


Request for Costing an Election Commitment

Name of election commitment:	Halve Stamp Duty for First Home Buyers
Person and party requesting costing:	Zed Seselja MLA, Leader of the Opposition
Date of public release of election commitment, including source:	3 September 2012, media release 'Libs to save first home buyers \$11k'
Summary of election commitment:	Halve Stamp Duty for First Home Buyers
Intention of election commitment:	Halve the non- concessional rate of Stamp Duty for first home buyers for homes up to \$500,000
Signature of person requesting costing:	
Date of request for costing:	12 October 2012

What are the key assumptions that have been made in the election commitment?

- Median first home price of \$407,000 in 2011-12 (QoN 1702 and E12-052) with a 4% growth rate over the forward estimates
- The number of first home buyer grants over the forward estimates is 2,605 (QoN E12-052)
- The number of first homes under \$500,000 assumed to be 85% based on historical data (QoN 1828 and E12-052). Therefore the number of eligible first home buyers over the forward estimates is 2,214 each year
- 1 January 2013 to 30 June 2013 stamp duty formula is current. From 1 July 2013 when tax reform is repealed, old stamp duty rate is used for the calculation.
- As Home Buyer Concession scheme will be reinstated to its pre 5 June, it is assumed 80% of those eligible for the HBCS will be first home buyers (same assumption used in 2008)
- Of this 80%, it is assumed half of those will be better off under the halving stamp duty scheme as the point at which halving stamp duty becomes less than the HBCS is around the median price (see attached for breakdown)
- Therefore, 60% of the \$11.7 million (QoN E12-042) HBCS budget would still be required
- See attached documents for further information

Where relevant, is the funding for the policy to be demand driven or a capped amount?
Demand driven

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?
n/a

Will funding/the cost require indexation?
No

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)?

	2012-13	2013-14	2014-15	2015-16	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue ^(a)	-5,635	-14,380	-15,450	-16,565	-52,030
Expenses ^(a)					
Capital					

(a) A negative number indicates a decrease in revenue or an increase in expenses.

What is the likely take up?

100%

Any other assumptions?

No costing is requested to be undertaken for 2016-17, in line with the Canberra Liberals stated approach to use the standard of the current published budget and forward estimates period of 2012-13 to 2015-16.

Administration of the election commitment

How will the election commitment be administered?

In line with existing administration of stamp duty by the Treasury

Who will administer the election commitment?

The Treasury

Has an allowance been made for expenses necessary to support the implementation of this election commitment?

Administering this policy is considered business as usual for the Treasury

What is the intended implementation date of the election commitment?

1 January 2013

Are there transitional arrangements associated with election commitment implementation?

n/a

Are there any other assumptions that need to be considered?

That the pre 5 June Home Buyer Concession Scheme will be reinstated

When is the election commitment expected to be fully operational?

1 January 2013

Will the election commitment cease and if so when?

This is commitment is ongoing

Half Stamp Duty for First Home Buyers – Costing Justification

The revenue foregone from halving the stamp duty applicable for first home buyers is calculated by estimating half of the revenue payable by first home buyers minus the decreased expenditure under the Home Buyer Concession Scheme which will come from the overlap between the concessional rate and the halved rate.

Median House Price

The median house price is the median price for first home buyers at a growth rate of 4% over the forward estimates based on the median purchase prices in 2009-10, 2010-11 and 2011-12 which grew at an average of 4% (QoN 1702 and E12-052 attached)

2009-10: \$378,000

2010-11: \$395,000

2011-12: \$407,000

Average Growth: 4%

Therefore the median house price for first home buyers over the forward estimates is:

2012-13: \$423,280

2013-14: \$440,211

2014-15: \$457,820

2015-16: \$476,132

Number of properties

The number of first homes purchased is calculated using the number of first home buyer grants budgeted for which is 2,605 (QoN E12-052 attached) minus the number of first homes purchased over the value of \$500,000.

This has been calculated by assuming that 85% of first homes are \$500,000 and under. This estimate is based on previous years sales data (QoN 1828 and E12-052 attached).

