

**Submission to:**                   **Outer Suburban Services and Development Committee**

**From**                   :           Kevin O'Shea, 1490 Dohertys Rd, Mount Cottrell, 3024

Item of reference *"any unintended consequences including impact on all landholders and purchasers to be impacted"*

I wish to bring to the committee's attention the severe impact the "Growth Areas Infrastructure Contribution" (GAIC) tax will have on affected land owners. Including myself, owning and living on a ten hectare property in Wyndham's North.

There appears to be a great discrepancy between land values both inside and outside the Urban Growth Boundary (UGB). Between those presented by the Growth Areas Authority and those stated by values and actual land sale prices in 2008.

**What the Growth Areas Authority (GAA) have stated**

There will be a tenfold increase in land values

Land outside the UGB is often \$15,000 to \$35,000/Ha

Land brought into the Urban Growth Area (UGA) will range from \$225,000 to \$450,000/Ha

**The GAA figures above are grossly inaccurate**

For land outside the existing UGB

A similar property in Boundary Rd, of the same size and on the same subdivision as mine sold for \$1.3 million in 2008 house and land (this equates to \$130,000/Ha) the only difference mine is a corner block which adds to its value. This is a far cry from the GAA's figures above; admittedly in my example the house is included. The house cannot be excluded as the property is under forty hectares, which excludes there separation without attracting the GAIC tax.

The Department of Planning and Community Development responded to my inquiry regarding the basis for the GAA land valuations. Within the response it was acknowledge that *"land*

*closer to the Urban Growth Boundary had values in the order of \$100,000 per hectare*". As it is an expansion of the existing UGB, I would believe most of the land involved would be close to the UGB. I would hope that broad acreages further out are not the basis for the GAA's land values. Land values cannot be taken as a flat cost per hectare, for rural and semi-rural properties between 0.4 of a hectare and forty hectares. The land value per hectare increases with a decrease in land size (i.e. increase land size by ten times you only double its value). Land values are not the only consideration, if the property has a house, sheds and other amenities this would also add to the property's value. If the property is less than forty hectares the house cannot be subdivided without attracting the GAIC tax on the whole property.

For land inside the existing UGB

The GAA are quoting figures from an independent report commissioned in 2008. The guidelines for the report had too narrow a focus, or the figures being quoted have too narrow a focus. I would hope a report into land values would be conducted in all areas affected not just the Hume area.

In Wyndham's North developers were buying land within the existing UGB for well under \$200,000/Ha in 2008. The mid to low one hundred thousand were common, developers had to allow for rock etc., as they would for anywhere near Rockbank. (Rockbank was called Rockbank for a reason).

### **The Impact**

The impact on me

My property value would be approximately be worth 1.4 to 1.5 million dollars prior to inclusion into the Urban Growth Area (UGA), after inclusion it would be approximately worth 1.5 million dollars minus a GAIC tax of approximately one million dollars (\$95,000/Ha indexed to construction costs) leaving me with only one third of its original value!

The impact on others

People on similar properties would be equally affected, people on smaller properties would be more severely affected as their cost per hectare prior to UGA inclusion would have been higher.

### **Additional observations**

Land owners required to pay the proposed GAIC tax, will not receive any direct benefit.

The GAIC tax if applied as a vendor tax would be at odds with the user pays principle.

If the standard method of taxation to fund infrastructure is inadequate, and cannot be funded in any other way than the interdiction of a new tax. Would it not be better to apply this new tax at the time of greatest land value increase, and when it's known subdivision can take place, i.e. Subdivision approval?

Other areas requiring new infrastructure or major infrastructure upgrades are not required to pay this GAIC tax. It should be kept in mind that there are infrastructure costs associated with higher density developments within established areas within the UGB and no GAIC tax to apply. Within the State of Victoria but outside the UGB there are/will be major developments taking place which will not attract the GAIC tax.

### **Summary**

Land owners are going to be financially disadvantaged being brought into the UGA and the GAIC tax applied. There will not be a tenfold increase in land values; I am facing a sixty six percent decrease if the GAIC tax is applied as a vendor tax.

If the GAIC tax is to be applied as a vendor tax, I would prefer the UGB expansion not to go ahead for my individual financial reasons.

I hope the committee will come to the conclusion that it would be grossly unfair; to burden a small group (land owners brought into the UGA) of Victorians with this purposed oppressive tax i.e. GAIC tax.

I appreciate the opportunity to state my concerns over the GAIC tax.