects current market conditions, will take effect from 16 March 2021.

Mr Speaker,

The Australian Government and Tasmanian HomeBuilder grants have been a resounding success in boosting the Tasmanian building and construction sector, and supporting local jobs and the Tasmanian economy.

The Government will continue the momentum generated by these programs by increasing the existing \$20 000 First Home Owner Grant to \$30 000, to take effect from 1 April 2021.

The Government's continued focus on the construction of new homes will build on the increased employment and housing supply resulting from the HomeBuilder programs.

This also means that Tasmania will have the most competitive First Home Owner Grant offered by any jurisdiction in Australia.

Mr Speaker,

This Government recognises that the private rental market remains challenging for both landlords and renters alike.

Significant support to tenants and landlords has been provided during the pandemic on top of already existing measures that have been in place for some time, including the three year land tax exemption for all newly built housing made available for long-term rental, and one year exemption to encourage short-stay accommodation properties to be made available for long-term residential rental.

Further assistance will now be provided to landlords and tenants by contemporising existing land tax thresholds.

Mr Speaker,

This Bill increases the tax free threshold for land tax from \$24 999 to \$49 999, with the middle tax band threshold now starting from \$50 000 and increases the top tax band threshold from \$350 000 to \$400 000.

Based on 2020-21 data, these changes will save around 70 000 Tasmanians up to \$613 on their land tax bill. It will also mean an additional 4 100 landowners will now pay no land tax in the year ahead, reducing the need to pass on this cost in the form of rental increases.

Mr Speaker,

This Government also understands that the COVID-19 pandemic has created challenges for many taxpayers.

To assist taxpayers, this Bill allows the Government to halve the premium rate of penalty interest charged on unpaid tax, from eight per cent to four per cent. It also provides for all land tax bills over \$500 to be paid by three instalments over the year. This will allow around 68 per cent of land tax payers to now pay by instalments.

Mr Speaker,

This Government acknowledges the need to ease the cost of living pressures for Tasmanian households and recognises that motor vehicle registrations represent a significant household expense.

To enable the introduction of quarterly vehicle registration payments, this Bill caps the Motor Accidents Insurance Board premium duty at \$20.00 per annum and allows the duty to be calculated to align with the vehicle's registration renewal period while continuing to apply the existing calculation in limited circumstances.

Being able to spread the annual vehicle registration cost over four payments without applying additional Motor Accidents Insurance Board premium duty presents a benefit to those owners who want to or need to utilise quarterly payments, particularly those facing financial hardship.

Mr Speaker,

High upfront costs have been identified as one reason why people may choose not to purchase an electric or hydrogen fuel cell vehicle. To encourage more Tasmanians to get behind the wheel of these vehicles and build on Tasmania's record of climate leadership, this Government will waive the duty payable on the purchase of new and second hand electric and hydrogen fuel cell vehicles for two years, from 1 July 2021.

This initiative will increase the number of newer, safer and cleaner vehicles in the Tasmanian vehicle fleet by encouraging more people to make an initial purchase of a vehicle without an internal combustion engine. As these vehicles are subsequently sold into the second hand market the State will see an increase in its stock of alternatively-powered vehicles.

Mr Speaker,

This Bill gives effect to the Government's tax initiatives announced in the State of the State Address as well as Liberal Party commitments made in the lead up to the 2021 Tasmanian State Election to secure Tasmania's future.

These measures reflect the Liberal Government's continued support for Tasmanians throughout COVID-19, reinforces the Government's commitment to provide more sustainable housing outcomes across Tasmania, ease cost of living pressures and help Tasmania play its part in the response to climate change.

Mr Speaker,

I commend this Bill to the House.