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OUTER SUBURBAN/INTERFACE SERVICES AND  
DEVELOPMENT COMMITTEE

Inquiry into the Impact of the State Government's decision to change the Urban Growth  
Boundary

Mr Sean Coley, Executive Officer  
Parliament of Victoria  
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We have lived on and farmed our land for over 26 years. While we understand that development of this piece of land is important to Melbourne's future growth and we are not opposed to the proposed changes in the rezoning of our land.

We are concerned about the proposed implementation of the Infrastructure Contributions Tax (GAIC) at first sale rather than development.

We don't also understand why such a tax is not levied on all developments that occur within Victoria, as development of regional towns and cities also require infrastructure spending and development, as does the increasing of density in our already suburban areas of Melbourne, how is it fair that the farmer on the outer fringe of Melbourne will pay this tax, but one on the outer edge of Geelong, Ballarat, Bendigo will not?

Is it fair that the development of 1 hectare site in the inner suburbs to a high rise apartment housing hundreds, on a site that once housed 8 families, as a result of a rezoning are not required to pay this tax when their property value has risen significantly as a result of the rezoning? This redevelopment puts extra pressure on local infrastructure also.

Our land will be geographically isolated by the changes being made to the upgrade of the Hume Highway to Freeway and the creation of the new E6 (New outer ringroad) Freeway, until both roads are complete. This will probably mean that our land is about 10-15 years off development.

The proposed tax will be levied on the first sale of the land. Being in our 60's and almost ready for retirement this will mean our main nest egg, our family farm – our retirement fund may not be able to be sold for a fair price considering that a \$95,000 per hectare tax will need to be paid by us. The tax to be paid by us on the sale of the farm would be \$7million dollars. The value of

the property as farm land is about \$10,000 per hectare (\$720,000 dollars total). This is about the value we will be paid by the compulsory acquisition of our property when part of it is taken to create the E6 freeway, yet we will be expected to pay \$90,000 per hectare just in tax, if it sold to anyone else.

Considering the large parcel of land being rezoned under the UGB our land will not be attractive to developers for many years, considering its geographic isolation created by these changes that are required for Melbourne's future development. Effectively locking us into holding onto our land for many more years than we planned to. This effectively strips us of our rights as private land owners to buy and sell our assets to best suit our needs relating to our retirement planning or changes in circumstance.

As the first sale landowners we do not see how this tax can be fairly levied on us. We have to provide for ourselves to date with no access to gas, water, sewage and public transport for 26 years.

We will be expected pay this tax on the whole of our land at first sale yet only some of it will make it to development, as some of it will be parkland, public land etc, the proportions of which will only be known by the developer who ultimately subdivides that land.

The collection of any GAIC needs to be done at the time of development not the first sale, as our land is more than 10-15 years off development. Yet the tax paid by us will be spent well before this time.

If we do continue to farm our land for the next 10 years I will be 74 years of age. If our rates go up significantly over this time (and they will) I will have to leave my land as farming the land will not even pay the rates, being forced out to sell to developers who will probably sell it on many times before development making millions of dollars in profit none of which will need to go towards the cost of future development. Yet it is these same developers who could carry this cost at the time of development or subdivision. Yet I am the person who will have to pay this tax, how is this fair?

While I do not disagree with the fact that a development fee needs to be paid on all land in Victoria rezoned for development, applying it to only the newest parts of the Urban Growth Boundary, and forcing it on the first sale of this land is inherently unfair, and will force many small farmers like myself off their land without fair compensation. Our planning minister suggests that these people "should just realize they cannot afford to live in these areas and sell up" is not an acceptable response to private property owners in this state.

We would prefer to see this tax levied on the developers at the time the land is subdivided for development. Another proposal would be to levy a percentage value against all sales of the rezoned land until development ensuring all profits made by all land owners (original land owners and all re-sales) of the land until development is taxed appropriately eg. A GAIC at 10% of each land sale until development occurs up to proposed tax amount of \$95,000 per hectare.

Sincerely

Emmanuelle Pannuzzo and Lorenza Pannuzzo