

2001

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

FIRST HOME OWNER GRANT AMENDMENT BILL 2001

EXPLANATORY MEMORANDUM

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Gary Humphries MLA**

First Home Owner Grant Amendment Bill 2001

Summary

The *First Home Owner Grant Act 2000* (FHOG Act) provides a Commonwealth grant of \$7,000 to eligible first home buyers who meet certain criteria.

On 9 March 2001, the Prime Minister announced that the Commonwealth would fund an additional \$7,000 grant to eligible purchasers of new homes. This will mean eligible purchasers of new homes will receive a maximum total grant of \$14,000, consisting of the original \$7,000 grant and the additional \$7,000 grant. The Commonwealth initiative was designed with the intention to provide a short-term stimulus to the housing industry.

The additional \$7,000 grant comes with a different set of eligibility criteria, which were specified by a Fact Sheet released by the Commonwealth Treasury on 23 March 2001. This Bill amends the FHOG Act to ensure that the additional \$7,000 grant only applies to purchases, or to the construction of, new homes not previously occupied or sold, where:

- the contract to buy or build a new home is entered into between 9 March 2001 and 31 December 2001; and
- in the case of owner builders, commencement of construction must commence between 9 March 2001 and 31 December 2001.

To ensure that the additional Commonwealth grant was made available to ACT residents as soon as possible after the announcement by the Prime Minister, administrative arrangements were put in place until appropriate amendments to the FHOG Act were passed.

The amendments contained in this Bill will ensure that all legislative requirements currently in place for the FHOG Act will also apply to eligible recipients of the additional grant. These measures are consistent with the Commonwealth's request that each jurisdiction –

- put into place compliance measures to prevent fraudulent claims for the additional \$7,000 grant; and
- it is necessary to provide the administrative and investigative powers required to properly administer the additional \$7,000 grant and prevent abuse.

Revenue/Cost Implications

Funding for the additional \$7,000 grant will be provided by the Commonwealth Government. It is estimated that an additional \$1.4M for 2000-2001 and \$2.4M for 2001-2002 will be appropriated and paid to eligible purchasers of new homes.

Details of the Bill are attached.

Details of the First Home Owner Grant Amendment Act 2001

Clause 1 - Name of Act – this Act is the *First Home Owner Grant Amendment Act 2001*.

Clause 2 – Commencement – states that this Act commences on the day it is notified in the Gazette.

Clause 3 - Act amended – states this Act amends the *First Home Owner Grant Act 2000*.

Clause 4 – Inserts new section 13A

“Special eligible transactions”

Section 13A(1) provides that to be a *special eligible transaction* for the purposes of the additional grant, the eligible transaction must have the following elements -

- a commencement date after 8 March 2001 and before 1 January 2002; and
- must be for the purchase of a new home; or
- a comprehensive home building contract for a new home, and
 - (i) the building work starts within 16 weeks after the commencement date, or any longer period the commissioner may allow for delay caused by circumstances beyond the control of the parties; and
 - (ii) the contract states the contract must be completed within 12 months after the building work is started or, if it does not state a completion date, it is completed within 12 months after the building work is started; or
- the building of a new home by an owner builder if the transaction is completed before 1 May 2003.

Section 13A(2) provides that where there is an eligible transaction to build a new home, building work begins when laying the foundations for the home begins.

Section 13A(3) provide that where an eligible transaction is a contract to purchase a new home on a proposed lot in an unregistered plan of subdivision of land (say, off the plan), this can be a special eligible transaction only if the contract states the contract must be completed before 1 May 2003 or, if it does not state a completion date, the contract is completed before that date.

Section 13A(4) provides that an eligible transaction that is a contract is not a special eligible transaction if the commissioner is satisfied that the contract replaces a contract made before 9 March 2001 that was a contract to purchase the same home or a comprehensive home building contract to build the same or a substantially similar home.

Section 13A(5) defines "*new home*" in section 13A to mean a home that has not been previously occupied or sold as a place of residence.

Section 13A(6) states that this section is a law to which the *Legislation Act 2001*, section 88 (Repeal does not end transitional or validating effect etc) applies.

Section 13A(7) states that this section expires on 1 July 2003.

Clause 5 - Section 18 – inserts "(1)" before the words "The amount". This amendment is to enable new subsections to be inserted into section 18.

Clause 6 - New subsections 18 (2), (3) and (4) – inserts new subsections (2), (3) and (4) into section 18.

Section 18(2) states that, the amount of a first home owner grant for an eligible transaction that is a special eligible transaction (within the meaning of section 13A) is the lesser of the following:

- (a) the consideration for the special eligible transaction;
- (b) \$14,000.

Section 18(3) states that subsection 18(2) is a law to which the *Legislation Act 2001*, section 88 (Repeal does not end transitional or validating effect etc) applies.

Section 18(4) states that Subsections 18(2), 18(3) and this subsection expire on 1 July 2003.

Clause 7 – Inserts new section 56

"Validation of payment of increased grants"

It states that the payment of an amount as a first home owner grant before the commencement of section 13A (Special eligible transactions) is validated to the extent that it would have been valid if section 13A had been in force when the payment was made. This section expires 1 month after it commences.

The purpose of this section is to give effect to payments by administrative arrangement made prior to the enactment of this Act.