

**STAMP DUTY, FIRST HOME BUYERS**

*Statement*

**HON BARRY HOUSE** (South West) [5.56 pm]: About an hour ago during question time I asked a question of the minister representing the Treasurer about the May state budget announcement abolishing stamp duty for most first home buyers. The first two parts to the question were as follows -

- (1) What is the State Government's position on first home buyers who have been encouraged to make an offer on a home after the Government's announcement on stamp duty but whose settlement would occur after 1 July 2004?
- (2) Will the State Government insist on collecting stamp duty from these people or will the Government accept that they are genuine first home buyers and qualify for the exemption?

The answer is in *Hansard* for the public to see, but, in essence, the answers can be paraphrased as follows: "(1) Tough, we do not care; and, (2) Yes, you bet we will collect every cent we can from these poor unfortunate individuals who have been sucked in." That is basically the context of the answer. I was prompted to ask this question following an e-mail I received from a constituent in Bunbury that states -

Hi Barry

Can you assist with this at all??

The e-mail forwards a message that he had sent to the Premier, and it is worth the House learning what that message is all about -

...

Please can you respond to me by email on the problem my 18yo son faces in relation to a first home purchase and WASTamp duty.

My son lives in Perth and after seeing the publicity for the cancellation of State Stamp Duty for first home purchasers went out and made an offer on a house in Kenwick.

He works designing engineering structures for a local engineering design firm (having graduated with a TAFE diploma in engineering last year) but is paid only \$14 per hour. Currently he is working at least 50 hours per week and sometimes over 60 hours a week in order to afford the house in Kenwick. Unfortunately his position pays no overtime or penalty rates or bonuses of any kind so even working 50 hours per week only generates \$700 before tax.

His problem is that yesterday he found out that he owes the WA Government over \$4800 in Stamp Duty that he thought he did not have to pay.

His loan is approved. The offer is unconditional. He is contracted to purchase the home but he does not have the \$4800+.

He does not own the home in any legal sense, he does not have possession of the home, he does not live there, he has no furniture there, he has no current financial liability for the home nor does he pay rent or mortgage payments for the home. Simply he has no tenure on the home at all, until settlement in early July.

However, the WA Government insists that despite all of the above, he has purchased the home prior to 1 July 2004.

It seems the WA Government is interested most in 2 items here -

1. Insisting that the purchase is effected on the date of the Offer and Acceptance (despite any of the practical indications of ownership) for the sole purpose of being able to -
2. Collect over \$4800 in Stamp Duty from my son.

This being the case, your Government does not have an interest in assisting genuine, struggling first home buyers as you promote to the WA public. My son takes no legal possession or ownership of the home until July 2004 yet your Government is . . . insistent on extracting over \$4800 from him for the benefit of State Treasury.

Please can you explain why your Government's priority in this manner is to extract the \$4800 from my son rather than assist the WA first home buyer in the manner your Government has promoted?

In this situation the media hype that your Government sought by interviews and press releases has sucked in an innocent 18yo.

Please can you tell me what your Government will do in relation to first home buyers making an Offer and Acceptance on a home after your Stamp Duty announcement with settlement AFTER 1 July 2004?

Will you insist on collecting Stamp Duty from these people or will your Government identify that these are genuine first home buyers, not taking any form of legal possession or ownership of their home before July 2004 and try to assist these people in accordance with your television and other media segments showing your desire to assist young WA first home buyers?

That was the letter to the Premier, which set out the situation pretty clearly. The first line of the answer to the question I asked today reads -

The 2004-05 budget made it clear that the significant stamp duty relief for first home buyers contained in the budget would not commence until 1 July 2004.

I seriously question that statement. One line of the Treasurer's budget speech states -

On 1 July conveyance duty will be abolished for first homes worth less than \$220,000, and reduced for first homes valued at up to \$300,000.

That is ambiguous at best, because there is no mention of whether that refers to an offer and acceptance or to settlement. The Premier's media release of 7 May 2004, in which he broadcast this good news to the public, contained information on a couple of matters, including Keystart loans, land availability and first home buyers. The relevant paragraphs state -

The State Government's injection of a record \$2.1 billion into Keystart loans and the abolition of stamp duty for most first homebuyers will see the dream of buying a home become even more achievable.

Premier Geoff Gallop said yesterday's Budget was deliberately targeted at getting young people and families into their own homes.

"An estimated 12,000 Western Australians will receive Government support through Keystart or stamp duty tax concessions announced yesterday," Dr Gallop said.

Another paragraph that relates to this matter states -

"With the \$7,000 First Home Owners Grant, stamp duty abolished on land valued up to \$100,000 and established homes up to \$220,000 and the biggest injection of money ever into home loans, housing affordability will be in the reach of thousands of Western Australians."

The press release goes on to refer to mostly the Keystart home loan program. The media release does not indicate the date from which the concessions will apply. The average punter, who would have heard the announcement by the Treasurer and who would have read the Premier's media release, which made no reference to a date, would have presumed that these concessions would apply immediately. Certainly, they would have presumed that they would apply from the date of the settlement of any offer and acceptance entered into rather than from the date of the offer and acceptance.

This is a pretty heartless, ruthless, cold act by the Government. We heard earlier today at a meeting with members of the Real Estate Institute of WA that the first home buyers market dried up almost completely once this situation became known. It obviously did not become known for some time, because people such as this 18-year-old lad have been completely sucked in. They thought that they were purchasing a home under the conditions set out by the Government, which would have eliminated their need to pay stamp duty - in this young man's case, \$4 800 - to the State. However, no, these people have been ruthlessly pursued by the Government, and the Government will insist on collecting those funds from these young people, who are making a huge commitment, as can be seen from this letter. This young lad is working extremely long hours. He has made an enormous commitment to purchase a home, but is being treated very shabbily by the Government.