

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Land Transfer Duty Fees

Melbourne – Thursday 11 May 2023

MEMBERS

Georgie Purcell – Chair

David Davis – Deputy Chair

John Berger

Katherine Copsy

Jacinta Ermacora

David Limbrick

Bev McArthur

Tom McIntosh

Evan Mulholland

PARTICIPATING MEMBERS

Nicholas McGowan

WITNESS (*via videoconference*)

Professor Robert Breunig, Director, Tax and Transfer Policy Institute.

The CHAIR: I declare open the Legislative Council Economy and Infrastructure Committee's public hearing for the Inquiry into Land Transfer Duty Fees. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal peoples, the traditional custodians of the various lands we are gathered on today, and pay my respects to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings. I also welcome any members of the public watching via the live broadcast.

To begin, we will just go around the room and introduce ourselves and the regions we are from, and I ask that members of the committee raise their hands, because the witness just has the wide view.

Katherine COPSEY: Katherine Copsey, MP for Southern Metro.

Tom McINTOSH: Tom McIntosh, Member for Eastern Victoria.

John BERGER: John Berger, MP for Southern Metro.

The CHAIR: Georgie Purcell, MP for Northern Victoria.

David LIMBRICK: David Limbrick, South-East Metro.

Bev McARTHUR: Bev McArthur, Western Victoria Region.

The CHAIR: We also have Evan Mulholland and David Davis present today. They will be back in the room shortly – oh, Evan is an apology. David will be back.

All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council's standing orders; therefore, the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can you please state your name and the organisation you are appearing on behalf of.

Robert BREUNIG: Professor Robert Breunig. I am the Director of the Tax and Transfer Policy Institute at the Australian National University.

The CHAIR: Great. Thanks, Professor Breunig. We welcome your opening comments but ask that they be kept to a maximum of 10 to 15 minutes to allow plenty of time for discussion and questions from members.

Robert BREUNIG: Sure. Have the members seen our written submission?

The CHAIR: Yes, all members have a copy of your submission.

Robert BREUNIG: Okay. Look, my opening comments I guess will be pretty brief. In economics we have built up a fair body of knowledge about the effect of taxes and the effect of taxes on people's behaviour. We know that any tax has an influence on behaviour. If I want people to smoke less, I tax cigarettes, I get people to smoke less. And we know that taxes can have both negative and positive effects on behaviour.

I think one of the things we have learned over the years is that stamp duty is a very inefficient tax. Based on what I just said about cigarettes, we do not want to punish people for buying and selling houses, and that is one of the things that stamp duty does. It basically says, 'If you're going to buy and sell a house, we're going to make that expensive and difficult for you,' and that is problematic from a couple of points of view. One is that as people move through the life cycle of being single and then partnering and then having children and then having those children leave home and getting older and being retired and returning to living as a couple you want people to be able to change their housing, to upsize when their families are growing and then to be able to downsize, and stamp duty makes that a costly proposition. Because it slows down the transmission of houses, it makes it more difficult then for young families to upsize when they need to and it makes it expensive for older people to appropriately downsize.

The second reason we worry about that is in terms of the labour market. We want people to be able to change jobs and switch jobs in order to be able to find better employment, and part of that might involve moving. Stamp duty provides an additional cost to moving, so it is going to lower the efficiency of the allocation of labour in the labour market. It is also an unfair tax. We are kind of used to it in Australia, but it is very strange that we tax people who move and we do not tax people who do not move. It would be as if you could park your car in downtown Melbourne and pay for 1 hour and then stay forever if you wanted to and never have to pay again, whereas somebody who moved their car from one parking spot to another would have to pay a second time, and that kind of does not make any sense.

The idea of replacing that with a land tax is land tax is one of the most efficient taxes. If you tax land, it does not do anything; it does not move. And I should be clear, though: when I say land tax, what I am talking about is a tax that would be on the unimproved value of property irrespective of how it is used, which is different from the current land tax arrangements in Victoria, which are only relating to commercial property.

There are a couple of advantages of that switch. One is that by getting rid of stamp duty you are getting rid of the problems that I described stamp duty as having. The second advantage of a tax on property like that is that it encourages people to make productive use of property. If I am sitting on a very expensive piece of land but I do not really need it and I am not using it productively, it creates an incentive for me to sell it to someone who can use it more productively. In terms of government revenue, it provides a very stable stream of revenue and is very predictable relative to stamp duty, which can be very volatile, as the state of Victoria is currently experiencing.

