

Media Release



24 September 2008

The Levy Illusion

The Urban Development Institute of Australia (UDIA NSW) warns that the NSW Government's proposal to ask new homebuyers to pay for the North West Metro through development levies will further exacerbate the State's financial crisis. Mr Scott Woodcock, UDIA NSW Chief Executive Officer said that, "the record low housing production of 29,300 dwellings in NSW has cost the Government \$90 million a month in forgone stamp duty revenue. Another levy is simply inconceivable and will create further disincentives for investment and development in Sydney."

Mr. Scott Woodcock said that "levies like duties depend on transactions to generate revenue. Essentially, the NSW Government is responding to a depressed property market exacerbated by excessive taxes and charges by proposing yet another levy. The North West Growth Centre already has a state infrastructure levy of \$23,000 and the government is suggesting those residents may now not even see a train. People will not buy and \$23,000 on nothing is still nothing."

Mr Woodcock said that "the cost of any rail infrastructure in Sydney, whether it be metro style or heavy rail should be spread across the community over time, as has historically been the case. Imposing a levy on new homebuyers to fund the North West Metro is akin to funding the cost of constructing the Cross City Tunnel by first thousand cars to use it. Levies do not equate to a user pays philosophy."

UDIA NSW President Ms Judy McKittrick said, "the cost of providing housing in Sydney is already dramatically more expensive than in Brisbane or Melbourne courtesy of the continual cost shifting to new home buyers. New homebuyers in Western Sydney are paying twice as much in state and local levies than they would in Brisbane and more than seven times than in Melbourne."

"State and local development charges in Sydney already contribute 27% to the cost of new land on the fringe in Sydney, compared to 20% and 15% in Brisbane and Melbourne respectively (see attached)." Ms McKittrick added that, "it is no wonder that around five hundred people a week are leaving NSW to find opportunities in other states."

Ms Judy McKittrick said that "the NSW Government needs to show leadership by investing in the future of this state. This is going to require some innovative thinking on how to deliver vitally important major projects like the North West Metro and the South West Rail Spur. UDIA NSW is calling on the NSW Government to engage with the property sector on how to reinvigorate the NSW economy, stimulate the property market and restore investment confidence in Sydney."

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Comparative Taxes and Charges for market entry lot price

