Mr Sean Coley, Executive Officer

Outer Suburban/ Interface Services and Development Committee

Parliament of Victoria

Parliament House

Spring Street

EAST MELBOURNE VIC 3002

Dear Sirs and Mesdames,

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

There is a need to fund infrastructure, but it needs to be a fair and equitable solution. In my opinion, the GAIC as proposed in its current form does not meet these criteria. My reasoning is as below:

1. It is a flat tax of $95,000 ($80,000 for 2005 UGB additions) per hectare regardless of sale price.
2. It is payable on the first sale post 02/12/08 by the vendor - this may be the sale of land that is 10 to 20 years from development.
3. It is being paid by people leaving the area and therefore not using the infrastructure.
4. It is only applicable to Melbourne – not other areas of Urban Growth such as Geelong, Bendigo and Ballarat which presumably also need infrastructure.

The government expects to raise $174.6 million from this tax. It has been suggested that 50% will be reinvested in the area for infrastructure. How will this be monitored? The Government has stated that some areas are 10 to 20 years from development. What will be done with funds collected until the infrastructure is required? What will the increase in stamp duty revenue be applied to? As the per hectare payment will be payable by the vendor it is to be assumed that it will be added to the purchase price and therefore be subject to stamp duty. As this tax is to fund infrastructure one could assume that there will be savings from other government revenue streams, how will this money then be allocated?

For many older residents in the targeted areas the uplift in their land values was to be their superannuation. Will there be some compensation for those that are not achieving the values as stated in the Charter, Keck, and Crammer report?

Many of these residents will also be subject to capital gains tax, further lessening any uplift they may achieve. Has this been considered? As development is 10 to 20 years away, for some people they will not be able to achieve $95,000 per hectare for their properties. If they need or even wish to move on from an area will the government give them an exemption from the GAIC?

Many of the areas targeted for urban sprawl are currently being used for agriculture. Will there be some compensation for pushing our farmers further out? Has the increased transport costs and therefore increase in food costs been considered?

Has the government considered the cost of rehousing people? The cost of a 3 bedroom home in a rural town on a 6-700m2 block is $290,000 to $350,000. For many people looking to maintain their rural lifestyle they will need to move further out of town. For a property on the edge of the UGB with 15 to 20 acres and a four bedroom home the cost would appear to be upwards from $550,000. This is before stamp duty and other relocation costs. For many of the residents being added to the UGB extension with the effect of the GAIC they could not afford this.

In my opinion, the only way to have a fair and equitable infrastructure tax is to have at payable by the developer at development. This solves many of the inconsistencies in this proposed legislation. It would also need to be applied state wide. This would allow for the funds to be collected at the time they are required, ensuring they are available for the intended purpose. It would lessen the burden on the vendor. The cost would be deductible to the developer as a business cost. The scheme applicable in NSW is payable by the developer, is deferred until development approval is granted, is only applicable to net developable land and is payable at full rate on residential, 50% on industrial and not applicable to commercial land. This would encourage employment sectors within the developments. This would appear to be a fair better alternative.

Another option would be to consider more inner city developments, high density housing. The infrastructure is already in place. It would also be a greener alternative then building on what was supposed to be Melbourne's lungs.

As a family we have made our choice and left the area. We cannot bear to watch the beautiful grasslands become freight zones, freeways and houses. We do not want to deal with increased traffic. We cannot understand that we may be penalised by having to pay a tax for having our lifestyle taken away. We do expect to make a reasonable gain on our property; however our replacement a 25 square house on an acre block in a small rural town, is costing us the same amount. We hope to maintain our mortgage at the level it is. Yes, Mr Madden our property has increased in value, but so has everybody else's.

Regards,

Kathryn Harris, B. Com (Acc), CPA

35 Grandview Court

Beveridge Vic 3753.