

This tax hike is not revenue neutral for home owners

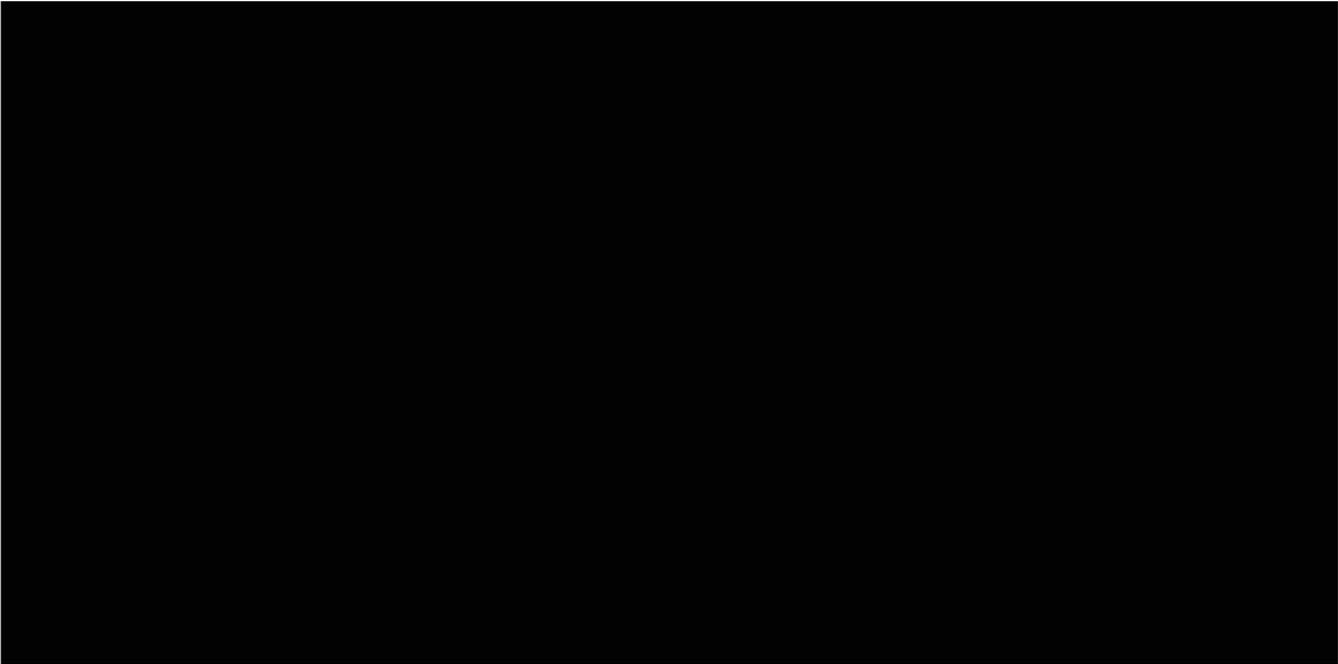
This proposed tax will raise more revenue for Treasury in taxes.

It is not revenue neutral as claimed on page 16 of the consultation paper².

That is because inflation caused by monetary debasement and government migration policy pushes up housing prices and thus stamp duty increases over time.

A person paying up front will have a net saving after a certain number of years have passed compared to this stamp duty.

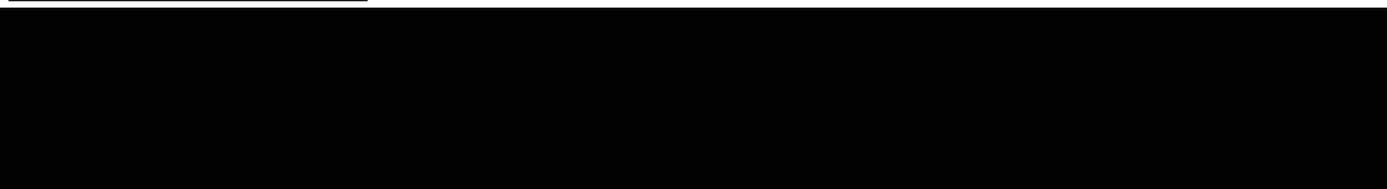
A real world example:



My family bought our home for [redacted] in [redacted] [redacted]



It's the same house. No different.



