

**Land Valuation Inquiry
30 August 2006**

**Notes for Oral Submission
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	A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE
SUBMISSION NUMBER	10
DATE AUTH'D FOR PUBLICATION	6 Sept 06

Background

1. The 2006 COTA submission concerning the ACT Budget supported the use of broad based taxes in order to maintain the level of services to older people in the community.
 - In contrast COTA has been critical of a number of very narrow taxes which have significant distortionary effects.
- 2 In previous COTA submissions concerning Rating and Land valuation, COTA has supported a well defined and transparent system.
 - The components that relate to service delivery to individual households should be set appropriately to reflect the services delivered.
 - Garbage and street cleaning fall into this category.
 - Other charges should relate to the additional funding required for overall Government charges.
- 3 COTA has drawn the distinction between efficiency in service delivery and a reduction in service delivery. We believe that it is important that the level of support to the older elements of our community is maintained.

Land Valuation System

- 4 Our concerns with the criteria set out in (a) to (g) of the Terms of Reference, of this Inquiry, is that they look at technical aspects rather than what we are attempting to achieve as a community and the aspirations of Government in managing this process.
- 5 COTA is not opposed to adjustments in planning and accommodation. In fact, COTA is supportive of changes which better meet the needs of the community. However, if rates policy, through the evaluation of alternative land use, is used as a mechanism to promulgate change it may be at odds with other Government policies.
 - In this area, rating policies are not isolated from government charges associated with the sale and purchase of accommodation.
 - The concrete example is to look at older people in older areas or areas which have been zoned for more intensive use.

- From a community, and frequently from an individual viewpoint, it makes sense to move from the old family home to a unit, townhouse or apartment.
- The cost of rates on the family home tends to encourage this process of change.
- The costs associated with selling and buying in the same area generally lead to one of two outcomes.
- The first is that people decide not to move and simply 'bunker down' in the old home.
- The second is that they are forced to move out of area and are physically and socially dislocated.
- Neither approach is consistent with policies to maintain people in their home as long as possible.

6 In respect to the broader rating issues, the concerns of COTA relate to older people having some certainty as to the outcome and that there are mechanisms to cater for those facing genuine hardship.

- 7 Rates deferral is the current approach to people in hardship.
- It is an appropriate from an accounting viewpoint as it provides certainty to Government.
 - However, older people in hardship do not generally use rates deferral.
 - The reason for this is that older people are afraid that the deferred rates will 'blow out' and they will end with no value in their property.
 - COTA believes that a mechanism should be developed that caps the share of the sale value that could be taken by the deferred rates.
 - A better deferral system is required.

- 8 The third issue is that valuations tend to be fickle, following short term trends and fashions
- This results in significant variations in rates and uncertainty for older people, particularly in the older areas.
 - Mechanisms which provide less, rather than more, uncertainty are appropriate.

- 9 The issue relating to transparency appears to be clear and unambiguous.
- The current system only adjusts rates for successful complainants.
 - Other people in a similar situation are not treated justly.
 - In other words, the articulate and complainers are rewarded while the frail, disabled and disadvantaged are penalized.

10 Our initial position can be applied to the issue of both housing and rental values.

- Our bias is that the level of rates should be appropriate to maintain services to older people.
- This may have a dampening effect on both property prices and the level of rental returns to landlords

Conclusion

COTA is looking for a fair and just system that spreads the burden of tax broadly across the community and in return underpins community need.

