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LAND TAX

Mr GRIFFITHS (Goyder) (17:14): I wish today to talk about land tax which I have spoken about before. I received an email a couple of weeks ago from Mr Robert Bailey, who lives at Victor Harbor, which I think encapsulates a lot of the frustration that has been felt out there in the community about the land tax accounts that are coming through.

His letter is actually a reply to a letter which he had originally forwarded to the Treasurer which had been replied to by the then acting treasurer, the Hon. Paul Holloway. He begins by thanking the acting treasurer for his reply. The letter then states:

Whilst we can hear what is being said, we feel that you have not heard what we are trying to say. We also feel that the advice that you are receiving is very much out of touch with reality and probably costing far too much anyway. Land tax is a major problem and it is causing considerable angst amongst ordinary South Australian investors who have gone without, with the desire to provide for themselves in old age so as to be less of a burden on the community. It seems that your government is out to get us because we have worked hard to try and establish an income base for our future.

We are not wealthy as you seem to suggest. The valuation of our assets is based upon your own valuations and in effect we have no say. Yes, we can object but let's be honest, has anyone ever won that argument? We did not buy these investment properties to sell them, they were bought with the intention of being a long-term investment and to fund eventual retirement. To suggest that because we hold this property we are well off demonstrates how far away this government is from understanding the struggles of ordinary people. It is missing the point completely. We cannot afford this amount of land tax, no matter how you package it up, it is unaffordable and simply out of touch with reality. You talk about fairness on the one hand and yet the current system is so far removed from being fair it is unbelievable. There certainly does need to be a fairer and more equitable form of taxation collection, whatever happened to user pay? At the very least revenue should be raised across the population not just from those who have perceived wealth simply because they hold assets.

Land tax and the way that it is worked out and collected desperately needs revision before we all go broke. I do not think that you realise, nor have you heard, how serious the situation is. To suggest as you did that we adjust mortgage schedules would be a good suggestion were it a one-off tax, however, this insidious tax comes every year. This is an ongoing annual tax and with the current financial conditions if we lose a tenant we are completely out of the picture and that is not to talk about maintenance and certainly any upgrading of facilities is completely out. You are not being fair to ordinary, hard-working South Australians.

The rates charged need urgent revision and it is a deceptive comment to say that land tax has not risen and that it is the property values that have risen. Whilst this is partially true as far as the rate charge per dollar of value is concerned, that...in itself is the very problem. To charge a constant percentage of the property value is quite unrealistic and when looking at the way that the charges have risen over the past few years, it has simply created a huge and unaffordable problem. No one is able to cope with such massive increases and this government needs to urgently take a common sense approach to this disaster zone.

You talk about the need to offer a competitive tax environment, however, when I compare SA to the other states, I actually feel quite ill. Here is a comparison table of SA's land tax...compared to other states:—

In this example Mr Bailey used his two properties which have a site value of \$1.15 million and \$520,000. In South Australia the total cost is \$36,210; in Western Australia is \$5,697; in Victoria it is \$8,335; in New South Wales it is \$20,932; and in Queensland it is \$6,975. Mr Bailey has confirmed that, since the 2002-03 financial year, those land tax costs have gone from approximately \$3,000 to \$7,000 the next year, to \$11,000 the year after that; and to \$14,000 in 2005-06, which was amended down to \$13,000. In 2006-07 it was \$17,000, in 2007-08 it moved to \$21,000 and this year to \$36,000, in round figures. He continues:

We remind you that our land tax has risen over 1,200% in seven years whereas returns have risen by less than 20% during that same time and that is the gross figure, expenses still need to come out of that...

To further put this into perspective, according to the RevenueSA website, land tax on property valued by your government at \$1 million would be \$11,420, however, the values that you have placed upon our properties, whilst only \$150,000 more, actually require that an additional \$24,690 be paid, making a total of \$36,210 based on the charge of \$3.70 per every \$100 of value. \$3.70 per every one hundred dollars of your valuation, how competitive is that? Honestly something is wrong and clearly it is the calculation method which we feel you do not want to change because it helps balance your budget but is intent upon destroying ours.

We would urgently ask you to look at and change the system to a fairer and more equitable one, using an everyday common sense approach, where at least people are given a fair go. This is serious and we cannot over-emphasise the desperate need for fairness here, along with a need for realistic charges and an understanding of what it is that you are imposing upon ordinary South Australians.

Time expired.