

REGIONAL WA NEEDS A \$5000 BOOST

The First Home Owner Grant (FHOG) has helped thousands of Western Australians to build their first home. Master Builders director Michael McLean explains why the FHOG should be given a \$5000 boost in regional areas of the state.

NEW homebuyers in WA are fortunate to have stamp duty exemptions of house and land purchases under \$430,000 as well as on vacant land purchases below \$300,000.

Western Australians are also fortunate to have an organisation like Keystart that can provide first homebuyers with low deposit loans as well as the prospect of having a shared equity in the new dwelling being purchased.

More and more West Aussies are now taking advantage of Keystart's two per cent deposit offers compared to 20 per cent deposits required by some banks.

On a median-priced new home of around \$500,000, the difference between having a \$10,000 deposit versus saving for a \$100,000 deposit is enormous.

Keystart clients also don't pay lenders mortgage insurance.

Only new homebuyers actually building a new residential property or purchasing a newly built home or apartment, as distinct from purchasing an established dwelling, are eligible for the \$10,000 FHOG which is provided by the Office of State Revenue.

Most states and territories have a first homeowner grant scheme similar to WA to assist first homebuyers fulfil their dream of homeownership.

The quantum, however, varies, with Victoria's FHOG now \$20,000 for new homes valued up to \$750,000 in regional Victoria.

In Queensland, the FHOG is between \$15,000 and \$20,000, while in Tasmania it is \$20,000.

With over 30 per cent of new homebuyers in WA currently accessing the \$10,000 FHOG, it is important Treasurer Ben Wyatt retains this financial subsidy in this year's State Budget.

Master Builders has assessed the FHOG actually generates more taxes and charges to statutory agencies than what it costs taxpayers.

The Housing Industry Forecasting Group is forecasting new home approvals in 2018/19 will remain steady at 19,500.

This is about 4000 less than our 10-year average, which highlights the depressed state of our economy and the under-building that is currently taking place.

The statistics involving new home approvals in places like Broome, Port Hedland, Karratha, Geraldton and Esperance show these regional towns are struggling more than the Perth metropolitan area.

This is why Master Builders is calling on the McGowan Government to support a \$5000 boost to the FHOG in all regional areas for a 12-month period from July 1 this year.

We believe this economic stimulus will help to boost employment, retain trades in regional areas and help more young folk in particular to build their own home in regional WA.

With the multiplier effects associated with this one-off \$5000 boost subsidy, it will generate a positive return to our state government. It will also assist more country folk to access a Keystart loan.

So the message to Treasurer Ben Wyatt is please use your State Budget announcement on May 10 to help keep the dream of homeownership alive for regional WA with a \$5000 boost to the FHOG.

Prospective first homebuyers can find out more about the \$10,000 FHOG and eligibility criteria by visiting www.finance.wa.gov.au.

