

# COMMONWEALTH OF AUSTRALIA.

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## SPEECH

BY

Hon. L. H. E. BURY, M.P.

ON

# HOMES SAVINGS GRANT BILL 1964

## SECOND READING

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[From the "Parliamentary Debates," 5th May, 1964.]

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**Mr. BURY** (Wentworth—Minister for Housing) [8.54].—I move—

That the bill be now read a second time.

The purpose of this bill is to help young married couples obtain a home of their own by authorizing payment to them by the Commonwealth of tax-free grants to supplement their own savings. It is designed to increase the proportion of national resources available for housing purposes by providing a strong inducement to young people to save in ways which provide funds for investment in housing.

Housing is vital to the welfare and happiness of individuals and thus to our future development as a nation. Without proper housing, the process of marriage and family formation which are the very essence of Australia's future must be seriously impaired. The Government seeks, moreover, to foster a healthy property-owning democracy of sturdy independent individuals and regards home ownership as a basic ingredient. It is a linchpin of family life. Our constant quest to expand and develop Australia demands large-scale immigration, and more people need more houses. In the absence of special measures, housing could become a limiting factor to our population growth. Most of us are conscious too that we shall shortly be moving into a period in which the marriage rate in our existing population is likely to rise substantially. We must be ready to meet this position as it arises.

In housing we shall always fall short of the ideal. We can be proud, however, that despite all the difficulties we have been through since World War II., and the present shortcomings evident to all of us, we probably have more accommodation available per head than any other country. It behoves us to maintain and improve this record. However good, it is small consolation to those without a home.

Australia, under the present Government, is a rapidly developing country of increasing wealth. By and large, Australians are able to afford a relatively high standard of housing, and it is the wish of almost every married couple to own a home of their own. However, in the early years of marriage there are numerous calls upon savings, and many couples are compelled to postpone home ownership. We believe that these young people should be assisted to attain this most desirable objective. However, to merit this assistance, young people, both before and after marriage, should make some effort themselves by saving a portion of their incomes.

The Government has become particularly concerned with the difficulties facing many homeseekers in raising sufficient funds for a deposit large enough to meet the requirements of lending institutions. This problem applies particularly to young married persons. The causes of this situation are complex, but two factors are worthy of particular notice—the rising price of land,

especially in the vicinity of our capital cities, and the availability of funds from lending institutions.

There is little the Commonwealth Government can do about the price of land. It has become increasingly scarce relative to demand and nowadays building blocks often have to bear the cost of development work such as water and sewerage, roadmaking and other charges in their initial price. These are State matters. The availability of funds is also highly critical and is subject to Commonwealth influence. Basically, in a fully employed economy, additional resources can only be devoted to housing if less are applied elsewhere. One cannot eat one's cake and have it. Overcoming any housing shortage, therefore, entails some diversion of funds from other uses to housing finance.

The Prime Minister (Sir Robert Menzies), in his policy speech made on 12th November last, promised a two-pronged attack on this problem—first, a scheme for home savings grants for young married persons up to the age of 35, and secondly, the establishment of a mortgage-insurance corporation to insure mortgages up to a high proportion of the value of a house and land. This bill represents the first instalment of the new housing policy. It provides both for assistance to young married people seeking a home and for a means whereby additional savings can be made available for housing purposes. Its provisions cover broadly the nature of the grant, the definition of persons who will qualify, the homes eligible for the grant, acceptable savings, the period and amount of saving, information to be submitted, the manner and time of payment and the necessary administrative arrangements.

In the introduction of a new scheme such as this, certain interim difficulties are inevitable until its details are widely understood and people affected have had time to adjust their affairs to meet its requirements. The need for interim provisions to cover savings until they can be put into one of the permanent forms which will ultimately be required is particularly apparent. I have allowed as far as practicable for the temporary problems which can already be foreseen, but feel obliged to ask the House for a wide measure of administrative discretion until the scheme has settled down to a routine basis in its permanent framework. It will be readily

recalled by honorable members that the procedures under our social services legislation—those most closely akin to these—have been refined by practical experience over 50 years.

