

9 October 2009

Mr Sean Coley, Executive Officer
Outer Suburban/Interface Services & Development Committee
Parliament of Victoria
Parliament House, Spring Street
East Melbourne VIC 3002

Dear Mr Coley

Re: Submission for Residential Property at 1267-1275 Plumpton Road, Plumpton, 3335

It's amazing how Government Bureaucrats can shamelessly shatter people's lives without consequence! That's exactly what this Government, with its proposed GAIC tax and OMR project, has done to my family. We have found ourselves in the unfortunate and unenviable position of being affected by potentially 4 of the Government's proposals – the UGB, the GAIC, and possibly both the OMR and E6 Transport Corridor. So not only does the Government want to evict us from our home, but they are also expecting us to pay for the privilege.

My family and I live on a 12hectare property that is in the proposed UGB. At the proposed \$95,000 per hectare, we face a GAIC bill of \$1.14 million dollars (or \$950,000 if the 1st 2 hectares remain exempt). We have also been informed that 1/3 of our property, the area which contains our family home, is being ear-marked for destruction to make way for a restructure of Plumpton Road. Following the Proposed Alternate OMR affecting the Rockbank area, we now also face the freeway being relocated to directly outside our home.

The Growth Area Infrastructure Contribution is a grossly unfair, immoral and greedy tax proposed by the Brumby Government. It is wrong on so many levels:

1. *The GAIC should be levied at point of development*

First and foremost, this tax should be levied against the Developers or the persons who are developing the land. After all, it will be the Developers who stand to make the big profits. It was announced last week that Developers would be required to fit 15 homes per hectare. It would therefore be fair to assume that based on this amount of housing, that developers stand to make a healthy profit.

Surely, it is the responsibility of the Developers and the Government to supply infrastructure and services in new communities, not the exiting landowner. Why should I, as the landowner who is being forced off my property, be made to pay for services that I will not be benefiting from? It is quite ironic that this Government wants to impose a tax in order to create ready made communities for new residents to walk into, when my family and I have been living here for 13 years and still don't have access to full services. We don't have access to mains gas and we are still on septic tanks. Up until 2 & 1/2 years ago we were still driving on dirt roads. Seems a little unfair, don't you think?

Perhaps some of the tax should also be levied against the new homeowners. After all, they will be the ones requiring the services. It certainly won't be my family, as we are being told that we have to sacrifice our home for the greater good of the community. So as a landowner

who is being kicked out of my home, why should I pay to make life more comfortable and convenient for those moving in, when I am being forced out and made to start again? And in a strange twist, because we do not want to live in suburbia, we will have to move out further in order to continue enjoying the lifestyle we have had, and will possibly find ourselves in an area lacking the facilities & infrastructure we are now starting to finally enjoy.

2. *Timing of GAIC charge*

To charge the tax at the point of the first property transaction rather than at development stage places a “killer” tax on landowners. The Brumby Government could have blood on its hands as a result of the pressure and stress that this tax burden will impose on families. We have been told that development may not take place for a minimum of 10 years. We have also been told that on the initial sale we would be paid a small deposit with the remainder of payment to be paid to us at time of development – makes sense. However, how are we supposed to pay a tax bill of \$1.14 million upfront? What you are proposing is absolutely ludicrous. We are just average citizens who have worked hard all our lives and paid our taxes. We are not rich. WE DON'T live in a mansion, WE DON'T drive luxury cars, WE DON'T send our kids to private schools, WE DON'T go on annual holidays, WE DON'T even have private health insurance. WHY NOT – because we can't afford it!! What makes you think that we will be able to pay the GAIC upfront?? Where do you think that we would get this kind of money? Are we expected to take out a loan to pay this? And at the end of day we will not even have a house to live in.

This has placed an unfair burden on property owners, who for whatever reason may need to sell in a hurry. If we had to sell our property now, and the GAIC was to be passed in its current form, we would have a GAIC bill that would probably be more than the current value of our property. Or we may break even but be left without a home to live in. How is this fair? This is basically turning us into prisoners in our own home.

3. *Flat Rate rather than a percentage*

Charging at a flat rate of \$95,000 per hectare is not fair. Landowners will be paid differing amounts for their properties, some will be worth more than others. Properties with creeks running through them for instance, will not be valued the same as land which is uninterrupted and has full development potential. Likewise, properties that are in the vicinity of the OMR will not have the same value as land that is further away. Therefore, it is unfair to apply a blanket amount when sale value may differ from one property to the next.

