

NSW Treasury

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Submission: NSW Property Tax Proposal

1. Charities and not-for-profit organisations that are currently exempt from Stamp Duty and Land Tax must remain exempt from the proposed Property Tax. This intention has been expressed anecdotally however the Consultation Paper is silent on the issue. The exemption must be explicit and enduring, conferred to the organisation and not to the property.
2. The implementation of a Property Tax must address a number of equity concerns:
 - a. Organisations with existing commercial leases must be assured that rents will not be unreasonably increased if a property is sold and the new owner opts-in to the new scheme during their occupancy.
 - b. Residential tenants – and particularly those on low incomes, including young people – should be protected from rental increases which would worsen the current rental affordability crisis.
 - c. If the aim of the policy is to increase churn within the housing system (by incentivizing Owners to sell more regularly), residential tenants must equally be given increased protection from eviction to prevent increased instability for tenants as a result of the transition to the Property Tax. This would involve amending the *Residential Tenancies Act 2010* to end no-fault evictions.

While there is an assumption within the Consultation Paper that tenants have choice in the market (p. 16), this glosses over the significant power imbalances that exist within the landlord-tenant relation, even in less heated property markets than what we are experiencing currently.

With the rental vacancy rate in our service area effectively at zero, tenants are not in a position to negotiate fair and equitable housing outcomes with property owners. The transition from Stamp Duty to Property Tax has the potential to worsen this situation without the appropriate protections for tenants.

3. The dual system should remain in place indefinitely. The brochure (p. 6) states that once a property is subject to the property tax, it will not have the option to revert to stamp duty for subsequent purchases. By ensuring that

The government should continue to consult widely with a diverse array of organisation in the housing, youth, disability, family services, and other community sectors about this reform. Given that more than a third of residents in NSW are residential tenants, with a great number of these increasingly locked out of housing ownership for longer periods, it is important to ensure that these reforms do not simply fuel increased speculation and result in poorer outcomes for those with the most insecure housing.