



NORTHERN TERRITORY
***of* AUSTRALIA**

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HANSARD EXTRACT

FIRST HOMEOWNERS GRANTS

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There is also a homelessness crisis. The NT has 12 times the national rate of homelessness, with 16.5% of all Territorians under the age of 18 experiencing homelessness, and 39% of people are being turned away from homelessness services due to a lack of resources.

This Bill offers nothing to those across the Territory who are already doing it hard as far as housing is concerned. Many who are renting cannot imagine accumulating the capital required to pay a deposit on the purchase of a house. Many who are homeless cannot imagine having the right amount of regular income to afford paying rent.

We want affordable housing for all Territorians and for our community and economy to sustainably grow, but first homebuyer grants are not the answer; they are a failed experiment. Australia's leading economists have consistently emphasised what works, and first homebuyer grants are not on that list.

For more than 40 years first homebuyer grants have been rolled out across Australia. They have faced considerable criticism from economic experts at universities and independent think tanks. Over the last decade Australia has thrown more than \$20bn at these failed schemes, only to have affordability worsen.

These grants do not help people into homes; they inflate housing prices and funnel public money into the pockets of property sellers. This is because first homebuyer grants simply speed up the purchase and increase the price of purchase for those who are already about to buy, benefiting sellers and driving up prices. This has led economist Saul Eslake to suggest that they are more accurately described as second-home vendors' grants.

As noted by the Reserve Bank of Australia Head of Economic Analysis:

It is now widely accepted that policies that simply give people more money to spend on housing are likely to be capitalised into higher housing prices.

Dr Chris Martin of UNSW City Futures Research Centre puts it bluntly, 'First home buyer assistance measures add to demand, inflate prices and cost taxpayers billions'.

The CLP government has a choice: double down on a tired ineffective strategy or take bold decisive action to improve housing accessibility and affordability in the Territory. One option is to end stamp duty and introduce a fair property tax. The Grattan Institute has shown that replacing stamp duties with a broad-based property tax could save Northern Territorians up to \$85m every year. Unlike stamp duties, which discourage home purchases and lock people out of the market, property taxes are efficient, equitable and stable—exactly what our housing market needs.

The CLP government must abandon ineffective outdated policies and embrace evidence-based solutions. First homebuyer grants are an expensive mistake that fails Territorians; instead, focus on long-term structural changes that tackle affordability at its core. We need more truly affordable housing, not just giving money to those who can already afford it or to people who want to add to their property portfolios.

Dr RAHMAN (Fong Lim): Mr Deputy Speaker, first home owner grants have a long and complex history in Australia. It is useful to look at what has been done historically to give context to what this government is seeking to do and, indeed, what it is not seeking to do. There has been a great deal of misunderstanding of the scheme we are putting forward, as is evident from some of the contributions made by members on the other side. Indulge me while we work through what this scheme is about and what it is not about.

First home owner grants started in 1964 under the Menzies government, which offered home savings grants of up to \$500 for married and engaged couples under the age of 36. It was a co-contribution scheme providing \$1 for every \$3 that had been saved in an approved form in the three years prior to purchasing a home, with a \$14,000 cap on the home.

Whitlam abolished that scheme in 1973 in favour of a tax deduction for interest for anyone earning less than \$14,000. The scheme was then reintroduced in 1976 by the Fraser government, without a price cap, age cap or marriage requirements, and it was expanded to \$2,500.

That was again replaced, after a long stint, by the Hawke government, with the first home owners grant assistance scheme. It had a maximum of \$7,000, but it was income tested. That reform was implemented by the then federal Treasurer Paul Keating, who in 1990 scrapped the scheme. It was abolished, and it stayed so for another decade.

A decade later the Howard government introduced the first home owner grant, which is perhaps no surprise because John Howard, when he was a young solicitor, was the person who advised the Fraser government and lobbied in the first instance for the introduction of stimulus in this space. There was no income test or cap on that scheme. It proved to be successful, relative to some of its peers, based on the yardstick used to measure it.

In 2008 the Rudd government continued the scheme but rebranded it as the First Home Owners Boost. It was the global financial crisis, so the government expanded the system to boost construction at a time when construction was depressed, as was consumer demand.

We went from having a \$7,000 scheme that had been around for a long time to \$7,000 plus \$7,000 (\$14,000) for existing homes. The new and novel part was the addition of another \$7,000 if people were to build a new home, making it \$21,000.

If you include all state and territory schemes, the Member for Nightcliff is in fact being generous in suggesting that all the schemes over time is \$20bn; over history there has probably been closer to a \$25bn outlay.

