

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

Organisation: Mortgage & Finance Association of Australia

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The Hon Tara Moriarty MLC
Portfolio Committee No 1
Parliament House
Macquarie Street
Sydney NSW 2000

26 October 2022

By email: portfoliocommittee1@parliament.nsw.gov.au

Dear Ms Moriarty

PROPERTY TAX (FIRST HOME BUYER CHOICE) BILL 2022 (THE BILL)

The Mortgage and Finance Association of Australia (**MFAA**) is pleased to be invited to contribute to the NSW Legislative Council's Portfolio Committee's inquiry into the Property Tax (First Home Buyer Choice) Bill 2022. The MFAA is Australia's leading professional association for the mortgage and finance broking industry, with over 14,500 members. Our members include mortgage and finance brokers, aggregators, lenders, mortgage managers, mortgage insurers and other suppliers to the mortgage broking industry. Mortgage brokers facilitate more than two thirds of all new residential home loans¹ in Australia, a significant proportion of home loans are in NSW.

Over the last three years, we have engaged extensively with NSW Treasury's Tax Reform Taskforce on the NSW Government's property tax reform. We have previously noted our support for the reform and hold no material concerns with the Bill.

We support proposals which assist first home buyers to enter the housing market. In our view, the Bill will:

- provide choice, flexibility, and mobility,
- promote housing affordability through the lowering of upfront transaction costs,
- promote earlier entry into the housing market for eligible first home buyers, and
- likely stimulate turnover in housing stock which is supportive for those businesses that service the housing sector.

We note the proposed property tax is much narrower in scope than was previously proposed, with the choice given only to first home buyers that are not otherwise eligible for stamp duty concessions. We believe this narrowed scope is a sensible way of testing out the impact of such a significant reform.

We highlighted in our previous submissions that the decision to opt into the property tax will be an important one for first home buyers, with consideration of many variables including the impact of future tax payments. The role of our mortgage broker members is to provide credit assistance to support borrowers, including first home buyers to finance their homes. We have stressed that due to legal and insurance reasons, mortgage brokers cannot provide tax or financial advice. We are therefore pleased the NSW Government has adopted our recommendation to develop a free publicly

¹ [MFAA Industry Intelligence Service Report 13th Edition](#) pg 4

available website including calculators and decisioning tools. This will assist home buyers to make the choice between the property tax and stamp duty.

We extend our thanks to the Committee for the opportunity to provide this submission. If you wish to discuss this submission or require further information, please contact me at

Yours sincerely

Naveen Ahluwalia

Head of Policy and Legal

Mortgage & Finance Association of Australia