QTON No. 25

Legislative Assembly for the Australian Capital Territory
Standing Committee on Public Accounts and Administration

Inquiry into Annual and Financial Reports 2023-24

Answer to question taken on notice

Asked by: MR ED COCKS MLA

Addressed to: Mr CHRIS STEEL MLA, TREASURER

In relation to: CONVEYANCING DUTY CONCESSIONS

Hearing: 13 February 2025
Uncorrected Proof Transcript pp 44,45
Transcript provided: 20 February 2025
Answer Due: 27 February 2025

Mr Mitch Pirie, Acting Deputy Under Treasurer, ERI and Acting Coordinator-General for Housing, Office of the Deputy Under Treasurer, ERI, Treasury, CMTEDD took on notice the following questions:

Ms Carrick: And will that be made public, your analysis of the – how the rates are going compared to the conveyancing charges? Like, how that offset is working? Will we be able to see that?

Mr Steel: We have not seen the report yet. Once we have considered it, yes, we may wish to make it public. But it will be in the context of the budget where we will be making decisions about what the next steps we want to take, in terms of the phase out of stamp duty, which has been focused on owner/occupiers, particularly first home buyers. Providing them with an opportunity to get into the housing market.

Obviously, payroll taxes, and the amount of revenue brought in in payroll taxes are affected by our – sorry, apologies. Conveyancing duties are affected by the broader property market and the number of transactions that have occurred in the property market. So those are forecast. But obviously they are updated.

And I do not know whether you want to provide an update, based on the budget review changes as well.

Mr Pirie: Yes, so we can talk you through the update to the conveyance duty numbers if you like. That is on page 64. So we have revised up the residential conveyance forecast by $161.2 million over the four years to 27-28, that compared to the 24-25 budget. And that reflects ongoing strength in the ACT property market, particularly around higher transaction volumes than were previously expected. So strong activity in the established property market.

Commercial conveyance duty in 24-25 expected to be $4.6 million lower than the 24 budget estimates. It largely reflects us picking up week a year, to date collections. And in terms of commercial conveyance duty, what we have been seeing over the last little period is that the impact of higher interest rates and uncertainty around the outlook for inflation has tended to dampen activity in the commercial property market. So that has put some downward pressure on commercial conveyance duty collections.

Ms Carrick: Thank you, Mr Pirie. It will be good to see how that offset works, because just from somebody looking in on the budget papers, they – you know, it appears to go up, the conveyancing duty. So it would be good to see that.

Mr Pirie: Happy to take that on notice—

Ms Carrick: Yes.

Mr Pirie:—and provide you some information around how that works.

MR CHRIS STEEL MLA, TREASURER: The answer to the Member's question is as follows:

Revenue from increases to average general rates for residential and commercial properties above the wage price index (WPI) are set aside for tax reform.

In 2024-25, average general rates for residential properties increased by 3.75 per cent, 0.25 percentage points above WPI. Correspondingly, the lowest marginal rate for owner occupiers was decreased from 0.49 per cent to 0.4 per cent and eligibility of the Home Buyer Concession Scheme expanded. This means that more people paid no stamp duty on their purchase of a home than the previous year and all home buyers paid less than they would have paid for the previous year on a property under $1,455,000.

The growth in total revenue gained from conveyance duty is driven by an increase of the number of property sales over the year, changes in property prices and offset by tax rate reductions.

Approved for circulation to the Standing Committee on Public Accounts and Administration

Signature: Date: 28/2/25

By the Treasurer, Mr Chris Steel MLA