



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

**SELECT COMMITTEE ON ESTIMATES 2014-2015**

Brendan Smyth MLA (Chair), Mary Porter MLA (Deputy-Chair),  
Giulia Jones MLA, Yvette Berry MLA



**ANSWER TO QUESTION TAKEN ON NOTICE  
DURING PUBLIC HEARINGS**

Asked by Mr Wall on 30 June 2014: Mr Barr took on notice the following question(s):

[Ref: Hansard Transcript [30 June 2014] [PAGE 1296-1297]]

In relation to: Land tax and general rates

Land tax reform revenue initiative: in the context of the scenario described by Mr Wall - impact on the investor in the property market - an increase in land tax will drive up cost of rent and general rates will increase - why do you keep increasing the costs to people who seek to make an investment in the Territory to provide housing accommodation?

Mr Barr: The answer to the Member's question is as follows:—

The changes to land tax will help to ensure equity within the land tax system and more appropriately spread the burden between investment houses and units. While units and houses that have similar property values will generate similar weekly rent, units typically have much lower AUVs than houses which has meant unit owners paid much less in land tax than house owners under the previous structure.

Because the costs of land tax and general rates to investors will be partially mitigated by the Commonwealth through income tax deductions, it is unlikely that changes to land tax and general rates will be passed on to renters. The increase in land tax will be relatively small for most property owners compared to average rental returns.

High rental returns and low conveyance duty rates ensure the ACT property market continues to be attractive to investors.

The ACT government provides a wide range of services and infrastructure to Canberrans, which are funded through taxes, fees and charges; including revenue from land tax and general rates. The high standard of services and infrastructure provided in the ACT contributes to maintaining an attractive property market for investors.

Approved for circulation to the Select Committee on Estimates 2014-2015

Signature: *Andrew Barr*

Date: 7.7.14

By the Treasurer, Andrew Barr, MLA