

## **INQUIRY INTO PROPERTY TAX (FIRST HOME BUYER CHOICE) BILL 2022**

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Prior to the last state election – both parties said there would be no land tax.

Any proposed reforms should be taken to election.

We should not become like the USA where the burden of annual land taxes see people lose homes, become homeless with a PONZI like situation that helped fuel the GFC.

- Stamp Duties should have been removed with the advent of GST.
- Successive Governments have failed to remove or reduce the Duty and their thresholds.
- The last time thresholds were reduced was about 1986.
- There is no proven merit in replacing stamp duty with land tax.
- You propose swapping one good tax (progressive stamp duty) for another tax with no obvious economic gain except to Government coffers. There is no proven benefit to reducing house prices.
- This is a big new tax that never stops no matter what life stage you're at.
- Its' cost on home-owners will increase with property values and the tax rate is able to be changed by the Government.
- Despite the hype, stamp duty is not a real impediment to home ownership as the cost can be added into the mortgage and paid off over 25/30 years at a significantly cheaper cost than paying 'a big new yearly property tax.'
- First home buyers already have exemptions and/or reductions available and with this comes increased home prices. The big new 'property tax' does nothing to address housing affordability.
- Stamp duty acts as a hand-brake on land speculation and land-banking, and allows Government to re-coup a percentage of the land value at the point of purchase. Thus a progressive tax that helps to stabilise the economy as Australian economy is stupidly tied to housing.
- A "property tax" extracts a percentage of supposed gains before any gain is realised and in fact the supposed gains may never be realised.
- The claim that people don't move (or downsize) to avoid stamp duty is overblown. Some people simply love where they live and have no desire to purchase into a crumbling tower of misery that is potentially laden with defects. The townhouse and dual occs being built ain't much better.
- The Government of the day could hike the rate at will to cover budget shortfalls.
- There will be adverse impact on owner occupiers should the land on which their homes stand be re-zoned for higher density.
- I do suspect this is a deliberate feature of the 'property tax' designed to force home-owners to sell and hence to benefit property developers. The 'starve 'em out' principal at play. This is not economic reform, this is cost shifting.
- You have not considered the costs to the individual, to family and community ties, and to society more broadly, of forced housing migration when people cannot afford to pay a huge new yearly property tax. Especially affected could be people as they move onto pensions and fixed incomes.

- Instead of a 'forever big new tax on housing' allow people to pay off the stamp duty equivalent liability over 10 or more years. This was an option given to owner-occupiers in the 1980's. Some buying a 'forever home' are better off paying stamp duty which is incorporated into a mortgage and paid off over 25/30 years at little cost. You should also adjust the stamp duty thresholds downward as last time they were adjusted was around 1986. The Government has been in power almost 12 years and have overseen massive price increases on property. The thresholds should have been adjusted years ago but the Government is too greedy.
- The value of land varies across LGA's, residential areas and urban/rural areas. This cannot be a 'one-size fits all' method and the underlying land value does not reflect the existing development built on the land.
- A property tax is unfair to people as they age and move out of the workforce onto fixed incomes and pensions. Many will become home-owners later in life due to economic conditions. You propose a lifetime of additional tax liabilities which could result in the loss of equity in people's homes if they are unable to pay. The lost home equity may well be needed for nursing home accommodation.
- A 'property-tax' will increase yearly and people will not be able to factor an unknown amount into their budgets for the years ahead. Subsequently a 'property tax' would result in a loss of sense of financial security when proposed new 'tax' could produce an indeterminate annual fee subject to parliamentary or IPart whim.
- Who will win in a tussle between the Banks and the State Government when the home-owner is unable to meet costs and is forced to sell up to repay the bank?
- The Government has aided the last 12 years of land price rises via policy, planning proposals (where the purpose of changes to density standards is to increase the underlying value of the land) and KPIs for projects (light rail springs to mind) where one KPI was to increase land values.