I guess there are two other things I might just bring to your attention. One is that a lot of the benefits that people have from housing are because of government policy or government infrastructure. The government build a better road network or they provide a better school – it means house values go up. What a land tax ends up doing is it ends up making people pay for that, which is very fair: 'I've done something to make the value of your asset go up, so you should be paying me for that privilege.' The second thing is that we have a lot of housing policy that protects the value of people's land, whether it is stopping infill or decisions about how much land to release. Again, the benefits of those policies, the benefits of those decisions are flowing to home owners but they are not flowing to other people, and the home owners should be paying for those benefits. A flat property tax on the unimproved value of land would serve that purpose very, very well.

So why don't I leave my opening comments at that, and then you can ask me questions about any of those things if you want.

The CHAIR: Great. Thanks, Professor Breunig, that is great. What we will do is we will work around the room with questions from each committee member to run for 5 minutes, and then if time permits and members have more questions we will go around again, with Ms Copsey commencing.

Katherine COPSEY: Thank you. Thank you, Professor Breunig, for your submission. I want to ask around how in any transition from stamp duty to an alternate revenue source – for example land tax – credit can be used to ensure a transition does not disadvantage people who have recently paid stamp duty.

Robert BREUNIG: I think you need some kind of transition arrangements if you are going to do this. I do not think those transition arrangements should involve some kind of broad-based grandfathering. I think it is a mistake to say to people, 'Oh, because you paid stamp duty, we're not going to charge you any land tax and it's only going to be the case on land moving forward.' That in itself would discourage the kinds of transactions in

the property market that we are trying to encourage. Instead what I think you want to do is provide people some kind of credit for the stamp duty they have paid that they can use against their land tax bill. I think the average time to change house in Australia is about 10 years at the moment. So you could say to anybody who has paid stamp duty in the last 10 years: if you paid it in the last 12 months, you can have 100 per cent of the stamp duty you paid, which would be applied as a credit to your future property tax bill. If you bought your house between 12 and 24 months ago, it would be 90 per cent of what you paid. If you bought between two and three years ago, we will give you 80 per cent, et cetera, down to 10 percent. So you could have some kind of sliding scale where you give people credit for the stamp duty that they have paid recently. I think that is a fair and pretty easily defensible approach.

Katherine COPSEY: Great, thank you. And then my second question is around another mechanism, deferred tax, and how that could be used to enable people who have valuable land but not much income to pay tax.

Robert BREUNIG: Yes. I think you have got to do that, right. I think you have to provide a way for people who were not able to pay their tax bill to have protection from having to liquidate the asset before they are ready to. And we already do that, certainly in the ACT. I live in Canberra, and in the ACT we already do that with rates, which act very much like a land tax, right. So if you cannot pay your rates in the ACT, you just say to the ACT government, 'Look, I can't pay my rates.' They will keep track of how much you owe. They index it to the average 90-day Bank Accepted Bill rate issues by the RBA. I think they either index it to the inflation rate or to the 10-year bond rate, and then when the property is disposed of, they take back the unpaid rates. I think that is a very fair system.

Imagine an Australia where the whole country moves away from stamp duty and moves to land tax. You could have a government program that offered people the possibility of deferring their payments, which would be then appropriately indexed over time. At disposition they would give that money to the government. You would also potentially have a private market for reverse mortgages that could appear and people could borrow against their properties as they do now, but to pay for a variety of things. So I think having a government default program that would be protecting people would not be incompatible with a private market also developing.

Katherine COPSEY: Thank you.

The CHAIR: Thanks, Ms Copsey. Mr McIntosh.

Tom McINTOSH: Yes, thank you. I heard you mention before a cycle of government investment and the benefit to public infrastructure that brings. Would you mind just expanding on that a bit?

