

Building Boost Grant Amendment Bill 2012

Explanatory Notes

Short title

The short title of the Bill is the *Building Boost Grant Amendment Bill 2012*.

Policy objectives and the reasons for them

To stimulate the Queensland housing market by assisting housing affordability, increasing the supply of housing and supporting employment in the housing construction industry, the 2011-12 State Budget announced the availability of a Queensland Building Boost Grant (building boost grant) of \$10,000 for the purchase or construction of a new home in Queensland valued at less than \$600,000 (including land). The *Building Boost Grant Act 2011* was enacted to give effect to the building boost grant scheme.

The building boost grant was initially available for eligible transactions undertaken on or after 1 August 2011 and before 1 February 2012. As there was insufficient time to enact the *Building Boost Grant Act 2011* before commencement of the scheme on 1 August 2011, the building boost grant was paid by the Commissioner of State Revenue (Commissioner) under an administrative arrangement. The *Building Boost Grant Act 2011* received Royal Assent on 4 November 2011, and had retrospective effect to 1 August 2011.

The 2011-12 Mid-Year Fiscal and Economic Review, released on 13 January 2012, announced that the eligibility period for the building boost grant will be extended by three months (extended grant). The *Building Boost Grant Amendment Bill 2011* (the Bill) will give effect to that announcement.

As was the case on introduction of the building boost grant, the Commissioner will administer the extended grant from 1 February 2012 under an administrative arrangement pending the passage of the Bill. The administrative arrangement specifies the changes to timeframes that are

relevant for the operation of the extended grant scheme. All other conditions and requirements for the building boost grant remain unchanged.

The Bill will give retrospective legislative effect to the extended grant scheme.

Achievement of policy objectives

The building boost grant may be claimed by a person who is undertaking an eligible home purchase contract, an eligible home building contract or an eligible owner-builder arrangement. Under the *Building Boost Grant Act 2011*, the building boost grant is currently available for eligible transactions where the transaction commencement day is on or after 1 August 2011 and before 1 February 2012. For a home purchase contract and a home building contract, the transaction commencement day is the day the contract is made. For an owner-builder arrangement, the transaction commencement day is when the laying of the foundations starts.

Other timeframes must also be satisfied for starting and completing construction under home building contracts, including for off-the-plan projects, and owner-builder arrangements. Currently, for a contract to purchase a home on a proposed lot on an unregistered plan of subdivision of land, the building work must start before 1 February 2013 and be completed before 1 February 2015, or the longer period allowed by the Commissioner. For a home building contract, the laying of the foundations must start within 26 weeks after the transaction commencement day and the home must be ready for occupation as a place of residence within 18 months of the laying of the foundations starting, or the longer period allowed by the Commissioner. For an owner-builder arrangement, the home must be ready for occupation as a place of residence within 18 months of the laying of the foundations starting, or the longer period allowed by the Commissioner.

In addition, an application for the building boost grant must be made within one year after completion of the eligible transaction. However, where an application will not be made before 1 June 2012, an applicant must lodge a notice of intention to apply for the building boost grant by that date.

Under the extended grant scheme, a contract to buy or build a new home must be entered into on or after 1 August 2011 and before 1 May 2012. For an owner-builder, the laying of the foundations must start in that period.

For a contract to purchase a home on a proposed lot on an unregistered plan of subdivision of land, the building work must start before 1 May 2013 and be completed before 1 May 2015, or the longer period allowed by the Commissioner, irrespective of whether the home purchase contract is made on, before or after 1 February 2012. In addition, a notice of intention to apply for the building boost grant must be given by 1 September 2012, irrespective of whether the eligible transaction was entered into on, before or after 1 February 2012.

The Bill will have retrospective effect to 1 February 2012 to cover the period of the administrative arrangement. This will provide the legislative authority for the payment of grants on and from 1 February 2012 for eligible transactions having a commencement day on or after 1 February 2012 and ensure that the scheme can be properly administered in relation to rights and obligations arising prior to Royal Assent.

Alternative ways of achieving policy objectives

There are no alternative ways to properly give effect to the policy objective of extending the eligibility period for the building boost grant scheme.

Estimated cost for government implementation

The building boost grant scheme has been operating since 1 August 2011. There are no additional implementation costs as a result of enactment of the Bill.

Consistency with fundamental legislative principles

Retrospective operation of legislation

There was insufficient time to progress the Bill before the eligibility period under the extended grant commenced. Therefore, similar to the arrangements that applied on commencement of the building boost grant scheme on 1 August 2011, implementation of an administrative arrangement was necessary to ensure the extended grant could be administered from 1 February 2012. The Bill will therefore have retrospective effect to 1 February 2012 to cover the period of the administrative arrangement.

The effect of the retrospectivity is beneficial to the community in that the Bill provides the legislative authority for the payment of the \$10,000 building boost grant after 31 January 2012 for eligible transactions with a

commencement day on or after 1 February 2012 and specifies the new timeframes that are relevant for the extended grant. All other conditions and requirements for the grant remain unchanged.

To provide certainty for potential applicants and ensure effective administration of the scheme during the period of operation of the administrative arrangement, the special purpose website (<http://boost.treasury.qld.gov.au>), forms and factsheets have been updated to reflect the changes. They continue to provide detailed information about eligibility, applicants' obligations to provide correct information and repay the building boost grant if incorrectly received, and possible liability for penalties and offences where obligations are not met.

Consultation

Extension of the building boost grant was sought by relevant industry bodies prior to the 2011-12 Mid Year Fiscal and Economic Review. The Bill gives effect to the policy announcement made in the 2011-12 Mid Year Fiscal and Economic Review.

Consistency with legislation of other jurisdictions

The Bill is not part of national scheme legislation.

Notes on provisions

Clause 1 cites the short title of the Act as the *Building Boost Grant Amendment Act 2012*.

Clause 2 provides when the provisions of the Act commence. Certain provisions are taken to have commenced on 1 February 2012 to give effect to the administrative arrangement for the extension of the building boost grant scheme on and from that date.

Clause 3 provides that this Act amends the *Building Boost Grant Act 2011*.

Clause 4 amends the timeframes in section 14 that are relevant for determining whether a home purchase contract will be an eligible home purchase contract. The contract must, among other things, have a

transaction commencement day, being the day the contract is made, that is on or after 1 August 2011 and before 1 May 2012.

For a contract for the purchase of a new home on a proposed lot on an unregistered plan of subdivision, the building work must be started before 1 May 2013 and be completed before 1 May 2015.

Clause 5 amends the timeframe in section 16 that is relevant for determining whether a home building contract will be an eligible home building contract. The contract must, among other things, have a transaction commencement day, being the day the contract is made, that is on or after 1 August 2011 and before 1 May 2012.

Clause 6 amends the timeframe in section 17 that is relevant for determining whether an owner-builder arrangement will be an eligible owner-builder arrangement. The arrangement must, among other things, have a transaction commencement day, being the day the laying of the foundations for the home starts, that is on or after 1 August 2011 and before 1 May 2012.

Clause 7 amends the timeframe in section 29 to require that an applicant for the building boost grant must lodge a notice of intention to apply for the grant by 1 September 2012, or the later day allowed by the Commissioner, if the application will not be made by that time but is intended to be made.

Clause 8 amends the heading for Part 6.

Clause 9 inserts Part 7 which clarifies that the new timeframes specified in section 14(f)(i) apply for a home purchase contract made on or after 1 August 2011 and before 1 May 2012.