



Duties Amendment (First Home Plus One) Bill 2007

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Extract from NSW Legislative Council Hansard and Papers Wednesday 27
June 2007.

Second Reading

The Hon. MICHAEL COSTA (Treasurer, Minister for Infrastructure, and Minister for the Hunter) [4.35 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.

The Duties Amendment (First Home Plus One) Bill 2007 implements a new stamp duty concession for first home buyers, announced by the Treasurer on 23 February 2007. First Home Plus One delivers yet another concession to first home buyers to complement the existing benefits and concessions provided under the First Home Owner Grant Scheme and First Home Plus stamp duty scheme. Since its introduction in July 2000 to the end of April 2007, First Home Plus has provided assistance to over 247,000 first home buyers in New South Wales, with stamp duty savings totalling over \$1.6 billion. In 2005-06 over 93 per cent of first home buyers who applied for stamp duty exemption paid no duty on the purchase of the property.

In the three years since the First Home Plus scheme thresholds were increased, over 121,000 first home buyers have taken advantage of the increased thresholds, with transfer duty savings of over \$1.1 billion, representing an average benefit of over \$9,770 per person. In addition, the New South Wales Government has distributed \$2.1 billion to 287,000 first home buyers through the First Home Owner Grant since the scheme began in 2000. In the quarter ending March 2004, first home buyers in New South Wales represented only 7.9 per cent of housing finance loans. By December 2006, the quarterly share of first home buyers housing finance had increased to 16.4 per cent. Under the new scheme, First Home Plus One, first home buyers who enter into a shared equity arrangement are eligible for a new stamp duty concession, with effect from 1 May 2007.

A shared equity housing arrangement can take a number of forms and includes an arrangement under which a person acquires a less than full interest in his or her home with the remaining interest acquired by another person. Shared equity arrangements can assist first home buyers by helping people who could not otherwise afford to buy a home to enter the property market, by reducing the time needed to save for a share in a home, or by allowing first home buyers to buy a home of higher value than they otherwise would have been able to afford.

First Home Plus One will further assist these first home buyers by providing a duties concession worth up to \$18,000. If the equity partner acquires no more than 50 per cent of the property, an eligible first home buyer will be entitled to a proportion of the First Home Plus duty concession. For example, an eligible first home buyer taking a 50 per cent share in a \$500,000 home will save \$8,995 in transfer duty and would save \$14,392 in duty if taking an 80 per cent share. In addition, a mortgage given to

assist the financing of the purchase would be eligible for the full mortgage duty discount of up to \$1,941.

The bill provides two further concessions under First Home Plus. First, if an equity partner acquires no more than a 5 per cent share, the full First Home Plus concession applies as if the eligible first home buyer were buying a 100 per cent interest. This will ensure that the purchase of a small share by a loan guarantor as part of the financing arrangements does not reduce the concession available to the first home buyer. Second, the bill requires only one of the eligible first home buyers to satisfy a residence requirement to occupy the home as their principal place of residence for six months commencing within 12 months of settlement. This addresses the obvious point that the equity partner will not occupy the home, and is also consistent with the First Home Owner Grant Scheme.

The bill also makes consequential amendments to the Land Tax Management Act to ensure eligible first home buyers are not subject to land tax on their share of the home if it would otherwise be exempt from land tax as that person's principal place of residence. First Home Plus One is the latest step in the Government's continuing focus on providing assistance to first home buyers. New South Wales continues to have the most generous stamp duty concession scheme for first home buyers in Australia, with the highest property value limits and the most inclusive eligibility criteria. I commend the bill to the House.