Robert BREUNIG: Yes. I think a lot of the growth in property prices comes about because of different things that government does, and that can be paying for a whole variety of public infrastructure – parks, urban renewal, cleaning up neighbourhoods, producing better and more attractive public buildings, schools, building roads that makes commuting easier from places where people live to where they work. All of that contributes to property values, and it is property owners then who sell and get the benefit of that. If you think about where that tax revenue is coming from that pays for that, it is coming from everybody – it is coming from people of relatively modest means who may not own their house, but they are paying taxes that are going to go towards building this infrastructure. Now the infrastructure benefits them too, but it benefits the property owners even more. So part of the idea of a land tax is just getting property owners to pay for those benefits that have been transferred to them, and you are not taking all the benefits back from them; it is not like you would say, 'You bought your house for \$200,000 and now it's worth \$500,000 and we're going to take \$300,000 away from you.' It is more charging them for the ongoing benefits that are provided by that infrastructure, which is also going to then properly capture at least a part of that growth in the asset price. Governments clearly make decisions also about how much land they should release and how much infill they should allow, and those decisions are costly for those people who do not have a house and are trying to get into the housing market, and confer benefit on the people who already own property. So government policy is often working in a regressive way, where it is more beneficial to the wealthy than the less wealthy. A land tax would be a way of making it maybe at least less regressive or potentially at least neutral, if not progressive. Does that help?

Tom McINTOSH: Yes, thank you. That is all.

The CHAIR: Thanks, Mr McIntosh. Mr Berger.

John BERGER: Thank you, Chair, and thank you, Professor, for your appearance and your presentation. I am particularly interested in where you say it does not distort behaviour. I struggle a little bit with that, because ultimately it will come down to people's choice of what they do. Where do you draw those analogies in that parallel?

Robert BREUNIG: Yes. We think of land as being something that is kind of fixed, at least in the medium term, unlike capital investment or unlike labour income. So if I put a high tax on capital investment, that capital can say, 'Well I'm not going to invest in Victoria' or 'I am not going to invest in Australia, I'm going to go and take my capital and invest in Indonesia.' So we think capital is very mobile, and that when we tax it we have to be careful of taxing it, because it can quickly go somewhere else. Labour is less mobile, but also we think that taxes on labour income do affect the decisions that people make, both about how much to work but also about how much to invest in education and the career choices they make. I think there is pretty clear evidence on that. I guess the theory around that is that the supply of land is sort of fixed, so if you think about a supply curve, the supply curve is perfectly vertical, and if I change the price of land, the land does not do anything, it does not move to another country, it does not stop being land, it does not decide to work less hard. I guess that is the sense in which I am saying it does not distort behaviour.

When people are thinking about where to live, they will of course weigh up all the different costs and benefits of where they are living. Let us think about an older couple who maybe has a house that has four bedrooms, who had a couple of children. Those children have left home, and they are still living in that house. There are certainly some people who, if you introduced a land tax and reduced stamp duty, would say, 'We don't care. We're really strongly emotionally attached to this house. We want this house to be here because we use it when our children visit with their grandchildren, and we want them to be able to stay in the house that their parents grew up in,' and they would choose to stay. There are other people who would say, 'Well, really we don't want this big house. It's a pain. We have to clean it. We don't want to deal with it,' and now you have lowered the cost for those people to move. As it currently stands, you are putting a barrier to one of those decisions and not putting a barrier to the other. By introducing a land tax which you would pay irrespective of where you live, whether you move or not, and removing the stamp duty, which only gets applied if you move, you have removed that element of the decision. Some people are still going to decide not to move. Other people are going to decide to move. But it is no longer going to be based on the tax settings. It is going to simply be based on decisions about their preferences and where they want to live and the kind of lifestyle they want to have. So that is I guess the sense in which I mean 'remove distortions'.

John BERGER: Thank you.

The CHAIR: Thanks, Mr Berger. Mr Davis.

David DAVIS: Can I thank you for your submission, Professor. I find it a very interesting one. Given that you are from Canberra, I want to ask you about this, because it seems from the information that I have seen, and indeed I can quote the *Australian Financial Review* back in September 2022, that the planned rate of movement of the land tax and the stamp duty has not lived up to its initial intentions. In fact that article described the tax reform in Canberra as an unfolding debacle – that was their phrase, so it is not my words:

But politicians backslid and forgot that their intent was revenue neutrality, not to pull in a big new stack of revenue.

What I am putting to you is, whatever the theoretical advantages, if I am to predict what would happen in Victoria with the current government if we moved in this direction, we would keep the stamp duty. We would be promised it would be removed. The land tax would come in. But actually we would end up having both. That is my fear. How do we guard against that?

