



Duties Amendment (Stamp Duty Reduction) Bill.

Second Reading

Mr JOHN BROGDEN (Pittwater—Leader of the Opposition) [10.17 a.m.]: I move:

That this bill be now read a second time.

Home ownership has always been a central part of the great Australian dream. Home ownership has underpinned the economic growth of Australia over the past generation. It has been the vehicle by which singles, couples and families have secured their financial future. It has always been at the foundation and core of financial security and freedom. Home ownership should be something that government encourages, rather than discourages. The stamp duty take in New South Wales is out of control. Whilst the consumer price index has increased by approximately 25 per cent, and house prices in Sydney have risen 130 per cent, the stamp duty take in New South Wales has risen by more than 200 per cent.

Each year the take grows, each year more and more singles and families are excluded from the housing market—and each year under Labor this Treasurer grows lazier and the Government grows fatter. His record defies belief. In 1997 Michael Egan said the budget would collect only \$1.6 billion in stamp duty, but property prices delivered him an additional \$253 million windfall. In 1998 he did it again and said he would only take \$1.5 billion, but then he got an additional windfall of \$386 million. And each year since then he has done the same thing. In 1999 he budgeted for \$1.7 billion in stamp duty and—surprise, surprise—he ripped out another \$681 million from families. Last year this windfall surged to a record \$955 million. Since 1997 the Government has received over \$3.7 billion in unexpected stamp duty windfalls and it has not given one cent back in tax cuts. It is about time the Government started giving back. This bill attempts to redress the Government's greedy obsession and ideological opposition to home ownership. Stamp duty in New South Wales is out of control.

According to the respected property research house Residex, 115 suburbs in Sydney report stamp duty levels in excess of \$20,000. Let me outline some of the increases that have occurred in Sydney house prices since the first year of the Carr Government in December 1995. In Bondi Junction stamp duty has risen from \$11,870 to \$35,315, an increase of 198 per cent; in Coogee it has risen from \$14,390 to \$47,382, an increase of 229 per cent, in Stanmore stamp duty has risen from \$6,540 to \$26,788, an increase of 310 per cent; in Manly it has risen from \$14,750 to \$60,153, an increase of 308 per cent; in Ryde stamp duty has risen from \$7,205 to \$23,165, an increase of 222 per cent; in Concord it has risen from \$8,868 to \$31,130, an increase of 251 per cent; in Parramatta stamp duty has risen from \$4,265 to \$14,953, an increase of 251 per cent; and in West Hoxton it has gone from \$1,332 to \$15,470—an increase of 1,061 per cent in 8½ years!

It is little wonder the Federal Labor shadow Treasurer, Mark Latham—who is also the local member for Werriwa, which includes the suburb of West Hoxton—has called on Michael Egan to cut stamp duty. This is what Mark Latham says about Labor's performance on home affordability:

Basically you can't get into the Sydney market unless you're inheriting a home or you come from a very high income.... We're losing a large part of the great Australian dream.

It is a damning indictment of the Carr Government—its failure to provide genuine home affordability to the people of New South Wales. And it is not only a Sydney problem. The Residex data on house and unit prices in New South Wales from September 2002 to September 2003 shows that 72 out of 75 of the largest stamp duty increases have occurred in regional New South Wales. In the last year alone stamp duty on units in Queanbeyan increased by 178 per cent; in Taree stamp duty on units increased by 155 per cent; in Orange stamp duty on units went up by 129 per cent; in Yass stamp duty on house prices increased by 125 per cent; in Coffs Harbour stamp duty on units increased by 123 per cent; in Tweed Heads, the seat of the Parliamentary Secretary who is now sitting at the table, stamp duty on units went up by 109 per cent; and in Kempsey stamp duty on houses increased by 101 per cent. That is not an eight-year figure but a 12-month figure.

Those increases in stamp duty mean massive amounts of money for Treasury in 2002-03 and again in this budget year, 2003-04, and still the Government refuses to give back a cent in terms of fundamental stamp duty relief and fundamental home ownership affordability to families in New South Wales. The Coalition's stamp duty reduction plan is responsible, and it would cost \$880 million over four years. The Premier has said he cannot support this stamp duty reduction plan because the Government cannot afford it. He says it will eat into funding for hospitals and schools. Clearly, the Premier has not read his own budget papers.