2008-09: $2,177 / 2,396 = 91\%$

2009-10: $2,247 / 2,601 = 86\%$

2010-11: $1,831 / 2,232 = 82\%$

2011-12: $1,609 / 1,962 = 82\%$

Average first homes \$500,000 and under = 85%

Therefore, it is estimated that there will be 2,214 eligible first home buyers over the forward estimates.

Stamp Duty Foregone

The stamp duty revenue foregone is calculated by halving the stamp duty that would be collected from the applicable stamp duty rate. This is calculated as:

(stamp duty for median property price x number of first home owner grants) / 2

The stamp duty foregone in 2012-13 is calculated by halving the rate that is applicable from 6 June 2012 as the entire tax reform (including stamp duty rates) will not be repealed until 1 July 2013.

The stamp duty formula of \$8,550 + (house price – 300,000) x 0.0475 has been used as the median house price lies within that range.

This revenue has then been halved again to account for 6 months in the year.

The stamp duty foregone in 2013-14 onwards is calculated using the pre 6 June formula as the entire tax reform will be repealed as of 1 July 2012-13.

The stamp duty formula of \$9,500 + (house price – 300,000) x 0.055 has been used as the median house price lies within that range.

Home Buyer Concession Scheme Expenditure

The expenditure on the Home Buyer Concession Scheme (HBCS) is estimated at \$11.7 million per year over the forward estimates (QoN E12-042 attached). It is estimated that 80% of those eligible for the HBCS are first home buyers therefore the expense on this scheme would not be needed.

However, given the median price in 2012-13 is estimated to be \$423,280 and the duty payable under the HBCS would be less at a property valued \$415,000 and under (see attached), half of the concession scheme expenditure would still be required as the policy will apply the lowest rate applicable for first home buyers.

Therefore, 50% of the 80% HBCS expenditure on first home buyers is added back into the equation (60% of the \$11.7 million would still be required – 40% not required).

Total Revenue Foregone

The total revenue foregone is calculated as half of the stamp duty applicable, minus 80% of expenditure of the HBCS due to an overlap in the policies, plus 50% of that 80% expenditure on the concession scheme as the concessional rates will result in less stamp duty for approximately 50% of first home buyers.

Hlaf SD for FHB under \$500,000

	Median Purchase price for first home buyers QoN E12-049 and 1702 Duty - assume 4% growth (av of last 2 years)	First Home Owner Grants under \$500,000 from QoN 1702, 1828 and E12-049	Estimated Revenue collected from FHB stamp duty	Estimated Average Revenue Foregone from half SD	Expenditure from Home Buyer Concession Scheme from QoN E12-42	Overlap of FHB home buyer concession scheme if assumed 80% FHB assumed in 2008 costing)	Expenditure assuming that 50% of FHB would be better off under the Home Buyer concession scheme	Total Rev Foregone [half stamp duty revenue - (80% expenditure on HBCS + 50% of that expenditure added back in)]
2009-10	378,000	2,247			13,887,000			
2010-11	395,000	1,831			12,492,000			
2011-12	407,000	15,385	24,754,465	12,377,233	12,600,000	10,080,000	5,040,000	7,337,233
2012-13	423,280	16,280	36,048,876	18,024,438	11,700,000	9,360,000	4,680,000	13,344,438
2013-14	440,211	17,212	38,110,821	19,055,410	11,700,000	9,360,000	4,680,000	14,375,410
2014-15	457,820	18,180	40,255,244	20,127,622	11,700,000	9,360,000	4,680,000	15,447,622
2015-16	476,132	19,187	42,485,443	21,242,722	11,700,000	9,360,000	4,680,000	16,562,722
				60,425,754				46,385,754

15% not eligible

(QoN E12- No of FHO grants under \$500,000

No of FHO grants 49 and 1828)

2012-13	2605	15	2,214
2013-14	2605	15	2,214
2014-15	2605	15	2,214
2015-16	2605	15	2,214

