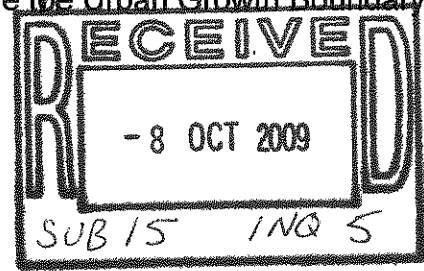


Outer Suburban/Interface Services and Development Committee Inquiry  
Impact of the State Government's Decision to change the Urban Growth Boundary  
Parliament of Victoria  
Spring St  
EAST MELBOURNE VIC 3002



6<sup>th</sup> October 2009

To Whom It May Concern,

I am writing to you in reference to the Inquiry in to Impact of the State Government's decision to change the Urban Growth Boundary.

In response to the Terms of Reference:

Point (b) – the intended purpose of this decision is for future development.

I feel that the mechanisms in place are not adequately directed for the intended purpose as the contribution is designed to capture the increased sale price of the land brought about by the notion that the property can be subdivided or developed.

Problem with this is that the government themselves have provided time lines of at least 10 years plus before any notion of development will or is to take shape within the newly established growth areas.

By incorporating and including the time of payment of the contribution to the initial transfer of land stage, it captures all parties not only those intending to sub divide the land. It should only apply at the stage of the application to register the sub division. I do not believe it is the intention of this government to effectively prosecute land holders for merely being exactly that a land holder.

Point (c) - I do not believe the UGB will have any effect on the housing industries as the time lines for release of the proposed new developments would coincide with population growth. The impact of the proposed levy would however increase the final sub divided land prices. Either way the consumer always pays.

Point (d) – there is I believe, many unintended consequences of this decision that will impact heavily on all landholders not only within the UGB but also those land holders next to the UGB.

Firstly – it raises land values in proposed corridors beyond current market values to reflect proposed / possible future values. This contribution is being levied on the assumption price as apposed to the current market price. It is a prediction of the future. The contribution should not be levied on unsubstantiated predictions of what could be. Since when has the government become a price speculator rather than a government? For example; who would have predicted 5 years ago the General Motors USA would file for bankruptcy or that westernised countries like Iceland and Ireland would be on the brink of bankruptcy. We can not assume to predict the future. We should not allow a government to levy charges on what might be.

It is a dangerous world to be living in if our elected government starts to tax land owners on future earnings/prices. Governments should only be allowed to work in real terms and not a gamble on future prices.

Secondly – Due to the proposed price assumptions, it will have a snow ball effect on the land holders, when the local governments/ councils start applying inflated rates to properties within the UGB. There is a major concern amongst land holders that it will be the local governments who will send many of them bankrupt. The 'paper' increase to property values is immediate but land holders will not receive the real benefits of the assumed increased sale prices for at best, 10 – 20 years. Land holders will be forced to walk away.

Will the government therefore instruct the councils to apply a different form of rates to those affected within the UGB? Is it fair that the local councils reap such benefits without a change to the services they provide to the land holder or to any impending developments when sub divisions take place?

Call it what you like, but to me it is another tax.

Thirdly – this contribution levy against the initial land holder and purchaser assumes that any person wishing to purchase or sell a country property does so, on the basis that they want to be a property developer. What right does the Government have to decide this?

Finally, and most importantly, the Government themselves have acknowledged that this could cause major financial hardship by establishing a special "Hardship Relief Board". If this contribution levy was so fair and just to the average family and farming land holder this relief would not be deemed necessary.

Is the Government saying to me that as a land holder who today has no debts may tomorrow be faced with the prospect of being sent bankrupt.

Although I am not within the proposed UGB my property borders the corridor and my fear is that as a land holder within the district I will be next.

Regards

Angelo Gencarelli  
5 Woodside Crt  
Eden Park VIC 3757  
Ph: 9715 1321

