



Speech by

**Hon. D. HAMILL**

**MEMBER FOR IPSWICH**

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Hansard 12 April 2000

**FIRST HOME OWNER GRANT BILL**

**Hon. D. J. HAMILL** (Ipswich—ALP) (Treasurer) (11.30 a.m.): I move—

"That the Bill be now read a second time."

The First Home Owner Grant Bill 2000 seeks to introduce the First Home Owner Grant Scheme in Queensland. The scheme involves making a one-off payment of \$7,000 to first home owners who enter into a contract to purchase or build their first home on or after 1 July 2000.

**Dr Watson:** Funded by the Federal Government.

**Mr HAMILL:** It is funded by the Queensland Government; this scheme has been obliged to be funded by the State and Territory Governments.

The purpose of the scheme is to assist affordability for persons building or buying their first home following the introduction of the goods and services tax. Under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Arrangements, the Commonwealth, States and Territories agreed to assist first home buyers through the funding and administration of a new, uniform first home owner grant. The scheme provides significant benefits to first home buyers.

The framework principles for the grant were prescribed by the intergovernmental agreement. Each State and Territory will implement separate but consistent legislation to give effect to the scheme. Eligibility criteria for the grant have been jointly developed by all jurisdictions in line with the principles contained in the intergovernmental agreement. The Queensland First Home Owner Grant Bill 2000 is consistent with the principles for the First Home Owner Grant Scheme prescribed in the intergovernmental agreement, but expands on those principles to clarify the operation of the scheme and to overcome potential inequities.

A first home owner grant is payable where the applicant, or if there are two or more of them, each of the applicants, complies with the eligibility criteria, and has entered into an eligible transaction which has been completed. There are five eligibility criteria—

1. The applicant must be a natural person;
2. The applicant, or if there are more than one, then at least one of the applicants, must be an Australian citizen or permanent resident;
3. The applicant or the applicant's spouse must not have previously received a First Home Owner Grant in any jurisdiction;
4. The applicant or the applicant's spouse must not have had before 1 July 2000 a relevant interest in residential property, or after 1 July 2000 a relevant interest in residential property that is used as the residence of the applicant or applicant's spouse;
5. The applicant, or if there is more than one, then at least one of the applicants, must occupy the home to which the application relates, as a principal place of residence within one year.

To be an eligible transaction, the applicant must have entered into a building contract to buy or build a home, or in the case of an owner builder, commenced construction on or after 1 July 2000.

To overcome avoidance opportunities, the contract to buy or build must not be pursuant to an option to purchase or build granted prior to 1 July 2000. A first home owner grant will be paid to persons who have a relevant interest in the home. To broaden the application of the grant, relevant interest is not limited to freehold estates. It extends to other recognised forms of secured tenure over the home that is being acquired, including instalment purchases, estates for life, and Crown leases and licences. Additional relevant interests may be prescribed by regulation.

To qualify, the home must be a building, fixed to the land, that may lawfully be used as a place of residence, and is a suitable building for use as a place of residence. For example, the home must meet local planning standards for a self-contained dwelling designed for human habitation, such as houses, flats, strata title apartments and mobile homes covered by the Mobile Homes Act 1989.

The Bill also includes administrative measures necessary for the efficient operation of the First Home Owner Grant Scheme in Queensland. As the States and Territories have proposed different administrative processes, the administrative aspects of the legislation are not nationally consistent. In Queensland, the Scheme will be administered by the Office of State Revenue—OSR. To streamline the application process, OSR may enter into agreements with agents to assist in the administration of the scheme.

An application for the grant must be made between the commencement of the eligible transaction and within 12 months of completion of the eligible transaction. For an existing home, completion will usually be upon registration of the purchaser's title. For contracts to build or construction by an owner builder, completion will be when the building is ready for occupation as a home. The grant is payable upon the completion of the eligible transaction, if all eligibility criteria are satisfied. However, the commissioner has a discretion to authorise payment of a grant before this time, if appropriate, in the circumstances.

The Bill contains provisions to reduce the risk of abuse of the scheme. The grant is generally \$7,000. However, to overcome scope for abuse of the scheme, where the consideration paid for the home is less than \$7,000, the grant payable will be limited to the amount of consideration paid. A grant will not be payable where the home is a gift or bequest to the applicant, that is, where no consideration has been paid.

The Bill also includes powers of investigation and information collection to facilitate the effective administration of the First Home Owner Grant Scheme and to monitor compliance with the scheme requirements. The avoidance and compliance measures, which include powers to require information, whether by production of documents or attendance to give evidence, powers of entry, and offences for making of false or misleading statements or producing false or misleading documents.

The Bill protects the rights of applicants by providing appropriate internal review and appeal processes. In addition, the Bill contains privacy provisions to ensure that confidential information relating to the administration of the scheme is not disclosed to unauthorised persons.

The commencement of the goods and services tax on 1 July this year will increase the cost of purchasing or building a home, and may effectively discourage home ownership. The First Home Owner Grant Bill 2000 seeks to encourage and help home ownership, and to offset the effect of the goods and services tax on home ownership, by implementing a scheme for the payment of grants to first home owners in Queensland. The grant is intended to reduce the additional cost of home purchase associated with the goods and services tax. However, like the iniquitous new tax, the GST which has spawned this measure, the First Home Owners Grant Scheme, is also iniquitous, with a uniform grant being provided regardless of the financial circumstances of the eligible applicant. Nevertheless, this measure is an integral part of the Commonwealth's tax reform package and as such we are obliged to implement it along with appropriate administrative and enforcement provisions to facilitate effective administration of the grant. I commend the Bill to the House.

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