This bill, when it becomes law, will authorize the payment of a Commonwealth grant of £1 for every £3 of acceptable savings for a home by persons aged less than 36 years. The acceptable savings of each partner to a marriage will be eligible for the grant, but the total grant payable in respect of a home will be £250. The grant will be an addition to savings made over a number of years and will be payable in respect of a home anywhere in Australia.

The bill provides that a person eligible for the grant must be under 36 years of age, not only at the date of marriage, but also at the time when one or both of a married couple sign a contract to buy or build the home, or commence its construction. Although a grant will not be paid to an unmarried person, young people contemplating marriage may take steps to acquire a home and become eligible for the grant when they are married. But if they do this, they must marry and submit a claim for the grant within twelve months of taking steps to acquire the home.

To be eligible, a person must have lived in Australia and have accumulated acceptable savings in Australia for at least three years. There is, of course, no maximum savings period. The sooner saving commences, the easier it will be to accumulate maximum acceptable savings of £750. A person need not have been born in Australia nor have become naturalized. New-comers to Australia who have lived here for at least three years, are married and intend to continue to live here, are eligible. The legislation also provides that a temporary absence from Australia, such as an overseas holiday of business trip, may be counted as residence in Australia. Moreover, a number of young Australian citizens work or study overseas. These young people, if they deposit savings in a bank in Australia for at least three years and live in Australia during the three months before taking steps to acquire a home, will be eligible for the grant. Australian citizens in the Territory of Papua and New Guinea and our other external Territories may save with a branch of an Australian bank and become eligible for a grant in respect of a home in Australia.

Once a person has received a home savings grant, he or she will be ineligible for a further grant. The marriage partner of a person who receives a grant, and subsequently remarries, also will be ineligible. However, the person with whom remarriage takes place will be eligible, provided he or she has not received a grant.

**Mr. Whitlam.**—The second spouse will be eligible?

**Mr. BURY.**—Yes, whatever may be the status of the person remarrying. A widow for example, may marry again.

Before a person may become eligible he or his marriage partner must have taken steps to acquire a home. Home ownership is the objective of the scheme. To be eligible a person, or that person's husband, or both of them jointly, on or after 2nd December, 1963, the commencement date of the scheme must—I wish to emphasize the word "must"—

have entered into a contract in writing to buy an existing house and land or the right to occupy a flat or home unit; or

have entered into a contract in writing with a building contractor for the erection of a home on land held by one or both of them in an approved form; or

if an owner-builder, have commenced the construction of a home on land held by one or both of them in an approved form.

The husband or the wife or both may be eligible persons provided each has saved for at least three years. Although the savings of the husband and the wife will be treated as separate individual savings, the maximum acceptable savings in respect of one home will be £750, and the maximum grant to husband or wife of both will be £250. If the husband and wife have deposited their savings in a joint account in both their names, half of these savings will be deemed to be those of the husband and the other half those of the wife. If only one of them is eligible, half the joint savings will be deemed to be those of the eligible person.

I now propose to refer to homes eligible for the grant. Broadly speaking, to be eligible a home must be the first home owned by either or both of the married couple upon or

after marriage. It may be either a house or a home unit. By and large, ownership of a home by either partner at the time of marriage will exclude both of them from eligibility for the grant, for the good reasons that they may either occupy it as their matrimonial home or sell it and use the proceeds to buy another home. It is not, however, our intention to deny payment of the grant to eligible young people who buy or build, before they are married, the home they intend to live in after marriage. If one or both of a married couple signed a contract to buy or build the home, or commenced the construction of the home prior to marriage, and this home is occupied as the matrimonial home, it will be eligible provided one or both of the couple did not own another home in Australia upon or after marriage.

For obvious reasons, a building condemned as unfit for human habitation or listed for demolition will not be eligible. If the home is being newly constructed, the plans must have been approved by the local authority. The home must also be built on land of which one or both of the married couple are, or are entitled to be, registered as the proprietor, or on land which one or both of the married couple holds on lease or as a life interest, and my department is satisfied that the terms of the lease or the life interest offer a reasonable prospect of security of tenure for a sufficient period of years. In the case of a home unit, we must, of course, be satisfied that the purchaser will receive a title to a particular flat or apartment, or an assurance of the right to occupy it.