Robert BREUNIG: I am going to say I think that is a political question, but it is a really important question. The theory is nice, but the practicalities of this stuff actually matter. We have done a bit of a study of the ACT change.

David DAVIS: This is your 2020 one?

Robert BREUNIG: Yes. The change in the ACT – it is difficult actually to say whether it was revenue neutral or not, because in order to say whether it is revenue neutral or not, you have to be able to predict out

how much money government was intending to make in the last 15 years, and Canberra has had a government during that time that has been pretty keen to spend a lot of money. So they have been consistently raising taxes, and even if we had not switched from stamp duty to land tax –

David DAVIS: They would have found some other taxes; is that what you are saying?

Robert BREUNIG: They would have found some – exactly. So I think the revenue neutrality is hard to judge, because we do not see a parallel universe without that. But back to the other thing, what the ACT government did was actually not a neutral switch. They actually did something that was I guess progressive in the sense of taxing wealthier neighbourhoods at a higher rate than less wealthy neighbourhoods. What they did is they reduced stamp duty really dramatically on houses in the lower price suburbs, and they kept it pretty high in the high-price suburbs. Then they brought in a land tax that was pretty high in the high-price suburbs but pretty low in the low-price suburbs. So they actually did a kind of shift of the tax burden from lower income people with lower asset values to higher income people –

David DAVIS: So what you are telling us is it is not a straight switch. There is another layer to it as well.

Robert BREUNIG: It was not a straight switch, exactly, and because of that, one of the things that happened is that, in these neighbourhoods where you have the lower price houses, because you have removed the stamp duty but you have not replaced it with a kind of equivalent land tax, you have basically given money to those households. They do not have to pay the stamp duty now. Then what they did with that is they actually went out and they got bigger loans from the bank. They said, ‘Look, I have a bigger down payment. I can get a bigger loan,’ and they actually bid house prices up. So it looks like house prices actually increased faster in those poorer neighbourhoods, because people had more money at their disposal and they could bid up the prices. Now we are in this position where we are halfway through this 20-year transition, and I think that the government has just gotten cold feet. That is unfortunate because I do not think we have reaped the benefits that we could in the way that I described, which is why I think it is much better to, overnight, get rid of stamp duty, introduce land tax and then have your transition be the kind of arrangement where I am going to give people a tax credit refund based on how much stamp duty they have paid, rather than try to do some time switch where both the taxes are in place at the same time, and the ACT experience suggests that as well.

David DAVIS: Okay. Thank you.

The CHAIR: Thanks, Mr Davis. Mr Limbrick.

David LIMBRICK: Thank you, Chair; and thank you, Professor Breunig, for appearing today and for your submission. We have heard evidence given to this committee about different methods of raising this land tax, and one of the suggestions earlier today was to effectively model it on the council rates system. What are your thoughts on that?

Robert BREUNIG: My thoughts on that are that you want to base the land tax on the unimproved value of property, and again the idea there is you do not want to disincentivise people from improving their dwellings. Rates are usually generally based on unimproved value of the land, so I think that is the right tax base. I guess the only question is: how well is your system of valuing the land functioning, do you have some kind of appeal system if people feel that their land has been valued at an unfair rate and how does that appeal system work? I think the infrastructure of how you do that valuation and whether people perceive it as being fair or not is actually really important.

David LIMBRICK: For alternative methods of replacing the revenue lost from abolition of stamp duty, another suggestion was that state governments cooperate with the federal government and come up with some way of tweaking the GST rate. Do you see that as not feasible?

Robert BREUNIG: You can hear that I have a very strong Canberran accent. I have lived in Australia for 25 years, so I have been here a long time. But I have not lost my American accent. I think one of the attractive things about that idea is that the federal government is really good, in Australia, at gathering tax revenue. One of the problems we have with the state-based revenue sources, whether they be payroll tax or stamp duties, is each state has its own schedule, its own tax-free threshold, its own rates system. But when you look at something like the GST, if the states were in charge of the GST, you could easily imagine that each state would have a different GST level and a different set of exemptions – whereas having a federal GST is nice, right? In

America, every state has a different sales tax, and cities have sales taxes. Sometimes you go buy something and they add 4 per cent and sometimes you go buy something and they add 11 per cent. It is completely dizzying. A federally run GST, which would be fair and applied equally to all Australians, with that money then distributed back to states through the Commonwealth Grants Commission process, which has historically worked very, very well, I think is actually not an unattractive idea.

