



the voice of the industry

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MEDIA RELEASE

Property downturn continues to drain NSW Budget

“Today’s NSW State Budget highlights how the property downturn has once again caused stamp duty revenues to fall well short of the NSW Government’s forecasts,” stated HIA’s Executive Director, David Bare.

“The State Government has lost a cumulative \$10.6 billion over the forward estimates to 2022-23 due to revenue downgrades in the last two State Budgets.

The strong reliance on revenue from stamp duty, which is highly variable, is placing pressure on the NSW economy and the Government. It underscores the need for a strong and robust residential construction sector and for policies to support housing supply.”

“In 2016-17 transfer duty represented 31.4% of tax revenue but is forecast to reduce to only 21.6% in 2019-20. The volatility in duties revenue is a likely reason that Treasurer Perrottet has announced a Federal Financial Relations Review (FFR Review) aimed at delivering a roadmap for a more sustainable Federal funding model and greater State autonomy.

“Measures to support the housing market are now necessary given the NSW economy has slowed to its weakest pace since 2013. The fact that a surplus was still delivered and net debt was still below zero despite stamp duty losses should have been ample justification to provide greater support to the struggling housing sector.

“The punitive measures and additional taxes levelled against investors during the boom period in the NSW market need to be urgently reviewed to help attract them back to the market.

“The level of taxation and levies placed on new housing, which can represent over 40% of a house and land package in Sydney, also need urgent review. The NSW Productivity Commissioner can play a vital role in such a review.

“Stamp duty exemption caps for first home buyers continue to remain too low for today’s market and need to be lifted in line with new home and land prices to provide greater assistance for those wishing to purchase a new home.

“The Government is to be commended on its continued investment in critical infrastructure committing \$93 billion over the next four years in road, public transport, health and education infrastructure. This infrastructure is crucial to support new communities and a growing NSW population.

“The announcement of \$71 million for 100,000 fee free courses for young job seekers taking on traineeships (70,000 places) and 30,000 TAFE places for mature aged students seeking to retrain are also welcomed. However the Government needs to work hand in hand with industry to ensure the focus is in areas of greatest need to secure the skilled workforce of tomorrow,” concluded Mr Bare.

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NSW Stamp Duty Revenue