The projected budget surplus for the next four years is \$2.1 billion. The Coalition's stamp duty reduction plan uses less than half that surplus to fund cuts to stamp duty and an increase in the affordability of housing options for families. To

the Premier I say, "The money is from the surplus, stupid! It is time for you to give some of that money to families in New South Wales." There is a fundamental difference between the Labor Party and the Liberal-National Coalition. The Premier thinks a surplus is your money for him to spend. The Coalition thinks a surplus is your money to be given back to you in the form of tax cuts. If we collect more money than we need, it ought to go back to New South Wales families in the form of tax cuts. If Labor collects more money than it needs, it finds projects to waste it on: the Millennium trains, the Parramatta to Liverpool bus-only transitway and, as the shadow Minister for Utilities reminds me, the billing system for Sydney Water, on which \$60 million was wasted.

The Premier also runs the line that stamp duty is cheap, that it is amongst the lowest in the nation. We live in the most expensive city in the country, and it is not being helped by this big-spending, big-wasting Government. I challenge the Premier to tell his neighbours and constituents in his electorate of Maroubra—who now pay, on average \$32,000 in stamp duty—that stamp duty is cheap. It is not—and the Premier knows it.

The Premier's most recent property transaction was not in Australia, it was in New Zealand. I might take this opportunity to extend to the part-time New Zealand farmer Bob Carr the commiserations of the Opposition on the loss of his new national team on Saturday night. The Premier did not pay stamp duty when he undertook a property transaction in New Zealand recently, but his neighbours in Maroubra pay massive stamp duty bills. This is a classic Bob Carr con. The Premier says he cannot afford the cut, but he could, and should, override Michael Egan and adopt the Coalition's legislation.

There are four components to the Coalition's stamp duty reduction plan. First, the plan will equalise the city and country thresholds for the First Home Plus Scheme at \$300,000 in the first year. This recognises that the current property boom in New South Wales is not simply a Sydney property boom, it is a New South Wales property boom. Families outside Sydney should have the same access to the First Home Plus Scheme that people in the city have had. Second, the plan will cut stamp duty on transfers by 5 per cent from 1 July 2004. Third, it will cut stamp duty transfers by 7.5 per cent from 1 July 2005. Fourth, it will cut stamp duty transfers by 10 per cent from 1 July 2006.

For the buyers of a typical Sydney house costing \$465,000—that is the average cost of a house in Sydney in November 2003—this means a saving of \$820 from 1 July 2004, a saving of \$1,231 from 1 July 2005, and a saving of \$1,641 from 1 July 2006. This bill is responsible. It provides a tax cut and it preserves the surplus. It allows people to make their own decisions about housing without undue interference from government. But, most importantly, it gives something back. This is a very different approach to that of Michael Egan and Labor. As we in the Coalition like to say, the Premier has never seen a tax he did not like, and Michael Egan has never seen a tax he did not hike. This is a government that is addicted to high taxation.

Unlike Labor, the Coalition believes in providing affordable home ownership, whether it is through this plan or through our longstanding commitment to a balance between urban land release in Sydney and urban consolidation—which this Government has strangled over the years, forcing increases in the price of land and housing in Sydney. We believe that affordable home ownership is part of the bedrock of strong communities. Government has no place standing in the way of a young couple or a single person embarking on the great adventure of home ownership.

This Government can afford a stamp duty cut, and it must provide it to families. In the last month we have seen an interest rate rise from the Reserve Bank of Australia of 250 basis points. This may be followed, whether it is in December or the new year, with another 250-point increase. It puts more pressure on families, and it puts more pressure on affordability. At the exact point when interest rates are rising, the Government must take this opportunity, provided to it by the Liberal-National Coalition, to put in place a cut in stamp duty.

In May this Government delivered a budget that massively increased taxes and spending but did not provide any relief or reform. Indeed, some weeks ago the discredited Minister for Housing, came forward with his own plan for housing affordability. What did his plan propose? To cut stamp duty—but he argued that the Federal Government should cut it. The Carr Government has plenty of taxpayers' money in the bank, and that gives it an enormous opportunity to begin to cut stamp duty. A 10 per cent cut in stamp duty, phased in over four years, will provide families with relief. As interest rates rise and housing becomes a little less affordable, as home ownership fades for people who want to get off the rental market and own their first home, this cut in stamp duty will make home ownership a little bit more affordable. The cut in stamp duty proposed by this bill provides a stark contrast between a high-taxing, high-waste Labor Government and a Coalition that will be elected to government in March 2007, marked by its dedication to cutting tax, cutting waste and making home ownership affordable again in New South Wales. I commend the bill to the House.

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