⁴ <https://www.rba.gov.au/calculator/> Reserve Bank of Australia website accessed 15 March 2021

In just three years, Treasury would have ripped more money out of my home than my family would have paid up front in stamp duty when we bought it in [REDACTED]

The same Commonwealth Bank Stamp Duty calculator now puts the stamp duty on a [REDACTED]

That's how much the NSW Government has increased Stamp Duty over the last 40 years.

That amount would still be completely paid off in [REDACTED] - but the proposed tax would keep charging my family for the rest of our lives.

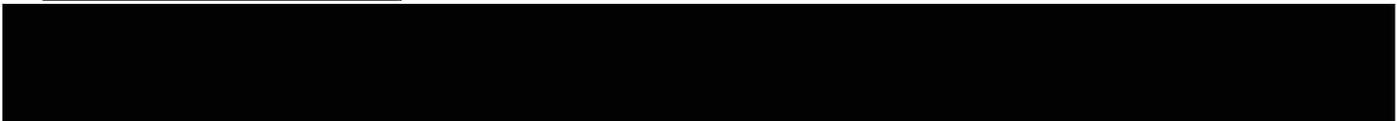
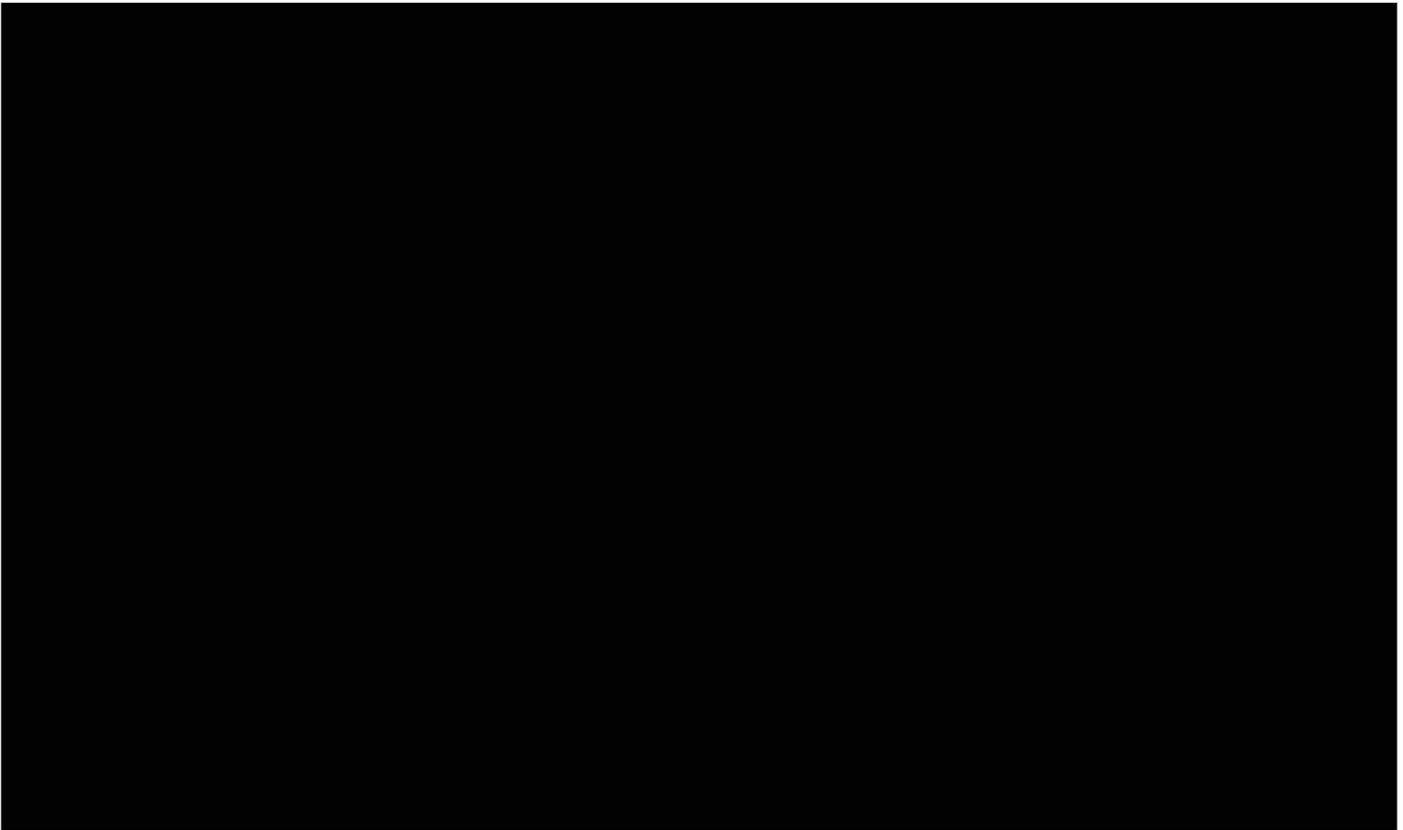
And that also assumes the tax is frozen in time at today's [REDACTED] It is not. The proposed tax would go up each year.