3 years

3.5 years

Home Price	Stamp Duty - home buyer concession	Stamp Duty - half rate
\$350,000	20	6,125
\$400,000	4,963	7,500
\$410,000	6,948	7,775
\$415,000	7,940	7,913
\$420,000	8,933	8,050
\$430,000	10,918	8,325
\$440,000	12,903	8,600
\$450,000	14,888	8,875
\$460,000	16,873	9,150
\$470,000	n/a	9,425
\$480,000	n/a	9,700
\$490,000	n/a	9,975
\$500,000	n/a	10,250



ACT
Government

ACT Revenue Office

Land and improvements

Description

People who purchase property (houses, land, land and improvements or commercial premises) located in the ACT must pay duty on that purchase.

The lodgment for duty of interdependent land and building contracts will continue to be assessed as off the plan agreements. For further information see [Off the plan agreements, assessment of duty \[RTF, 1.4Mb\]](#), [\[PDF, 20 Kb\]](#).

Duty amount

Duty is calculated on the greater of the purchase price or the market value of the property. These rates of duty are often referred to as conveyance rates. The rates of duty and thresholds changed on 6 June 2012. The rates and thresholds that apply depend on the transaction date.

The transaction date is the date of grant, transfer, or agreement for transfer (whichever is first). This is the date of first execution of an agreement or transfer, not the settlement date.

Transaction dates from 6 June 2012

Value of Property	Duty Payable - transaction dates from 6 June 2012
up to \$200,000	\$20 or \$2.40 per \$100 or part thereof, whichever is greater
\$200,001 to \$300,000	\$4,800 plus \$3.75 per \$100 or part thereof by which the value exceeds \$200,000
\$300,001 to \$500,000	\$8,550 plus \$4.75 per \$100 or part thereof by which the value exceeds \$300,000
\$500,001 to \$750,000	\$18,050 plus \$5.50 per \$100 or part thereof by which the value exceeds \$500,000
\$750,001 to \$1,000,000	\$31,800 plus \$6.50 per \$100 or part thereof by which the value exceeds \$750,000
\$1,000,001 and over	\$48,050 plus \$7.25 per \$100 or part thereof by which the value exceeds \$1,000,000

Transaction dates before 6 June 2012

Value of Property	Duty Payable - transactions dates before 6 June 2012
up to \$100,000	\$20 or \$2.00 per \$100 or part thereof, whichever is greater
\$100,001 to \$200,000	\$2,000 plus \$3.50 per \$100 or part thereof by which the value exceeds \$100,000
\$200,001 to \$300,000	\$5,500 plus \$4.00 per \$100 or part thereof by which the value exceeds \$200,000
\$300,001 to \$500,000	\$9,500 plus \$5.50 per \$100 or part thereof by which the value exceeds \$300,000
\$500,001 to \$1,000,000	\$20,500 plus \$5.75 per \$100 or part thereof by which the value exceeds \$500,000
\$1,000,001 and over	\$49,250 plus \$6.75 per \$100 or part thereof by which the value exceeds \$1,000,000

If you are purchasing a home and/or land you may be eligible for [Home buyer assistance](#).

Other forms of assistance for eligible purchasers include:

TREASURER FOR THE AUSTRALIAN CAPITAL TERRITORY
LEGISLATIVE ASSEMBLY QUESTION

Notice Paper of Tuesday 22 September 2011

Question No. 1828

*1828 MR SESELJA: To ask the Treasurer -

- (1) What was the number of residential properties transactions in (a) 2008-09, (b) 2009-10 and (c) 2010-11 that paid stamp duty.
- (2) What is the projected number of residential property transactions to pay stamp duty in (a) 2011-12, (b) 2012-13, (c) 2013-14 and (d) 2014-15.
- (3) What was the total revenue received from residential property stamp duty in (a) 2008-09, (b) 2009-10 and (c) 2010-11.
- (4) What is the projected revenue for residential property stamp duty to be received for the years (a) 2011-12, (b) 2012-13, (c) 2013-14 and (d) 2014-15.
- (5) For the years (a) 2008-09, (b) 2009-10 and (c) 2010-11, how many residential property transactions paying stamp duty were for properties valued in the range of (i) \$300,000 to \$400,000, (ii) \$400,001 to \$500,000, (iii) \$500,001 to \$600,000, (iv) \$600,001 to \$700,000, (v) \$700,001 to \$800,000, (vi) \$800,001 to \$900,000 and (vii) above \$900,001.
- (6) For the years (a) 2008-09, (b) 2009-10 and (c) 2010-11, how many first home buyer grants were paid to residential property transactions valued in the range of (i) \$300,000 to \$400,000, (ii) \$400,001 to \$500,000, (iii) \$500,001 to \$600,000, (iv) \$600,001 to \$700,000, (v) \$700,001 to \$800,000, (vi) \$800,001 to \$900,000 and (vii) above \$900,001.

