

To: Outer Suburban/Interface Services & Development Committee

Submission on the Impact of the State Government's decision to change the Urban Growth Boundary

By: Tarneit North Residents' Association

Honourable Committee Members,

The Tarneit North Residents' Association has lent its support to the landholders who face being brought into the expanded Urban Growth Boundary along with its enormous consequence, the Growth Areas Infrastructure Contribution. In response, we held a public forum on this issue on 12 July, 2009 and met many landholders from the affected area.

We listened to their heartfelt comments and grew very concerned about the impact the project may have on their welfare. Some of their comments:

- A woman who was upset that she will have to pay \$500,000 if the development tax is introduced as she will not have the funds available to be able to pay for her retirement and accommodation when she is older.
- It is unfair to slug a land owner now as the property may be sold a number of times before reaching a developer.
- We pay taxes and that should cover the costs of the government. How can we let elderly people get slugged by this tax?
- Why are the people who would be leaving have to pay for infrastructure from which they will not be benefiting?
- This tax should be placed on the developer; it is unjust because it is a blanket tax regardless of what price a property is sold.
- Many of the properties to be affected by this tax were to be used by people to self- fund their retirement.
- One speaker was upset because the State Minister is holding to ransom the expansion to the urban growth boundary. Restricting development and stopping people from getting money from their properties when they retire.
- What has happened to the money which developers pay for infrastructure, why would that onus now be changed?
- Rezoning of the land into the Urban Growth Boundary will cause Council Rates to increase forcing people off their land because the cost would be too high. Then they will be hit with a tax bill from the State Government for the contribution levy. If the property is repossessed because the owner can't pay the new rates, how will the tax be paid?
- Properties that are not on the very fringe of the growth will be disadvantaged. Developers will not seek to purchase a property that is some distance away from the current developments until infrastructure has caught up. This means that either the land holder needs to sustain the increase in rates on their property or they need to find someone willing to pay \$95,000 on top of the per hectare land value.
- Small land owners will be left for last and will be forced to pay high rates. Developers will approach large land owners first so that they get their large developments.

- Where would the money go to when a large block of land is sold until infrastructure is needed?
- What is the guarantee that the money collected from an area is used for that area?
- What happens to the people who want to live a semi rural lifestyle on the urban fringe?
Developers will be the only people able to afford the land. This type of lifestyle will be a thing of the past with this tax.

Fully realizing the need for growth in our area, we feel that this contribution would be sought from the wrong source. The developers who will make millions of dollars per hectare should be the ones paying for the infrastructure that will be used by the buyers of their housing and whom will ultimately pay these costs; not the near retirees who are counting on the income from selling their land to fund their retirement, as is the case in other states.

Based on an example given by the Hon. J.M Madden himself (Vichansard, 3 September, 2009, page 36) a certain landholder of 600 hectares would have to pay \$57 000 000.00 in GAIC based on an estimated post-rezoning land value of \$100 000 000.00. That is an astronomical taxation rate of fifty seven percent; obscene by any standard and it does not include any other taxes on the transaction.

While it is possible some landholders will make a large profit from selling post-rezoning, is it not their right for holding on to the land until the time it became needed for growth, especially when it has been in the family for generations? It is not they who have asked to be brought into the UGB so they could make a profit. Using this argument, we should tax corporations when they make large profits.

Some of the owners such as Catherine Flower and her husband are people who just enjoy the lifestyle of country life on the edge of suburbia. Despite the lack of basic services such as roads, sewerage or town water on their four hectare lot, they have set up a hobby farm and keep livestock despite the hardships they have endured over the 20 years they have lived on their land.

Another, David Booth has lived on his four hectare lot for 15 years. He grows some produce, keeps chooks and horses and has struggled through the drought to keep his orchards going by the use of recycled water. He and his family face losing money if they were to sell and pay the GAIC (excerpt from a letter to the Hon. J.M. Madden, printed in the Werribee Banner, 16 September, 2009)

Does the fact that 'hardship contingencies' are being considered not reflect what harm this tax would bring?

We would also recommend that in order to avoid landowners facing many years of paying increased land rates unnecessarily, the boundary should be 'opened' in zones as needed.

In conclusion, we can compare this situation to an individual who sells his house and has to pay for an addition that the new owner wants. Let the new owners pay for the improvements that will help them sell the new homes and make them millions; the developers.

Prepared by:
Shawn Lynch
President
Tarneit North Residents' Association
9974 3348