

STAMP DUTY - FIRST HOME BUYERS

**1024. Hon NIGEL HALLETT to the minister representing the Treasurer:**

Given that Sydney's median house price is \$523 000 and Brisbane's median house price is \$326 000, with first home buyers paying \$5 170 and \$1 600 in stamp duty respectively on these amounts, and given that Perth's median house price is approximately \$450 000, with first home buyers paying \$18 200 in stamp duty, when will the government give first home buyers some substantial stamp duty relief to correct this inequity?

**Hon LJILJANNA RAVLICH replied:**

I thank the member for some notice of this question. I am happy to provide the following answer on behalf of the Treasurer -

The government has provided significant stamp duty relief to first home buyers. It introduced the first home buyer stamp duty exemption scheme in July 2004 and has also cut the general conveyance duty rates by 15 per cent since that time. Furthermore, the government cut mortgage duty by 50 per cent on 1 July 2006 and will fully abolish this duty on 1 July 2008. First home owner grants data indicate that the median price of a home purchased by first home buyers in Western Australia in the September 2006 quarter was \$330 000, which is still within the cut-off threshold for stamp duty relief. About 60 per cent of first home buyers were eligible for a full or partial stamp duty exemption in that quarter.

The government has received advice that in a market characterised by high levels of demand relative to supply, measures that increase demand, including cuts to conveyance duty rates, are likely to result in further price increases, benefiting sellers rather than providing relief for property purchasers. In advice to the government dated 29 August 2006, the chief economist from the ANZ Bank stated that, particularly in the kind of market we have in Perth, any cut in stamp duty, or any other form of direct cash assistance to home buyers, will simply be reflected in higher property prices. On Wednesday, 27 September in the Legislative Assembly, the Treasurer indicated -

... if at some point the housing market becomes softer and there is a lower rate of growth in prices and a better balance between supply and demand, it would be appropriate at that stage to consider whether there would be merit in extending the eligibility thresholds for first home buyers.

The extension of the first home buyers stamp duty threshold is being considered, along with other reform proposals, as part of the state tax review. The final report of the state tax review will be completed in 2007 for consideration in future budgets.