

REVENUE LAWS AMENDMENT BILL 2015

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Peter Collier (Leader of the House)**, read a first time.

Second Reading

HON PETER COLLIER (North Metropolitan — Leader of the House) [5.06 pm]: I move —

That the bill be now read a second time.

This bill seeks to amend the First Home Owner Grant Act 2000 and the Duties Act 2008 to implement the 2015–16 state budget measure to abolish the \$3 000 first home owner grant for the purchase of established homes. The bill also seeks to implement the budget measure to amend the Rates and Charges (Rebates and Deferments) Act 1992 to provide the mechanism to cap, by regulation, the rebates on local government rates and water service charges for pensioners.

The decision to abolish the first home owner grant for established homes is consistent with the government's policy of encouraging more first home buyers to buy or build a new home. The aim is to improve housing affordability by helping to increase the stock of housing and at the same time generating economic activity and employment opportunities. Reflecting this policy, in the 2013–14 state budget the government increased the first home owner grant from \$7 000 to \$10 000 for first home buyers purchasing or building a new home, and reduced the grant to \$3 000 for the purchase of an established home. Subsequently, the government amended the first home owner duty thresholds in 2014 to better reflect the first home owner median house price and left unchanged the thresholds for the purchase of vacant land.

In accordance with the government's policy direction, there has been a shift in first home buyer activity towards purchasing or building new homes, with 46 per cent of first home buyers recently either purchasing or building a new home. This compares with 28 per cent prior to the changes in the 2013–14 state budget. The number of new homes purchased by first home buyers has grown from around 5 500, in the 12 months before the 2013–14 state budget changes, to over 8 800 in 2014–15. This measure is one of a number of new revenue and savings measures announced in the 2015–16 state budget. It was estimated to save \$25 million in 2015–16 if it applied for the full year, and \$109 million over the four years to 2018–19. However, the estimated savings will now be lower given the unavoidable delay in introducing the legislation. For every month of delay, it is estimated that the savings would reduce by around \$3 million. These delays primarily reflect the complexity in amending the Duties Act to ensure that the transfer duty concession continues for first home buyers of established homes.

Currently, eligibility for the duties concession is linked to eligibility for the first home owner grant. Amendments are required to the Duties Act to ensure that purchasers of established homes remain eligible for the duty concession. The amendments are based on a first home owner continuing to meet the criteria for the first home owner grant, except to the extent it is for the purchase of an established home. Despite the proposed change to the first home owner grant, the state government will continue to provide generous assistance to eligible first home buyers through a transfer duty exemption for new and established homes valued at up to \$430 000, phasing out at \$530 000, and on vacant land purchases up to \$300 000, phasing out at \$400 000. As an example, for an established home valued at \$450 000, first home buyers in Western Australia pay duty of \$3 838 compared with \$9 485 in Victoria, \$15 740 in New South Wales and as much as \$20 057 in the Northern Territory. The state government believes these policy settings are responsible. They align with findings from recent inquiries that indicate policy interventions that add to demand, without addressing supply-side constraints, the risk of inflating house prices and exacerbating affordability problems. These proposed changes will also bring Western Australia into line with all other states and territories that no longer provide a first home owner grant for established homes. The changes are to commence on the day after the amending legislation receives royal assent.

I turn now to the amendments to the Rates and Charges (Rebates and Deferments) Act. With the proportion of seniors in the state expected to double from its current 458 000 to 865 000 in the next two decades, supporting an ageing population is a significant policy challenge faced by all levels of government. The state government is expected to spend \$2.6 billion on social concessions in 2015–16, including those for seniors. These concessions are in the form of rebates, discounts, subsidies and direct payments that improve the affordability of services and help reduce the cost of living for individuals and families. A number of reforms were announced in the 2015–16 state budget to better target social concessions to those most in need and to ensure the sustainability of these concessions over the longer term. These reforms include proposed amendments to the Rates and Charges (Rebates and Deferments) Act to introduce a provision for capping rebates for pensioners. It is intended to prescribe, effective from the 2016–17 rating year, a \$550 cap to the 50 per cent local government rates rebate and a \$600 cap to the water service charges rebate. This measure is expected to save \$26 million over the three years to 2018–19. Capping arrangements currently apply to water and local government rates paid by seniors, as distinct from pensioners, up to the lesser of 25 per cent or an annually reviewed capped amount. To

ensure that the new capped amounts remain relevant in future years, they will be reviewed annually. Despite these changes, concessions for seniors in Western Australia are still the most generous in the nation.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party; nor does the bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth. I commend the bill to the house and table the explanatory memorandum.

[See paper 3259.]

Debate adjourned, pursuant to standing orders.