

Our Reference: TRO-03950

Mr G Banks
Chairman
Productivity Commission
Locked Bag 2
Collins Street East
MELBOURNE VIC 8003

Dear Mr Banks

I refer to the Commission's current inquiry into First Home Ownership and the invitation for interested parties to make final submissions to the Commission in response to the draft report released in December 2003.

Since the Queensland Government's initial submission to your First Home Ownership Inquiry there have been some developments that will impact on first home buyers in Queensland. In particular, the Government has announced further amendments to first home buyer concessions and the establishment of an Office of Urban Management and Infrastructure Coordination for South-East Queensland. I would also draw to your attention work currently underway by State Housing Ministers to examine ways to encourage additional affordable housing, especially rental housing.

In essence, the announced further concessions to Queensland's first home buyer conveyance duty rates include an increase in the transfer duty rebate and rebate threshold and an increase in the first home buyer mortgage duty concession. Further details of this policy are provided in the attachment to this letter. Subject to the passage of legislation, these concessions will be available to first home buyers in this State from 1 May 2004.

Demand side pressures, particularly the expectation of ongoing strong population growth in South-East Queensland, will continue to underpin housing demand in Queensland. The Queensland Government recognises the need for a coordinated, proactive and strategic approach to managing the pressures of strong population growth in South-East Queensland and the importance of the regional plan, SEQ2021, in achieving this aim.

To manage growth in the South East region, the Office of Urban Management and Infrastructure Coordination has been established. The Office will work in consultation with stakeholders to effectively manage urban development and infrastructure provision and service delivery in South-East Queensland to maintain the region's quality of life and facilitate sustainable economic development.

Yours sincerely

TERRY MACKENROTH

ATTACHMENT

Concessions for Queensland First Home Buyers – to apply from 1 May 2004 (subject to approval by Parliament)

First Home Buyer Transfer Duty Rebate

The principal place of residence (PPR) transfer duty rates will continue to apply to all home buyers, with an increase in the rebate available to first home buyers.

The threshold for the first home buyer transfer duty rebate will be \$250,000.

The first home buyer transfer duty rebate at the \$250,000 threshold will be \$2,500. For purchases below the threshold, the rebate will be equal to the transfer duty liability, with the result that no transfer duty will be payable.

For every \$10,000 above \$250,000, the first home buyer transfer duty rebate will be reduced by \$100.

The first home buyer transfer duty rebate will cease at \$500,000, at which point first home buyers will receive only the PPR concession (see examples below).

First Home Buyer Mortgage Duty

The first home buyer mortgage duty exemption will apply to the first \$250,000 of the amount secured.

For other home buyers the exemption remains at \$70,000.

Examples of Queensland's new first home buyer concessions

Property Price	PPR transfer duty amount	First home buyers transfer duty rebate	Transfer duty payable	Mortgage duty payable*
\$	\$	\$	\$	\$
250,000	2,500	2,500	Nil	Nil
300,000	4,250	2,000	2,250	80
350,000	6,000	1,500	4,500	260
400,000	7,750	1,000	6,750	440
450,000	9,500	500	9,000	620
500,000	11,250	Nil	11,250	800

Source: Queensland Treasury

* Mortgage duty payable is based on an assumption of a loan for 90% of the property price, using the current rate of 40cents in every \$100.