



NSW STATE GOVERNMENT LISTENS TO PROPERTY INDUSTRY BUT LONGER TERM STAMP DUTY REDUCTION OPPORTUNITY WOULD PROVIDE MORE EFFECTIVE STIMULUS

The NSW Government has responded to property industry calls for reductions in stamp duty, however, the measure is a very short term, one-off opportunity and could have been extended for a more effective stimulus on the State's economy, said Pitcher Partners partner Brendan Jones.

The Government's measures include a 50% stamp duty reduction for all buyers of newly constructed dwellings up to \$600,000 effective from 1 July 2009. The opportunity applies to all property buyers, not just first home buyers.

"This stamp duty concession is more far reaching as it applies to any person, from empty-nesters and retirees downgrading, to young families expanding the family home.

"This will have a stimulus effect on the economy, by encouraging the purchase of new property to take advantage of savings in stamp duty of up to \$11,245. There has been a lot of activity in the first home buyers market and the same should apply to this latest announcement. But it's a fleeting measure only applying for six months. Practically, it may be difficult for people to commit to new property acquisitions in that time if it means selling an existing home quickly at a time when confidence is low. Perhaps the effectiveness of this stimulus measure would be far greater if it applied for a 12-month period.

"According to the State Government the measure is costing \$64 million in lost revenue. The Government could have extended this to 12 months and the extended opportunity would have had a much greater multiplier effect in terms of stimulating the NSW economy," Mr Jones said.

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Pitcher Partners is an association of independent firms. It is also an independent member of Baker Tilly International.

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