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Property Tax and Assessment News from Around the World

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Contents

Knox Council set to introduce $152 garbage charge on 2017-18 rates

KNOX families face a $152 “garbage charge” on their 2017-18 rates bill, but the council has defended the move.

The council has blamed rate capping and a hike in waste costs on the move to introduce the flat garbage charge for each residential property, proposed in its 2017-18 draft budget.

In a statement included in the proposed budget, Mayor Darren Pearce said introducing the garbage charge was “a difficult but necessary decision”, due to the increasing cost of taking people’s rubbish to the tip, which was well above the annual increase in the rates cap.

“The impact of rates capping continues to challenge the ability of the council to deliver the services and capital works expected by our community,” Cr Pearce said.

In a separate statement, Cr Pearce said: “It’s important for people to understand that this is not an additional charge, nor will it increase the total amount of rates, fees and charges income collected by Council this year.”

“Rather, there will be a reduction on the general rate levied to offset the charge’s introduction, on each residential property rate assessment notice,” Cr Pearce said.

“This was not a decision that I nor my fellow councillors took lightly – we have done this because of the rapidly escalating cost of providing existing domestic waste management services.

“The cost of providing these services is rising well above the annual two per cent increase in the rate cap and council had to act to ensure the future viability of this and the many other services we provide across Knox.

“The garbage charge will be set at an amount to ensure only full cost recovery, inclusive of the State Government Landfill Levy.”

General rates will rise by 2 per cent, which is within the rates cap limit set by the State Government.

Also as part of its draft budget, the council's $78.9 million capital works program includes $18.8 million to progress the development of two integrated early years hubs at Bayswater and Wantirna South; $7.6 million for the development of Stamford Park; $8.5 million for Knox Central precinct; $2.5 million for the redevelopment of The Basin Neighbourhood House; $500,000 for the Henderson Rd bridge; and $5.1 million for replacement of components for all council-owned buildings.

Cars, property used in Vic cash clawback

After a week of pre-budget spending announcements, the Andrews Labor government has announced tax changes to rake in $120 million a year from Victorians ahead of its third budget.

Those in the market for a brand new car will pay more stamp duty from July 1 in a move Treasurer Tim Pallas says will put more than $100 million a year into the state's coffer.

For new passenger vehicles, stamp duty will increase from $6.40 per $200 of market value to $8.40, bringing the rate in-line with that for used cars.

Mr Pallas told reporters on Saturday it means stamp duty for a $23,000 car like a Toyota Corolla will rise by $230, from $736 to $966.

New cars had lower stamp duty in a bid to encourage people to buy locally made vehicles, Mr Pallas said.

Because the federal coalition government "chased out" local car manufacturing, the differential support "no longer served a purpose".

Property taxes are also in the line of fire and from next financial year the government will also close a property duty loophole between spouses.

Transfers between partners will no longer be exempt from stamp duty, except for changes for the principal place of residence or following a relationship breakdown.

It's estimated about 3000 people a year use such an arrangement.

"The idea of the transfer of investment properties between spouses is seeking to do pretty much one thing and that's to avoid liability to taxation," Mr Pallas said.

"We're going to clamp down on that and it's likely to bring in a sum in the vicinity of about $20 million a year to the state of Victoria."

And from 2019, land tax will be revalued annually instead of biannually.

The changes come after Premier Daniel Andrews held firm his government would "honour all its promises" when pressed on Friday over whether a pre-election commitment of no increase to taxes beyond CPI or no new taxes, charges, fees and levies still held for this year's budget.

The opposition is calling the changes a broken promise.

"Under Daniel Andrews the only thing rising faster than the crime rate is the tax rate," shadow treasurer Michael O'Brien said in a statement.

Throughout the week, the government had been on a pre-budget spending spree, continuing its building blitz and crackdown on crime.

Infrastructure announcements included $100 million for planning the North East Link toll road, $800 million for more level crossing removals and $271.55 million for the Melbourne Park redevelopment.

And in a bid to fix the law and order headache: $2 billion for more police and community safety initiatives, a $308 million overhaul of how the state's most violent criminals are handled and another $81.1 million for Ice Action Plan measures.

Geelong budget: Colac Otway Shire introduces lowest ever rates hike

A GEELONG region council is set to make history with its lowest ever rates hike.

The Colac Otway Shire will vote on releasing its 2017/18 draft budget, which contains an average rates rise of just 0.63 per cent across all categories.

The rates reprieve is set to come just two years after the council endorsed a 4.9 per cent rise for 2015/16 — which was the lowest in a decade at the time.

The charitable council has also proposed a rare rates drop for farmers, with rural ratepayers to receive an average reduction of 1.2 per cent on last year's rates bill, due to a reduced farm differential from 79 per cent to 77 per cent of the general rate.