Having said that, because of the things I was saying about economic efficiency before, land taxes or taxes on the unimproved value of property are actually very desirable from an economic efficiency point of view but also from an equality point of view, since wealthier people tend to hold the more expensive land. Most countries around the world make much, much greater use of land tax than Australia does, but I would rather see us lower corporate and personal income taxes and raise GST and land tax and transfer money to the states for stamp duty. But I do think it would be a lot easier if the federal government could get involved in helping states make this transition, in funding the transition and in making sure that the burden falls fairly across the country.

David LIMBRICK: Another thing I wanted to ask about was: there has been much evidence submitted to this inquiry about misallocation of housing resources, and one of the reasons for that is stamp duty. It sort of implies, though, that there is a large pool of people just waiting and if you lowered the stamp duty rate or abolished the stamp duty that there would be a surge in transactions. Do you see that as potentially the case – that there are people who would like to downsize, upsize, move for a job, these sorts of transactions – and do we have a sense of just how many of these transactions are not happening because of the current tax?

Robert BREUNIG: That is a really good question. I think people have a tendency to overstate how much this is going to dramatically change things. I think you are looking at a fine-tuning that would increase efficiency and that would lead to more transactions, but I do not think you would see a dramatic surge in transactions. And partly also there are cultural elements – people get used to thinking about housing in a certain way and those cultural elements evolve slowly over time. But you are producing a tax system that will be more efficient and more fair, and those benefits accumulate over time even if they are kind of small at the beginning. So I kind of agree with the spirit of your question, which is that people kind of overstate the effect it is going to have.

I went to the Kimberley out in Western Australia in 2021, and I tend to read a bit of history as I travel around. I found out about this really interesting historical thing that happened back in the 1880s, where settlers from eastern Australia were rushing out to the Kimberley and grabbing land, and they were just holding it in the hope that the value of the land would go up and they would resell it, so they were just speculating. The Crown in England imposed a land tax on the Kimberley, and then those people who were sitting on that land hoping the value would go up suddenly had to pay the Crown every year this tax. They quickly sold the land to ranchers, who actually used it to generate income off the land, and that is exactly what land tax is supposed to do. So we have this story from Western Australia that this actually did have a big impact in getting more efficient use of the land. I guess today we would worry about the environmental impacts of grazing, but at the time that would have been marvellous land to be productively used for agriculture, and the land tax turned out to be pretty efficient at making that happen.

David LIMBRICK: Thank you.

The CHAIR: Thanks, Mr Limbrick. Mrs McArthur.

Bev McARTHUR: Wonderful segue, Chair, into agriculture. Just by way of background, my electorate covers a third of rural Victoria, 79,000 square kilometres – and since you are in Canberra, Canberra is probably as big as one of my regional cities, so just bear that in mind. Also, currently the discussion seems to be all around private housing and people moving from one house to another or not being able to get into a house or a rental market, but to me the big issue is how this will impact the farming community especially, and even businesses with property. Already farmers in my electorate pay a disproportionate rate of tax by way of local government rates and a higher rate in the dollar usually than all households in their area and certainly more than in the wealthy metropolitan areas, so that applying an annual tax – an extra impost onto the cost of production when farmers are price takers not price makers and subject to the variables of weather and international markets – seems to me a major impost on a very significant proportion of our community and especially the people in my electorate. Would you care to comment?

Robert BREUNIG: I guess I should start by saying that I come from a dairy farming family in Wisconsin.

Bev McARTHUR: How many cows?

Robert BREUNIG: My cousin who currently is farming has 120 that he milks.

Bev McARTHUR: We look at 1500 as a good number.

Robert BREUNIG: There you go. This is a small family farm.

Bev McARTHUR: That would be a hobby farm almost.

Robert BREUNIG: I have some sympathy with the question. So the theory of land tax is that really you would like the land tax to be a flat tax that is based on the unimproved value of the land, the same for everybody irrespective of use. What that should induce is people engaging in the most efficient use of the land. If the most efficient use of the land is farming, then the land tax should not matter. If the most efficient use of the land is not farming, then the land tax should induce a change from farming to something else. If farmers are paying an excessive share of tax relative to other things, then I think you should be looking at reducing that tax burden for them. Here we are talking about what an ideal land tax would look like: an ideal land tax would fall equally on farmers as anybody else.

