IPTI Xtracts

Property Tax and Assessment News from Around the World

AUSTRALIA - March 2017

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ACT Greens push government to investigate extending land tax to vacant rental properties

The Labor government has agreed to investigate a "vacancy tax" or an extension of land tax to vacant investment properties, after the Greens' Caroline Le Couteur called for action on Wednesday.

Ms Le Couteur wants land tax to extended to all properties unless they are owner-occupied, charitable or farming properties, bringing the ACT into line with the states.

In Canberra, rented homes already attract land tax, but vacant homes are exempt. For a $400,000 property (unimproved value), land tax is about $4000.

"It doesn't make sense that you have to pay the government if you rent your house out, but if you leave it empty you don't pay," Ms Le Couteur said, suggesting the system might have been a historical anomaly because of the number of Canberrans posted overseas and leaving their homes empty.

Under Ms Le Couteur's proposal, such people's homes would attract land tax, which would encourage them to rent out their homes while they were away.

"I would argue if you're overseas for two or three years, rent your house out and pay your land tax as a landlord," she said.

Unions ACT secretary Alex White called for a vacancy tax in a budget submission, saying many Canberrans were struggling to rent. Mr White said the charge should apply to rental properties left vacant for more than 18 months, encouraging property owners who "hoard" an untenanted home to put the property on the market.

"At a time when rental affordability is a major issue affecting thousands of working people in Canberra, it is unacceptable that there are over 2500 houses left empty by investors and developers," he said.

Ms Le Couteur put a motion to the ACT parliament on Wednesday. The Liberals supported a review; Labor amended her motion, agreeing to investigate how many properties are left vacant, and to consider "the effectiveness of a vacancy tax, land tax arrangements or similar measures". It has agreed to report back in September.

Ms Le Couteur said figures from Victoria suggested as many as one-quarter of apartments in some buildings had never been rented. An estimated 80,000 Victorian homes and 90,000 NSW were vacant, she said, with Victoria announcing a vacancy tax of 1 per cent of a property's value.

Ms Le Couteur said while the problem was unlikely to be anywhere near as bad in the ACT, "even if it is only 1 or 2 per cent this will make a difference to housing affordability."

"This is to encourage the owners of the houses that are not occupied by anybody to either put them on the rental market or think, I don't want to keep on owning this asset," she said.

She acknowledged there were complications, such as when properties were vacant for renovations, in deceased estates, where families found it difficult to finalise decisions about the family home, and in cases where people were posted overseas, perhaps short term but heir posting was extended.

Housing affordability was one of the biggest social and economic issues that Australia faced, she said.

"For too long the taxation system has benefited investors over home owners, contributing to housing stress for many Canberrans," she said.

The "unfair system" would continue until the federal government abolished negative gearing and the capital gains tax discount, but in the meantime, the ACT could make its own reforms.

Housing Minister Yvette Berry said the Sydney and Melbourne markets had seen aggressive investment by property speculators and were different markets to Canberra.

She also pointed to the complexity of measuring the number of vacant properties, and said any scheme in Canberra must be well informed and consider the impacts.

Land tax: Parliamentary Budget Office costs plan to kill off stamp duty

The Parliamentary Budget Office has costed a proposal that would kill stamp duty and replace it with land tax, saving home buyers up to $40,000 in Sydney and $55,000 in Melbourne, while delivering billions of dollars to fund schools and hospitals.

The costing will put land tax back up for debate when Parliament returns next week as the government looks to mark its authority on the housing affordability crisis less than two months out from the federal budget.

Buying a house is increasingly out of reach for young Australians - Eryk Bagshaw explains the options being considered.

Both the NSW and Victorian governments have thrown their weight behind broader stamp duty tax reform and Treasurer Scott Morrison has indicated his support for a transition to taxing land.

"When you talk about tax reform, this is far and away the biggest prize on offer," said John Daley, the chief executive of independent think tank the Grattan Institute.

Under current regulations, home buyers pay tens of thousands of dollars in stamp duty, creating an additional hurdle for people looking to enter the market amid soaring property prices in Sydney and Melbourne.

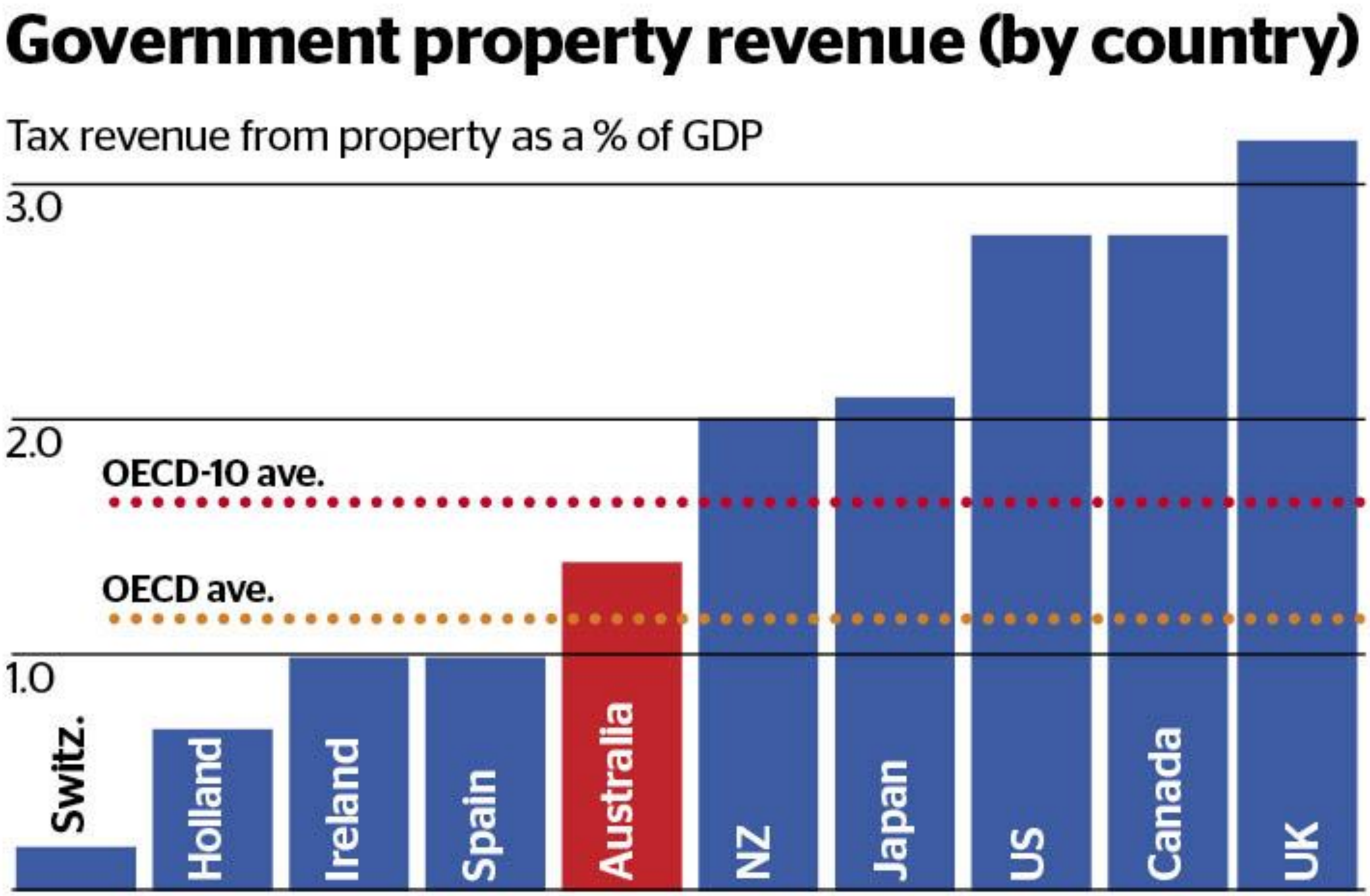
Removing stamp duty and implementing an annual land tax on all newly purchased homes would help level the playing field and generate billions of dollars in annual returns to the NSW and Victorian budgets, while also relieving federal government spending over a 15-year-period.