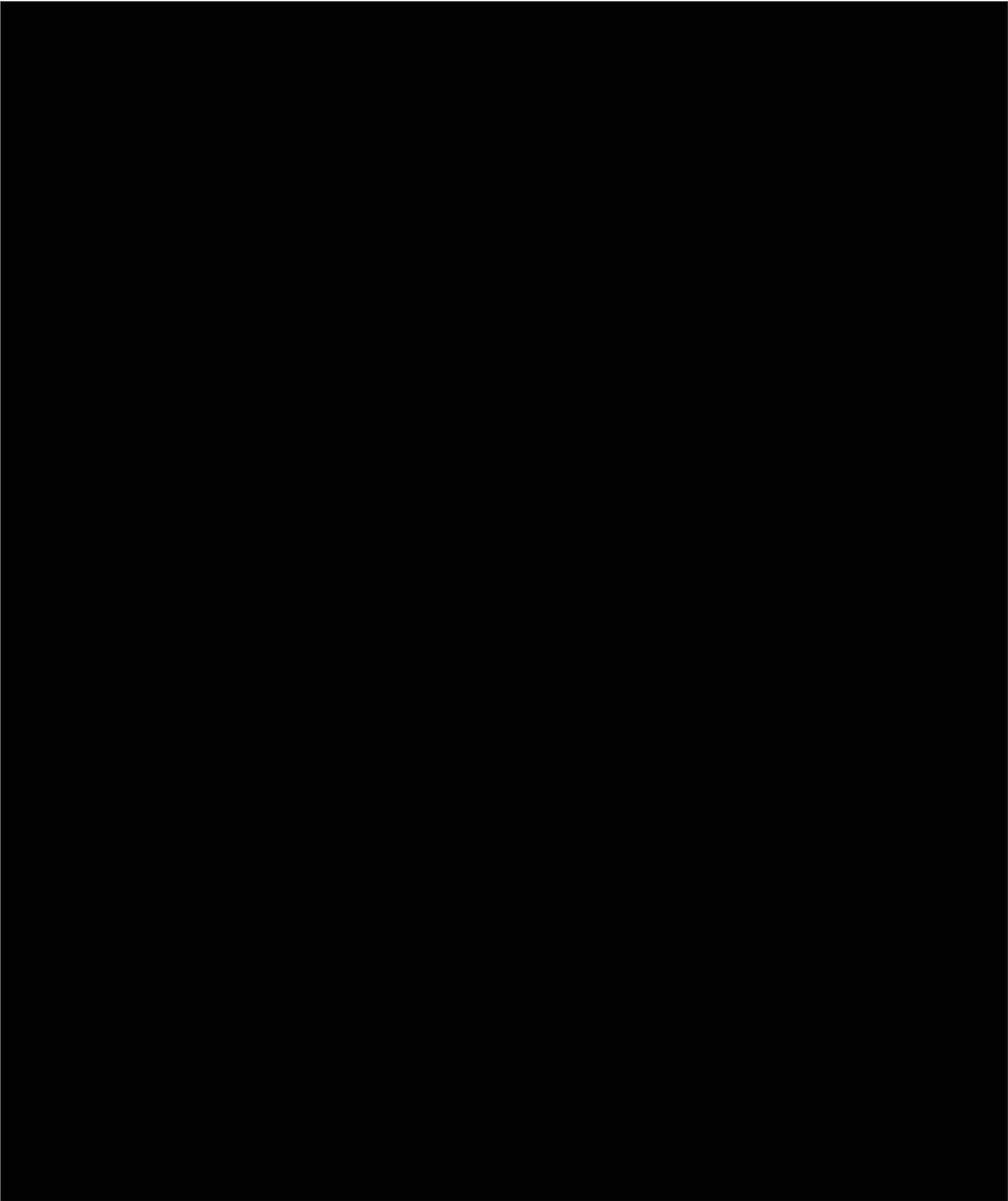
That means when you are old and can least afford it, you can't pay it.

