

# Hon Grant Robertson



MP for Wellington Central

Minister of Finance

Minister for Sport and Recreation

Associate Minister for Arts, Culture and Heritage

29 APR 2019

Mr Murray Sherwin  
Chair  
Productivity Commission  
PO Box 8036  
The Terrace  
WELLINGTON 6143

Dear Murray

It has been encouraging to see the Commission's progress with the inquiry into local government funding and financing and the high number of quality submissions and public engagement with the Commission's work.

As you may be aware the Government has received the Final Report of the Tax Working Group.

As part of their work the Group highlighted the challenges of housing affordability in New Zealand and the constraints in the supply of residential land that drive the high cost of housing. To help address this the Group recommended that the Productivity Commission inquiry into local government funding and financing consider a tax on vacant residential land.

The Government agrees with the Tax Working Group and I am therefore writing to ask the Commission to consider this issue as part of its work. The Commission should consider whether a tax on vacant land would be a useful mechanism to improve the supply of available housing for New Zealanders.

The Productivity Commission should have regard to wider work being done to help improve housing affordability. This includes work by the Government to address supply constraints in housing including through reforms to infrastructure financing and the planning system.

In addition, the Government considers that a review of options for taxing land that discourages land-bankers from holding land vacant should be a high priority for inclusion on the Tax Policy Work Programme. As part of its consideration of options for taxes on vacant land the Commission should consult with officials from Inland Revenue and the Treasury.

I look forward to receiving the report of the Commission's inquiry.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Grant Robertson'.

Hon Grant Robertson  
Minister of Finance