**Mr. Duthie.**—I reckon about ten people will qualify for these benefits.

**Mr. BURY.**—If that is the honorable member's view I invite him to meet the cost of this legislation. There are, however, certain classes of dwellings which, when purchased, will not be eligible for the grant. As honorable members know, the Commonwealth is already providing significant assistance to people seeking a home. We are currently subsidizing the interest payable for more than fifty years on some £50,000,000 per annum of loan money available to the States for home building under the Commonwealth and State Housing Agreement. The Commonwealth is also building a large number of homes in the Australian Capital Territory

and the Northern Territory. These are usually offered to tenants at less than an economic rental, or for sale on a deposit as low as 5 per cent. of the total purchase price with the assistance of a long-term loan from the Commonwealth at a relatively favorable rate of interest. If purchasers of these homes were to receive the grant, we would, in effect, be paying them a double subsidy. We do not believe that most Australians would wish us to do this.

A home built by a State housing authority and paid for with money made available under the Commonwealth and State Housing Agreement will not be eligible for the grant, where it is sold by a State housing authority, or is being purchased with the assistance of a loan by a State or State authority out of moneys made available under the Commonwealth and State Housing Agreement. We consider that subsidized homes built by the States with funds provided under the Commonwealth and State Housing Agreement ought to be reserved for those with very small means and on low incomes. This housing is made available at below its true economic cost for social reasons. In some States there are long waiting lists for these housing commission houses largely because they are relatively so cheap. It would be wrong to inflate these lists and disadvantage the most needy elements of the community by adding those who can better afford to look after themselves. The homes savings grant scheme is designed to help those who help themselves by saving appreciable sums. Likewise, a home built by the Commonwealth or a Commonwealth authority in one of the Territories will be ineligible when it is first sold or when its purchase is being financed by a loan by the Commonwealth or a Commonwealth authority. However, the many homes being built by young people in Canberra with the assistance of a loan of Commonwealth moneys from the Commissioner for Housing will be eligible for the grant.

Houses built through co-operative societies which receive moneys under Commonwealth and State Housing Agreement in the States or direct from the Commonwealth in Canberra or the Northern Territory will be eligible. It will be realized that these homes bear the cost of administrative charges imposed by the States and borne by the societies and involve a substantial deposit which the owner has to find.

Homes acquired with the assistance of War Service Homes loans will be eligible even though these loans are offered on exceptionally favourable terms and conditions. The reason for this decision—I am sure it is one with which all honorable members will agree—is that Commonwealth financial assistance to ex-servicemen in home ownership is a repatriation benefit in the nature of a post hoc payment for services rendered to the nation.

**Mr. Cope.**—How many ex-servicemen are under 36 years of age? About two, I would think.

**Mr. BURY.**—The honorable member would be surprised. Apparently honorable members opposite think that Australian servicemen have not been in action since 1945. A War Service Home loan is not a social welfare payment and should not debar its recipient from social welfare benefits available to young persons throughout the community.

The homes savings grant is aimed at assisting those who need and merit financial aid in acquiring a home. Those acquiring expensive homes stand in less need of assistance from the taxpayer whose interests must also be weighed. For this reason a home which, together with the land, costs more than £7,000, will be ineligible for the grant. It is intended that the scheme should apply equally to homes in rural and urban areas. If the £7,000 limit were to apply to the cost of the whole of the land and all improvements, many people living on rural holdings would be ineligible for the grant, because the value of their land—their main business asset—would usually exceed £7,000. We will therefore take into account for purposes of the £7,000 limit only the cost of the home and of the land immediately appropriate to the home. For purposes of the scheme, the cost of that portion of the farm on which the dwelling has been, or is being, built will be the value of half an acre of the land at the average value per acre of the farm.

There are also other cases where, if we were to take as the cost of the land and the house the value of the land and all improvements on it, such as a shop or a surgery, the couple owning the land would be ineligible for the grant. Where the overall cost of the land and all the building

improvements will exceed £7,000, it is proposed that my department be given a discretionary power to identify "the home" and to have regard only to its assessed value in applying the £7,000 limit.

