



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON COST OF LIVING PRESSURES IN THE ACT
Mr Johnathan Davis MLA (Chair), Dr Marisa Paterson MLA (Deputy Chair)
Ms Nicole Lawder MLA

Submission Cover Sheet

Inquiry into Cost of Living Pressures in the ACT

Submission Number: 029

Date Authorised for Publication: 21 March 2023

From: [REDACTED]
To: [LA Committee - COL](#)
Subject: ACT GOVT COST OF LIVING ENQUIRY - MY SUBMISSION - JOHN MUNGOVEN
Date: Monday, 20 March 2023 12:43:44 AM

Caution: This email originated from outside of the ACT Government. Do not click links or open attachments unless you recognise the sender and know the content is safe.

[Learn why this is important](#)

The Select Committee will:

a) identify cost of living pressures faced by low and moderate income households that are not currently alleviated by ACT or Commonwealth Government assistance programs;

Unlike stamp duty, rates and land tax are predictable and not subject to major swings in the housing market. This means the government can reliably provide funding every year for our hospitals, schools and other essential services.

RESPONSE

RECENT ACT EXPERIENCE CONFIRMS THAT RATES AND LAND TAX ARE VERY PREDICTABLE - they always go up and that fact is accentuated and assisted by the

- ACT GOVT

The national capital is [Australia's most expensive city for renters](#), with the median rent for a Canberra house at \$759 per week, while a typical Canberra unit costs \$573 per week.

SEE MY RESPONSE AND SUBMISSION re ACT GOVTs IMPACT

Surely the ACT Government is attempting to play with our minds in establishing an Assembly Select Committee Enquiry tasked with “identifying cost of living pressures faced by low and moderate income families that are not currently alleviated by ACT or Commonwealth Government assistance programs”. (Submissions close 20 March).

Credit to them for some positive actions to moderate retail energy prices in Canberra. Forget interest rate rises - which impact prices and cost of living in so many ways - not their baby.

But the elephant in the room is ACT rates and land tax.

Rates - which all home “owners” incur are skyrocketing pushed upwards by the ACT Government’s strangulation of green fields land release in Canberra ie - less land release = unmet demand = FOMO = higher land prices = higher land valuations = higher rates. The single year valuation on our average block in Weston Creek (only 48 years resident here) has increased from about \$400k in 21/22 to \$716k in 22/23.

Our inventive leaders and hand wringers while expressing their deep concern for the “unfortunates” (who are not the home owners and who are part of the “rental crisis”) resolutely refuse to moderate their money grab by imposing ACT Land Tax on rental

properties in the most punitive and regressive manner. Landlords are liable for land tax but like rates and other investment costs pass them onto their tenants.

Do you know, that the “poor” family renting a house on an average block next to you, say in Weston Creek, have to meet a land tax (included in their rent) impost of about \$4500 per year? Try renting an ex Govvie in Yarralumla and it’s an extra \$13000 per year land tax. Same garbage collection, same street cleaning (?), same city services but they pay more than the home owners. Robin Hood in reverse mode, Select Committee! The “poor” family next door in a private rental could be employed or worse still, not employed.

Do you know that ACT Land Tax is based on the same inflated land valuations that are currently rapidly increasing rates. Funny thing that!

Do you know that increasing land values directly increase ACT property prices - ie more Stamp Duty is payable on more costly purchases and more revenue goes to the ACT Government (probably from the “unfortunates” trying to escape the rental crisis by buying). Stamp Duty revenues are rising - Question - weren’t they meant to go down as you increased our general rates Mr Barr. Funny thing that!

Do you know that land tax charges in other states are very modest by comparison to the ACT. They have thresholds (not us) only above which does the land tax apply. In NSW, the threshold is now \$969,000 and does not include the value of your principal place of residence. So for a single block valued at say \$450k (AUV), ie the Weston Creek example above,, the ACT charges \$4500 per year and NSW zero (zilch) and Victoria about \$700. Lucky Queanbeyanites and Googonians and assorted Northern and Southern renters interstate.

Canberra, “Australia’s most expensive city for renters” Funny thing that.

This doesn’t seem to be a fair outcome and is a huge impost for the “unfortunates” (that term is not a judgement by the way).

Land tax is less oppressive for apartments than houses (less land) but the adverse effect is still there - an ACT thing. Don’t listen to the bull dust response from the ACT Government that they need the revenue, that you can choose to rent out via affordable housing schemes (minimal) or that AUV is a figure averaged over five years. Tell them “they’re dreaming”. Better to have another enquiry.

A final point, it is not clear, but it appears that land tax may not apply in Airbnb arrangements made within your principle place of residence in the ACT (because a “rental lease” Is not in place). Funny thing that.

ACT Liberals - completely MIA on this.

Over to you Mr Jonathon Davis and your Committee. I’m glad you raised this issue.

John Mungoven

[REDACTED]

John Mungoven

[REDACTED]

