PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

HOMES SAVINGS GRANT AMENDMENT BILL 1979

Date Introduced: 8 November 1979
House: House of Representatives
Presented by: Hon. R. Groom, M.P., Minister for Housing and Construction

Short Digest of Bill

Purpose

To amend the Homes Savings Grant Act 1976 to reintroduce, with effect from 25 May 1979, a value limit on qualifying homes for which Homes Savings Grants may be made.

Background

The original Homes Savings Grant Scheme was introduced by the Homes Savings Grant Act 1964 to provide assistance to young married persons purchasing or building their first homes.

In the 1973-74 Budget, the Labor Government announced its intention to phase out the Homes Savings Grant Scheme and replace it by a scheme of deductibility of mortgage interest repayments. Consequently, the Homes Savings Act 1975 provided for the termination of the scheme by providing that grants would be paid only to those persons who contracted to buy or build their homes on or before 31 December 1976.

In March 1976 the L-NCP Government announced its decision to establish a new homes savings grants scheme for people acquiring their first homes on or after 1 January 1977. The current scheme, provided for by the Homes Savings Grant Act 1976 discarded many of the eligibility requirements of the previous scheme, including a value limit of $22,500 applying to the homes.

Details of the current scheme are available in a booklet "Your Home Savings Grant" copies of which are obtainable from the Department of Housing and Construction and from savings institutions.

The decision to reintroduce a value limit into the scheme - this time, to an upper limit of $40,000 - was one of the fiscal measures announced by the Treasurer on 24 May 1979. On 1978-79 figures, this limit will reduce yearly applications by about 20 per cent, but for reasons given
below this will not have an immediate commensurate impact on the cost of the scheme.

The cost of the Homes Savings Grant Scheme was $35.0m in 1977-78, $20.2m in 1978-79 and an amount of $75.1m has been provided in the Budget for 1979-80. During 1978-79, in order to keep within the Budget provision for that year, a nine month waiting period developed between approval and payment of grants. This waiting period is still current so that the bulk of 1979-80 funds is in respect of 1978-79 commitments.

Statistics on the operations of the scheme up to and including 1978-79 are presented in the Interim Annual Report on the operation of the Homes Savings Grant Act 1976, which was tabled by the Minister in the house of Representatives on 8 November 1979.

Main Provisions

No grant will be payable if the value of the home exceeds $40,000 (clause 7) and a reduced grant will be payable for homes which exceed the value of $35,000 according to a formula which phases the grant out proportionately to a value of zero at or above $40,000 (clause 11).

The limit will apply to persons whose 'prescribed date' (i.e. the date defined in the Principal Act as the date of contract to buy or build the home, or the date construction of the home commenced for an owner-builder) is after 24 May 1979 (clause 13).

The value of a home for grant purposes will be determined by the Secretary of the Department of Housing and Construction having regard to specified matters including the cost of the land, dwelling and improvements. The value of any part of the dwelling-house or relevant land that is not used for domestic purposes may be excluded (clause 6). A similar power is included in relation to determining acceptable savings (clause 9).

Further details of the provisions of this Bill are given in the Minister's Second Reading Speech and in the Explanatory Memorandum circulated to all Members and Senators.