



# PRIME MINISTER

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## HOME PAYMENTS ASSISTANCE

Statement by the Prime Minister, the Rt. Hon. William

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The Government has given the closest consideration to the scheme for tax deductions on housing loans interest, which the Labor Party has announced and rejected it as unworkable. It is against the interests of young married people.

Administratively, it is complicated and, if tried, would have to be abandoned.

The Labor Party's claims that the scheme is superior to the Government's proposals are false.

The Government's scheme gives the better benefit to a majority of home owners, particularly those with incomes not above average earnings who represent more than 70 per cent of home owners.

We offer a straight-out subsidy - a cheque from the Government for up to \$250 the first year to help meet interest on housing loans. It reduces by \$250 a year in each succeeding year and is not taxable.

Those eligible must be 35 years or under, building or buying their own home and living in it.

The grant will also be paid in full to married couples where only one is under 36 but both are liable for interest and jointly own the house. It will be paid to the eligible partner.

It is better because it gives a greater benefit to more young married people in the first three years, which is when they need it most.

Under the Labor scheme, the family man with children is penalised. The larger the family, the greater the penalty. I give you a few examples.

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Under the Labor scheme, a man earning \$4,000 a year would be paying \$800 interest on an average loan.

If unmarried or without dependants, his tax reduction would be \$205.

If he had a wife and three children, all he would get would be \$155.

If on \$5,000, he would pay \$1,000 in interest and get a tax reduction of \$279 if he was without dependants.

If he had a wife only, he would get \$263. If he had a wife and two children, he would get \$237 and if he had a wife and three children, \$225 - a figure below the Government's first year grant.

This makes it crystal clear that the married man with a family is the one penalised.

One other point of important difference is the fact that under the Government's scheme, young married people will know precisely what their benefit would be.

Under the Labor scheme, it would go in their tax return as a deduction and they would not know clearly and quickly what benefit they were getting.

The Labor scheme will give a big concession to a single taxpayer who may or may not intend to marry.

Mr Whitlam said quite clearly in his Policy Speech that "all taxpayers whose actual income is \$4,000 or below will be entitled to deduct 100 per cent of their interest rate payments".

This makes the single taxpayer eligible along with young married people.

It gives him a golden opportunity to speculate in home building and buying at the expense of the Government.

It should be remembered also that on August 9 this year, the ALP's spokesman on housing (Mr Uren) said he did not accept that interest on housing loans should be tax deductible as this assisted the wealthy rather than the poor.

How right he is. That is precisely what the Labor scheme would do.

Labor claims that its total benefit on a 25 year loan would be \$4,000.

But the fact is that a majority of home owners are paying off their loans in 10 to 12 years because of rising incomes.

The claim that Labor's cash benefit over a 10 year period would be twice that of the Government's scheme is also false.

Labor is quoting figures which are not related to housing loan activity as it exists nor does the Labor scheme concentrate its maximum benefit in the early stages of repayments when the need is greatest.

Furthermore, the Government scheme is not dependant on the movement in incomes of home purchasers or of changes in tax rates.

It has substance throughout whereas the Labor scheme is full of shadows.

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CANBERRA,

19 November, 1972