Treasurer - The answer to the Member's question is as follows:

- (1) The number of residential property transactions that paid duty are as follows:

Year	Number of Residential Property Transactions
2008-09	10,526
2009-10	12,901
2010-11	13,258

- (2) Treasury does not specifically predict the number of residential property transactions.
- (3) See answer to QON 1788.

(4) The projected revenue for residential property duty is as follows:

Year	Projected Amount of Residential Property \$m
2011-12	\$229.8
2012-13	\$233.1
2013-14	\$236.4
2014-15	\$239.6

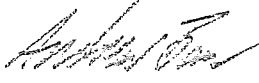
(5) The number of residential property transactions for each value range are as follows:

Property Value	Number of Residential Property Transactions		
	2008-09	2009-10	2010-11
\$300,000 to \$400,000	3,332	3,393	3,219
\$400,001 to \$500,000	2,464	3,107	3,529
\$500,001 to \$600,000	1,161	1,664	1,872
\$600,001 to \$700,000	552	922	1,046
\$700,001 to \$800,000	270	466	525
\$800,001 to \$900,000	127	263	311
Above \$900,001	239	478	568

(6) The number of first home owner grant transactions for each value range are as follows:

Property Value	Number of First Home Owner Grant Transactions		
	2008-09	2009-10	2010-11
\$300,000 to \$400,000	1,517	1,399	998
\$400,001 to \$500,000	660	848	833
\$500,001 to \$600,000	167	249	289
\$600,001 to \$700,000	39	65	73
\$700,001 to \$800,000	7	24	25
\$800,001 to \$900,000	5	9	9
Above \$900,001	1	7	5

Approved for circulation to the Member and incorporation into Hansard.


Andrew Barr MLA
Treasurer

Date: H. H. H.



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2012-2013

QUESTION ON NOTICE



ZED SESELJA MLA : To ask the Treasurer

[Ref: Treasury, Budget paper 3, page number 52, Output Class 1]

In relation to : The Home Buyers Concession Scheme

1. What is the expected budget impact from the changes to the Home Buyer Concession Scheme?
2. As at 1 June 2012, what was the total value of Home Buyer Concessions given in 2011-12?
3. What is the estimated number of Home Buyer Concessions to be given in 2011-12 to 2015-16?
4. What is the estimated value of concessions to be given from 2011-12 to 2015-16?

Zed Seselja MLA

20 June 2012

Treasurer – The answer to the Members question is:

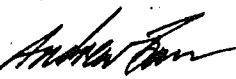
1. The budget impact of the Home Buyer Concession Scheme is in the form of revenue foregone.

The revenue foregone under the Home Buyer Concession Scheme will be affected by changes to the eligibility for the scheme as well as the progressive decrease in the marginal tax rates over the coming years. Specifically, the extension of the income threshold will increase the number of recipients and the amount of revenue foregone. Offsetting this increase will be the decrease in the overall revenue from the progressive phase out of the duty. Limiting the concession to new and substantially renovated dwellings is expected to provide incentives for a shift to these dwellings.

The forward estimates incorporate \$11.7 million each year for the cost of the scheme.

2. \$12.6 million.
3. Treasury does not forecast the number of Home Buyer Concessions to be granted each year.
4. Please refer to Question 1 above.

