

Ms A L Hayes
ACT

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Mr Gary Banks
Commission Chairman
Inquiry on First Home Ownership
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Dear Commissioner

I welcome the opportunity to express my views, and outline my personal circumstances, in relation to being able to purchase (and eventually own) a home. However, I feel disappointed and disenfranchised by the scope of the present Inquiry and am sure there will be many Australians who agree with this sentiment.

The terms of reference for the Inquiry on First Home Ownership are too narrow to capture the full extent of the problem. The Inquiry makes the assumption that most Australians are in the fortunate position of being able to save for a deposit on a home and having done so will not suffer hardship that results in the loss of that asset, for example, a marriage breakdown, reduced income or loss of job.

I have been a single (divorced) parent for the past five and a half years. Prior to that time I was "mortgaged" however after division of the property with my former spouse there were few assets to be shared. Indeed, in the first year after the separation, I had a net shortfall every month of at least \$600, therefore bills had to be paid using credit. The following factors also impact on my inability to save for a house deposit:

- I chose, and continue to choose, to work fulltime therefore do not qualify for a rental subsidy. I currently pay rent at the rate of \$238 per fortnight and this increases every 12 months;
- I do not qualify for the First Home Owner's Grant which is quite possibly the most discriminatory program launched by an Australian government, as it assists people who do not require financial support and disregards the needs of those who do. DINKs (double income, no children couples) can easily qualify for the grant;
- until three years ago I paid HECS back every payday, and this is another example of a program that does not take into account personal circumstances such as solo parenting, and reduces a parent's capacity to save;
- I have one child at school and one in the work force and there is a necessity to support both children financially. This includes paying medical bills and ambulance cover;
- the previous house I rented was sold to an owner-occupier and I was forced to move at considerable expense. Tenure of housing is an additional concern for people like me;

- I have no assets with the exception of a few pieces of furniture.

Several years ago I was advised by a Centrelink employee that it would be in my best interests to leave the work force or consider working parttime. There is no incentive for single/divorced parents to work fulltime. People in my situation save the taxpayer (and recall, I pay taxes on a fulltime salary) considerable sums of money on pensions and associated concessions such as rental subsidies and cheap electricity.

The oddity of this situation is that my children will have flown the nest, and be self sufficient, long before I will be in a position to save a house deposit - 10% if mortgage insurance is to be avoided. At present there is the added burden of the GST plus stamp duty to be paid on homes. I believe this is called double dipping? I have limited superannuation and have the added dilemma of deciding whether to try and save for a house or increase the size of my nest egg (in any case superannuation is unfavourably taxed so there is no incentive to top it up). I even considered resigning from my job and withdrawing the unpreserved superannuation funds as this money could be used for a house deposit.

It appears that the Howard government is not interested in applying its alleged standards of efficiency, effectiveness and appropriateness to the community it serves. If home ownership is, indeed, central to social and family stability then why are many Australian families excluded from it under the existing regime?

I would be grateful if you would take these comments into consideration even though my situation falls outside the scope of the Inquiry on First Home Ownership. I look forward to a future inquiry that takes this issue seriously and addresses the needs of all Australians.

At the moment the future is looking very insecure.

Yours sincerely

[Submitted Via Email]

A L Hayes