Under the policy submitted by the Greens and backed by the Grattan Institute and the Council of the Ageing, home buyers would no longer stump up to $40,000 in stamp duty when purchasing a property worth $1 million in Sydney. In Melbourne, a home buyer would save $55,000 stamp duty on a property of the same value.

Research from the Grattan Institute shows an annual tax of $1 per every $1000 of a home's value would cost the median Sydney household $845 a year in tax and the median Melbourne home $623 a year.

To offset the cost of losing lucrative stamp duty payments, the Commonwealth would have to loan money to the states. The loans would peak in 2020 when the hit to the budget bottom line would grow to $800 million. Rising land tax revenues would enable the states to pay back the loan by 2030.

The Parliamentary Budget Office estimates that in the next four years alone the tax would generate $2.3 billion in revenue for the states, but warned the overall costings were of low reliability due to the variations in number of properties sold across Australia each year.



"Together with Capital Gains and negative gearing reforms, swapping stamp duty for a broad-based land tax would fix the broken system and make it easier for young people to live the Australian dream," he said.

In December, Treasurer Scott Morrison pushed the states to transition to a land tax at the state and federal treasurers meeting.

He praised comments from NSW Treasurer Dominic Perrottet that reforms would free up housing stock for young buyers by encouraging them to move more.

In NSW the government provides concessions on stamp duty for new properties under $650,000 but with a median house price of more than $1 million few are sold below that price.

Last week Victoria abolished stamp duty for first home buyers purchasing a property valued below $600,000.

On Friday, Mr Perrottet said he welcomed dialogue with the Commonwealth "on sensible ways to reduce the tax burden and improve the efficiency of the tax system".

A spokesman for Mr Morrison said "various ideas were always flagged on big issues," but "the government won't be drawn on budget speculation."

Mr Daley urged the states and Commonwealth to work together on the basis that the long term benefits would outweigh the short term political pain.

A tax on land is considered among the most efficient of all taxes because it is hard to avoid, targets the rich more than the poor, and unlike upfront taxes, does not discourage people from buying things like a GST does, and therefore provides both an economic and budgetary boost.

"Stamp duties are inefficient because they lead to people living in a house much smaller or larger than they need to because they don't want to pay more stamp duty," said Mr Daley.

Council of the Ageing chief executive Ian Yates said the policy would help older Australians but would need to include provisions for rates to be deferred so new taxes did not hit pensioners in the short term.

"Stamp duty is a hurdle for older people to relocate or to 'right size' because they want something that is modern and in the same area and that is a financial challenge," he said. cut

He urged Canberra to unite behind the change.

"When there is unanimity on the benefits of the transition it's time we collectively applied our mind to how we get there," he said.

VICTORIA - The lowdown on Victoria’s new vacant property tax

Victoria’s plan to raise $80m over four years by taxing vacant residential properties is likely to be the start of a push by the state to collect more revenue from property owners, said numerous industry insiders and experts.

The Andrews Labor government’s decision to levy a tax – initially set at 1% – on the capital value of properties left vacant for six months or longer would most likely ward off foreign investors who don’t wish to rent out their properties but hold on to them as long-term wealth stores, said Craig Whatman, executive director of Pitcher Partners.

“One per cent could well just be the starting point for the first one or two years,” said Whatman. “The stamp duty surcharge for foreign purchasers went from 3 per cent to 7 per cent after the first 12 months and the land tax surcharge for foreign owners tripled from 0.5 per cent to 1.5 per cent in the same period.”

The tax is due to take effect on January 2018, and will apply to properties in Melbourne’s inner and middle suburbs. It’s also designed to be self-reporting: owners will be expected to inform the State Revenue Office about the status of their property when the tax becomes applicable.

To ensure compliance, a property’s dwelling occupancy status could be checked against utility usage. As many as 82,724 dwellings (or one-fifth of all investor-owned properties in Melbourne) lie empty, according to a study of 2014 water metre recordings by think tank Prosper Australia.

Far from being foolproof, this tactic can easily be foiled, said Charles Pittar, chief executive officer of Juwai.com, an international Chinese-language property portal.

“The Victorian government says it plans to enforce the tax by checking utility records to look for properties with very low usage. This tax's biggest accomplishment may be an income surge for Bunnings, as property owners buy faucet and electrical outlet timers that enable them to evade monitoring of their utility usage,” he said.

Pittar also warned that the new tax could scare away potential domestic and foreign investors due to growing uncertainties.

“The one-percent tax itself is not bad on its face, but there is a warning light blinking on the car dashboard …There is a gathering sense that Victoria is an unsafe place to invest. People are starting to believe it's a place where the rules constantly change — and in ways that will cost …money. So far, the impact has been minimal, but tipping points are only visible in hindsight. I hope Victoria never has reason to regret all its new property-market red tape.”

A drop in foreign investment could worsen the state’s housing affordability and housing supply crises.

“Investors —and especially foreign investors— have made possible new construction projects that have added hundreds of millions of dollars and tens of thousands of jobs to the local economy. Offshore investors have made possible the construction of tens of thousands of new homes for Victorian residents,” Pittar said. “Until the federal government ends negative gearing, there isn't anything of substance that the state government can do for first home buyers, apart from encouraging the foreign investment that makes new construction possible. Unfortunately, the state is taking exactly the opposite tack.”

QUEENSLAND - Rates rise as land value plummets

A CHINCHILLA pensioner is fed up and wants answers from Western Downs Regional Council after receiving his latest half-yearly rates notice.

Gordon Hodgson is feeling the sting of the increasing cost of rates while the land value of his property continues to plummet.

His rates have risen from $774.01 in February 2015 to $920.27 in February of this year, an increase of $146.26 in two years.

This year the value of Mr Hodgson's land has plunged to $95,000 from $180,000 in 2015.

The 2016-17 Mayoral Budget Statement released in June 2016 said for the majority of residents, rates would increase by 2.9% on average and the average residential property general rate would increase by $23.68 a year or 46 cents a week.

Between 2016 and 2017, however, Mr Hodgson's rates have risen from $801.39 to $902.27, an increase of $118.88 or 14.8%.

Mr Hodgson said he was speaking up because many people in the community shared his concerns.

"This is why I reckon I should mention it because I've spoken to other people and they all say the same thing,” he said.

"I've mentioned it to the council before when I've paid my rates and they just say that's the way it is, they're just ignoring me but they probably do that to everyone.

"It's not me personally, it's an overall complaint.”

Mr Hodgson said his biggest gripe was not the decreased value of his land but that the council had reduced services in the Chinchilla area.

"The council is meant to mow the footpath, it's council property, but for the last three months the next door neighbour has been doing it for me on his ride-on,” he said.

"Everyone I talk to says there is a lack of service and costs are going up.

"One person I spoke to is on the council, when he went on long service they didn't replace him, they just carried on with less staff. They are reducing staff and not keeping up with the work.

"They are reducing their services around town. I get the garbage picked up but there are other things that were done by the council and now they're not, like looking after the parks and gardens and I've heard complaints about the roads.”

The council calculates rates using a rate in the dollar amount, which is multiplied by the unimproved value of a property.

In the past five years from 2012-17 the rate in the dollar amount has risen from 0.004495 to 0.00574.

Mr Hodgson is a pensioner who receives a payment of just over $800 a fortnight and said every six months he paid his rates with "great difficulty”.

"I have a very small reserve which I don't like to touch but what I do is go in and pay it and get my discount for paying early, then I use my bank card to pay it but then I pay that off, you see, so I end up paying the interest,” he said.

The pay-on-time discount applies to residents who pay their notice early but was halved in the council's last budget from 10% to 5%.

Mr Hodgson is also eligible for a pension council rates rebate, a set amount that remains unchanged despite fluctuations in rate prices.

At the end of last financial year, Western Downs Regional Council also decreased the pension council rates rebate by 5%.

"Two years ago my pension rebate was $209.32, this year it's $209.96. My rebate has only gone up by 64 cents," he said.

Mayor Paul McVeigh said council had a "rates baseline" it needed to maintain, and also said he was disappointed to hear criticism of Western Downs Regional Council's Parks and Gardens team.