Those elderly who cannot pay, will rack up a huge debt to the government so that the proposed tax can become a massive inheritance tax.

This will force children of deceased parents off their land, where their history, memories and communities are, and where their relatives live nearby.

My neighbours would all be affected the same way





Many greedy builders and developers want to force people like us out of our homes so they can make a quick buck knocking them down and rebuilding them.

The NSW Government wants to encourage this behaviour because that creates stamp duty revenue, and jobs for tradesmen and builders, and commissions for real estate agents.

That is what the Proposal means when it says it wants to “grow the NSW economy”

What that means is destroying our family, our community and taking our land off us for your greed.

This is our land. WE paid for it. We live here, and we are free people – we own it.

We are not cattle to be milked by Treasury for revenue.

We do not exist to give a revenue stream to Treasury.

The NSW Government must instead spend within its means.

This tax is an unjust imposition on home owners

Land values in my area have increased dramatically in the last 40 years - as they have all over Sydney but especially on the coast.

In the east, all homes east of Anzac Parade have dramatically risen.

I did not ask for the increase in value and I did not want it. It tore our family apart. I had to travel thousands of kilometres away to live and work as I could not afford Sydney prices.

I couldn't afford to live near my parents when I got too old to live at home.

I returned when my parents died and now I have inherited the house.

Treasury's proposed new tax would not have helped me live in my traditional area with my family around me. Cutting migration to net zero to allow a slow natural increase in population by birth-rate would have made property affordable.

Treasury's property tax table gives a 0.3% rate + \$500 initially for owner-occupied residences giving those on a simple cottage on a quarter acre block with a UCV of [REDACTED]

That is almost more than I earn in a year. I could never afford that – nor could anyone else in my street.

My case is not unique. Because of Federal and NSW Government policies promoting mass migration and the devaluation of the currency over the past 40 years, most free standing houses in Sydney have a UCV of at least \$1 million.

Almost all free standing homes east of Anzac Parade have a UCV greater than \$1 million as the large numbers of people imported by the government who settled in Sydney crush east towards the sea.

Who is to blame for the Sydney house price Ponzi scheme?

Federal and NSW Governments have pursued high-migration policies and inflationary bond issuances for the last 40 years, devaluing the currency and pushing up the scarcity of land.

In 1982, the population of Sydney was 3.3 million, according to the ABS⁶.

In 2019, the population of Sydney was 5.3 million⁷.

This population increase was not from births over deaths, it is entirely the result of a government policy to import large numbers of people from overseas in order to please property developers and stoke the housing Ponzi scheme.

Only 2.7 million people or 57 percent of Sydney residents in 2016 were born in Australia, Census data shows⁸.

Why this tax is not needed

Treasury does not need to raise more money - there are many non-essential projects the NSW Government is wasting money on that can be cut instead.

Some non-essential projects the NSW Government has recently wasted money on include: free roofing insulation, solar panel rebates, rebates of up to 50% of the cost for people upgrading their television or refrigerator to an 'energy efficient' model, propaganda to manipulate public opinion (such as for this tax), handing out \$100 restaurant vouchers

⁶ <https://www.abs.gov.au/statistics/people/population/historical-population/latest-release#key-statistics> Historical population, Population Distribution series, Australian Bureau of Statistics, released 18 April 2019, accessed 15 March 2021

⁷ <https://www.abs.gov.au/statistics/people/population/regional-population/2018-19> Regional population, Australian Bureau of Statistics, released 25 March 2020, accessed 15 March 2021

⁸ https://quickstats.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/1GSYD?opendocument Australian Bureau of Statistics, 2016 Census, accessed 15 March 2021

(cost: \$500 million)⁹, the Sydney Light Rail (cost: \$3.1 billion)¹⁰ and tearing down the perfectly functional Sydney Football Stadium and Olympic Stadiums to rebuild them (cost: \$2 billion)¹¹.

The NSW Government does not need more money to spend on its core functions of roads, healthcare, schools, courts and policing - it needs to cut its non-essential spending.

Responses to the consultation questions

1) Do you agree that stamp duty is out of date and is a handbrake on the economy? Is there merit in replacing it with a broad-based annual property tax?

