APPROPRIATION BILL 2012
APPROPRIATION (PARLIAMENT) BILL 2012
STATE REVENUE AND OTHER LEGISLATION AMENDMENT (BUDGET MEASURES) BILL 2012

Second Reading

The Hon. GREG PEARCE (Minister for Finance and Services, and Minister for the Illawarra) [6.00 p.m.]: I move:

That these bills be now read a second time.

The budget introduces the Building the State package that contains changes to the First Home Owners Grant and First Home Plus and introduces the New Home Grant. These will provide greater incentives to invest in new homes rather than established homes. The First Home Plus threshold will be increased from $600,000 to $650,000 for new homes, with the threshold for vacant land staying at $450,000. The First Home Owners Grant will be increased from $7,000 to $15,000 from 1 October 2012 and limited to new homes. From 1 January 2014 the First Home Owners Grant will be $10,000. The threshold will be set at $650,000 to be consistent with First Home Plus. A grant of $5,000 will be provided to non-first home buyer purchases of new properties valued at up to $650,000 regardless of the stage of construction.

The threshold for the first home buyer stamp duty concessions has been increased to provide first home buyers with greater choice in eligible properties. First home buyers will now receive a stamp duty concession on new homes valued at up to $650,000 and vacant land valued at up to $450,000. The threshold for the First Home Owners Grant has also been changed to be consistent with the stamp duty concessions thresholds. This will target benefits to first home buyers who are most in need of assistance. The restriction of the First Home Owners Grant to purchases of eligible new homes is consistent with the restriction of First Home Plus stamp duty concessions to eligible new homes. This was done to focus on the creation of new homes, not simply increasing the price of dwellings through untargeted grants and concessions, as has occurred in the past.

To support further first home buyers of new homes, from 1 October the First Home Owners Grant will be increased to $15,000 until 31 December 2013 and $10,000 beyond that date. First home buyer benefits will be more consistent, efficient and fair. The New Home Grant benefits provide a $5,000 grant to non-first home buyers purchasing a new home. The grant is simpler and more efficient than previous stamp duty concessions. The threshold will be the same as for first home buyers: $650,000 for new homes and $450,000 for purchases of vacant land. This threshold will provide buyers with a greater choice of eligible properties. This will encourage a greater mix of new housing suitable to each buyer's needs. The grant will also be the same for all eligible purchases regardless of the stage of construction. This will simplify administration of the benefits and remove ambiguity for new home buyers.

The budget will also introduce additional funding for infrastructure through the Housing Acceleration Fund and 10 infrastructure projects totalling $181 million have been selected for stage one. These projects have been identified specifically to increase the supply of new housing and include road, wastewater and land acquisition projects. In addition to the Housing Acceleration Fund, $50 million in incentives will be available for selected councils that participate in urban activation precincts. This support scheme will assist councils to build essential infrastructure associated with population growth.

A further $30 million has also been directed to the Local Infrastructure Renewal Scheme, which provides interest rate subsidies for councils that borrow to build local infrastructure. As well as these funding initiatives, the Government is creating a new growth delivery entity to expedite development outcomes in New South Wales. The new entity, established through merging Landcom and the Sydney Metropolitan Development Authority, will focus on managing urban renewal in strategic and complex sites to increase the supply of housing. This holistic housing package will encourage more investment in new homes. This will lead to an increase in housing supply and hence housing affordability in New South Wales.

Mortgage duty on business transactions, unquoted marketable securities duty and duty on transfers of non-land business assets such as goodwill, patents, trademarks and other intellectual property were to be abolished on 1 July 2012. They will now be abolished on 1 July 2013. New South Wales remains committed to the abolition of these taxes. However, as a savings measure in response to the deterioration in GST revenue, the abolition of these three stamp duties will be deferred until the date set out in the intergovernmental agreement—that is, until 1 July 2013. This initiative will generate an additional $326 million in 2012-13. New South Wales is not the only State to announce deferral of the abolition of these stamp duties. Queensland, South Australia and the Northern Territory have also deferred abolition of duty on transfers of non-land business assets until their budget situations improve.