"Our parks and gardens crew have greatly improved what they do, it's been a priority of ours," he said.

"We have just started consulting on and planning for Chinchilla Botanical Garden.

"The team works hard to upkeep the gardens and for the development of our community ... our crew have been doing a great job, so I am really disappointed to hear that.

"People would be disappointed if we didn't deliver a high standard of liveability in our communities ... if we stagnate our rates our services would drop off.

"Land values decrease but the costs for council of maintenance and the upkeep of our communities doesn't ... we have a rates baseline we need to achieve to provide services."

Cr McVeigh said while he understood people liked to "keep money in their pockets", there was a monetary value the council needed to reach to run to budget.

The council is currently working on its next budget, which is due to be released in June.

"We want to be as efficient as we can, we are really focused on providing the best of service at the most economical cost to provide services to the community," Cr McVeigh said.

Tasmanian family refuses to pay council tax on 'God's land'

The Beerepoot family have not paid their rates for seven years, according to the council, and say that doing so would be bowing down to a false god

A Tasmanian family has refused to pay council rates for seven years because they believe the land belongs to God.

The Beerepoot family own the Melita Honey Farm, a popular tourist stop in Chudleigh, northern Tasmania. In correspondence with the Meander Valley council they said they believed they had no ownership over the land and that to pay rates, and claim ownership by implication, would be bowing down to a "false god".

The council was due to vote on Tuesday on whether to forcibly sell the land to recoup the unpaid rates, which come to $10,978, including interest.

"It would be disappointing in one respect to go down that path, but on the other hand they have to pay their rates," Meander Valley mayor Craig Perkins said.

"If we said, 'no, they don't have to', we would all convert to some deep Christian beliefs, or other deeply-held religious beliefs and claim that we didn't have to pay it either."

According to council briefing notes, the Beerepoots, who migrated from the Netherlands in the 1980s and moved to Tasmania in the 1990s, have been steadfastly refusing to pay rates since July 2010, despite a series of warnings from the council and one attempt by a councillor to use a textual analysis of scripture to convince them that paying rates did not undermine worship in God.

“Council’s world view is that the ‘law of the land’ governs life and thus also provides progress, growth and security,” a letter from the Beerepoots to the council argued in February.

“On the other hand, we believe that our heavenly father is sovereign and that he reigns today, thus we worship him and him alone so that his will is established on the Earth … you are asking us to bow down to a false god which is something we cannot do.”

The unpaid rates cover three properties: the honey farm shopfront in Chudleigh, a nearby house and a bed and breakfast at the nearby township of Mole Creek.

The council previously seized and sold a car owned by the family to recoup unpaid rates, but Perkins said continuing to seize smaller assets would not resolve the problem in the long term.

“The challenge with that process is that you can do it now to clear the debt that does exist, but you can’t clear forward rates … it becomes this ongoing process,” Perkins said.

He said it was not uncommon for the council to auction plots of vacant land to recoup unpaid rates, but this was a “very unusual” case.

“Unfortunately if we are to collect the unpaid rates on the three properties then we have to sell all three properties,” he said.

Fanny Beerepoot declined to talk to Guardian Australia.

“This is a conversation between us and our heavenly father and the council, and we are not commenting to the media,” she said.

TASMANIA - God's land: Tasmanian council considers property sales after family refuses to pay rates

The Meander Valley Council in Tasmania's north-west may sell the home and business of a family who said they do not have to pay rates because God owns their land.

The council claimed it was owed $9,332 in unpaid rates on one property at Mole Creek, and two at Chudleigh, one of which is the Melita Honey Farm.

A report to be considered at Tuesday's council meeting said the council had been trying to recover unpaid rates on the properties since 2010.

It said council officers met with the owners in November 2016, and they confirmed they would not pay the rates.

"They steadfastly reaffirmed their belief that the land was not theirs, but that of the Heavenly Father, that the council would be taking the land from him and that was a matter between council and God," the report read.

The most recent correspondence from the family cited in the report contrasted the council's adherence to the "law of the land" with the owners belief that:

"Our Heavenly Father is Sovereign and that He reigns today, thus we worship him alone so that his will is established on the Earth ... you are asking us to bow down to a false god which is something we cannot do."

The report noted the council could pursue the unpaid rates through the Magistrates Court, but recommended the council resolve to sell the properties to recover the money.

Meander Valley Mayor Craig Perkins said there was no religious exemption from paying council rates.

"Under law, people who are owning properties, the title owners are required to pay rates, under legislation, and people's Christian religious beliefs make no difference," he said.

"If we exempted them on this occasion, everybody would start saying they have a religious belief and don't have to pay rates.

"So it's not fair on the rest of the ratepayers, either."

Councillor Perkins said it was a rare situation.

"Most unpaid rates on properties are a result of land where someone may have been deceased for some time ... and normally they are resolved," he said.

"We sell the property and it doesn't affect someone's home and livelihood, or we come to an arrangement where they can repay their debts.

"So taking this step to have to potentially sell a person's home and their business to collect unpaid rates is unusual."

The properties' owners confirmed to the ABC the council's account of their comments, but declined to be interviewed.

What do the Australian housing market, Trump and Brexit have in common?

The OECD's latest outlook on the global economy focuses on the risks to growth – and the Australian housing market rates among them

The latest OECD world outlook released on Tuesday highlights that while the world economy is beholden to the risks of Donald Trump's presidency and Brexit; the concern in Australia is housing prices and the need to ready ourselves once again for a time when the Reserve Bank increases interest rates.

Risk is a big issue for the OECD. The latest update of its outlook has thrown off somewhat the gloomy tone of the financial crisis years, but it has hardly adopted a giddy disposition. The headline is one of concern overshadowing (limited) joy: "Will risks derail the modest recovery?"

Across the OECD, 2017 and 2018 look to be better than the post-GFC years of 2011 to 2015. The big exception is the UK, which the OECD sees achieving GDP growth of just 1.0% next year due to Brexit uncertainty and the impact of rising inflation.

For Australia, the OECD's outlook is similar to that of the Reserve Bank's, with GDP growth improving in 2018 to 3.1%.

But the risks to this growth remain prominent in the minds of the OECD boffins. The subtitle of the update is "Financial vulnerabilities and policy risks". The policy risks most acute are those of the Brexit and the Trump administration.

While the report does not name Trump, there is little doubt who is at the forefront of their minds when it notes that "there is significant uncertainty about the future direction of trade policy globally, in part because of falling public support for trade in advanced countries connected to disparities in outcomes across industries, workers and regions."

It also notes that "falling trust in national governments and lower confidence by voters in the political systems of many countries can make it more difficult for governments to pursue and sustain the policy agenda required to achieve strong and inclusive growth."

But while these issues affect Australia as well, for the most part the risk the OECD applies to Australia relates not so much to policy but to financial vulnerabilities.

Last week, the OECD's report on Australia highlighted the concern over a housing price crash, and again in this OECD-wide report, the issue is given specific attention.

Generally Australia doesn't feature much in such reports, and so it is significant that the only mention made of our economy is when it notes that "some countries have experienced rapid house price increases in recent years, including Australia, Canada, Sweden and the United Kingdom." Rather pointedly it notes that "past experience has shown, a rapid rise of house prices can be a precursor of an economic downturn".

But the issue is not just that house prices may fall and with it people's incomes, it is that people in Australia are much more in debt than they once were – and thus moves to dampen house prices through increased interest rates will have a sharp impact on consumer spending and people's likeliness to default.

Across the OECD, the report notes that "although there has been a slower accumulation of household debt in recent years, mortgage-debt-to-income ratios remain high in many countries".

In Australia it is not just high but record high. Housing debt is now equivalent to 132.2% of household annual disposable income – well above the pre-GFC peak of 113.1% in September 2008.

And that point is important because that was when Australian households were paying a record amount of their disposable income on mortgage interest repayments. At 11% of quarterly disposable income it remains well above the current level of 6.8%.

The reason that we are currently paying less in interest despite having higher levels of debt is, of course, because interest rates are much lower now. And that is where the big risk from both the policy uncertainty and financial vulnerabilities nicely merge.

