INQUIRY INTO LAND VALUATION SYSTEM

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Submission: Inquiry into the Land Valuation System

Background

We own an investment property in St Leonards (owned and rented out since 1981). Land tax has been payed since its introduction in 1999. We have long standing issues with the application of this tax and trust that the material below falls within your committees Terms of Reference.

The issue

The focus of this issue is the massive increases in payments required since it was brought in. In 1999, the payment required was a modest $ 507. The latest payments are $4338(2012). How has this come about? Simply put, the threshold above which payments are required, has failed to keep pace with the appreciation in the land value. The Office of State Revenue offers no justification as to why the yearly threshold increases are so modest.

Compounding the situation is that the rental increases that are passed on to the tenant, have not kept pace with land tax increases. (Our rental property has had reliable tenants over the last 8 years and it is difficult to be aggressive with increases). Consequently, most of the "full force" of the land tax rises has been absorbed by the landlord rather than the tenant. Thus our land tax payments have increased from 7% of our total annual revenues (in 1999) to around 20%.

If one of your recommendations includes "*measures to improve transparency within the system*", then there need to be greater accountability in the threshold component of land tax valuations.

Please also be aware that there is an extra payment option available. If you pay the full amount in full, there is a very minor reduction compared to payment via instalments. To use blunt language, the discount (around $65), is hardly worth considering.

As a final comment, please note that the amount that we contribute in land tax is way out of all proportion to any other household payments that are required over the financial year.