As honorable members would expect, a great deal of thought has been given to determining the acceptable forms of savings, bearing in mind the purposes of the scheme. The forms chosen are in aggregate those in which the great bulk of personal savings for a home is accumulated. Moreover, the institutions chosen are those which provide a very large proportion of the finance for private home building. The reasons for this will be clear from my opening remarks.

The acceptable forms of savings for the purposes of the scheme are—

Moneys deposited in a home savings account with a savings bank. These will include moneys placed on fixed deposit and moneys invested in deposit stock issued by some savings banks, provided the account is designated a home savings account. An eligible person may have home savings accounts with more than one bank; moneys placed on fixed deposit with a trading bank, provided such deposits are designated a home savings account.

**Mr. Reynolds.**—Will that have to operate for three years?

**Mr. BURY.**—If you will be patient you will see the picture as it emerges.

**Mr. Webb.**—It is a bit difficult.

**Mr. BURY.**—I know it is, for you. Other acceptable forms of savings for the purposes of the scheme are—

Moneys deposited with a building or co-operative housing society registered under a law of a State or Territory.

Moneys paid to a building or co-operative housing society as subscriptions towards the purchase of shares in such a society, provided the shares are not quoted on any stock exchange.

Moneys paid for the purchase or lease of land on which the eligible home is being, or is to be, built.

I wish to stress that on and after 1st January, 1965, these will be the only acceptable forms of new—let me repeat,

new—savings for purposes of the grant scheme. However, in view of the fact that most existing savings were made without fore-knowledge of the new scheme, special provisions will apply to savings made up till the end of this year, and also for savings made in certain institutions not eligible in the long run to be kept in their present form up till the end of 1967. Because many young people have been, and are, depositing savings for a home in a variety of other forms, my department, if satisfied that these people have been saving to acquire a home, will for a period regard these savings as acceptable. Accordingly the bill proposes that, up to the 31st December, 1967, moneys deposited in the following ways on or before 31st December, 1964, will also be treated as acceptable savings. They are—

Moneys deposited in any savings bank account, not being a home savings account.

Moneys deposited in a current account or on fixed deposit with a trading bank.

Moneys deposited with a friendly society or credit union registered or incorporated under a law of a State or a Territory.

However, savings in these forms up to 31st December next, to remain acceptable after that date, must either be maintained in the form in which they are held at the end of this year or be transferred to one or more of the forms in which acceptable new savings must be made from 1st January next.

**Mr. Cope.**—That will be easy to explain to my constituents.

**Mr. BURY.**—Yes, it will. It is surprising how bright some of them are. After all, the people to benefit will not be more than 36 years of age.

**Mr. Hansen.**—What about savings in Commonwealth bonds?

**Mr. BURY.**—This will include savings in any form, as I mentioned. It will include savings in Commonwealth bonds. This means that any moneys saved and deposited in any bank account up to the end of this year will be acceptable up to 31st December, 1967, if they are maintained in their present form and after 31st December,

1967, if before that date they are transferred into one of the acceptable forms of new saving. The same conditions will apply to savings deposited with a friendly society or credit union. They may be left with the society or union and be acceptable up to 31st December, 1967.

I have had a number of discussions with representatives of friendly societies and credit unions, some of whom have expressed their interest in registering associated building or housing societies in conjunction with their other activities. Many of them have funds now applied for a variety of purposes not connected with housing. There is no time limit on the acceptability of savings placed with any registered building society. The above provision will give friendly societies and credit unions ample time to adjust their affairs to fit in with the new scheme without disturbing their existing resources. Credit unions are growing fast and play a very constructive part in collecting and channelling savings to fruitful purposes for the benefit of their members and in fostering a sense of financial responsibility. The further harnessing of their activities to the housing field would be a most welcome development.

It is desirable at this stage to make it quite clear that the bill now before the House, which defines savings deposited with building and co-operative housing societies, friendly societies and credit unions as acceptable savings, is in no way intended to imply that the Commonwealth is, or will be, responsible for the financial soundness and solvency of any of these institutions.

Because until now there has been no definitive statement of acceptable forms of saving, we are also proposing that money saved and accumulated in any form for home purchase up to the end of this year will be acceptable, provided the savings are deposited or invested before then in any of the approved forms of saving. Home savings accounts will not be blocked accounts in the sense that the owner of the account may not withdraw money for any purpose. However, a withdrawal will in most cases reduce the amount of acceptable savings. Obviously, any moneys borrowed—not saved—will not be treated as acceptable savings.