Since the election of Donald Trump the general view has been that inflation across the world is set to increase. This mostly comes from a belief that Trump is more likely to provide stimulus to the US economy than would have Hillary Clinton – first, because Trump promised such policies and, second, because the Republican party in Congress, which could limit such spending, only cares about the budget deficit when the president is a Democrat.

As a result, the interest rate (or yield) for government bonds both in the USA and in Australia has risen.

This matters not just because of the increased costs to our government to borrow money, but because the rates of government bonds do not stray too far away from the level of the cash rate.

The increase of the rate of two-year Australian government bonds from a low of 1.41% in August to now 33 basis points above the cash rate at 1.83% suggests the market is anticipating a rise in the cash rate over that time.

Indeed, the market is now fully pricing in a rise to 1.75% by June next year:

Some banks are already predicting a rate rise to occur this year. The RBA in its statement on Tuesday certainly gave no indication that this will occur.

Mostly its language was the same as in February. Certainly the bank was no more bullish about the economy than it was with its rather optimistic outlook in February.

In February, it said that "growth in full-time employment turned positive late in 2016." On Tuesday, the language had been changed to strike a slightly more cautious note: "the unemployment rate has been steady at around 5¾ per cent over the past year, with employment growth concentrated in part-time jobs".

But the OECD certainly is sounding the warning that the RBA needs to act. As I noted in January, the latest housing finance data suggests prices will continue to pick up over the next six months.

It has now been a record 76 months since the RBA last increased interest rates. And with our current record levels of debt, any rise going to have a much greater impact than in the past. But while the bank will be concerned about the impact of a rate rise of consumer spending, the signs are that this period of no rate rises will end sooner rather than later.

VICTORIA - A tax on vacant properties

Melbourne's current property market has led the Victorian government to consider extending the land tax framework to impose a tax on vacant properties in the inner and middle areas of Melbourne.

A recent fact sheet released by the Victorian State Government indicates that a Vacant Residential Property Tax equivalent to 1% on the 'capital improved value of the taxable property' is being considered on properties that are not available for rent or purchase within certain Melbourne suburbs.

Owners of properties that are vacant for more than 6 months will be liable to pay 1% on the capital improved value of the taxable property (which is displayed on a homeowner's rates notice and determined as part of the council's valuation process) and will be required to self-assess their liability. This means that property owners are required to inform the State Revenue Office (SRO) when their property becomes liable by being vacant for 6 months – but the SRO states that it "will also undertake monitoring and compliance activities".

A number of practical exemptions will be applied to recognise those properties with legitimate reasons for vacancy including holiday homes, city units required for work purposes, deceased estates and homes owned by Victorians who are temporarily overseas.

The Vacant Residential Property Tax will be incorporated into the current Victorian Land Tax framework and intended to apply from 1 January 2018. Consultations with industry bodies are currently in process.

NEW SOUTH WALES - Parramatta Council proposes pushing ahead with value-capture scheme

The City of Parramatta Council is proposing to push ahead with an ambitious scheme to make property developers help subsidise the $1 billion in infrastructure needed for the fast-growing area.

The scheme would return to the council about half the value of rezoned land above certain thresholds in the central business district, which will continue to be subject to significant high-rise development.

Premier Gladys Berejiklian has defended her government's decision to keep Sydney council mergers while abandoning those in regional parts of the state.

"Infrastructure is a critical component of any great city and we have to plan for the future to ensure our needs are met," said the council's administrator, Amanda Chadwick.

The proposal, mooted by the former Parramatta Council last year, had been resisted by developer groups who said it could undermine investment in the region.

But Ms Chadwick released on Friday a peer review of the proposed "Planning Uplift Value Share" scheme, which largely endorsed the idea. She also released documents detailing the need for the funds created by the scheme.

Under the scheme, up to 50 per cent of the value created for certain rezoned residential developments would be returned to the council.

Similar schemes have been applied elsewhere in Sydney, at development sites such as Green Square in the City of Sydney council area, and at Macquarie Park in the City of Ryde.

The novelty of the Parramatta proposal, however, is that it would apply across the whole Parramatta CBD. It would apply only to residential developments, in order to promote commercial or job-creating developments in the area. It would not apply to developers seeking to build within existing planning controls.

Separate analysis has identified the need for about $1 billion in local infrastructure to complement the rapid development of Parramatta's CBD. Some of the projects identified include a new civic centre in Parramatta Square, to include a new library and meeting space; a flood mitigation program for the Parramatta River; $60 million for a new swimming pool and leisure centre; as well as extensive street-works.

Tim Williams, the chief executive of advocacy group Committee for Sydney, said Parramatta's plan represented "some deep thinking about the infrastructure required support growth".

"It's got a good economic and planning basis," Dr Williams said. "We don't do this enough. We have historically let areas grow and there hasn't been enough infrastructure behind the plan."

However Chris Johnson, the chief executive of developer lobby the Urban Taskforce, said the proposal was "worrying" in that it appeared to treat the planning system as an income generator.

"Parramatta's misusing the planning system to generate funds for infrastructure, and basically the rules are being manipulated to sell floor space," Mr Johnson said.

On Parramatta's analysis, it would face a funding gap of up to $549 million without the value-sharing scheme. But the scheme could reduce that funding gap to as low as $26 million, it said.

Submissions on the funding scheme are open until Friday, March 24.

NEW SOUTH WALES - Insider says NSW government is using wrong model to privatise land titles registry

Serious concerns are being raised about the Berejiklian government's land titles registry sell-off, with multiple parties privy to the process claiming it is being rushed and the wrong model is being used.

One source in the data room says the auction of Land and Property Information (LPI) is going too fast and critical details are being missed, while another insider warns the public might be short-changed $3-4 billion.

The well-placed insider questioned why the government was treating LPI as an infrastructure asset when it was a data and technology one.

"They're using a model that works for ports, toll roads and power stations, but LPI is completely different; it's a technology asset on the cusp of the biggest technological change in 150 years [moving from paper to electronic titles]," he said.

"They should be using the Telstra model and progressively privatising LPI, which will raise capital, create a commercial focus and fund the building of digital technology and services."

The government is leasing LPI for 35 years and hoping to reap $2 billion, which it plans to spend on rebuilding sports stadiums, despite protests from peak bodies for lawyers, developers and surveyors, that say the integrity of the state's world-class land titles system is at stake.

LPI, which enjoys a 70 per cent profit margin, generated $190 million in revenue in 2015-16. Fees for regulated products will rise by CPI each year.

"It's a bargain, and I believe they're under-selling it by $3-4 billion," the insider said.

He says there's confusion as to why the government was rushing the process, especially with an enviable balance sheet. This claim was backed by a potential buyer.

"There's a sense of urgency and it's very end-date driven," he said. "It's been more about getting this done and not about whether it's being done in the right way."

The source revealed there was a small group within government "hell bent" on privatising LPI. He added there was an "unhealthy influence" of the big infrastructure companies.

"There's an unholy alliance of consultants and advisers, all of whom are earning good fees, and there seems to be a pre-destined outcome," he said. "It's a privatisation feeding frenzy."

Four consortiums, three of which are led by infrastructure heavyweights Hastings, Macquarie's MIRA, and Canada's Borealis (which owns Teranet), will submit their binding bids on March 30. Private equity firm The Carlyle Group is also in the race.

Treasury has spent about $6.5 million on consultants, including $4.3 million on sale adviser JP Morgan. Andrew Best and Jeremy Larkin, managing directors at JP Morgan, didn't respond to a request for comment.

Treasurer Dominic Perrottet did not directly respond to the allegations.

Until mid-last year, the media had reported the LPI was worth $500 million and would be pitched at property valuation and data industry players.

In December, then premier Mike Baird defended the sell-off, pointing to privately run land registries in Canada and saying "there are no concerns".

But fees have skyrocketed and Saskatchewan province's registry was recently knocked offline for six days.

The insider claims JP Morgan had tailored the "flawed" NSW privatisation model to suit infrastructure giants.

He couldn't understand why a Canadian company was in the running to operate the registry.