"This reduction is in recognition of the hardship and ongoing challenges the rural sector faces," Shire mayor Chris Potter said in his introduction to the draft budget.

Cr Potter said the proposed rates rise was " … the lowest rate rise in the history of the Colac Otway Shire".

"This is a financially responsible draft budget, one that ensures Colac Otway remains in a sustainable, low-risk financial position," he said.

Council chief executive, Sue Wilkinson, said the new council had worked hard to reduce operational costs to maintain services, in light of the Government's two per cent rate rise cap.

"Our materials and services expenses have reduced from the previous year and this is the result of the work done on business improvement to reduce operating costs, generating permanent savings exceeding $600,000," Ms Wilkinson said.

"We're presenting a financially responsible draft budget one that ensures Colac Otway remains in a sustainable, low-risk financial position."

The council's draft budget, which will be tabled at tomorrow's council meeting in Colac, follows the State Government's rate cap limiting rises to no more than 2 per cent this year.

The draft budget earmarks more than $21 million for capital works, including $5.1 million for roads, $1.06 million for landslip restoration works and almost $200,000 for the redevelopment of Irrewarra Beeac Recreation Reserve netball facilities.

The council will consider the draft budget for community consultation on Wednesday. If it is accepted it will then be released for public comment and submissions over a five week period.

NSW leads Australia in property tax hikes: PCA

The New South Wales government leads the country in property tax increases, according to the Property Council of Australia which cited the latest ABS data, adding further pressure on house prices amid the hot debate on affordability.
Taxes on property increased by 16 per cent, or $2.4 billion in NSW in 2015/16, leading Australia in terms of property tax hikes.
Over the last five years, revenue from property taxes in NSW rose by 64.9 per cent, or $6.7 billion, the data shows.
The state's tax share bolstered last year's national property tax revenue where property taxes hit a record $49.5 billion across Australia.
The PCA says the state government is leaning on the property industry to prop up its spending.
"This a podium finish NSW does not want; with housing affordability the number one issue for this premier and her leadership team, it is concerning that they continue to squeeze the industry dry and are swimming in property tax revenue," NSW executive director Jane Fitzgerald said.
"Higher taxes on property means higher house prices and more strain on first home buyers - this government is simply throwing fuel on the fire.

"With the average house price in NSW at around $900,000 and in parts of Sydney at well over $1 million, we need to be reducing taxes on the property industry, not leading the nation in terms of tax hikes."

	Revenue ($ millions)	Annual Growth
Total state and local property taxes	17,084	16%
Land taxes	2,747	11.3%
Municipal rates	4,169	4.6%
Stamp duties on conveyances	8,637	13.3%

Over the past five years, revenue for property based stamp duty in NSW has doubled to more than eight billion dollars from around four billion dollars.
"When will enough be enough and we look at tax reform in this state to reduce the burden on the industry and look at sustainable, long term revenue streams rather than property taxes that rise and fall with the market," said Fitzgerald.
"The upcoming state budget must be brave and bold and contain tax reform that releases the financial pressure on the people of NSW."

Yarra Council 'bin tax' may be scrapped after local government minister steps in

An inner-city council's plan to hit its residents with a new "bin tax" has prompted Local Government Minister Natalie Hutchins to call in Victoria's essential services watchdog.

Yarra Council wants to introduce a $247 waste charge. The rates increase would hit all property owners with a rubbish bin.

Many Victorian councils already have a similar charge.

But Yarra is the first to try introducing such a measure since the Andrews government brought in a cap on councils raising rates above inflation.

As a result of the new charge – which would see those wanting a larger bin holding double the normal amount of waste charged $800 – Ms Hutchins has written to the Essential Services Commission to ask whether the new charge is lawful.

If the new waste charge means the council will exceed the rate increase councils are allowed to charge residents, Yarra will be blocked from introducing the measure.

"Budgets must reflect community expectations and the views of their residents," Ms Hutchins said.

Councils must apply to the Essential Services Commission if they want to exceed a rate cap of 2 per cent. Yarra has until the end of May to lodge its application.

The council has not yet set its final budget plan, and is consulting with residents until early next month.

Yarra Council has four Greens councillors, all of whom supported the bin tax. Socialist councillor Stephen Jolly opposed it, and has launched a public campaign against the plan.

"The council has never been richer, and if it wants to cut costs, it should start at the top – we are the most over-bureaucratised council in Melbourne," he said.

The council expects to post a surplus of $9 million this financial year, and $15 million next year if it can include the bin charge.

Because of the boom of apartment development in Yarra's suburbs, which include Fitzroy, Richmond and Abbotsford, the council predicts its rates and charges intake next financial year will grow from $101 million to almost $114 million.

