

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

29 May – 31 May 2012

Question: BET 122

Topic: Henry Tax Review – Stamp Duties

Hansard Page: Wednesday 30 May 2012, page 110

Senator LUDLAM asked:

Senator LUDLAM:... The review did state, and I quote:

Ideally, there would be no role for any stamp duties ... in a modern Australian tax system.

They recommended phasing in land tax as a replacement. The current Treasury secretary is on the record as proposing the abolition of real estate stamp duties, saying they make it difficult for people to move about. He nominated state taxes on housing as the tax that has the biggest drag on productivity. Is Treasury looking at differences in stamp duty regimes in states and territories and its impacts on productivity in housing affordability, or are these off-the-cuff comments?

Mr Heferen: These issues were flagged at the tax forum. There was a process agreed to be put in train by some state Treasurers. I think there may have been some change in personnel with those Treasurers. As I understand it, there is still that process alive for states to pursue what reform would be possible and appropriate in their jurisdictions. In relation to stamp duty on housing being—

Senator LUDLAM: The first quote was from the Henry review.

Mr Heferen: Then there is something about Dr Henry saying it was a—

Senator LUDLAM: Then I am kind of paraphrasing the current Treasury secretary.

Mr Heferen: The current secretary, Dr Parkinson?

Senator LUDLAM: Yes.

Mr Heferen: As to whether stamp duty on housing would be the biggest drag, a lot of taxes are quite large drags on the economy. Whether that one would be the biggest, I think, is a pretty moot point. Clearly, the arguments about stamp duty having a negative effect on people's mobility is pretty well traversed and reasonably agreed to.

Senator LUDLAM: And understood. This is more what to do about it. That is the question. What is the status of the group that you have mentioned with some of the state Treasurers? Is everybody in that? Is that a formal process?

Mr Heferen: I think at the start it was Treasurer Fraser and Treasurer Baird, so the then Treasurer from Queensland and the Treasurer from New South Wales. Where that has now moved to, I am not entirely sure, but I can take that on notice.

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Answer:

At the 2011 Tax Forum, the Treasurers of New South Wales and Queensland agreed to work with the Council for the Australian Federation to develop a state tax reform plan for further discussion by the end of 2012.

Following the 2012 change of government in Queensland, the South Australian Treasurer, Jack Snelling, has agreed to lead the development of the plan with his New South Wales counterpart.