

Election Costing Request Form

Details of request	
Party:	Coalition
Name of Policy:	Expanding First Home Buyer Choice
Date of request:	25 January 2023

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	See Attachment A
Has the policy been publicly released yet?	No

Your estimated costing of the policy ¹						
	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 to 2031/32 ² \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ³	-	22,600	50,600	84,600	1,061,200	1,219,000
Impact on GGS capital expenditure ⁴						
If different from above, impact on total State Sector net financial liabilities ⁵						

Note: Has the policy been costed by a third party? Yes – NSW Treasury
If yes, can you provide a copy of this costing and its assumptions?

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy or will assist in public understanding of the policy.

³ Negative for a saving that reduces expenditure

⁴ Negative for a reduction in capital expenditure.

⁵ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	Yes – First Home Buyer Choice (FHBC) and First Home Buyer Assistance Scheme
What assumptions have been made in deriving the financial impacts in your estimated costing? (See checklist)	See Attachment A
Is there a range for the costing or any sensitivity analysis that you have undertaken?	See Attachment A
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	See Attachment A
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ⁶	See Attachment A

Administration of policy	
Intended date of implementation:	To commence 1 July 2023
Intended duration of policy:	Ongoing
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	“Expanding First Home Buyer Choice” will be administered by the team(s) currently administering the existing FHBC and First Home Buyer Assistance Scheme programs.
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	Not applicable
Are there transitional arrangements associated with policy implementation?	Not applicable

If the policy is mainly an expenditure⁷ commitment	
Demand driven or a capped amount:	Uncapped
Eligibility criteria or thresholds:	As per existing FHBC criteria, plus policy commitments as outlined in Attachment A

If the policy is mainly a revenue commitment	
Transaction based or capped:	No

⁶ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

⁷ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	
If the policy is mainly a capital costs⁸ commitment	
Nature of Capital Spending	
Type of work, size and capacity:	
Proposed start and completion date of work:	
Intended construction schedule/cashflow:	
Associated asset sell off (if any):	
Recurrent Impacts	
Offsetting expenditure savings:	
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	
Delivery model ⁹	

⁸ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

⁹ There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.

Attachment A – Expanding First Home Buyer Choice

The election commitment is “Expanding First Home Buyer Choice”, which is comprised of three elements.

1) Increasing the \$1.5 million threshold by \$50,000 per annum and allowing successful FHBC applicants continued access to the program

Firstly, the commitment is to increase the \$1.5 million threshold by \$50,000 per annum, at the beginning of each financial year, with the first increase to occur on 1 July 2023.

Secondly, the criteria will be expanded so that for successful FHBC applicants, they will continue to have the choice of paying a small property tax, rather than stamp duty, for any future home purchases, provided they meet the other eligibility criteria. Applicants are not required to divest previously opted in properties and it assumed that these properties will continue to pay a small property tax.

The estimated fiscal impact for the first 10 years is outlined below.

Drafting note: This is Option 5 (Criteria 2) (ii) in P23/94	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 to 2031/32 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result	0	-4,300	-11,300	-18,500	-236,700	-270,800

2) Allowing those who received a stamp duty exemption under the First Home Buyer Assistance Scheme since the commencement of FHBC on 11 November 2022, to have access to FHBC

Currently, first home buyers whose purchase is valued under \$800,000 are eligible for a stamp duty discount, under the First Home Buyer Assistance Scheme. This cohort is currently not eligible for FHBC.

The commitment is to expand the eligibility criteria of FHBC to allow a portion of this cohort access to the FHBC for subsequent homes. The applicable cohort are those who have received a stamp duty discount under the First Home Buyer Assistance Scheme since the commencement of FHBC on 11 November 2022.

Applicants are not required to divest previously opted in properties and it assumed that these properties will continue to pay a small property tax.

The estimated fiscal impact for the first 10 years is outlined below.

Drafting note: This is Alt Option 4* (ii) in P23/94	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 to 2031/32 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result	0	-18,300	-39,300	-66,100	-824,500	-948,200

3) Expanding First Home Buyer Choice and First Home Buyer Assistance Scheme for Domestic and Family Violence Victims

The existing eligibility criteria for FHBC is to be expanded so that Domestic and Family Violence victims are now also eligible to have the choice of paying a smaller annual property tax, rather than stamp duty.

In addition, the First Home Buyer Assistance Scheme eligibility criteria is also to be expanded to include Domestic and Family Violence victims.

The commitment is about helping Domestic and Family Violence victims purchase a home and escape the risk of further harm.

The impact on the General Government Sector net operating result is assumed to be nil.

The expected increase in demand is assumed to be relatively immaterial and to be absorbed from within the existing budgets for First Home Buyer Assistance Scheme and First Home Buyer Choice.

Common assumptions applicable to above

Apart from the change(s) outlined above, the other policy parameters and eligibility criteria will remain unchanged for FHBC and the First Home Buyer Assistance Scheme.

The commitment assumes that all necessary legislative, administrative and regulatory changes will be completed prior to the commencement of the policy.

The above assumes any additional resourcing and costs associated with administration are to be absorbed from agencies' existing budgets.