Move to free salmon companies from paying council rates

Marine farms in Tasmania, including the three big salmon producers, will be exempted from paying council rates under a move by the Tasmanian Government.

Last year the High Court backed a bid by the West Coast Council to levy rates on the salmon leases in Macquarie Harbour.

A Government bill providing the exemption has passed the Lower House and will now move be considered by the Legislative Council.

The Government said the Local Government Amendment (Rates) bill aimed to rectify the impacts of the High Court decision and to provide clarity to local government.

Rates not yet levied

Despite winning the court action, the West Coast Council has not levied rates on the Macquarie Harbour salmon leases.

"A change in elected members saw the view of council change," said Mayor Phil Vickers.

"The current council took the view that we could probably achieve more by working with the aquaculture industry than simply trying to extract huge amounts of rates out of their fish pens."

He said he was not surprised that the Government was legislating to protect marine farms from rates.

"The general manager personally thought that the Crown would move to do that, considering they lost their appeal and that's the Crown's right, local government only exists by an act of Parliament," he said.
"So, I'm certainly not surprised that that's what's happening."

While the council has not levied rates on salmon leases, the mayor said it was good to have the ability to so.

"I think it would have been nice to have the option. As I say, we took a different view in the last 12 months or so, but that said the industry does derive a huge amount of income and profit," he said.

"Likewise, the mining industry, they pay quite high rates and taxes on mining leases and I suppose the rates and charges view was that the aquaculture industry really shouldn't be any different."

Changes provide clarity and equity

The State Government said the providing the exemption was about creating commercial equity.

The High Court decision meant marine farms located within municipal areas were liable for rates, while those outside the boundaries were not.

"Where these businesses have land-based infrastructure they are paying rates, they are currently rated, they are contributing to their local communities," said Treasurer Peter Gutwein.

"They assist in paying for the roads that they drive on, the other services that are provided by local government."

The Greens argued the bill was another move by the State Government to selectively look after its mates in the salmon farming industry, a suggestion rejected by the Treasurer.

"To have such a laser like focus on the salmon industry is really disturbing, especially when as I've just explained the vast majority of the leases we're talking about have nothing to do with the fin fish industry," Mr Gutwein said.

Why SA should introduce a broad-based "vacant property" tax

South Australia should follow Victoria's lead and introduce a tax on disused properties, argues Ross Womersley.

While much of the political focus in South Australia lately has been on energy issues, the state tax changes announced recently by the Victorian government show that South Australia needs another round of tax reform.

It has been nearly two years since the Weatherill Government opened and then fairly quickly closed its own State Tax Review. There were some resultant cuts to SA business taxes, and the removal of the Save the River Murray Levy and the Hindmarsh Island Bridge Levy, but the State Budget still shows a declining revenue base in the long term which, if sustained, can only lead to having to make cuts to vital services.

However, mirroring the Victorian announcement of a new 1 per cent tax on residential property left vacant for six months in a year could be a promising avenue to more revenue for the South Australian Government.

Perhaps more importantly, the move should encourage more productive use of real estate and could see more housing in the rental market. That would take pressure off spiralling rent increases which have been running above inflation for a long time now and are causing hardship for those on low incomes.

State governments can influence housing supply and contribute to housing affordability directly by building public housing, or indirectly through planning regulation, but the tax levers available at the state level to promote affordable housing are limited. Most of the big ticket items like negative gearing and capital gains tax are federal taxes.

Even state real estate sales stamp duties, which add considerably to the cost of buying housing, are difficult to manage. Given they are the state’s second largest source of own-tax revenue, any substantive cut in stamp duties to assist housing affordability would have dire consequences for the budget and the ability of the State Government to provide vital services.

In this context, the idea of an extra tax on vacant buildings looks appealing from both a revenue and housing supply/affordability perspective. But the concept need not be limited to residential housing. Empty shops and commercial buildings also cause economic and social harm and stand in the way of community development.

SACOSS recently commissioned a survey of 1000 South Australians and asked how they would feel about the idea of a higher rate of land tax on commercial land and buildings left vacant for two years. Without any further detail, the question just tested the broad idea and nearly half of the respondents supported the proposal. That was twice as many as the number who opposed the proposal, with the remaining 26% of respondents being unsure or wanting more information.

SACOSS first proposed a disused property tax in 2013, and again in our submission to the State Tax Review in 2015, but the government did not take up the proposal.

Given the fairly strong public support evident from these survey results, and the potential for a “vacant property tax” to promote more affordable rental housing as well as revitalise commercial centres, it is surely worth a second look from our government. If nothing else, we certainly wouldn’t want the Vics to get another one over us.

Ross Womersley is CEO of the South Australian Council of Social Service.