



Land tax bills more than rates

Property valuer collects data

By LAUREL-LEE RODERICK

LAND tax was reducing affordable rental housing by taxing Wollongong residents at almost 10 times the percentage used to calculate council rates, a property valuer said.

Mike Danzey, the founder of lobby group Land Tax Targets Tenants, surveyed South Coast councils in October about their annual revenue from rates.

He collated the data and compared it to the amounts collected by the Office of State Revenue for land tax.

In Wollongong, residential council rates averaged 0.175 per cent of land value. That compared with the land tax rate of 1.7 per cent, calculated on the land value above the threshold of \$352,000.

"I am a valuer and was prompted to do this survey by the lack of understanding of how land tax was applied," Mr Danzey said.

"Land tax, as it is applied now, is the greatest slaughter of affordable rental housing by the State Government."

Mr Danzey found that Wollongong City Council collected just over \$60 million in rates on 70,095 residential properties. Meanwhile, the State Government collected a further \$12.8 million in land tax on 8905 residential investment properties across the city.

When land tax on residential and commercial properties and stamp duty were combined, the State Government raked in almost \$78 million from Wollongong residents. That was only \$12 million less than the council's total rates revenue of \$90.5 million levied on residential and non-residential properties.

The story was similar in Kiama, where average residential rates were just 0.162 per cent of land value.

The vast number of holiday homes

in Kiama meant the State Government's land tax windfall was just under half the council's total residential rates income. Kiama investors paid almost \$4 million on 1676 residential properties, compared with council rates of \$8.2 million, collected on more than 8000 homes.

In Shellharbour, the land tax rate was five times the average council rate of 0.33 per cent. It was a similar story in the Shoalhaven, where rates were 0.29 per cent of land value.

The figures presented a compelling case for an overhaul of the land tax regime, Mr Danzey said.

In effect, property investors were being taxed twice on the value of their land, Mr Danzey said.

Rather than charging land tax based on the combined land value of the properties an investor owned, he suggested introducing a threshold for each property held.

COUNCIL RATES 05-06	Wollongong	Shellharbour	Kiama	Shoalhaven
Residential rates revenue	\$60,248,605	\$17,600,536	\$8,198,203	\$31,949,663
Residential rate	0.1752%	0.3333%	0.1622%	0.2869%
No. residential assessments	70,095	22,104	8175	50,162
Average rates per resident	\$860	\$796	\$1003	\$637
Ratio land tax (1.7%) to rates	970%	510%	1048%	593%
LAND TAX (2005)				
Liable residential properties	8905	2779	1676	9210
Total residential land tax	\$12,834,095	\$3,324,320	\$3,966,877	\$12,675,213
Average per resident	\$1441	\$1196	\$2367	\$1376
Total land tax (residential and business)	\$26,284,996	\$5,399,205	\$5,370,587	\$23,052,107

SOURCE: Land Tax Targets Tenants (survey of councils and OSR)