"It's odd because the model in Canada hasn't gone so well, and in Ontario, the operator has been criticised for their lack of innovation, lack of progress," he said.

The three infrastructure-led consortiums bidding for LPI have teamed up with data companies, including Computershare, Advara and Link Group.

The source revealed the bidders wanted to ultimately create one, national "super registry".

He says South Australia's Labor government was "piggybacking" off NSW's auction, and predicts the group that "wins one, wins all".

As Treasurer, Gladys Berejiklian said, apart from SA, "at least one other Labor state is also [interested in privatising its land registry]".

But every other Labor government - Victoria, Queensland, and North Territory - said they had no such privatisation plans.

The source questioned why a foreign player should take LPI's profits, which currently funds other government functions.

"It's a government mandated monopoly that's enormously profitable, and I'd rather NSW benefit from their own registry," he said.

Mr Perrottet said he wouldn't comment on "baseless" speculation from unnamed sources.

"This government has an unparalleled track record for reform that delivers the best possible services at the best value to NSW taxpayers, and that's exactly what our LPI reform will deliver too," he said.

He has previously said the concession will lead to improvements, innovation, investment in technology and increased efficiency.

Multiple sources say the LPI "handover date" is April 1.

QUEENSLAND - 'No logical explanation': Brisbane's soaring land valuations puzzle experts

Thirteen Brisbane suburbs have seen an increase in residential land value of $75,000 or more since the last valuation, according to the Queensland valuer general.

Overall, the latest valuer general's report shows residential land values in Brisbane increased by 10.3 per cent, with a median residential land value of $430,000.

Land valuations in some Brisbane suburbs have risen up to 30 per cent, which is "bad news" for home owners who now expect their rates will go up. Nine News

While Valuer general Neil Bray said the valuations are "all down to the market", experts said these valuations are well above Brisbane's residential property price growth.

"There's no logical explanation for it, the Brisbane market value of land has not gone up by 10 per cent," said Simon Pressley, market analyst and managing director of Propertyology.

Domain group chief economist Andrew Wilson agreed, and said the 10.3 per cent figure does not reflect the "consistent numbers" Brisbane has had for prices growth in the housing market.

"The median house price we're tracking at about 3-4 per cent on an annual basis, and that really reflects land (value) at the end of the day."

According to the latest Domain Group house price report, Brisbane's median house price grew by 4.5 per cent year on year.

Mr Bray said new valuations have been sent to about 1.2 million landowners, and cover about 73 per cent of all properties in Queensland.

The valuations will be used by local councils to determine rates - and given the numbers, rates look set to increase for landowners in a large number of suburbs.

The Brisbane suburbs that have seen the largest percentage increase in residential land values are two east Brisbane suburbs.

Gumdale saw an increase of 30.1 per cent to $475,000, an increase of $110,000. The next highest percentage increase was Wakerley, with residential land values increasing by 29.4 per cent, or $100,000.

Mr Pressley said the valuer general's figures are puzzling.

"To suggest that in Gumdale or Wakerley the value of land has gone up 30 per cent is ridiculous," he said.

"Nothing spectacular happened in these suburbs to make them worth so much more."

Dr Wilson said the inner Brisbane market was the strongest with solid annual growth of about 5-6 per cent, but that still does not explain the valuer general's figures.

"The auction clearance rate is so-so, auction volumes haven't changed much on last year's, and the market is going quite reasonably but 10 per cent is quite an increase," he said.

"It's a big number."

Mr Bray said registered valuers "thoroughly analyse" movement in the local property market to come up with valuations.

"Land values can be influenced by a number of factors including proximity to major shopping centres or transport orientated hubs; being in a prestige location or otherwise sought after area; infrastructure projects and builder activity," he said.

"An individual valuation is based on the how it compares with available sales evidence.

"Only the land is valued and valuations do not include structural improvements on the land such as houses, buildings and fences."

But even with solid data collection, Mr Pressley said numbers can become more unreliable when it taken down to suburb level.

"The number of sales within that gets so small, you can end up with large fluctuations," he said.

"We just need to take that with a grain of salt."

Mr Bray said landowners who think their valuation is incorrect and can provide information to support that claim can lodge their objection on the Land Valuations website.

QUEENSLAND - RATE RISE: Why you have nothing to fear

LAND valuations have increased a whopping 12.6 per cent on average across the city but Mayor Paul Pisasale has assured residents they have nothing to fear when rate rises for the 2017/18 year are unveiled in this year's council budget.

Cr Pisasale said figures released by the Queensland Government Valuer-General this week revealed it was boom times on valuation increases in South Ripley (29.31%), Camira (24.98%), Springfield (23.53 %), Augustine Heights (20.24%), and Springfield Lakes (19.41%).

Older suburbs closer to the CBD also experienced significant growth with North Ipswich (14%) and West Ipswich (17.7%) among the major movers.

Cr Pisasale said he wanted to assure residents the council would be reviewing rates "so we can minimise rate increases" in light of the new valuations.

"If we went on just the valuations people's rates would sky rocket," he said.

"But to keep the rates affordable what we will do is minimise and change the rate in the dollar.

"Property valuations have gone up by 12.6% but we can reduce the rate in the dollar charged by 12.6% so we keep the (rate increases) close to inflation.

"I can guarantee residents we won't be increasing rates by 12.6%.

"They are going to get the benefit of an increase in the value of their land without having that increase imposed on their rates.

"We have already started carefully considering a full range of options before the new valuations take effect on July 1, 2017.

"I have always kept rate rises close to inflation or under inflation."

There are different rate categories but based on an average Ipswich residential property payment in Category 1, the rate charge for the 2016/17 year, as revealed in last year's budget, was 0.8050 cents in the dollar.

That translated to an average rate charge of $1247.75, up from $1201.10 the previous year. That was an increase of 3.88%.

Cr Pisasale said there were 71,403 rateable properties in Ipswich

He said the total value of land in Ipswich had reached a record $14.8 billion based on the 2017 valuations.

He said the increase of more than $1.7 billion in one year reflected the on-going sustainable growth in the city and region.

"These numbers are a sure sign we are on the right track however we must continue to strive at maintaining housing affordability," he said.

"We are playing our part in sustainable growth and working hard to meet our population obligations under the South East Queensland Regional Plan.

"It is not what you buy your land for, it is what you sell it for.

"You want to sell it for more than what you pay for it and we have seen a $1.7 billion increase across the city

"Property values were once dropping and we had no respect, but now the residents' values are going up.

"The value of people's land went up 12.7% overnight so their can now borrow more from their bank."

Victoria to tax investors who leave properties vacant for more than six months

Daniel Andrews's government says it expects to raise tens of millions of dollars a year from the housing affordability policy

Investors in Victoria who buy properties only to leave them empty will attract a new vacant residential property tax, a move the state government says will help free up properties to renters and first home buyers.

The tax will take effect from January and will mean owners who "unreasonably" leave properties vacant for more than six months each year will face a tax levied at 1%, multiplied by the capital improved value of the property. For example, if the property has a capital improved value of $500,000, the amount paid each year would be $5,000.

Victoria's treasurer, Tim Pallas, told ABC radio 774 in Melbourne on Monday that "I hope I don't raise a cent out of it" because he would prefer people made the properties available to renters or for sale. However, the government has said it expects to raise tens of millions each year from the policy, with 20,000 dwellings in metropolitan Melbourne currently vacant.

There will be exemptions – for example, for holiday homes, deceased estates and homes owned by Victorians who are temporarily overseas.

It is one of a range of measures announced by the Victorian government over the past week in an attempt to make housing more affordable to first home buyers. The government has abolished stamp duty for first home buyers who purchase a property below $600,000, while those buying a home valued between $600,000 and $750,000 will also be eligible for a concession, applied on a sliding scale.

The exemption and concession will apply to both new and established homes.

"A lot of these efforts are doing what the commonwealth should have done," Pallas said.

Associate professor Ashton De Silva from the Centre for Urban Research at RMIT University said there was a number of reasons people held on to empty property. Some investors only wanted to hold property for a short period of time and aimed to sell it in a rapidly appreciating market, making a quick profit. For those people, renting a property out in the meantime could be a hassle. Others were trying to avoid various taxes.

