

REINSW: RESPONSE TO NSW BUDGET

FOR IMMEDIATE RELEASE

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The Real Estate Institute of NSW (REINSW) has welcomed the NSW Government's acknowledgement that property taxation is in need of reform.

REINSW CEO Tim McKibbin said stamp duty reform has been long overdue, and something the REINSW has actively sought for many years.

"Stamp duty is an inefficient, inequitable tax that distorts market activity. Not only does it discourage people from moving, especially downsizers who would otherwise free up housing stock, it also limits the additional expenditure home buyers could otherwise engage in," he said.

"While there is no such thing as a good tax, some are better than others. When tax becomes a consideration of a transaction and not a consequence, it's a very bad tax.

"People in NSW have elected not to pay stamp duty by not buying property. On this basis, we welcome the news that stamp duty will finally be phased out in NSW. However, we don't support the replacement of one property tax with another property tax.

"The question should be asked why the property industry, which contributes so significantly to the state's economy, must shoulder a disproportionate amount of the state's tax burden.

"A land tax may be more broadly-based than stamp duty, but it still only applies to property. Investors in shares, for instance, pay no comparable tax," he said.

Mr McKibbin said it's not widely known that the NSW Government collected \$1,857,906,662 in stamp duty revenue in the three months to 30 September 2020, which is \$235,300,000 more than for the same period last year.

"The property industry, including property consumers, carries a disproportionate amount of the state's tax burden. It should be more equitably spread across all industries," Mr McKibbin says.

Elsewhere, Mr McKibbin pointed to the bureaucratic inefficiencies of NSW Fair Trading, which is preventing many fully-trained real estate agents from working, as an area for reform regrettably missed.

"This opportunity for reform is even more clear-cut and entirely aligned with the job creation focus of the Budget. At present, Fair Trading is the unnecessary gatekeeper of a certification process that takes it about 50 days to complete, before a person receives their certificate and is able to get to work. Specialist accreditation operators can do it in 24-48 hours," he said.

"Especially now, administrative incompetence is no excuse for keeping people out of the workforce, particularly when the solution is so simple. The Government talks jobs, jobs and more jobs, but Fair Trading stops people starting work.

“We urge the NSW Government to adopt an opportunistic approach to considered reform in order to optimise its jobs and economic goals,” Mr McKibbin said.

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For further information contact:

Tim McKibbin, Chief Executive Officer, REINSW
Mobile: 0415 931 013
tmckibbin@reinsw.com.au

Stephen Naylor, Wise McBaron
Mobile: 0432 656 193
stephen@wisemcbaron.com.au

About REINSW

The Real Estate Institute of New South Wales (REINSW) is the peak industry body for real estate agents and property professionals in NSW. It represents more than 2000 agencies across residential sales, property management, commercial, strata management, buyers' agency, agency services and auctioneering. Established in 1910, REINSW works to improve the standards, professionalism and expertise of its members to continually evolve and innovate the industry. It lobbies the government and industry on behalf of members, develops new products and services to benefit agencies and professionals, and offers training and ongoing professional development. For more information, visit reinsw.com.au.