Why am I raising this history beyond the facts and figures? It is obvious that the systems have chopped and changed. There is no straightforward pattern where it is a Labor government program or a Liberal government program. I raise this history because different times and conditions warranted different economic responses. They also produced different results at different times. It is lazy—as has become the order of things in this House—to assume that everything we do is cookie cutter and to assume that all first home owner grant schemes have been the same or, indeed, will produce the same results.

What, then, is our NT situation? Why are we looking into this at the moment?

First of all, everyone agrees that there is a rental crisis across the country. Relative to other jurisdictions, though, there is more headroom in the rental market here than there is anywhere else in the country. A buoyant rental market might have 3% headroom. Some other states and territories have had less than 1% for a period, and it is seriously high on impossible to try to rent somewhere. Our market is smaller and fluctuates, but we have still been hovering above 1%.

We have people who are trapped in a cycle of being unable to own and so have been renting. We are trying in the first instance to help some of those people out of the rental cycle, knowing that people who buy are more likely to stay put.

The second part is the absence of supply. Even Saul Eslake—whom I am glad the Member for Nightcliff referenced—who is one of the most vociferous critics of first home owner grants, and has been for many years, will tell you that if you are to do something in this space do what you can to stimulate supply.

I read a submission by Saul Eslake—it is 10 years old, so it is slightly out of date—to a Senate Economic References Committee inquiry into affordable housing. He lambasted first home owner grants that had been targeted specifically to create affordable housing. That is not what we are seeking to do here. We appreciate there is an issue but read the details in the explanatory memorandum and the second reading speech.

Due credit to the Member for Nightcliff; at least she has done some homework. The Leader of the Opposition failed to do any, as far as I can tell, and is not even here to be lectured by me. The fact of the matter is ...

Mr YOUNG: A point of order, Mr Deputy Speaker! The Member for Fong Lim referred to a member being out of the Chamber. He cannot do that. I ask that he withdraws that comment.

Mr DEPUTY SPEAKER: Point taken.

Mr YOUNG: He needs to withdraw the comment, Mr Deputy Speaker.

Dr RAHMAN: I withdraw the statement.

The key is that my learned colleague the Treasurer clearly articulated the parameters of this scheme. We have had a month to process the details in the explanatory statement and the second reading speech.

There are no caps on the purchase or build price of a home or on the income of applicants. It is a time-limited scheme for 12 months. It provides the best possible chances of allowing people to capitalise on a stimulus project.

What is our NT situation? First, we have a rental market that is bad, but it is not as bad as it could be. We are trying to do something about it through this scheme by incentivising people to purchase their homes.

Second, there is an absence of supply. Even the most ardent critics of first home owner grant schemes will say that if you are to do something in this space, then do something to stimulate supply.

Third—I turn to the Rudd government’s efforts at the time of the global financial crisis—the Northern Territory has a sluggish construction industry because consumer, retail, investor and unit confidence are all down. We are seeking to stimulate that sector by providing people the incentive to build and put skin in the game. It is a generous scheme, and we are a generous government in that regard. We are advisedly taking a calculated risk to generate stimulus, and that is why it is a generous scheme.

Perhaps the most important factor in understanding our NT situation is appreciating where our population is at. I have spoken ad nauseam in this House about how our population growth is at an all-time low; we are in a state of demographic decline. We have 250,000 people and population growth is declining in real terms because of the failure to provide the economic preconditions to allow people to succeed here over a long period. Much of what we discuss in this House is the downstream consequences of the poor economic choices that have been made by governments over a decade and perhaps longer.

We are trying to appreciate our specific situation—rentals, stimulating supply, sluggish construction and low population. In the context of all those factors, it makes a lot of sense to think about what we might do to mitigate our demographic decline and our faltering economy by utilising a mechanism that will have a material impact if we can keep some people from leaving.

Where might those people go? One of the places that is on the cards, which is extremely important to me, is Berrimah Northcrest. Berrimah Northcrest is a faltering development—not through any fault of the population there—because growth in that precinct has stagnated on the basis of a lack of economic policy stimulus. Berrimah Northcrest needs a bus service, shops, a postal service and to have schools on the horizon, but it will get none of that unless we build more houses there. That is why we are seeking to stimulate supply.

It will not happen overnight. The government is trying to be sensible and weighing its risks by making sure that this is not an infinite program; it is a time-limited program. Over 12 months we will try to stimulate the construction sector and supply. Is there the possibility of overheating the market? Of course there is. Any time you inject a new input into the system that is a possibility, but at the same time activity is being generated.

