

Annexure 2 – Flaws, errors, inconsistencies and omissions in the Consultation Paper

The Consultation Paper is in no way fair or balanced, it states untruths and it makes unsupported statements that demonstrate the complete naivety of the proposal, some examples:

- Page 9 states that the Annual Property Tax uses ‘a transition that relies upon the individual choices of people when they buy property’. Yet, under the scheme once a property is subject to the Annual Property Tax, there is no ability for subsequent owners to revert to Stamp Duty- so individual choice becomes non-existent;
- Page 12 states: ‘The proposed changes would also place downward pressure on home prices over the longer term, making houses more affordable for all’. Where is the proof for this statement? House prices have never fallen, there have been ‘blips’ that the market has taken advantage of to restore prices to former levels, but there is no evidence I have seen in any reputable form to support ‘a downward trend in house prices over time’ being anything other than a dream;
- Page 15 states that people would then spend their purported savings on ‘home furnishings and renovations and would result in (increased) income and employment in sectors such as real estate services..... solicitors, conveyancers, finance professionals, engineers and surveyors’. Page 15 also states ‘moving to a new house is one of the most stressful times in our lives’. The Consultation Paper infers throughout that this is an activity that people want to do more often than is currently usual. People don’t need to move to a new house to redecorate or renovate. And people would (I think) want to engage with real estate agents, solicitor, conveyancers, and finance professionals as few times as possible in their life, rather than more times;
- Page 15 states ‘Each additional dollar of stamp duty revenue collected lowers living standards by about one dollar , over and above the direct impact of paying the tax’. The same is true on an Annual Property Tax, however the impact is greater under the Annual Property Tax simply because the overall amount spent over a lifetime of home ownership (even ignoring the multiple real estate agent and legal fees) would greatly exceed the equivalent Stamp Duty paid on a small number of property trades in a life. The Consultation Paper is curiously silent on this point;
- Page 19 states ‘Revenue neutrality would underpin the property tax rates. The overarching goal is neither to increase nor decrease the amount of tax collected from broad groups of property owners’. The safeguards to ensure this would occur are absent from the Consultation Paper. Looking at property ownership from a ‘whole of life’ perspective I don’t believe that this objective is likely or even possible, as demonstrated by my own circumstances;
- Page 21 states ‘removing stamp duty could lead to a more efficient allocation of housing, increasing effective housing supply, and lowering rents’. No explanation as

to how it will achieve any of these aspirations is given. How an ongoing increase in a tax can in some way lower rents seems an unrealistic nexus; and

- Page 22 suggests the possibility that the scheme could limit Annual Property Tax receipts to within a 'total revenue cap' – like Council Rates. I understand from reading in the press that for some residents of Central Coast Council their rates are due to go up 42% this year. I haven't read anywhere that the NSW Government has yet addressed this excessive increase. All it has seemingly done is to guarantee debts incurred by Council whilst Council seeks to collect increased rates to pay off its debts.