

**FIRST HOME OWNER GRANT AMENDMENT BILL 2017**

*Introduction and First Reading*

Bill introduced, on motion by **Mr B.S. Wyatt (Minister for Finance)**, and read a first time.

Explanatory memorandum presented by the minister.

*Second Reading*

**MR B.S. WYATT (Victoria Park — Minister for Finance)** [12.24 pm]: I move —

That the bill be now read a second time.

This bill seeks to amend the First Home Owner Grant Act 2000 to temporarily increase the first home owner grant payment from \$10 000 to \$15 000 from 1 January 2017 to 30 June 2017. More specifically, the \$5 000 boost payment applies to contracts entered into between 1 January 2017 and 30 June 2017 for the purchase or construction of a new home, as well as owner-builders who have laid the foundations of their home between those dates. Furthermore, to be eligible for the additional \$5 000 grant, construction of the home must commence within 26 weeks of the owner signing a building contract and the home must be completed by 1 July 2019. For owner-builders or purchasers of off-the-plan homes, construction must also be completed by 1 July 2019. The existing eligibility criteria for the first home owner grant will also apply. This includes that the home must not be valued at more than \$750 000, or, if north of the twenty-sixth parallel, more than \$1 million.

Payments of the additional \$5 000 grant are being made by the Commissioner of State Revenue under an administrative arrangement. These amendments seek to provide legislative support for the additional grant and are necessary to ensure that the commissioner has authority to recover the \$5 000 grant payment if the eligibility criteria for the grant have not been met.

The first home owner boost was originally announced by the previous government and was to be available for transactions entered into between 1 January 2017 and 31 December 2017. The previous government estimated that the boost would cost the budget around \$48 million from 2016–17 until 2019–20. As announced on 17 May 2017, the effective cost of providing the \$5 000 boost for 12 months, to induce 380 first home buyers to buy or build a new home, would be around \$120 000 for each additional new home. This is not a cost-effective way to stimulate new home building. Furthermore, in this very difficult budgetary environment, it is more important than ever to exercise expenditure restraint and target concessions to where they are most needed. The total estimated savings to the budget of ceasing the \$5 000 boost from 30 June 2017, relative to the cost that was included in the *Pre-election Financial Projections Statement*, is approximately \$22 million from 2016–17 until 2020–21.

The Western Australian government will continue to provide generous transfer duty concessions to first home buyers. These exempt first home buyers from transfer duty on the purchase of established and new homes valued up to \$430 000, phasing out at \$530 000, and on vacant land up to \$300 000, phasing out at \$400 000. For a new home in Western Australia valued at \$430 000, the stamp duty concession, combined with the \$10 000 first home owner grant, will provide first home buyers with assistance of over \$24 000.

These amendments are proposed to commence retrospectively from 1 January 2017. This is consistent with the commencement date announced by the previous government on 27 December 2016.

This bill also makes other amendments to the First Home Owner Grant Act to address the outcome of a 2013 decision of the State Administrative Tribunal. The tribunal's decision had unintended consequences in which an applicant's eligibility for the grant is not affected by a co-purchaser who either does not have a right of immediate occupation of the land within 12 months of completion of a transaction, or who holds their interest in trust for another person. The co-purchaser is not required to be an applicant in these circumstances.

The amendments will restore the policy intent of the legislation for all owners of the land on the completion date of the transaction to be applicants and satisfy the criteria for the grant unless otherwise excluded by regulation. Other minor amendments are also being made to improve the efficiency of administering the first home owner grant scheme.

The associated explanatory memorandum contains further details on the amendments. I commend the bill to the house.

Debate adjourned, on motion by **Ms L. Mettam**.