"The integrity of this policy will be directly linked to how well some of these counter-measures, such as exempting holiday homes, are carried out," DeSilva said.

“Home ownership and investing are such complex areas and, in some cases, people are going to look at this tax and say, ‘OK I’ll just get rid of it’. But I’m not convinced the government will raise the revenue from this policy that they are currently projecting.”

On Monday the federal treasurer, Scott Morrison, told 2GB radio in Melbourne that housing affordability would be a “key issue” for his second budget.

He said of the Victorian government’s policy announcements, “Good on them for having a crack at this.” But supply was the key issue, he said, adding that he believes the measures will ultimately drive up property prices.

“At the end of the day, if that just means people just bid up more at the auction because they can borrow more because they don’t have to pay stamp duty then obviously that will take prices in one direction ... without addressing the supply issues,” he said. “You have got to get more houses built.”

During a press conference in Melbourne on Monday, the prime minister, Malcolm Turnbull, agreed, saying there was a need to get more dwellings approved, especially around transport infrastructure.

QUEENSLAND - Valuer's report into land prices released

LAND values have fallen by an average of 8.6% in the Mackay region, but it's not all bad news.

According to the latest Valuer-General's 2017 Property Market Movement Report, the value of land in Mackay decreased by an average of 8.6%, surpassed by only Rockhampton (-8.7%) and Gladstone (-20.6%) in this year's valuations.

The Valuer-General's office valued 28 local government areas in 2017. These valuations are used to calculate Mackay Regional Council rates.

"Mackay, the Bowen Basin's major industry support area, continued to feel the impact of the resource recession," the report states.

"All urban property markets experienced at least minor reductions, the hardest hit being multi-unit and development markets."

The value drop is even worse in small mining communities, with some land values dropping up to $2000 a week.

"Property values have reduced in the mining towns of Bowen, Collinsville, Capella, Blackwater and Bluff," the report stated.

"The improved residential property market in many towns has dropped 30-50% from the peak values of 2013.

"The residential rental market reduced from up to $2000 per week in some towns to significantly lower levels."

The multi-unit market in Mackay has fallen by 12.6% to $241million.

However, there were some sectors that were not as affected by the mining downturn in Mackay.

Commercial property values were down just 2.7% and farmland just 0.4% lower.

Of all the local government areas in this year's valuation, Mackay is the only one that had a negative result in rural properties.

The worse affected was industrial land, which fell by 14.5%, to $395 million.

Local government areas property values (average price in dollars):

- Mackay - residential (142,000) down 9.8%; rural residential (160,000) down 8.6%
- Whitsunday - residential (104,000) down 8%; rural residential (170,000) down 1.5%
- Bundaberg - residential (116,000) up 1.8%; rural residential (98,500) down 5.3%
- Townsville - residential (143,000) down 2.1%; rural residential (190,000) steady 0%
- Rockhampton - residential (105,000) down 9.5%; rural residential (140,000) down 11.1%
- Brisbane - residential (430,000) up 10.3%; rural residential (640,000) up 4.9%

QUEENSLAND - Brisbane's Hamilton, Chapel Hill, Seven Hills Land Values Rise: Valuer-General

The latest report from Queensland's Valuer-General, titled 'Valuer-General's 2017 Property Market Report' has revealed that the volume of property lodgements recorded with the Registrar of Titles increased over the first half of the 2016–17 financial year with an average of 3105 daily lodgements, up 1 per cent from the previous financial year. Brisbane's land values have increased six per cent overall since the last valuation in 2016.

Two methodologies are used to undertake statutory land valuations in Queensland—site value and unimproved value. Site value is used to value all non-rural land. It is the amount for which non-rural land could be expected to sell for, at the date of valuation, without any structural improvements on the land (e.g. houses, buildings or fences).

Unimproved value is used to value rural land. It is the amount for which rural land could be expected to sell for, at the date of valuation, without physical improvements such as houses, fences, dams, levelling or earthworks.

Trends

An increase in urban land values has generally occurred in Brisbane and its environs, the Gold Coast and Gympie. In contrast, regional Queensland generally experienced static to falling property values, in particular those communities in local government areas that have a close relationship to the resources industry such as Central Highlands, Gladstone, Mackay, Maranoa and Western Downs.
Brisbane Land Values

Land values in Brisbane increased by six per cent overall since the last valuation issued in 2016. Commercial and industrial markets were largely static, multi-unit properties recorded a slight increase in overall value, while residential and rural residential markets recorded minor increases to median values.

The Queensland Government and Brisbane City Council have a vision to develop a number of landmark projects including the Queens Wharf and the Howard Smith Wharves. Other major projects currently under consideration include the Cross River Rail and the Brisbane International Cruise Ship terminal.

The single unit residential market in Brisbane was the subject of significant competition in 2016 from local, interstate and international buyers. In this year's annual valuation of single unit residential land, 47 suburbs' median value did not increase, including the suburbs of Ferny Grove, Algester, Heathwood, Carseldine, Westlake, New Farm, Taigum, Kangaroo Point, Durack and Woolloongabba.

Local government area	Residential		Rural residential	
	New median value ($)	Median value change (%)	New median value ($)	Median value change (%)
Balonne	24 500	-34.7	62 000	-35.4
Barcaldine	49 500	-14.7	72 000	-22.6
Blackall-Tambo	25 000	-39.8	79 000	0.0
Brisbane	430 000	10.3	640 000	4.9
Bundaberg	116 000	1.8	98 500	-5.3
Carpentaria	31 500	57.5	108 000	100.0
Cassowary Coast	68 000	-9.3	113 000	2.7
Central Highlands	56 000	-15.2	125 000	-28.6
Croydon	10 800	-29.9	18 700	-30.1
Gladstone	113 000	-27.1	126 000	-11.3
Gold Coast	320 000	8.5	370 000	8.8
Goondiwindi	75 000	0.0	116 000	3.6
Gympie	88 000	7.3	127 000	5.8
Ipswich	155 000	11.5	245 000	11.4
Livingstone	128 000	-12.3	170 000	-5.6
Logan	220 000	18.9	305 000	15.1
Mackay	142 000	-9.8	160 000	-8.6
Maranoa	59 000	-54.6	152 500	1.7
Mareeba	80 000	9.6	185 000	10.5
Moreton Bay	232 500	5.7	315 000	3.3
North Burnett	38 500	-6.1	56 000	-3.5
Rockhampton	105 000	-9.5	140 000	-11.1
Somerset	89 000	0.0	150 000	3.5
Southern Downs	88 000	-1.1	125 000	-3.9
Tablelands	97 000	2.1	152 500	0.0
Townsville	143 000	-2.1	190 000	0.0
Western Downs	39 500	-52.4	55 000	-9.8
Whitsunday	104 000	-8.0	170 000	-1.5

Queensland-wide land values. Source: Valuer-General, Queensland.

87 suburbs recorded minor to moderate increases of up to $50,000 in median value including the suburbs of Zillmere, Mt Gravatt, Lutwyche, Kenmore, Annerley, Windsor, Aspley, Ascot and Bulimba. A further 32 suburbs in varying locations across the city recorded an increase in the median value from $50,000 and below $75,000 including the suburbs of Camp Hill, Mansfield, Salisbury, Auchenflower, Bowen Hills and Chermside. Thirteen suburbs recorded a median increase at or above $75,000 including the suburbs of Hamilton, Chapel Hill, Seven Hills, Carindale, Holland Park and Sunnybank.

The multi-unit sector had a slight increase overall, this was driven in part by the Brisbane City Plan 2014. The city plan has continued to drive interest in apartments in some localities although concerns with demand and over-supply has curtailed activity in the second half of 2016 particularly in the CBD and CBD fringe.

Gold Coast

Gold Coast City land values have generally increased from the 2016 annual valuation. While the key contributors to the overall increase were in the residential and multi-unit sectors, increases were recorded across most market sectors. Most residential localities recorded minor increases in value, the stronger increases being in Carrara, Nerang, Palm Beach, Clear Island Waters, Bundall and Palm Beach. Areas with lower levels of increase included Pacific Pines and Helensvale with no change to minor land value increases.