Bev McARTHUR: Currently, though, they are not paying any tax, and this is an extra impost on production, as it would be for a business. What do you say to the people that are in the productive sector of the community, not just those who are living in a house?

Robert BREUNIG: Sure. But most businesses in Australia would pay land tax because land tax is applied on commercial property, right?

Bev McARTHUR: This is an extra tax that you are suggesting. Stamp duty is only applied once, when you have sold a property.

Robert BREUNIG: Yes, I would replace the current land tax regime that we have with a property tax on all unimproved value. So I would have this apply equally to residential and non-residential, and then I would be looking to remove the current land tax arrangements which only tax commercial property and do not tax residential property. I think that is a mistake. And then if the overall tax level on farmers is too high, I think that is a broader tax policy issue you need to address.

Bev McARTHUR: It might be too late at that point, once it is introduced.

The CHAIR: Thanks, Mrs McArthur. Ms Copsey.

Katherine COPSEY: Thank you. I will ask one more question around the model that has been introduced in New South Wales and your views on that choice model, which allows new buyers to choose between paying a stamp duty now or land tax over a longer period. Do you have a view on whether that can impact on house prices?

Robert BREUNIG: Yes, my view is that it is going to drive house prices up, based on the ACT's experience. You are saying to people that they can pay a couple of thousand dollars of land tax instead of \$40,000 of stamp duty; people are going to take that extra stamp duty money, they are going to put it into a down payment and they are going to borrow more money from the bank and drive up house prices. That has been the evidence from the ACT. I think it is a real mistake. I do not think we should allow people choice about this. I think the government should say, 'This is the best tax regime for Australia', and it should impose that tax regime equally on everybody. We do not say to people, 'Oh, you can choose whether to pay income tax or something else', right? We think our progressive income tax system is fair and should be applied equally and fairly to everybody in Australia. Well, this for me is a similar thing. I think this idea of giving people choices is a bad idea. I think it confuses people. I think people do not know what to pick. It makes them stressed out, and they are afraid of picking the wrong thing. And the way New South Wales have set it up is they have set the land tax rate very low and they have set the stamp duty rate very high, so it means they really encourage people to choose the land tax. But if everybody overnight switched to that land tax, they would not be able to afford it and they would have to raise the land tax.

I think you put yourself in a position where, okay, a bunch of people have chosen land tax because you have set it low, and now suddenly we need more revenue and this is an easy target, so you raise the land tax on these people. I think that is being dishonest with your own citizenry. I think it is better to stand up and say, 'Look, we've studied the question. We think this is the best tax regime. We believe that all Australians are responsible for paying the taxes that they should be paying, and we're going to have everybody be treated fairly.' So I guess on this issue I do have a kind of strong opinion.

Katherine COPSEY: Thank you.

The CHAIR: Thanks, Ms Copsey. I believe we have got one last question from Mr Limbrick.

David LIMBRICK: Thank you, Chair. Yes, one last question. We spoke earlier about misallocation of housing stock in particular, and we have seen evidence presented to this inquiry that that is in fact the case in Victoria. You mentioned before various regimes in the United States. Is there evidence that jurisdictions that do not have this type of tax do have better housing allocation?

Robert BREUNIG: You have thrown me a curveball. 'I don't know' is the answer.

David LIMBRICK: Okay.

Robert BREUNIG: I have not seen any studies that do that. Part of the problem with those kinds of questions is that you are in a situation where you end up having to kind of compare one country to another, and there are lots of things that are different about countries, not just taxes. So it is really hard to work out what differences you observe are drawn by taxes and what are driven by other things.

David LIMBRICK: The evidence that we saw earlier today was actually based on a Canadian methodology which looked at the number of spare bedrooms in a house as evidence of misallocation and it showed quite clearly in Victoria that renters have far less spare bedrooms, presumably because they have less friction to moving house than someone who has to pay stamp duty. It would be interesting if there was another jurisdiction that had converse evidence.

Robert BREUNIG: Yes. Sorry; I wish I were across that, but I am not.

David LIMBRICK: Okay. Thank you.

The CHAIR: Thank you very much, Mr Limbrick. Thank you very much for your time today, Professor Breunig. We really appreciate the time you have taken out of your afternoon to help guide the committee and answer our questions.

Witness withdrew.