

# THE VOICE of Pensioners and Superannuants

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## NSW property tax fanfare turns into dirge



THE property tax idea launched with much fanfare as part of last year's NSW Budget didn't get a mention in this year's Budget fanfare. In fact, it wasn't mentioned at all. When specifically asked, the NSW Treasurer played down the chances of introducing the reform ahead of the next state election in 2023.

Is the NSW property tax proposal dead?

The polite answer is: probably.

Economists say the proposed transition from stamp duty to an annual property tax for homeowners would not make up the lost stamp duty revenue fast enough. This means that by implementing the proposal the NSW Government would give itself a sizeable pay cut forever.

Under the proposal, properties would need to be opted into the property tax. The only people who would do that would be people who expect to on-sell the property in a few years' time, that is, owner-occupiers and investors who expect to upgrade and investors who want to take a profit. They would calculate paying property tax will be cheaper for them, meaning less projected revenue for the NSW Government.

If implemented, the NSW property tax would create a two-tier residential real estate market. Home buyers and investors who purchased for the long haul would stick with paying a one-off stamp duty. They too would calculate that it

will be cheaper for them, meaning less projected revenue for the NSW Government.

The Californian example (sourced from an article by Benjamin Ward in the Sydney Morning Herald, 16 June 2021) should give any property tax enthusiast food for thought.

In 1978, California introduced a property tax reform which limited the increase in the officially “assessed value” of a property to two per cent per year so long as it was held by the same owner. This assessed value is the basis for the Californian property tax assessment.

Three adjoining townhouses of the same size and vintage on Scott Street, San Francisco had annual tax bills of \$28,500, \$3200 and \$41,000 - their official (not market) values having been assessed at \$2.3 million, \$2 million and \$3.4 million respectively.

The Californian property tax reform created a multi-tier property tax system. People who purchased their homes long ago are paying very little tax, people who purchased recently are paying many times more.

“By letting NSW households opt-in to paying the new land tax”, writes Benjamin Ward, “it is likely that a similar two-tiered property market will emerge in NSW. Just like California, it will become commonplace in NSW for neighbours in identical homes to be taxed differently. One neighbour may have paid stamp duty in the distant past and is then living in their home tax free. Another neighbour may be paying tens of thousands in tax per year.”

As mentioned, the NSW Treasurer has played down the chances of introducing the reform ahead of the next state election in 2023, saying he was not driven by election timetables as he looked at replacing stamp duty with an annual land tax.

The Treasurer reportedly also dodged questions on whether the NSW Premier supported the proposal, saying he was working to convince cabinet colleagues.

Probably dead.

## The how-could-they-miss-it part of home care: big items



HOME Care Packages are set up so that you, the care recipient, are in control. It is you who makes the decisions about what the money gets spent on.

The purchase of items like a walker or a wheelchair or any other aides or home modifications also comes out of your package.

But the problem often is that the balance in your package account isn't enough to cover the expense of the item you need to buy.

Or it may cover the expense, but if you used it to buy the item, you would have nothing left to pay for, say, your meal service or your personal care.

The only way to get around that problem is to save up for however long it takes to get the money together for something you may urgently need.

The Department of Health has been very high-minded about the design of Home Care Packages. They tell us that it's all about choice and you being in control. This is good. Unfortunately, the Department forgot about the lowly practicality of the need for equipment and home modifications in care-at-home.

Apart from saving up in your Home Care Package account until there's enough to make your purchase, the only other thing you can do is to advance the money yourself. If you have the spare cash, that is.

Otherwise, someone in urgent need of a wheelchair may just need to sit around in an ordinary chair for a few months.

This problem was picked up by the Aged Care Royal Commission. It recommended “an assistive technology and home modifications category within the aged care program that provides goods, aids, equipment and services that promote a level of independence in daily living tasks and reduces risks to living safely at home”.

It is to be “grant funded”. This means it is not to come out of your Home Care Package money.

The Australian Government has accepted this recommendation.

The recommended start date is 1 July 2022.

### **Will your phone work with 3G networks on the way out?**



PARTS of the 3G network have already been phased out and major telecommunications companies plan to completely switch off 3G in Australia by mid-2024. So, what does this mean for you and your current mobile phone?

3G is the third generation of mobile telecommunications technology. We now have 4G and 5G that can provide faster downloading speeds and better coverage. However, some older mobile phones will not be compatible with the newer fourth and fifth generations of mobile technology.

You may be familiar with mobile network shutdowns if you had a 2G compatible mobile that became unusable in 2017 when the 2G network was switched off.

If your current mobile is compatible only to the 3G network, you won't be able to use it in 2024.

Obviously, that's a few years away so you don't have to make the switch right away. However, it is something to keep in mind and be prepared for. There's nothing worse than buying a new phone, not being able to use it and not having an older phone to fall back on if you can't figure out your new phone.

That being said, you might save yourself some hassle by making the switch sooner rather than later or at the very least giving your phone provider a call to see if your phone can be used on the 4G or 5G network.

It may seem frustrating that technology changes and leaves older products behind but the 4G and 5G networks should offer superior services that are desperately needed in regional Australia.