Driven by demand from offshore developers, Surfers Paradise and Broadbeach recorded significant increases in multi-unit land value. Other multi-unit land values along the coastal strip and Broadwater recorded no change, to minor increases in value, with more moderate increases noted at Palm Beach. Away from the waterfront, multi-unit land values generally experienced minor increases in value

NSW homeowners set to pay $185 annual fire services levy via council rates

NSW home owners will learn from May 1 exactly how much they will pay each year to fund fire and emergency services under a new system that will see an average $185 added to council rates notices.
Treasurer Dominic Perrottet will on Tuesday introduce legislation to usher in the Fire and Emergency Services Levy from July 1.

Currently three-quarters of the annual $950 million cost of funding Fire and Rescue NSW, the Rural Fire Service and the State Emergency Service is funded via a tax on insurance companies, passed onto customers via higher premiums.

The new system instead charges all landowners in NSW an annual levy.

For residential landowners and owners of "public benefit land" such as churches and scout halls, there will be an annual fixed charge is $100 plus an additional amount calculated on the unimproved land value determined by the NSW Valuer-General.

For farms, industrial and commercial landholders the fixed charge will be $200 plus the additional amount.

The precise amount charged to each landowner will be determined by the size of each year's emergency services budget but the government is estimating an average levy of about $185.

Land owners will be able to visit the fire services and emergency services levy website to calculate their annual payment from May 1 - the date at which the 2017-18 emergency service budget will be known.

The shift to a levy on land was recommended by a 2013 parliamentary inquiry which found that 36 per cent – or 810,000 landowners – who do not have home contents insurance would pay the levy for the first time.

But the government says for fully-insured homeowners the fire services levy contribution should drop from an annual average $233 to $185, for a saving of $47 a year.

Professor Allan Fels has been appointed as NSW Emergency Services Levy Insurance Monitor to ensure insurers pass on savings to customers.

The government estimates the proportion of the emergency services budget raised from residential land will be 58.1 per cent. For commercial land it will be 26.7 per cent, industrial land 10.4 per cent, farmland 4.6 per cent and public benefit land 0.3 per cent.

The proportion contributed by a levy on residential land and farm land will be the same as under the old system, while the proportion from public benefit land will fall from 0.8 per cent.

The proportion from industrial and commercial land - 37.1 per cent - increases slightly from the existing 36.6 per cent.

Other changes to the green slip system to be announced on Tuesday include limiting compensation awarded to people with whiplash and minor injuries to six months and capping lost earnings claims by those with serious injuries to two years.

The scheme will also be extended to cover motorists who are at fault in an accident, but their benefits will only be covered for six months.

Seriously injured motorists who are not at fault in accidents will continue to be able to claim lump sum compensation in addition to income and medical benefits.

NSW motorists have the highest premium costs in the country but only 45 cents in every dollar paid for each green slip returns to people injured on the road with the balance going to legal fees, administration costs and insurer profits.

A bill will be introduced to parliament this week and, if approved, the new scheme is expected to take effect by December.

Tax changes to property 'not unreasonable'

Mark Steinert, head of the country's largest residential developer, Stockland, says curbing the excesses of negative gearing on property investments should be considered in an effort to improve Australia's housing affordability problem.

Mr Steinert, who said any reform should be part of a wider package of tax reform measures, has also been a big advocate of increasing supply and improving planning to help solve the affordability problem.

"Some type of sensible and fair cap on negative gearing isn't unreasonable," Mr Steinert told The Australian Financial Review. "If people are taking advantage of the system and having a disproportionate influence … Putting some sort of restrictions on that isn't unreasonable, but they have to be thoughtful and not knee-jerk."

New house price figures on Wednesday starkly showed the lack of affordability. Home values in Sydney jumped 2.6 per cent last month alone in Sydney, in contrast to an average annual wage growth of just 1.9 per cent, CoreLogic figures showed. The record low yields on residential property suggested investors were counting on negative gearing to offset cash losses, CoreLogic head of research Tim Lawless said.

Mr Steinert's suggestions are more modest than the Labor Party's election policy last year to limit the tax break to new homes only and are in line with proposals Treasurer Scott Morrison made before the election – and before the Coalition government ruled out any such changes.

Stockland is one of the largest diversified property groups in Australia. Stockland owns, manages and develops a range of assets including shopping centres, office and industrial assets, residential communities and retirement villages.

"It could be a dollar-value limit on deductions, or the number of properties that can be negatively geared," Mr Steinert said.

Like many in the property industry, Mr Steinert said boosting housing supply was crucial and that reforms to planning processes would speed up production and cut land costs.

But his comments contradict the stance on negative gearing of the Property Council of Australia – of which he is president – and reopen the door to a crucial debate about tax policy ahead of the May budget and at a time when the country is grappling with deteriorating housing affordability that is making it harder than ever for first-home buyers to enter the property market.

Mr Steinert, who argued that affordability was a complex problem that needed a range of solutions, backed the Property Council's position that the capital gains tax deduction on investment profit could be cut to 40 per cent from the current 50 per cent, and that any change should be applied to all asset classes, not just property.

Stockland sells nearly three-quarters of its homes to first-home buyers and owner-occupiers and is less dependent on the investors who take advantage of the personal tax breaks available on property investment, so it's an easier argument for Mr Steinert to make than for other developers. But the nuanced intervention of the country's largest developer could break an impasse that has seen discussion about much-needed reform paralysed by political posturing.

Economist Saul Eslake, an advocate of changes to negative gearing, said Mr Steinert's comments were "ground-shifting".

"It's breaking the hitherto immutable wall of opposition from the property industry," Mr Eslake said. "Given that he sells primarily to owner occupiers rather than investors, he's in a very good position to judge what the impact of the existing arrangements have been on the relative capacity to buy of owner occupiers versus investors."

Even so, changes of the sort Mr Steinert proposed would only have a minor effect on property investment overall, Mr Eslake said.

"It would do something to knock out the most egregious abuses of negative gearing for tax avoidance purposes," he said.

The Property Council, which represents large developers, said negative gearing was an important part of providing vital supply of new housing.

"We have not seen evidence of negative gearing being abused," chief executive Ken Morrison said.

"Two million Australians own an investment property and of those, 1.2 million Australians negatively gear. Almost nine out of 10 people who negatively gear own one or two properties and the average deduction for those who negatively gear is only $8700. The idea there are large numbers of people with large number of properties negatively geared is not supported by evidence."

A report by the Grattan Institute think tank last year showed wealthier people use negative gearing breaks – which allow investors to offset losses and interest payments related to rental properties against other types of income – more than moderate earners. Almost 40 per cent of all negative gearing gains were made by the top 10 per cent of earners, the report showed.

The average negative gearing tax benefit of a surgeon – of whom 28 per cent negatively gear – was $3811, while the equivalent benefit of teachers – of whom just 12 per cent do it – was $288, the Grattan report showed.

Separately from any curbs on negative gearing itself, appetite for the tax break would fall if there was a reduction in capital gains tax discount, Mr Eslake said.

"If you reduce the generosity of the CGT discount, that of itself would make negative gearing less attractive," he said. "Because if you go back to 1999 when the CGT regime was changed from imposing tax on the real gain at full marginal rate to taxing the nominal gain at half the marginal rate, that represented a more generous tax treatment for property investment because the rate of increase in property prices exceeded the inflation rate by a large margin."

In contrast, growth of the All Ordinaries index had been less than the inflation rate since that time, giving share investors less of a tax break, Mr Eslake said.

"The post-1999 CGT regime has been less favourable to share market investors in general than the property market," he said.

Grattan Institute chief executive John Daley agreed that more was needed to improve housing affordability than just tweaks to capital gains and negative gearing breaks.

"Reforms to negative gearing, and its handmaiden CGT relief, are not going to solve housing affordability by themselves," Mr Daley said.

"The kinds of things that will have a much bigger impact on housing affordability in the long run are around the supply of housing – both the release of new land on the outskirts of our big cities – and, more importantly, the subdivision of the middle ring, which by and large we make very difficult."

