

ACT GOVERNMENT PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE METHODOLOGY FOR DETERMINING RATES AND LAND TAX FOR STRATA RESIDENCES

SUBMISSION BY THE OWNERS UNITS PLAN 3107 – WATERFRONT APARTMENTS

Waterfront Apartments (Waterfront) is a large apartment complex situated at the Kingston Foreshore, consisting of 104 apartments. It has a significant number of owner occupiers – more than 70% – many who are retired and on fixed incomes. Having purchased in the complex up to 11 years ago (when the complex was completed) the owners have paid significant amounts in Stamp Duty, as was required by the legislation. They are now being hit hard – the proverbial double-whammy – as the ACT Government looks at reducing its reliance on Stamp Duty as a substantial source of funds for its budgets.

To show the impact in the changes of the methodology, we have included two examples of the changes in rates charges over the four years from 2014-15 to 2017-18:

Apartment Type	2017-18	2016-17	2015-16	2014-15
Two bedroom + study	\$1,665	\$1,365	\$1,245	\$1,068
Penthouse	\$2,484	\$1,870	\$1,745	\$1,565

Increase for two bed plus study from 2014-15 to 2017-18 56%
Increase for penthouse from 2014-15 to 2017-18 59%

The changes in the charging mechanism in 2017-2018 means that all owners are charged a Valuation Based Charge (VBC) at the highest rate applicable and not their proportion of the Average Unimproved Value of the land being assessed. This treats every owner in the complex as if they owned the whole parcel of land themselves.

In seeking equity and consistency, the treatment of the Fixed Charge, Fire & Emergency Services Levy and Safer Families Levy components of the rates calculation formula should be in a similar manner as a stand-alone property (as the treatment of the VBC as described above) . It is disingenuous to treat one component in one manner and the other components in a different manner.

To further demonstrate the inequity in this methodology, we have calculated the charges on all Waterfront owners whilst looking at the charges the ACT Government could impose if the block where Waterfront is built, was occupied by eight (8) owners, each having a quarter acre block.

Billing Waterfront residents (new methodology)

Component	VBC	Fixed charge	FESL	SFL	Total
	\$92,000	\$79,560	\$30,756	\$3,120	\$205,436

Billing Waterfront residents (old methodology)

Component	VBC	Fixed charge	FESL	SFL	Total
	\$55,800	\$79,560	\$30,756	\$3,120	\$169,236

Billing eight (8) owners

Component	VBC	Fixed charge	FESL	SFL	Total
	\$92,000	\$6,120	\$2,352	\$240	\$100,712

The results show an amazing windfall for the ACT Government – and this is to be emulated every year. In addition, we could also mention the additional charges the ACT Government would be entitled to with its part-ownership of ActewAGL and Icon Water.

Whilst our residents live in the Kingston Foreshore area, many feel that they are being treated as second class citizens. The lack of municipal services – street-sweeping, minimal number of garbage bins to cater for the commercial food businesses in the area (and especially the clearance of those bins) has left this part of the precinct looking decidedly less appealing than the eastern end of Eastlake Parade.

The failure to sweep Eastlake Parade fronting the Waterfront Apartments complex for over two years has caused pooling around drains and the sprouting of weeds in the mulch blocking those drains. Failure to do so has been put down to cars parking on the street - a simple exclusion system allowing street sweeper access would be possible. It is in place in other cities around the world and this would help to keep the streets clean of a precinct that the ACT Government is trying to promote. One can only wonder at how this situation will worsen once other blocks in the precinct are developed and occupied by many hundreds more residents.

Additionally, the introduction of newer infrastructure at the eastern end of Eastlake Parade and associated areas – modern lighting, wider footpaths and better pedestrian access, has our residents concerned for the equity in the provision of services and updating infrastructure.

The failure of TAMS to monitor and maintain infrastructure – other than on a reactive basis when reported by residents on “Fix my street”, is surely a failure by the government to provide the services required on a timely basis.

If the increases in rates that have been borne by the residents of Waterfront Apartments were accompanied by a similar increase in the level of services received, then there might not be such an outcry from them.

The introduction of this changed methodology has been poorly conceived and poorly implemented. Discussion with representatives of apartment owners has been negligible and had those discussions taken place, then the government may well not have been returned.

The size of the multi-dwelling community has grown significantly over the last decade and continues to grow. Owners of apartment are being treated as a cash cow for a government desperate for funds. Having found that source, it is to be used as much as possible together with short-term objectives with further complexes being built.

However, the government may suffer in the long-term as people may be reluctant to purchase because of the government-imposed costs associated with owning an apartment, leading to a downturn in construction and jobs in the ACT.

The ACT Government would be better off seeking other sources of revenue. On behalf of all owners at Waterfront Apartments, we request that the Public Accounts Committee consider the issues outlined above and make a recommendation to the Legislative Assembly to reverse the provisions of relevant budgets and legislation to increase rates for apartment owners in the ACT.

Peter Davies
CHAIRMAN – EXECUTIVE COMMITTEE