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**From:** [REDACTED]  
**Sent:** 28/02/2021 3:07:10 AM  
**To:** Tax Reform Taskforce [taxreformtaskforce@treasury.nsw.gov.au]  
**Subject:** NSW Property Tax Proposal - Consultation Paper - Have your Say

The NSW property tax proposal, to replace stamp duty on property purchases with an annual land tax, is not a solution to the stated claim that removing the upfront cost of stamp duty will somehow fix home ownership affordability.

The proposed land tax policy reform does not address the real reasons for rising property prices and the lack of affordability for first home buyers. Currently some of the biggest factors driving significant house price increases are high numbers of property investors and current low interest rates.

Stamp duty rates have increased from 0.5% of property value when introduced in 1865 to a current 4% progressive tax. Instead of changing to a land tax based system, this rate could be significantly reduced for first home buyers.

### **Winners & losers:**

People buy and sell property for a myriad of reasons as circumstances change. It is obvious that over time all properties would eventually transition to the new proposed land tax arrangement.

The biggest losers will be older home owners on low or reduced incomes after retirement unable to afford an annual land tax payment (especially if they are also paying body corporates). They may be forced to sell their homes, not be able to find or afford suitable housing in their local community or, at worst, become homeless.

### **Who benefits most?**

This proposal is expected to make home ownership more affordable for younger and first home buyers. However, the proposed land tax policy is designed to be of greater benefit to the NSW Government than NSW property buyers.

The solution for the NSW Government's "problem" of lumpy property tax revenue collections, tied to the rising or falling property market, is a new annual land tax on all property owners.

Smoothing out annual revenue collection tied to static home ownership, rather than the current stamp duty on new property purchases would deliver a guaranteed annuity land tax stream of revenue in perpetuity to the NSW Government.

The proposed land tax policy is therefore a solution to a different problem than that stated - the NSW Government's addiction to steadily increasing property tax revenue streams.

It is not about housing affordability at all.

If housing affordability was the real problem, then the NSW government could, for example,;

- Reduce the high stamp duty rate for the cohort they claim to want to help
- increase property price thresholds; and
- Look at more effective public policy solutions

as a way to increase affordability for new, young and first home buyers – owner occupiers only.

A few obvious areas to tackle are increased investment in public housing, subsidised home ownership for essential workers, limits on how many properties one person can own and introducing other barriers for people using housing investment as a wealth generator that excludes first home buyers entering the property market.

**Political will:**

By the NSW Treasurer's own admission: "Stamp Duty was meant to be a small amount but has ... become a river of gold for many State governments around the country ... especially for home buyers in Sydney." Treasurer, NSW on ABC's 7:30 Report

The hypocrisy of this statement is that the Treasurer has it within his power to reduce the high cost of property stamp duty at the time of purchase.

In the longer term, the introduction of a land tax that takes a small amount each and every year from each and every NSW property owner will, after transition is complete, deliver much more revenue to the NSW Government, especially as property prices increase over time. I am not foolish enough to believe that the "river of gold" will be revenue neutral as suggested.

There is no political will to fix the real problem of home ownership affordability.

Sadly, the dream of home ownership for many will remain a dream.

**Conclusion:**

The proposed annual land tax will not magically meet its stated aim of making home ownership more achievable, no matter how the Treasurer tries to spin it!

I therefore request the NSW Government abandon the proposed land tax policy change. It does not address the problem outlined in the policy document.

Instead, I am in favour of reducing the current stamp duty rates and lifting property price thresholds to make home ownership more affordable for those owner-occupiers entering the market for the first time. In addition there are other public policy settings outlined above that could more effectively address other barriers to home ownership in NSW.

Let's find more equitable and effective solutions to escalating property prices and reduced home ownership affordability. Is the NSW Government willing to give up a meaningful share of its "river of gold" to deliver on its stated aim? I hope so, for the benefit of all NSW home owners.

Kind regards

