

28 July 2017

First Home Buyers Need Support

The Master Builders Association has welcomed Housing Minister Peter Tinley's support for the \$10,000 First Home Owners Grant (FHOG) in the September State Budget.

According to Master Builders Director Michael McLean, 7,343 grants (averaging 612 per month) were received by first home buyers in 2016-17 which would have cost the state government about \$95 million.

"At an average cost of \$450,000 for a house and land package, these 7,343 FHOG payments would have generated (conservatively) over \$2 billion to the WA economy and over \$300 million in taxes and charges to statutory agencies," Mr McLean said.

"With FHOG-funded new homes now comprising over 35% of WA's new homes market (compared to less than 10% in NSW), the housing industry would suffer badly should the McGowan government decide to end it."

"Based on all our assessments, Master Builders believes 2017-18 will be another difficult year for the housing industry. Population growth is less than 1%, unemployment at 5.5% equates to the national average, land sales are slow, wages growth is low and finance (based on valuations) is becoming more difficult," Mr McLean said.

"With the housing industry in a depressed state at the moment, with only 19,000 new dwelling starts forecast in 2017-18 (compared to WA's 10 year average of 24,000), FHOG has become extremely important from both a building and home-buyer perspective."

"Master Builders acknowledges the McGowan government has inherited a parlous financial situation and record high debt. However, we firmly believe the FHOG should be viewed as an investment in jobs (ie a return on investment) and not a cost on tax-payers. The net return to the state far exceeds the cost."

"It should also be recognized that FHOG contributes a great deal in helping home-buyers access Keystart loans which has greatly benefited the state over many years."

"There are modest signs of improvement in our industry with some trades-persons returning to WA in search of employment in response to the high costs of living in NSW. Terminating the FHOG will hamper their job prospects and create significant redundancies in the housing sector. Some large project builders have already reduced their workforce by 20-30% over the last two years," Mr McLean said.

"Master Builders has already made it very clear to the McGowan government that the impact of terminating the FHOG in the short term will have a serious effect on those who work in and utilize the products and services of the housing industry as well as prospective home buyers."

"With rumours now circulating throughout the industry about the future of the FHOG, Master Builders urges the Treasurer to declare his government's intentions and set the record straight. Regrettably, there was no consultation with industry stakeholders prior to the \$5,000 FHOG boost

being withdrawn with only six weeks notice. As the third largest employer of labour in WA, our industry deserves better than that," Mr McLean said.

The First Home Owners Grant is paid in all states and territories with the exception of NSW, with Queensland, Tasmania and some regions in Victoria paying a \$20,000 FHOG.

For more information please contact:

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