Australia needs to hike the GST if it is grow more, says the OECD

Australia's economy has adjusted well to the end of the commodity boom, however sustained growth will require a shake-up of current tax policy, the Organisation for Economic Co-operation and Development (OECD) has said.

Fiscal reform which shifts away from corporate income tax and "inefficient taxes" and instead raises the Goods and Services Tax (GST) and land taxes, is one way to support the economy as it adjusts to the global risk of a "low growth trap", the report on the country said.

Australian GST is a value added tax of 10 percent on most goods and services sales. It is currently levied on most transactions in the production process but is refunded to all parties except the final consumer. Land tax is imposed on owners of freehold land.

Commodity prices peaked in 2011, before reaching their lowest level in over a decade in mid-2015.

Given the economy's exposure to the swings of the global commodity markets, the OECD also recommended a spending ceiling during boom periods, which would help manage debt in the long term.

"The economy is now rebalancing following the end of the commodity boom," notes the report. However, combatting inequality must remain front and centre of the country's political agenda, the OECD recommended.

Real incomes for the top fifth of Australian households grew by more than 40 percent between 2004 and 2014 while those for the lowest fifth grew by approximately 25 percent over the same period.

At approximately 18 percent, Australia's gender wage gap is marginally higher than the U.S. and the U.K. (both 17 percent), and significantly higher than New Zealand's (6 percent).

"Australia's adjustment to the end of the commodity boom has not been painless," the report continues.

"Unemployment has risen, and inequality is rising. In addition, large socioeconomic gaps between Australia's indigenous community and the rest of the population remain."

It recommends introducing innovation programs and adjusting regulation to encourage market entry by new businesses and reduce the dominance of incumbents.

"Developing innovation-related skills will be important for the underprivileged and those displaced by economic restructuring and can help reduce gender wage gaps," the report added.

Most West Aussies say state property taxes impede home ownership

A recent survey conducted by the Real Estate Institute of Western Australia (REIWA) found that 90% of respondents consider state property taxes to be a barrier to owning or investing in property.

Hayden Groves, president of REIWA, said the survey responses make it clear that state property taxes, like transfer duty, place a significant burden on homeowners and investors.

“The first policy reform we are campaigning for is that the over-reliance [of] governments on property taxes must stop,” he said. “The results from our first survey clearly show these taxes are a deterrent to would-be home owners.”

Groves further emphasised that any move from the incoming government to further increase property taxes would make homeownership and property investment less affordable and more difficult for West Australians.

In the weeks leading up to the state election, REIWA campaigned to place property issues firmly on the political agenda. REIWA polled property seekers about the impact state property taxes, such as transfer duty, had on affordability and mobility. The organisation also asked respondents about the impact land tax aggregation rules had on their property investment decisions.

The survey found that 23% of respondents would start investing in property if land tax aggregation rules were abolished. An overwhelming 85% of respondents would invest in property if property taxes did not increase, and nearly half (48%) would invest in additional properties if land tax aggregation rules were abolished.

“It shouldn’t be underestimated the impact state property taxes have on the lives of West Australians. Any increase to taxes would see more people prevented from accommodating themselves in housing appropriate to their needs and circumstances,” Groves said.

Respondents also listed the following as their biggest concerns/hurdles to owning or investing in property:

- Settling taxes such as transfer duty and capital gains tax
- Acquiring finances or savings to bankroll investments
- Meeting the cost of housing

REIWA’s second policy reform proposes that land tax aggregation rules be abolished.

“The knock-on effect this reform would have on the economy is compelling,” Groves said. “REIWA scenario analysis shows in the forward years, a lift in sales activity from abolishing aggregation rules would generate more revenue for the state government from transfer duty and new land tax receipts, over the initial loss from abolishing land tax aggregation.”

Victoria to axe stamp duty for first home buyers on properties worth under $600,000

Daniel Andrews says tax discounts for a home valued between $600,000 and $750,000 will be applied on sliding scale

It will soon be easier for Victorian first home buyers to live the great Australian dream with the government set to axe stamp duty – but there is a catch.

The premier, Daniel Andrews, announced on Sunday that first home buyers will be exempt from the tax if the property is valued at under $600,000 – although there will also be discounts for properties worth between $600,000 and $750,000.

“In the past, if you worked hard and saved enough, you could afford to buy your own home,” Andrews said. “Now, that’s getting harder and harder.

“These changes will help thousands of Victorians make the great Australian dream a reality.”

The scheme, starting on 1 July, is expected to benefit 25,000 first home buyers every year, saving $15,535 stamp duty on a $600,000 property.

Tax discounts for a home valued between $600,000 and $750,000 will be applied on a sliding scale, the government says.

The exemption and concession, unlike the first home owner’s grant, will apply to both new and established homes.

There are also sweeping changes for stamp duty discounts on investment properties, with off-the-plan stamp duty concessions only available for people who intend to live in the property from 1 July.

A vacant residential property tax will also be brought in to address the number of properties being left empty across Melbourne – levied at 1% multiplied by the capital improved value.

But the government says there will be a number of exceptions including holiday homes, deceased estates and those owned by people who are temporarily overseas.

The $50m HomesVic pilot program will also give 400 people the chance to co-purchase a home with the government, who will take take an equity share of up to 25% – in turn reducing the deposit a first home buyer needs.

“By co-purchasing these properties, we’re helping them to get out of the rental market and into their own home sooner,” Andrews said.

Eligible applicants will include couples earning up to $95,000, and singles earning up to $75,000, who will need to have a 5% deposit.

The government says the pilot, starting from January 2018, will be tested across Victoria and, when the properties are sold, HomesVic will recover its share of the equity.

The New South Wales premier, Gladys Berejiklian, is also focused on housing affordability.

“We are in the process of considering all our options,” she told reporters in Sydney on Sunday. “I’m looking forward to saying more about that in the near future.”

Berejiklian asked the former Reserve Bank governor Glenn Stevens for advice on strategies to help first time home buyers into the market.

The RBA under Stevens in 2015 had argued there was a case for reviewing negative gearing tax concessions.

Berejiklian, who has previously said supply was key to affordability, said on Sunday she would first look at what needed to be done at the state level. “But I’m not going to rule anything in or out.

“We know in the past governments have had made decisions which unfortunately have had the opposite effect.

“We don’t want to be in that situation; we want to make sure every decision we take on this important issue has the desired effect.”

Will higher rates be the downside to recent good fortune?

KEN Murray believes Clermont residents are already forking out more than their Isaac Regional Council neighbours in rates, but fears the Blair Athol mine reopening could see them rise even more.

The Clermont property owner said that since the mining downturn his town was slugged with rates about $500 more than residents in other Isaac communities.

Due to a thriving agricultural sector, Clermont was less reliant on the mining industry compared to towns like Moranbah and Dysart.

That meant when the mining sector took a dive, he claimed Moranbah properties lost about 33% of their value while Clermont's only lost about 18%.

As property valuation played a role in councils rates calculation, owners of higher-value Clermont properties were landed with a bigger bill.

And recent changes in the mining sector were only set to exacerbate the difference in between communities further.

Since December more than 150 jobs have been shed in Middlemount area coal mines, and just last week TerraCom announced up to 600 jobs could be created around Clermont as it reopened the Blair Athol mine.

This could lead to a rise in value in Clermont homes, while Middlemount property values dropped.

While Mr Murray said it would only lead to an increase in rates if that state government did another valuation of property, he said in the long run, it would be a concern.

Isaac Regional Council mayor Anne Baker said "there's no doubt there's inequality in our region in relation to general rates”.

However she said "we have listened and we are listening” to the concerns of residents, and would seek to address these concerns in the future.

She also said while it had no input into the decisions made by mining companies in relation to job offerings, it would seek to manage those impacts.

Council chief executive Gary Stevenson confirmed the valuation set by State Government is the basis upon which the rate in the dollar adopted by Council applies.

"Following meetings with ratepayers late in 2016, Council committed to ensuring their concerns will be given due consideration when setting rates and charges for 2017/18,” he said.

"Council also made an important decision at that time to defer introduction of its new water charging arrangement by a year which was an immediate benefit to ratepayers."