

STATE BUDGET WILL HELP HOMEBUYERS

Treasurer Ben Wyatt handed down the McGowan Government's first budget on Thursday September 7 in the context of a difficult financial environment. Master Builders director Michael McLean reports on what impact it is likely to have on homebuyers and the housing industry.

FOR most members of the public, the State Budget contains so many different schedules and numbers that it is hard to comprehend.

What we focus on is what affects us, either as seniors, parents with young families, social welfare recipients, single parents or high-income earners.

The Treasury believes WA's economic growth bottomed in 2016/17 at 0.25 per cent with three per cent growth forecast in 2017/18, underpinned by a strong rise in exports. The state's domestic economy, however, is expected to contract for a fifth consecutive year as a result of business investment falling.

Perth median house prices are expected to decline for the third consecutive year, while employment is expected to increase by 20,000 new jobs.

Population growth will be subdued, lifting from 0.7 per cent in 2016/17 to 1.8 per cent in 2020/21 (compared to a 3.1 per cent peak in 2012/13).

The good news for homebuyers is that the First Home Owner Grant (FHOG) has been retained. First homebuyers who purchase a house and land package valued up to \$750,000 in the metropolitan area are eligible for this \$10,000 grant.

First homebuyers north of the 26 parallel (such as Denham) can purchase new house and land packages up to \$1 million to be eligible to receive the \$10,000 grant.

With only 19,000 new dwellings forecast to be built in WA this financial year, the FHOG will greatly assist builders and everyone involved in the housing industry as there were over 7000 first homebuyers who took advantage of the FHOG in 2016/17.

Other good news for homebuyers is that there are no increases in land tax or stamp duty in the budget.

One major negative impact of the budget

was the decision to increase payroll tax from July 1, 2018 for a five-year period for large employers.

From 5.5 per cent to six per cent for payrolls over \$100 million and up to \$1.5 billion, this will add up to \$7.5 million per annum onto some employer's tax bills, which will probably result in job losses or less apprentices being trained.

From 5.5 per cent to 6.5 per cent for payrolls over \$1.5 billion, this will add at least \$15 million per annum to these large employers' tax invoices.

The McGowan Government has allocated \$1.3 billion over four years to a series of Metronet projects. These include the Forrestfield-Airport Link, an extension of the northern suburbs rail line to Yanchep, extending the Thornlie rail line to Cockburn and the Morley-Ellenbrook rail line. This is a visionary project which will create significant residential and mixed use developments within the vicinity of these transport hubs.

A new entity known as Design WA is being established to oversee good design policies, especially around Metronet stations.

With over 1500 households on a priority wait list for state government housing, more needs to be done to build affordable housing for our needy citizens.

The budget has also identified a number of proposed reforms to existing legislation such as the Heritage of WA Act, Planning and Development Act, Work Health and Safety Act, the Local Government Act and Strata Title Act. Master Builders looks forward to working with the various government departments to facilitate better legislative outcomes in each of these important areas.

The State Budget may rely on a number of assumptions but it does set out a blueprint of the McGowan Government's plans and direction for the future.

We all need to contribute to its success for the betterment of our great state.

