



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS
Vicki Dunne MLA (Chair), Tara Cheyne MLA (Deputy Chair)
Nicole Lawder MLA, Bec Cody MLA

Inquiry into commercial rates

Submission cover sheet

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Submitted by: Mr Scott Molloy

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Page 1: Make a submission to the ACT Public Accounts Committee's Inquiry into commercial rates

Q1 Please provide your name and contact details

Name **Scott Molloy**
Company **Barton Molloy Property Pty Ltd**
Address [REDACTED]
City/Town **Fyshwick**
Post Code **2609**
Email Address [REDACTED]
Phone Number [REDACTED]

Q2 Do you own a commercial property? **Yes**

Q3 If so where?

Hume & Fyshwick

Q4 Have you recently experienced a rise in commercial rates?

Yes

Q5 How has this increase affected you?

It has reduced our return on our property

Q6 Do you rent commercial property? **Yes**

Q7 If so where?

Fyshwick

Q8 Has your landlord recently experienced a rise in commercial rates which has been passed on to you in some form?

Yes but they have not passed it on, as we would look at relocating

Q9 How has this increase affected you?

N/A

Q10 Do you have any other comments on this issue?

I would like to submit our own example of how the ACT Government treats mum and dad businesses in relation to their addiction to commercial rate revenue. In 2013 we purchased a 2,000sqm industrial block in Hume (off a private developer) to develop. It had a UCV of \$475,000 with rates of \$18,000 per annum, equating to a 3.79% charge per annum on its value. As a comparison, our 1,667sqm home block in Mawson also had a UCV of \$475,000, with rates of \$2,200 per annum, equating to a 0.46% charge per annum on its value. We then developed the Hume block and built 7 small warehouses, each of 120sqm in size. We strata titled the units, sold 4 of them to owner occupier mum and dad business owners, 1 to a mum and dad investor, and kept 1 each. All of us have purchased these units with the intention to pay these off while we are working, so we have a source of income to support us when we reach retirement age and not become a burden on the government, or the public, in our retirement and have to rely on them for a pension. We are all trying to be financial responsible for our future and are sacrificing our current lifestyle in this attempt. Now, in 2018 the Hume block has dropped in value with a UCV of \$430,000 (due to the ACT Government both releasing more industrial land and undercutting the prices being obtained from the private developer, and of course increasing rates and therefore reducing the return on investment) with rates increased to \$33,000 per annum, equating to a 7.67% charge per annum on its value. Once again as a comparison, our Mawson home block has increased in value with a UCV of \$575,000, with rates now at \$3,300 per annum, equating to a 0.57% charge per annum on its value. It is also important to note that an equivalent commercial block of land in Queanbeyan would have rates of only approximately \$5,000 per annum charged on it. While the ACT Government may wish to point out that in NSW it would be subject to additional land tax charges, this would not be the case in this instance, as its value would be under \$600,000, unless the owner had multiple commercial properties exceeding this value. Therefore, why would you want to now own commercial property in the ACT when you could relocate your business next door in Queanbeyan and only have to pay 1% of the value in rates compared to 7% in the ACT? The answer is that many businesses are now considering looking to, or are in the process of, moving their businesses to Queanbeyan. The only thing stopping them is the lack of premises in Queanbeyan that are currently available to purchase. They do not want to move but are being forced to look seriously at this because of this rates situation. The ACT Government recently very publicly announced that it had abolished stamp duty on any commercial properties purchased under the value of \$1,500,000. While this is a great initiative, it will not encourage any further investment in ACT commercial property while ever our ongoing commercial rates are so high. It should also be noted that at the same time they quietly increased the stamp duty on any commercial properties purchased above the value of \$1,500,000 to a flat 5%. It would be very interesting to see if they are now receiving more revenue from these adjustments than they were previously? So, to summarise the above, since 2013 our commercial rates have increased by 83% over the past 5 years, while the value of the land has decreased by 10%! I totally understand that we should be paying more for our commercial rates than we do for residential rates, however surely this should be no more than double that of residential rates, not 10 times. I would be more than happy to pay a one off 5% stamp duty charge, if required, when purchasing a property, rather than paying over 7% every year in rates, if that's what it would take to change this system. How can the ACT Government honestly justify the level that it charges commercial rates at, especially compared to other Australian State Governments? I understand the political thinking that there would be a public perception that all commercial property owners are the wealthy group of our society and therefore any reduction of commercial rates to a reasonable level could be seen as "helping the rich become richer" and would be politically unpopular. However, it is the mum and dad small business owners who are being significantly disadvantaged, not the wealthy, and the ACT Government need to understand this and convey this to the public. If the Government does not understand this then this enquiry needs to make sure this message is conveyed to the public. If I treated my customers the same way the ACT Government is treating the small business owners of the ACT, and thereby their families, then I would think the following would most likely happen. Firstly, I would be investigated for price gouging in a protected market and secondly, I would be on every current affairs program as an unscrupulous businessman ripping off the public. Thank you for your time and I hope this enquiry will force urgent changes to the way the ACT Government charges commercial rates.

Q11 Do you intend this to be a submission to the inquiry?

Yes
