

## Agreement in Principle

**Mr DAVID HARRIS** (Wyong—Parliamentary Secretary) [4.47 p.m.]: I move:

That this bill be now agreed to in principle.

In introducing the State Revenue Legislation Amendment (Defence Force Concessions) Bill 2009 the New South Wales Government is leading the way for national reforms to the first home buyers program to support defence personnel. This is an Australian first: the first time that a State has legislated to specifically ensure that defence personnel are able to claim the same benefits as everyone else. The New South Wales Government administers a number of State and Commonwealth first home benefit schemes through the Office of State Revenue.

The First Home Owners Grant is a grant of \$7,000 to assist in the purchase of a first home. The grant is a national scheme, funded by the States and Territories, which operates on a uniform basis under the Intergovernmental Agreement on Federal Financial Relations. The First Home Owners Grant has been complemented since October 2008 by the First Home Owners Boost, a temporary additional grant funded by the Commonwealth. These payments were reduced in value at the end of September and will expire on 31 December 2009.

The New South Wales New Home Buyers Supplement is a temporary assistance program, announced in last year's mini-budget, that operates until 30 June 2010. Like the First Home Owners Grant, the New South Wales Government funds the supplement. It provides a grant of \$3,000 to first home buyers purchasing a newly constructed dwelling. It is an important stimulus to our housing construction sector. This grant is in addition to the First Home Owners Grant and the First Home Owners Boost.

First Home Plus provides a stamp duty exemption on all first home purchases up to \$500,000 in value and a further concession for properties worth between \$500,000 and \$600,000. This program is worth up to \$17,990. First Home Plus One also provides a stamp duty concession for first home buyers who are purchasing under a shared equity arrangement with a financial institution or another person. Under these schemes, New South Wales first home buyers currently receive up to \$34,990 in grants and stamp duty cuts, which are among the most generous in Australia.

A key requirement of all these first home benefit schemes is that the new homeowner must live in the dwelling as his or her principal place of residence. Under this residence requirement, at least one of the applicants is required to occupy the home as the applicant's principal place of residence for a period of at least six months commencing within 12 months of purchase. The residence requirement is intended to ensure that the benefits are received on the purchase of a first home for owner occupation, not a first investment property. The Office of State Revenue conducts checks to ensure that applicants comply with the residence requirement, and applicants who do not are required to repay the grant and pay the duty, and in some cases may be subject to penalties. To overcome any unfair application of the time limits, the chief commissioner of State Revenue has the discretion to reduce the period of occupation, to extend the period during which occupation commences, or to exempt an applicant from the residence requirement entirely.

The First Home Owner Grant discretion is administered subject to national guidelines. For consistency, the same guidelines are also applied to applicants for the New South Wales Government's other assistance schemes for first home buyers. For many Australian Defence Force personnel, however, the nature of their employment is such that they are unable to comply with the residence requirement, and would also be unable to benefit from the discretions to fully or partly waive that requirement. This is due to the requirement for Australian Defence Force members to provide unrestricted service such that they must be free to be posted or deployed across Australia and overseas if necessary. Operational requirements and a rotation policy mean that Australian Defence Force personnel will normally be moved to different localities a number of times during their careers, sometimes at short notice. In addition, deployments of Australian Defence Force personnel within Australia and overseas occur on a sometimes unpredictable basis in response to events such as peacekeeping missions and natural disasters, as well as deployment to locations at or near war zones.

As a result of the unrestricted service requirement for Australian Defence Force personnel, many may be effectively locked out of eligibility for first home benefits if they choose to buy a home while in the service. This is so even if the person intends to use the home in the period after completing service in the Australian Defence Force as their principal place of residence. In cases where benefits are obtained on the purchase of a home that was bought with the genuine intention of occupying it as the applicant's principal place of residence, failure to satisfy the residence requirement could result in the applicant being liable to pay or repay significant amounts to the Office of State Revenue.

The Government wants the rules reformed so that the men and women serving and protecting our country are not unfairly disadvantaged. The bill provides equivalent financial assistance to members of the permanent Australian Defence Force who are unable to meet the residence requirement for the First Home Owner Grant

and the other first home owner assistance schemes provided by the New South Wales Government. As a result, members of the Australian Defence Force who are otherwise eligible for first home assistance will be able to obtain and retain those benefits without being disadvantaged by the requirement for unrestricted service with the Australian Defence Force. Members of the Army Reserve, Naval Reserve and Air Force Reserve are not subject to the same unrestricted service requirement as members of the permanent defence forces. The proposed assistance will therefore apply only to members of the regular Army, the permanent Navy and the permanent Air Force. This initiative will apply from the date this bill was introduced.

Amending the residency provision in the First Home Owner Grant Act 2000 and the criteria in the Duties Act 1997 for first home owner assistance will support service men and women doing their job and will give them one less thing to worry about while they are serving Australia's interests. The Australian Defence Force has about 3,000 members deployed to 12 different overseas operations, including in Iraq, Afghanistan and East Timor. About 500 Australian Defence Force personnel are involved in domestic operations, such as protecting Australia's borders, and they can also be called interstate at short notice. The men and women who serve in our armed forces are prepared to sacrifice their lives in active duty and deserve to be supported in every way possible. That is why the New South Wales Government is asking the Commonwealth and other States to support our push to change the rules for defence personnel in relation to first home owner grants.