From 1 July 2012, penalty amounts contained in the Road Transport (General) Regulation 2005 will be increased by 12.5 per cent. This one-off increase is necessary to address the increase in the administration cost of collecting traffic fine revenue. The cost of collecting $100 in fine revenue has risen by approximately 21 per cent over the five years from 2007-08 to 2011-12. Over this same period penalty levels have increased by only approximately 11 per cent. The 12.5 per cent increase also includes the usual consumer price index adjustment made each year. This measure is expected to raise approximately $45 million a year in additional revenue. Victoria announced a 12.5 per cent increase to its penalty unit amount in its 2012-13 budget.

Changes to the Electricity Supply Act 1995 will mandate retailer contributions to Solar Bonus Scheme levies and give the Independent Pricing and Regulatory Tribunal the power to determine the appropriate value of this contribution on an annual basis. These changes are necessary to address the high cost of the Solar Bonus Scheme while reducing the need for around $33.4 million in Climate Change Fund levies on electricity distributors to fund the scheme. The amount to be contributed will reflect the value to retailers of the energy generated under the scheme. This amount will be determined by the Independent Pricing and Regulatory Tribunal, which will set out the indicative value of this contribution in 2011-12 of 6.5¢ per kilowatt hour. The Independent Pricing and Regulatory Tribunal will determine this amount each year in line with variations in wholesale and retail electricity prices. The entitlement of scheme participants will remain unchanged, with the full 60¢ or 20¢ tariff retained.

The budget introduces the New Frontiers Mining Industry Charge and the New Frontiers Mining Industry Administration Levy for the mining industry. The New Frontiers Mining Industry Charge will fund the continuation of the New Frontiers program. This program was launched in 2006 as a government-funded exploration enhancement initiative to stimulate mineral and petroleum investment in under-explored areas. Government funding is due to end in July 2012. The Government will implement the new charge for the mining and petroleum industries from 1 July 2012 to fund the continuation of this successful program.

The charge will raise approximately $6.5 million annually and will cover the full cost of the New Frontiers program. The basis for the charge will be the area of a title, and whether it is an exploration, mining or production title. Small prospecting and mining titles will be exempt from the charge. The minimum payment for all other titles will be $100. The annual charge for a mineral exploration licence of about 10,000 hectares will be $2,000. The annual charge for a mining lease will be $6.50 per hectare. Petroleum exploration licences will be charged at $60 per block, increasing on renewal, and production leases at $10,000 per block.

The New Frontiers Mining Industry Administration Levy will be an annual levy on the minerals and petroleum industries to meet the cost of increased government responsibilities and the expansion of the Derelict Mines program. The levy will provide supplementary funding to meet the cost of increased government responsibilities. Government responsibilities include the increasing demand for compliance and enforcement of the industry, as well as for assessment, approvals and communications functions. The Derelict Mines program rehabilitates and remediates old abandoned mine sites across the State. About $2 million was allocated for the program in 2010-11.

The levy will be 1 per cent of the rehabilitation security deposit lodged by each titleholder. As the total of securities held in December 2011 was $1.31 billion, the levy is expected to raise $13.1 million in 2012-13. The minimum annual charge will be $100 for small-scale titles. The average annual levy for an exploration or assessment title will be $204, while for a mining or production title it will be $12,488. These charges each amount to less than 0.1 per cent of the $20.2 billion value of minerals and petroleum production in the financial year 2010-11.

Finally, the Office of the Hawkesbury-Nepean is to be closed and the Hawkesbury-Nepean River Act 2009 repealed. This Act was an anomaly, being the only river in New South Wales to have its own legislation to control in-stream developments and coordinate river management issues. Staff seconded to the office have returned to their original organisations, or will do so shortly. The main functions of the Office of the Hawkesbury-Nepean will be continued within the Department of Primary Industries. It is anticipated that savings of up to $250,000 per annum will be made as a result of the termination of a stakeholder committee and staffing of the office. I commend the bills and the budget to the House.