Date Introduced: 7 September 1983  
House: House of Representatives  
Presented by: Hon C.J. Hurford, M.P., Minister for Housing and Construction

Short Digest of Bill

Purpose

To provide flexible assistance for first home buyers, particularly those on low incomes, in the form of a lump sum plus an ongoing subsidy over five years.

Background

Assistance for home buyers prior to 1982 comprised the Commonwealth Home Savings Grant Scheme. In response to greatly increased interest rates and a decline in activity in the housing industry, the then Government introduced two schemes in 1982: the Home Deposit Assistance Scheme (HDAS), and a taxation rebate scheme for interest paid in excess of 10 per cent on housing loans.

The Home Deposit Assistance Amendment Bill 1983 augments the HDAS by removing the savings qualification, for the period from 1 August 1983 until the Scheme's termination on 30 September 1983.

From 1 October 1983, there will be only one scheme of assistance, the First Home Owners Scheme (FHOS), established by this Bill. The financial impact of the changes is set out in the Budget Statements for 1983-84[1]. The FHOS is estimated to assist 37,500 first home buyers and in its first full year of operation, 1984-85, that is, an estimated 87,500 beneficiaries.

Economic forecasters expect the tentative upturn in the housing industry to be strengthened by Federal Government assistance, by seasonal factors, and by recent reductions in housing loan interest rates. One building society manager expected an initial 10-15 per cent increase in home loan applications from October 1 [2].

A problem identified with previous schemes was that of informing potential recipients of their entitlement to
grants. Contracts for a publicity campaign expected to include national press and radio were recently announced (Australian Financial Review, 6 September 1983).

Main Provisions

The First Home Owners Scheme will apply to persons buying or building their first home in Australia, who have not, or whose spouses have not, owned or had an interest in a home in Australia or received a home assistance grant.

The amount of grant will be determined by regulations made under the Bill. Assistance will be payable by way of a lump sum and periodic benefits, and will not be taxable.

The grant is subject to a means test. The amount payable is increased where there are child dependants, including children born after the "prescribed date", the date of contract to build or purchase, or the date of commencement of construction in the case of an owner-builder (clause 4).

An extensive interpretation part (clauses 4-13) limits the scheme to owner-occupied houses, provides for joint application by de facto spouses, and specifies the interest in land necessary for entitlement. The requirement is drafted to obviate the need for a separate title where the house is built on a much larger rural property. "Dependent child" is defined in terms of entitlement to social security benefits by way of family allowance.

Conditions of eligibility set out in clause 14 include a requirement that assistance has not previously been obtained by the home acquirer or either of the home acquirers. Application is made under clause 15. Clause 17 states conditions for payment of grants, including permanent residence in the case of migrant applicants. The time at which payment is made is provided for in clause 18. It gives considerable discretion but does permit payment prior to final completion of construction.

The means test is based on previous year's earnings, except in certain cases (clause 22). Incomes are added in the case of joint applicants and benefits are scaled by the provisions of clause 23. Threshold limits are to be prescribed by regulations and are stated in the Second Reading Speech to be $24,300 for maximum assistance, with assistance cutting out completely at $27,900.

Maximum assistance in the form of a subsidy over 5 years may total $5000 where there are no dependants, or
$7000 where there are two dependants. Two further options for commutation of a subsidy to a lump sum are provided for.

Administration provisions (clauses 24-32) include appeal to the Administrative Appeals Tribunal, and miscellaneous provisions in Part V (clauses 33-42) authorize regulations which may prescribe penalties of up to $1000.

For further information, if required, contact:

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References