



Legislative Council

First Home Owner Grant

Amendment Bill Hansard - Extract

10/04/2002

Second Reading

The Hon. IAN MACDONALD (Parliamentary Secretary) [8.15 p.m.]: I move:

That this bill be now read a second time.

I seek leave to incorporate the second reading speech in *Hansard*.

Leave granted.

This bill contains amendments to the First Home Owner Grant Act to implement three changes to the administration of the grant.

The primary purpose of this bill is to formalise changes to the First Home Owner Grant announced by the Commonwealth Government last year.

At the start of the GST, the Commonwealth introduced the First Home Owners Grant Scheme to provide \$7,000 for first home owners. This scheme is administered by State and Territory revenue offices.

On 9 March 2001 the Commonwealth introduced a further \$7,000 grant for first home owners building a new homes rather than buying an existing dwelling. The additional \$7,000 grant for new first homes was to end on 31 December 2001.

On 9 October 2001, the Commonwealth announced that the grant would be extended until 30 June 2002, but at the reduced amount of \$3,000.

The Commonwealth remains responsible for funding both the \$7,000 first home owner grant and the additional grant of \$3,000 for new first homes.

The Commonwealth has relaxed the eligibility criteria for the additional grant, loosening the timing restrictions on the start and finish of building work.

The other eligibility criteria for the additional \$3,000 grant are identical to those for the additional \$7,000 grant that applied between 9 March 2001 and 31 December 2001.

The Office of State Revenue has been administering the grant on the basis of the Commonwealth's announcements. To ensure that no applicants were disadvantaged by Commonwealth delays in formalising the revised guidelines, OSR has reviewed any prior applications that were rejected but would have been eligible under the new guidelines.

These amendments to the First Home Owner Grant Act authorise the extension of the additional grant for new homes at the reduced rate of \$3,000, and revise the guidelines in accordance with the Commonwealth's announcements. Apart from formalising current administrative practice, the amendments will provide a legislative basis for applicants' rights of review and for compliance audits by OSR.

The second amendment creates a specific offence for knowingly giving false or misleading information in an application for the grant.

The Act currently contains an offence for knowingly giving false or misleading information to an authorised officer. However, most applications for the grant are not made to the Chief Commissioner or other authorised officers but to authorised financial institutions.

The new offence will have a maximum penalty of 100 penalty units, consistent with the existing offence. Similar provisions exist in other States' grant legislation.

The final amendment authorises the Chief Commissioner of State Revenue to recover amounts from third parties in certain circumstances.

The Chief Commissioner of State Revenue is currently authorised to recover grants that are required to be repaid by the applicant, penalties imposed on the applicant, and amounts paid in error to another person. These amounts can only be recovered directly from the applicant or the other person.

In relation to taxation laws, the Chief Commissioner is also authorised to collect amounts of tax from third parties who owe money to, or hold money for, a taxpayer. These provisions, sometimes referred to as "garnishee" provisions, are an effective means of recovering amounts payable where direct recovery from the taxpayer has not succeeded. In practice, the "third party" is usually the bank with which the taxpayer

holds an account.

At present, there is no equivalent "third party" provision in the grant legislation. The proposed amendment of the First Home Owner Grant Act mirrors the existing provision in the Taxation Administration Act and will be consistent with the current practices of the Office of State Revenue for recovery of money payable to the Chief Commissioner.

The provision requires the Chief Commissioner to notify the applicant and the third party in writing and indemnifies the third party in respect of the payment.

The effect of all these amendments is to clarify the rights and obligations of applicants for the grant.

I commend the bill to the House.