



Submission

“Funding Our Emergency Services” Discussion Paper

To: NSW Treasury and the
Ministry for Police and Emergency Services

Introduction

The Real Estate Institute of New South Wales (**REINSW** or the **Institute**) submission is in response to the “Funding Our Emergency Services” Discussion Paper issued by the NSW Treasurer and the NSW Minister for Police and Emergency Services (the **Discussion Paper**).

The REINSW is the largest professional association of real estate agents and other property professionals in New South Wales. The REINSW seeks to promote the interest of members and the property sector on property related issues, and in doing so the REINSW has a substantial role in the formation of regulatory policy in New South Wales.

The REINSW appreciates the opportunity to lodge this submission and welcomes discussion of the issues raised by this submission with the Ministers and/or NSW Government policy officers.

Comment on the Discussion Paper

The REINSW acknowledges the importance of ensuring adequate funding is in place for the emergency services in NSW and the pivotal role of well-resourced emergency services in the community.

The Institute recognises that the current system for emergency services funding operates unfairly as the financial burden falls on those owners who are insured, whereas the uninsured owners who also consume emergency services do not contribute to the cost.

The REINSW is supportive of a more equitable system for funding emergency services, however submits that levying a new tax on property owners will have a negative impact on the already strained property industry.

Currently real property is the most taxed asset class in NSW. Taxes levied on or impacting real property owners include:

- stamp duty on transfers of all real property;
- landholder duty on acquisitions of shares and other interests in companies or unit trust schemes holding land in NSW valued at \$2,000,000 or more;
- GST on new residential properties (and the additional stamp duty on the GST component of the price);
- land tax for investment residential properties and all commercial and industrial properties;
- parking space levies for non-residential parking spaces located in specified districts; and
- local government rates for all properties.

Most real property owners would be subject to one or a combination of the above taxes. There are no comparative holding taxes to land tax or council rates for other investment categories.

Introducing yet another tax on real property will further distort investment decisions in the property sector. Additional taxes on property will serve to worsen the housing shortage in NSW, discourage new investment and push existing investors into other, less taxed, asset classes.

It is submitted that a property levy will also operate unfairly as only property owners will be taxed, whereas the services for which the funding is raised will benefit both owners and non-owners (such as tenants) alike. Owners are not always in a position to pass taxes on to tenants in the form of increased rents.

Insurance companies have a vested interest in ensuring that fire and other emergency services are well-resourced and running efficiently. Prompt responses to fires and other emergency situations will lead to insured properties suffering less damage and, consequently, reduce the liability of insurers under the insurance policies.

In summary, whilst the Institute supports the concept of, and appreciates the need for, a more equitable mechanism for funding essential emergency services, it is opposed to yet another tax being levied on real property on the basis that such a tax will further harm an already struggling property industry in NSW.

The REINSW appreciates the opportunity to comment on the Discussion Paper and would welcome the opportunity to discuss it further.

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