

## **FIRST HOME OWNER GRANT BILL 2000**

### *Introduction and First Reading*

Bill introduced, on motion by Mr Kierath (Minister assisting the Treasurer), and read a first time.

### *Second Reading*

**MR KIERATH** (Riverton - Minister assisting the Treasurer) [3.17 pm]: I move -

That the Bill be now read a second time.

The purpose of this Bill is to put in place a scheme to assist eligible first home buyers by providing a \$7 000 grant where they enter into a contract on or after 1 July 2000 to purchase or build their first home. The scheme forms part of the package arising from the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations, which was signed by the Prime Minister and all Premiers and Chief Ministers in June last year. Under that agreement, the States and Territories committed to assist first home buyers through the funding and administration of a new uniform first home owners scheme grant to offset the impact of the goods and services tax on house prices. The scheme is restricted to first home buyers because other home buyers should benefit from a GST-induced increase in the selling price of their existing home.

The framework principles on which the scheme is based were set out in the intergovernmental agreement and, together with

the amount of the grant, are consistent across all jurisdictions. However, each State and Territory will implement separate legislation to give effect to the scheme. The impact of the assistance provided by this scheme is expected to be significant. In the first year alone, it is expected that over 17 000 applicants in Western Australia will be able to claim assistance totalling nearly \$120m. By the end of the decade, it is expected that assistance in excess of \$1.3b will have been provided. The payment of the grant is not means tested and there is no upper limit on the value of the property being acquired.

However, to receive the grant, each of the applicants must comply with five eligibility criteria. The first and second criteria require the application to be made by a natural person who is an Australian citizen or permanent resident. Where joint applications are made, only one of the applicants is required to meet the citizenship or residency test. The third and fourth eligibility criteria will disqualify any person if the person or his or her spouse has previously received an earlier grant anywhere in Australia, or has held a relevant interest in residential property, including an investment property, prior to 1 July 2000. The fifth eligibility requirement provides that all applicants must occupy the home to which the grant relates as their principal place of residence within a 12-month period. Failure to fulfil this condition after the grant has been paid will result in the applicant being required to repay the full amount of the grant.

To be successful, the application for the grant must also relate to an "eligible transaction". Three types of transaction are provided for: A contract to purchase an established home that is entered into on or after 1 July 2000; a contract to build a new home that is entered into on or after 1 July 2000; and the construction of a first home by an owner builder where the building work commences on or after 1 July 2000. Only one grant is payable for the same eligible transaction. This means that where two or more persons jointly purchase or build their first home, only one amount of \$7 000 will be paid. The Bill also contains anti-avoidance provisions to deny the payment of a grant to an applicant who effectively contracts before 1 July 2000 to enter into a binding contract after 1 July 2000. It should be noted that the anti-avoidance provisions do not prevent pre-construction activity occurring as a precursor to a post 1 July 2000 binding contract, if the arrangement in relation to the pre-construction activity allows both parties to walk away at any time without a requirement to sign a binding contract.

A further important feature of the scheme is that the applicant must either have title or other acceptable security of tenure to the land on which the home is or will be situated. The Bill provides an extensive definition of what constitutes a relevant interest in the land on which the dwelling is located. The Bill also proposes that all persons who will have a relevant interest in the land on which the home is located at the completion of the eligible transaction must be an applicant for the grant. This means that failure by any one applicant to meet the eligibility criteria will disqualify all parties from receiving the grant in relation to that transaction. A specific exclusion from this requirement is provided for Homeswest in relation to its shared equity schemes, and for certain purchases involving a purple title. The Bill includes a number of standard administration provisions, including rights of objection and appeal where a grant is not approved. Comprehensive information sharing powers are set out in the Bill, allowing information to be shared with agencies administering similar legislation across Australia.

The Bill also includes extensive investigatory powers to ensure only eligible applicants receive the grant. Recovery powers, including the ability to lodge a memorial over the land acquired, are included in the Bill to ensure that the \$7 000 grant can be recovered where no entitlement existed, or conditions attached to its payment were not met.

The scheme has been actively promoted by the Ministry of Housing since early March this year. This was necessary to ensure that intending purchasers and builders of first homes could make an informed decision. In this State, the scheme will be administered by the State Revenue Department, which has significant expertise and data matching systems to ensure that only those persons who are eligible for the grant will receive the benefit of it. To reduce the effort required for a person to apply for the grant, the State Revenue Department is working with a range of financial institutions and associated providers of first home finance to allow potential applicants to apply for the grant through their financial institution at the time they seek finance. Those persons who do not require finance, or who are financing through a financial institution that has not elected to provide such an application service, will be able to apply directly to the State Revenue Department.

It is also important to recognize that the \$7 000 grant is in addition to, rather than in place of, existing first home buyer assistance currently provided by the State. This includes the Keystart first homebuyer scheme; Aboriginal home ownership scheme; Access home loan scheme; GoodStart scheme; and right to buy scheme. The assistance provided by the home buyers assistance fund and current stamp duty concessions for first home owners will also continue unaffected.

This legislation will have a significant and ongoing impact in ensuring that home affordability for first home owners buyers is maintained at existing levels for the people of Western Australia. It gives me great personal pleasure to introduce this Bill to the House. I commend the Bill to the House.

Debate adjourned, on motion by Mr Cunningham.