- NO – stamp duty is not ‘out of date’ or a ‘handbrake on the economy’ if it were removed prices would simply rise to fill the gap to the market price at which sellers and buyers agree.
- Housing affordability is not affected by stamp duty but by supply and demand which is caused by government migration policies. High prices, not transaction costs, are the main barrier to entry.
- Stamp duty was originally a transaction cost of transferring title, a function the government no longer does after privatising the Land Titles Office. Home owners must not be penalised because Government became dependent on an unfair tax creep. Government must look to reduce its spending on things people don’t need instead, like stadium redevelopments.
- NO there is NO merit in replacing stamp duty with a broad-based annual property tax which penalises home owners more with each passing year, and which double-charges them as they already paid tax on the money they earned to buy it with.

2) The annual property tax would be based on unimproved land value, much like the way council rates are currently calculated – what do you think of this approach?

Treasury’s proposed property tax gives an 0.3% rate on unimproved land value + \$500 initially for owner-occupied residences.

For now the proposed tax is a ‘choice’ and ‘opt in’ but Treasury makes it clear that it is phasing in this change so soon it will apply to everyone, without choice.

Many families from Sydney’s coastal suburbs lived there for generations and their unimproved land values have risen enormously.

In Sydney’s East, North and South beachside suburbs, it is common to have rateable value of more than \$2.5 million for a simple old three-bed bungalow on a quarter acre block.

Treasury’s proposed tax would add a minimum cost of \$8000 a year to a home with \$2.5 million rateable land in the first year.

It would rise every year thereafter.

Many people here are not rich. They live in their homes and have family nearby and are part of their community. In some cases they are pensioners living in their family home which their grandparents built.

They are not ‘economic units’. They are people, and social beings.

⁹ [https://www.abc.net.au/news/2020-11-17/nsw-budget-includes-\\$100-vouchers-for-dining-and-entertainment/12887846](https://www.abc.net.au/news/2020-11-17/nsw-budget-includes-$100-vouchers-for-dining-and-entertainment/12887846) NSW budget vouchers to give \$100 for dining and entertainment to stimulate economy, ABC News, 17 November 2020, accessed 15 March 2021

¹⁰ <https://www.smh.com.au/national/nsw/nsw-government-failed-to-update-public-on-true-cost-of-light-rail-20200611-p55113.html> NSW government failed to update public on true cost of light rail, Sydney Morning Herald, 11 June 2020, accessed 15 March 2021

¹¹ <https://www.abc.net.au/news/2017-11-23/olympic-and-sydney-football-stadiums-demolished-and-rebuilt/9182798> Olympic Stadium and the Sydney Football Stadium will be demolished and rebuilt, ABC News, 23 November 2017, accessed 15 March 2021

It isn't their fault that land values rose and they derive no benefit from it because if they sell they must buy again in the same expensive area where they belong. They don't want to sell and go away to a cheaper area or another town where they don't belong.

Treasury wants to impose an unaffordable tax on these people who already paid tax all their lives.

They could not pay it.

Some people in these suburbs are retirees who live on less than \$20,000 a year and barely get by.

It is immoral for Treasury to force them out of their homes, just because it is prime real estate and richer people could buy it and they could make money from it.

Treasury's new tax is predatory.

Treasury proposes if people can't pay they defer the tax and pay commercial interest rates on the deferred payment. It would operate as a reverse mortgage.

The debt to Treasury would accumulate and compound year after year at commercial interest rates, eating the value of the home.

This would continue until the person sold or died and left the home to their children, at which point Treasury would swoop in and confiscate the money.

In just 10 years of deferred payments, starting at \$8000, with the tax rate going up only \$500 per year, at 5 per cent annual interest, that person would owe more than \$100,000 to Treasury.

These are human beings, not economic units. They are not cattle for Treasury to milk. They already paid tax on the money they bought the house with and commercial interest rates on the mortgage.

They bought the home for their family's financial security. They are entitled to the value of their home without Treasury stealing a large chunk.

- It is completely wrong for Treasury to be imposing a property tax at all as people already paid for their home with money they paid income tax on, and their employers paid payroll tax on.

- Private property ownership means you own it, end of story. The government does not own it, and has no right to levy a tax on it as though you were only renting and the government were the landlord. This is a grab at people's property values.

- The proposed property tax should be rejected outright. However linking it to the land value makes it even worse as the government's own policies of migration (supply and demand) and bond issuance (dollar devaluation) forces the price of property up over time without increasing its amenity or relative worth, thus steadily increasing all taxes related to the land value.

3. Do you agree that it would be attractive to be able to choose an annual property tax rather than paying a large lump-sum stamp duty on a purchase and, for investors, the current annual land tax?

NO because the lump sum of stamp duty is a cost for sellers – buyers already pay it plus the purchase price. All that will happen is buyers will end up paying the same amount but it will go to seller's pockets not the government.