There is a large amount of interest in this scheme. All members will be aware of the number of people in their electorates who have been saying that they are interested in the uptake of this. We hope that this interest will translate into uptake, and the signs are promising.

There is a misunderstanding about who is eligible for our scheme and why they are eligible. Permanent residents as well as citizens are eligible for our scheme. That is a good thing, not a bad thing, contrary to what is being insinuated by those on the other side. We are not the first jurisdiction to allow permanent residents to access first home owner grants, but we offer the most generous grants. We are the first jurisdiction to be in such dire straits when it comes to population growth. By offering the opportunity to put down roots we open new significant possibilities for permanent residents.

Who are those permanent residents, statistically speaking, who might not yet have become citizens? They are the young and aspirational families. They are the people who came here to study and have tried to make a go of it in this place and perhaps are not doing as well in the labour market as they want to because conditions have been economically depressed. These are the people to whom we now say, ‘Hang on, do not go to Sydney or Melbourne. Hold your horses. Here is a reason to stick around. If you can scratch together your end, we will offer you a generous grant to put down roots, build a house and make a real go of it.’

The fact that we are offering such generous grants to permanent residents is not cavalier or trotting out a system that has not worked elsewhere; it is a specific policy response to our conditions. To the point raised about assisting Territorians, here is a tip: those permanent residents are Territorians. They are the kind of Territorians we are trying to incentivise to stick around.

I addressed this Assembly on 24 October 2024 on the topic of demographic decline and spelt out some of the nuts and bolts of our situation. The fundamental reason I support this Bill is that unless we do something to mitigate negative net interstate migration we will not have a workforce or the population to support our aspirations in any industry. This Bill provides the preconditions and incentives to try to mitigate some of that net interstate migration.

We are talking about permanent residents who have transitioned from temporary visas to permanent visas, who are looking to put down roots and who have been struggling in this marketplace and might be thinking about going to a bigger one. This is an excellent idea to try to tempt them not to pack up. It is not just my opinion. I have a professional opinion in this area, but the fact is that the academic evidence is on our side in this regard. It suggests that there is a strong correlation between housing availability and population retention.

A couple of things I dug up are worth speaking about because they are produced by local researchers. They are not about random places and far-flung jurisdictions disconnected from our reality. There are a couple of recent papers produced by people based at the Northern Institute at Charles Darwin University who are studying our polity and providing us with the best information they can to help guide our decision-making.

One of those pieces of work is by Dyrting, Taylor and Shalley from 2020. It is a paper entitled 'A Life-stage approach for understanding population retention in sparsely populated areas' in the *Journal of Rural Studies*. That is specifically what we are—a sparsely populated area—which we are trying to turn around. I encourage you all to track down these resources because they are wildly instructive. In the abstract of the paper those authors make the observation that their results:

... highlight the importance of overseas born residents for their high retention rates across all life-stages, home ownership and having children resident in the Northern Territory.

This is not research about Timbuktu; it is about the Northern Territory.

A second one worth looking at is Baggen et al from 2023. The paper is entitled 'The application of machine learning to rural population migration research'. It is a novel and interesting work. I point out that it was published in a serious journal that I have never managed to be published in and have been rejected by about 100 times—*Population, Space and Place*. This research points to the importance, using Spearman correlations, of the factors in people choosing to stick around or go. The researchers tested housing affordability and availability, alongside other factors like Darwin's unique lifestyle, opportunities, cost of living, infrastructure and so forth. The key point is that if you are having a crack at it, look at the research.

We are not just shooting from the hip and coming up with ideas on the basis of it having worked once before somewhere else or being something we could do; it is a specific, considered policy response to the situation we face in the Northern Territory.

If you do not have the stomach for academic research—I appreciate not everyone does—an excellent piece of work that everybody in this House should look at, produced by the Australian Housing Urban Research Institute, is entitled 'Financing first home ownership: opportunities and challenges'. As an independent think tank, AHURI advises governments across the country on all matters housing related. AHURI will be referred to by other academic entities. Page 31 of that AHURI final report notes:

Government-instigated supply-side measures to promote home ownership were instrumental in supporting postwar growth of owner-occupation, but have since become far less common. Some innovative schemes have been initiated, though in general they remain relatively small-scale and are generally targeted at specific groups with bespoke needs.

