

REINSW: STAMP DUTY CUTS PROVIDE STIMULUS NOW – WHEN IT’S MOST NEEDED

FOR IMMEDIATE RELEASE

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As we face the biggest economic challenge in history, a quick glance at the housing market stimulus measures provided in the recent New South Wales and Victorian Budgets reveals a key, stark difference: the Victorian Government has provided actual tax relief to fuel activity while in New South Wales, the Government has provided nil.

The NSW Government obviously recognises the barrier stamp duty presents to buyers and its stifling impact on supply, otherwise it would not have suggested reform, says Real Estate Institute of NSW CEO Tim McKibbin.

But it’s the “here and now” measures that the Budget is regrettably lacking, Mr McKibbin says.

“The NSW Budget has done nothing to stimulate the housing market aside from proposing an idea. While we acknowledge that the reforms proposed require thorough consultation, and this takes time, stimulus is needed now. The timing has never been more critical and it’s well-documented that an uplift in housing market activity delivers much broader economic benefits,” Mr McKibbin says.

“The Victorian Government’s lead in significantly reducing stamp duty should be followed in New South Wales. It represents bold policy appropriate to the times which is capable of delivering real, quantifiable benefits to the economy.

“In New South Wales, in which housing supply is critically constrained, a similar approach would encourage up-sizer and down-sizer activity in particular by removing a major disincentive for people to move.

“This opens up housing supply, fuels more transactions, kickstarts the many flow-on economic impacts of a property transaction and enables housing to play the hugely influential role in the economy it is capable of,” he says.

The REINSW is calling on the NSW Government to follow the Victorian Government’s lead in providing immediate stamp duty discounts to unlock existing housing supply that lies dormant and to encourage economic activity.

Mr McKibbin says there’s no reason stamp duty relief cannot occur alongside the consultation for reforms. In fact, the move could provide key insights of huge value to inform the reform process, he says.

“It is accepted that whenever the rate of tax is reduced, market activity increases. This additional activity compensates Government for the reduced tax collected per transaction,” Mr McKibbin says.

“It’s like a retail sale. The profit margin on the sale items is smaller but more stock is sold, delivering an overall increase in profitability.

“By implementing stamp duty relief, the NSW Government has the opportunity to unlock similar activity on a larger scale and deliver broader economic benefits to the state.

“Instead, all we have now is a lone consultation paper which distracts and diverts attention. It has generated headlines and opinion pieces about possible reform, perhaps to be implemented many months or even years from now, but fails to address the here and now problems.

“The challenge we face cannot wait months and years. It’s upon us right now. We need bold leadership right now.”

ENDS

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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.