Once you pay the annual property tax, it will go up each year forever, getting harder and harder to pay as you get older and then retire. People are social creatures not economic units. Forcing them to sell and move away from their homes and families and communities after government policies increased their house price is unfair.

Investors can afford to pay the annual land tax, or else they can sell their investment properties and invest in another asset class – they are not living in them, so it doesn't hurt them socially to sell as it does owner-occupiers.

4. Is an opt-in and gradual approach the best way of ensuring a fair transition to the property tax?

We do NOT want any transition to the property tax. We don't want it at all. This question makes it clear that Treasury is not offering people a choice for long, that this will be forced on everyone soon. We reject it.

5. Would you delay a home purchase if it meant you could opt-in to the property tax? Should there be a limited window for retrospective opt-in to the property tax, after it commence?

We reject the proposed new property tax. We reject the premise of the question.

6. Should there be different property tax rates for residential owner-occupied properties, residential investment properties, farmland, and commercial properties?

We reject the proposed new property tax.

Your property tax table gives a 0.3% rate + \$500 initially for owner-occupied residences giving those on a simple cottage on a quarter acre block with a UCV of \$2.5 million a yearly tax bill of \$8000.

It would rise every year thereafter. See question 2 for the damage that would cause to low-income families who have lived for generations in areas that have had huge rises in rateable land values.

It is just as disgusting as if you forced an Aboriginal community off their land. These people own their homes, and they are attached to them with memories and history.

These are people, not economic units.

7. Given this tax reform is an investment into our future, do you think it is worth the cost?

No. It is not an investment. It is theft from people who paid their taxes all their lives including on the income they used to buy their home.

This is a theft from people who handed their property down to their children or lived a long time in a city area that went up in price. It is a breach of the social contract.

A government no longer has the right to govern if it steals from the people instead of representing them. That government loses its mandate and the people have every right to depose it.

This tax views citizens' homes as Treasury cash cows. We are not your cattle to milk. We are human beings with the right to own property, free of ongoing impost. We are taxed enough.

8. Should price thresholds be used to exclude people buying the most expensive properties from being able to choose the property tax?

We reject your property tax outright as a destruction of our private property rights which are the bedrock of our Enlightenment civilisation and the cornerstone of liberty.

9. What arrangements should be made for residential and commercial tenants if their landlord chooses to pay the property tax?

We reject Treasury's proposed property tax outright. Fixing rents, which is the clear suggestion, causes massive problems.

It creates financial distress for landlords who have overheads and debt to pay, while reducing the sale price of their property. Treasury would ruin people who in good faith bought property thinking it was a safe investment for their future only to have Treasury destroy the value. Those people should seek redress in a class action against Treasury, should this occur.

10. What should happen for people who have chosen the property tax, but then can't afford it?

Treasury's proposal that landowners in hardship would defer the proposed tax liabilities at commercial interest rates until the property is sold shows its predatory intent.

Treasury will take not only an enormous chunk of the value of people's properties by impoverishing them and raising levies too high for them to afford - they will earn commercial rates of interest that compound annually while doing it.

This is incredibly aggressive.

Treasury proposes a tax that will become progressively harder for people to pay until they have to defer it or lose their home.

If they defer, Treasury can take a huge chunk of value from it when they eventually sell, or die and leave it to their children.

This is theft. These people have already paid for their home. Treasury is not entitled to the value of their home. The owner paid taxes on the money they used to pay for their home and their employer paid payroll taxes. They paid GST on all the maintenance costs and council rates for services. Treasury is not entitled to any money out of their home.

11. What is the best way of ensuring that the property tax remains affordable for taxpayers, while generating the same amount of long-run revenue as stamp duty and land tax?

We reject this property tax. Leave stamp duty and land tax alone. Reduce unnecessary government spending – there are always examples of wasteful spending

Start a ‘dob-in’ website where people can dob in cash-in-hand tax-dodging tradesmen if you want to raise more revenue as this eliminates the black-economy of cash-in-hand jobs. But remove this property tax.

12) Is there a specific aspect of our proposed reform you would change to help make the proposal better

We reject this proposal outright. It’s an aggressive and predatory tax designed to hurt vulnerable people and steal from their deceased estates. It violates our most important freedom: the right to own private property. This reduces private property ownership to a never-ending rental from government. If we pay for it then we OWN it. Only slaves can’t own property. We’re not your slaves.