Ours is a novel and generous scheme at a time when fewer of them exist, when it is worth taking a chance on economically, when we are in a state of terminal demographic decline and when we do not have the capacity to broker new migration arrangements with the Commonwealth Government, having demonstrated nothing but fiscal negligence for eight years.

On this side of the House we are doing what we can to demonstrate to the marketplace, media and public that grown-ups are in charge of the economy. We are spending money prudently to try to invigorate the economy in the right places.

What is the intention of our HomeGrown Territory Grant? It is clear. As I said, if members had referred to any of the explanatory materials, it would be clear to them as well. Our grants are designed to assist people to get out of the rental cycle and into home ownership, increase the supply of new dwellings, stimulate the residential construction industry and retain population by encouraging people to put down roots in the Territory.

I applaud the courage of this government in being bold on these matters. The truth is that there has been risk-averse policymaking in this place on a range of social and economic issues for a long time. The lack of imagination and courage, the failure to consult the data and the inability to treat this place with the reverence

it deserves—we are a place of lawmaking and decision-making for the citizenry of the Northern Territory—has gotten us to the point we are at.

I specifically applaud the courage of the Chief Minister in this regard, noting the contrast with her immediate predecessors and the former government's total unwillingness to face economic reality and/or demographic decline. I say that not just as theatrics, but from my personal learned and lived professional experience. My previous guise was as a public servant, trying to help the government of the day with population growth, migration and talent acquisition. I can attest to the former government's wilful blindness to our demographic decline and its inability to understand that you must stimulate residential construction, create houses and broker arrangements with the Commonwealth on migration if you do not want the Northern Territory to demographically and economically collapse.

On that basis, I am extremely grateful for the courage of the Chief Minister and this government in being willing to offer a generous scheme. Is risk attached to it? Of course it is, but have we considered that risk? Yes. That is why we are all united in pushing for this scheme.

It is early days, but there has been an encouraging amount of interest in all the categories of the HomeGrown scheme.

It has been documented but is worth reiterating that the HomeGrown Territory program provides first homebuyers with grants of \$50,000 to build or purchase a new home or \$10,000 to purchase an established home. This Bill makes legislative amendments to the 2000 Act to put those measures into effect. Additionally by administrative workaround, we have the FreshStart program that provides grants of \$30,000 for non-first homebuyers, who have already owned property, to construct or purchase a new home.

The aspiration is to stimulate supply and growth. Our hope is that by 30 September next year the considerable interest we have seen in the scheme will translate to a commensurate uptake and the purchase and/or building of new dwellings. In the first instance, given that we have only just announced the scheme and are in the midst of debating the legislation, you would not expect for there to have been a massive uptake in the construction of new houses; you would expect most movement to be in transfers on existing properties. That is the case, but there is encouraging movement in that space for first homebuyers. We are creating headroom in the market and stimulating supply in modest but important ways.

My area of professional expertise is not as an economist but a migration and population specialist, so I am comfortable saying that it is my belief that a small improvement to our net negative interstate migration would have the capacity to have a disproportionately large and positive impact on an economy of our size. Therefore, this is a worthwhile bet.

If the numbers alluded to by previous speakers manifest and we create hundreds of new houses, there will be an enormous effect. However, even if the numbers are relatively modest this will not be a policy failure; this will be a policy success. It will have been a mitigation strategy to stop people who would otherwise leave from leaving. It will compel them to stay, put their kids in school here and reinvest in our economy. It will help consumer demand.

We need people in the Northern Territory. There are lots of ways to try to attract people to the Northern Territory, and this is just one of them. More will be on their way, but for present purposes I agree with my learned colleague the Treasurer when he suggests that enabling more people to enter the housing market increases the likelihood of them staying in the Territory.

On the basis of that assertion I am pleased to commend this Bill to the Assembly.

J DAVIS (Johnston): Mr Deputy Speaker, although I understand the intent behind the First Home Owner Grant Amendment Bill and share the commitment to improving housing affordability, our economy and our population, this policy fails to address the real housing crisis in the Northern Territory—homelessness, lack of affordable rental options and limited social and public housing. This Assembly must prioritise sustainable and effective solutions over quick fixes. Although the first home owner grant seeks to provide relief, we must ask ourselves whether it will achieve its intended outcome or simply push home ownership further out of reach for the very people it aims to help.

We have heard a lot of information from the Member for Fong Lim about research and some research from the Member for Nightcliff. I agree with the Member for Fong Lim that we do not need cookie-cutter solutions; we need to do what will work for our economy and our community. However—in your own words—calculated risk and hope do not fill me with confidence. I applaud your commitment to research, but we heard in this