Approved for circulation to the Select Committee on Estimates 2012-2013

Signature: 

Date: 13. 7. 12

By the Treasurer, Mr Andrew Barr

TREASURER FOR THE AUSTRALIAN CAPITAL TERRITORY
LEGISLATIVE ASSEMBLY QUESTION
Notice Paper of Tuesday 16 August 2011

Question No. 1702

Mr Seselja - Asked the Treasurer upon Notice:

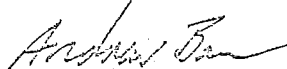
- (1) How many first home buyer grants were paid in (a) 2009-10 and (b) 2010-11.
- (2) What is the assumed number of grants to be paid in the years 2011-12 to 2014-15.
- (3) Does Treasury collect data on the price of homes bought by first home buyers in the ACT; if so, what is the (a) median and (b) average price of dwellings bought by first home buyers in the ACT for the years (i) 2009-10 and (ii) 2010-11.
- (4) If the information requested in part (3) is not available, what information on first home buyers is collected by Treasury.

Treasurer - The answer to the Member's question is as follows:

- (1) The number of first home buyer grants that were paid are as follows:
 - (a) 2009-10: 3,568
 - (b) 2010-11: 2,816
- (2) The estimated number of grants to be paid are as follows:
 - (a) 2011-12: approximately 2,700
 - (b) 2012-13: approximately 2,600
 - (c) 2013-14: approximately 2,600
 - (d) 2014-15: approximately 2,600
- (3) (a) The median price of first home buyers in the ACT are as follows:
 - (i) 2009-10: \$0.378 million
 - (ii) 2010-11: \$0.395 million

(b) The average price of first home buyers in the ACT are as follows:
 - (i) 2009-10: \$0.382 million
 - (ii) 2010-11: \$0.405 million
- (4) Not applicable

Approved for circulation to the Member and incorporation into Hansard.


Andrew Barr MLA
Treasurer

Date: 6-9-2011



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2012-2013

QUESTION ON NOTICE



ZED SESELJA MLA : To ask the Treasurer

[Ref: Treasury, Budget paper 4, page number 155, Output Class 1]

In relation to : **First Home Buyers**

1. As at 1 June 2012, what the number of first home owner grants paid in 2011-12?
2. What is the estimated number of first home owner grants to be paid each year from 2011-12 to 2015-16?
3. As at 1 June 2012, for the 2011-12 financial year what was the:
 - a. Median price of a first home buyer?
 - b. Average price of a first home buyer?
4. As at 1 June 2012, for the 2011-12 financial year, how many first home buyer grants were paid for residential property transactions valued in the range of:
 - a. \$300,000 to \$400,000:
 - b. \$400,001 to \$500,000:
 - c. \$500,001 to \$600,000:
 - d. \$600,001 to \$700,000:
 - e. \$700,001 to \$800,000:
 - f. \$800,001 to \$900,000:
 - g. \$900,001 to \$1,000,000:
 - h. Above \$1,000,001:
5. What is the estimated conveyance revenue to be collected from first home buyers for the years 2011-12 to 2015-16?

Treasurer – The answer to the Member's question is as follows:

1. As at 1 June 2012, 2,242 First Home Owner Grants have been paid in 2011-12.
2. The estimated number of First Home Owner Grants incorporated in the budget each year is shown below.

2011-12	2012-13	2013-14	2014-15	2015-16
2,691	2,605	2,605	2,605	2,605

3. Median price of a first home buyer: \$407,000.
Average price of a first home buyer: \$408,812.

- 4. \$300,000 to \$400,000: 784
- \$400,001 to \$500,000: 825
- \$500,001 to \$600,000: 266
- \$600,001 to \$700,000: 79
- \$700,001 to \$800,000: 8
- \$800,001 to \$900,000: 0
- \$900,001 to \$1,000,000: 0
- Above \$1,000,001: 0

- 5. Treasury does not separately forecast the conveyance duty revenue collected from first home buyers.

Approved for circulation to the Select Committee on Estimates 2012-2013

Signature: *Andrew Barr*

Date: 3.7.2012

By the Treasurer, Andrew Barr MLA