4. *Sale value speculative, tax definite*

The amount of money landowners apparently stand to make is a speculative figure and remains to be seen. If legislated, the GAIC however, will be a definite figure. As noted above, under this current proposal, our tax bill could potentially be \$1.14 million. This does not include Capital Gains Tax that we will also incur.

5. *Capital Gains Tax + GAIC = Taxed to the hilt – tax upon tax*

The GAIC places an unfair tax burden on landowners who would already be facing hefty tax bills in the form of Capital Gains Tax. If the value of land brought into the UGB is to substantially increase in value as anticipated by the Govt, surely the Govt will stand to receive considerable taxes from landowners following the uplift in value of our land. To apply a further tax on landowners is nothing more than GREED. This is quite ironical since Justin Madden, who is hell-bent on putting this legislation through, has actually referred to landowners as being “greedy and mean”. I find this particularly offensive and insulting,

when it is the Government who now want to take a large chunk of the pie after we have been the ones who have done all the hard yards, cleaned our properties, curbed our lifestyles and made sacrifices so that we could live out of suburbia. I also find this extremely disturbing when I am being told by Vic Roads that my home must come down to make way for a road, which could be created further north of my property, as I have previously suggested. But apparently the options I have raised are not viable because at the end of the day it would mean that there would be less developable land – less land to develop equals less money for developers and the government! And yet we have been told that “we” are the greedy ones!!

6. Charged on properties subject to Compulsory Acquisition

The GAIC should not apply to properties that are being compulsorily acquired. Whilst we have been advised that compensation will be made in accordance with current market values, I have been told that in reality this is not always the case. I have also been told that this is not an easy process and can involve years of going through the legal system. In our case, if the OMR is to be constructed directly outside my home, our property value will decrease, therefore compensation will more than likely be less, yet the tax amount will still be the same value.

7. No GAIC for regional development?

It was recently announced that there would be a huge land release in the Ballarat region. It was also stated that the GAIC would not apply to regional centres. This is totally inconsistent and a contradiction in terms. If the reasoning behind the GAIC is to provide infrastructure and facilities into new communities, do country areas not require access to this as well? Interesting!!

The GAIC is nothing less than legalised theft by the Government under the disguise of a tax. And the destruction of our family home is nothing less than deliberate, premeditated and gross destruction of private property. If we were to do this, we would be charged with an offence and sent to jail. But again the Government can hide behind a constitution. I have to ask, what kind of message does this convey to our kids? Work hard all your lives to live your dream, pay your taxes and then only to have it forcibly taken away from you – in our case, both home and money!

After last week’s announcement by Justin Madden, I have to ask what sort of society is Melbourne being turned into when our Government wants to dictate to us what size our homes and properties should be. We are basically being told to live in “shoe boxes” with no front or backyards for our families to enjoy. By taking this away, you will be condemning kids to remaining indoors. It is not always practical to go to our nearest parks, which seems to be the idea behind the new communities. With our busy lifestyle, parents do not always have the time to take their kids out. Therefore, they will be left to sit in front of the TV or computer and probably will contribute to the ever-increasing obesity levels in kids. Is this what we want for our kids?? I don’t think so. It’s interesting to note that my kid’s friends often ask to come to our place so that they can enjoy playing in our outdoor area. They don’t always feel safe at the local park.

The Developers and Government must be rubbing their hands together in excitement and anticipation of all the money they are going to make. The developers, through the amounts of blocks they are being told to create per hectare; the government through the amount of rates that each block will yield, and through charging landowners a tax bill to pay for services and infrastructure, thus reducing financial outlay from both the developers and govt. It’s funny how we have already been approached by developers and property groups when legislation has not yet been passed – they are like vultures circling over their prey!!

Australia has always been referred to as the “Lucky Country”. I’m not so sure that this is the case anymore. This country’s Government now wants to impose a lifestyle onto it’s residents by basically dictating to them how they should live. Is it not a basic human right of a so-called democratic society to be able to exercise choice? And for the landowner who “may” stand to make a profit from sale of his land that he has worked for all his life, only to be told that he has to hand over a chunk of his profits to the Government. Sure sounds more and more like Communism to me!

The amount of pain, stress, heartache and conflict that this has inflicted on our family is immeasurable. It has robbed me of my time, family life, a good night’s sleep, and general well-being and happiness. And I am holding the Brumby Government solely responsible for this.

Yours sincerely

Philumena & John Galea