We have considered at length when the period of acceptable savings of an eligible person should cease. The scheme is aimed

at encouraging personal saving by young people before they enter into a commitment to acquire their own home. The bill therefore proposes that the period of saving will conclude on the day one or both of the married couple, or a person intending to marry, signs a contract to buy the home, or signs a contract to build the home, provided this is not later than the day construction commences, or, in the case of an owner-builder, the day on which construction commences. As soon as the contract has been entered into or construction of the home commenced, the period of acceptable savings concludes for both the husband and wife, and for both partners of an intended marriage. This significant date is described in the bill as the "prescribed date".

As the grant is intended to be a reward for continuous saving over a period of years, not for the deposit of a single lump sum and no further saving, there should obviously be a limit on the amount of acceptable saving in a year. To give effect to this, it is necessary to define years of saving. The years of saving of an eligible person will be the twelve months' periods dating back from the day on which the period of acceptable savings concluded. May I make this clear by quoting a hypothetical example. Suppose Mr. Smith signed a contract to buy or build, or commenced the construction of his home on 20th February, 1964. The years of saving of Mr. and Mrs. Smith would be 21st February, 1963, to 20th February, 1964; 21st February, 1962, to 20th February, 1963; 21st February, 1961, to 20th February, 1962; and so on into the past; but information will not be sought beyond seven years. In respect of savings periods that conclude after 31st December next, the savings of each eligible person in any year of saving will be acceptable up to £250.

I now wish to explain briefly the manner in which we propose to calculate acceptable savings, as it is set out in the bill. The amount of acceptable savings of an eligible person during any year of saving will be the amount by which his or her total savings at the end of the year exceeded savings at the beginning of the year. Total savings will include, in addition to balances held in an acceptable form with a bank, building society, friendly society and credit union, the amount of any payment or payments

made to purchase the land on which the home is being, or is to be built. If, however, the total of an eligible person's acceptable savings at the end of the year is less than the total at the beginning of the year, the acceptable savings at the beginning of the year will be reduced by the amount of the decrease during the year.

If a person, whose savings period concludes after 31st December next, saves more than £250 in a year, the excess will not be acceptable, except that, if a person reduces his savings in any year following a year in which he had excess savings, the amount of the reduction will be treated first as a withdrawal of excess savings and only if the reduction in savings exceeds the amount of excess savings will the total acceptable savings in earlier years be reduced.

As the grant is a reward for saving to acquire a home, we must be reasonably sure that the young people will obtain the home and will live in it. It is proposed to pay the grant as soon as my department is satisfied that the home will be bought or built and lived in by the married couple. We appreciate that there will be many young people who will wish to know in advance of entering into a commitment to acquire a home whether they are eligible for the grant and, if so, the approximate amount of the grant they may expect to receive. It is my intention to arrange Australia-wide distribution of a pamphlet that will answer most questions on who is eligible, what homes are eligible, what are acceptable savings and how the grant will be calculated, and give advice

on how to complete the application form. Officers of my department will also be instructed to supply the maximum feasible amount of information in response to enquiries. However, as honorable members will understand, it will be impracticable to determine the amount of acceptable savings and of the grant payable to an eligible person in advance of entry into a contract to buy or build the home or the commencement of its construction. Offices are being established in each capital city under the charge of regional directors.

I wish to add that it is my intention that the scheme be administered as sympathetically as the bill permits. I do not pretend that, in the time we have had to examine the ramifications of the scheme, we may not have overlooked some minor aspects. Partly to cover the unforeseen but also to permit the sympathetic treatment of unusual cases, the bill, as already mentioned, has been drafted to give substantial discretionary powers to the secretary of my department and his delegates in administering the scheme. I am quite satisfied that these discretionary powers, similar in most respects to those of the director-general and his delegates under the Social Services Act, are necessary to permit the smooth and effective introduction of the scheme. I believe this bill will encourage young people to save and so make a useful contribution to assisting young married persons to acquire a home of their own. Accordingly, I commend it to the House.

Debate (on motion by **Mr. Whitlam**)  
adjourned.