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15 March 2004

The Secretary;  
Productivity Commission  
FAX 03 9653 ,2199

Dear Sir,

News reports suggesting you will be recommending the introduction of a land tax on all land is very welcome and long overdue.

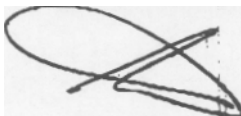
I am attaching copy of a submission made by the writer and a property investor to the Nile Inquiry in 1998, setting out the basis of how this could be achieved. This submission was also given to the Government prior to the Nile Inquiry, but never acted on because we were told it would be political suicide to introduce it, even though it had merit.

Since then we have been repeatedly urging the NSW Government to refer the matter to a public Inquiry headed by someone like Professor Parry to make an independent assessment. The Government has refused every such request.

It would appear that your Inquiry has now dealt with the matter and this is very encouraging.

The writer is happy to discuss the attached proposal with you and to demonstrate how and why the present system of assessment based on land values has become totally discredited in NSW.

Yours truly,  
**DAVID LANDA STEWART**



**David Singer**  
**Consultant**

**INQUIRY INTO CHANGES IN LAND TAX IN  
NSW**

**SUBMISSION TO GENERAL PURPOSE STANDING**

**COMMITTEE NO. 1 — LEGISLATIVE COUNCIL**

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## SUMMARY OF MAIN POINTS OF SUBMISSION

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- (a) Revenue currently raised by land tax needs to be maintained for purposes of government. This submission shows how this can be achieved with equity and fairness.
  
- b) Land tax as presently levied subsidises one category of property owners as against another category of property owners.  
  
Elimination of this cross subsidy will result in all property owners sharing the payment of the tax.
  
- (c) The tax payable by each property owner will be related directly to the amount of council rates that is currently paid by each property owner.
  
- (d) The tax can be collected by each council as agent for the government with major benefits as outlined in the submission.
  
- (e) A proposed method is set out for calculating the amount of tax payable by each property owner. It is simple and easy to administer.
  
- (f) Property owners who are exempt from council rates or receive rebates of council rates will be similarly protected under our proposals.

# **LAND TAX REFORM A PROPOSAL**

## **THE PROBLEM**

There is a legitimate need for government to raise revenue for the maintenance and provision of services to meet the needs of the electorate

The retention of revenue generated by land tax to achieve government objectives is essential for this purpose.

The key question is as follows - How does one maintain the current revenue raised from land tax whilst at the same time allaying public disquiet with the present system of assessment?

## **THE SOLUTION**

Elimination of the cross subsidy being received by non taxpaying property owners from taxpaying property owners.

Removal of cross subsidies has already received favourable approval by the Government Pricing Tribunal in its 1993 Inquiry into Water and Related Services.

Mr T Parry the Chairman of the Tribunal stated at page iv "cross subsidies should be eliminated as rapidly as possible with any social objectives accommodated via explicit transfer payments by government. Price setting must be transparent".

It is estimated that only about 70,000 property owners out of 2,500,000 property owners presently pay land tax amounting to approximately \$800 million dollars per annum. A considerable portion of this tax is recouped from tenants who are not property owners. Spreading the tax among all property owners will eliminate the current cross subsidy.

## **THE PROPOSED METHOD OF ACHIEVING THE SOLUTION**

1. Government determines amount of land tax it requires to raise annually (from both commercial and residential properties).
2. The amount of land tax to be raised annually is expressed as a proportion of the total rate revenue to be raised annually by local councils in NSW.
3. Each ratepayer (whether commercial or residential property is involved) is then assessed to pay land tax in an amount equal to the council rates then being paid by him multiplied by the proportion determined in item 2 above. All present thresholds would be abolished.

4. If a property owner is exempt from paying council rates, he/she will pay no land tax under the proposed regime. All exemptions and concessions in the council rating system will apply equally in respect of the land tax liability under the proposed regime.
5. Land tax payable is included by the local council in its rate notice issued to the rate payer in the ordinary course. It is collected by each council and accounted for to the NSW State Treasury.
6. Each council is paid a “collection fee” for its assistance in collecting the tax. It would bring in much needed revenue for each council (and will be a major selling point for councils).
7. Payment of land tax by instalments would be as for rates - ie, the tax payer would have the option to pay the tax in instalments or as a lump sum, as the present rates payment regime provides.

#### **AN EXAMPLE**

1. Assume total rates revenue raised in NSW by local councils is \$2.4 billion per annum.
2. Assume the land tax to be raised is \$800 million per annum.
3. Each rate payer will pay as a land tax contribution an amount equal to one third of his council rates.
4. The tax is levied on all rate payers.
5. A ratepayer paying \$1000 in rates annually would therefore be liable to pay, \$333 land tax each year. It would be included in that rate payer’s rates notice and be payable to the council in the amounts and on the dates specified for the payment of rates in the notice. Similar late payments fines could be imposed.

#### **THE BENEFITS OF THE PROPOSAL**

1. Elimination of the cross subsidy - each rate payer in NSW will pay an amount of land tax having direct reference to the council rates paid by him/her.
2. There will be substantial saving for tenants paying land tax under leases. This would be of great advantage to small business tenants and renters of residential accommodation.
3. There would be greatly reduced payments per existing taxpayer - neutralising the present public unrest with the present regime.
4. There would be increased attractiveness to set up new businesses in NSW.

5. There would be additional revenue for local councils by way of collection fee (which would outweigh any increases in collection costs).
6. The elimination of a large number of employees from the Land Tax Office and the service of land tax assessments on taxpayers would yield substantial savings.
7. The proposed regime would remove distortions in rental being paid by tenants.
8. Pensioner and hardship cases would be automatically exempted - eliminating the inequities in the present land tax regime where pensioners are concerned.
9. The proposed regime would enable government to maintain and even increase land tax revenue - at marginal cost to the individual taxpayer. As rates revenue increases annually so could land tax revenue.
10. Purchasers of property would no longer need to apply for Section 47 Certificate (in contrast to the present system). Council Section 160 Notices would contain details of outstanding land tax as well as outstanding rates.
11. Objections to land tax assessments would be eliminated removing expensive appeal procedures and could probably lead to considerable savings within the Valuer-General's Department.
12. All thresholds would be removed - again simplifying the process and removing current objections that the threshold is arbitrarily and inequitably established.
13. The current grouping of taxpayers would be eliminated - thereby creating the perception (and reality) of equity amongst various taxpaying entities.
14. The proposed regime would greatly simplify the assessment and collection process. All property owners (whether trusts, companies or individuals) would pay land tax based on this formula rather than land value. Revenue is thus likely to increase given the avenues for tax avoidance or evasion (whether deliberate or inadvertent) are decreased under this scheme.
15. The proposed regime would also simplify the process from the taxpayer's perspective since:
  - (a) present thresholds would be abolished;
  - (b) the distinction between commercial and residential property would be abolished;
  - (c) land tax returns need not be lodged by taxpayers;

- (d) Property owners will no longer be caught by failure to lodge land tax returns because they are unaware that they have become liable for land tax for the first time;
  - (e) taxpayers would only be required to make one payment to council (rather than one to council for rates and another to the Office of State Revenue for land tax, under the present regime); and
  - (f) the taxpayer's legal or valuation costs associated with the present objection procedure would be eliminated.
16. There would be increased job opportunities within councils for people involved in the land tax levying/collection process.

### **DISADVANTAGES OF PROPOSAL**

1. There may be some degree of voter backlash by those property owners who do not presently pay land tax. However in the majority of cases the tax will be relatively small and in many cases where the non paying property owner is also a land tax paying tenant, there will probably be a net saving.
2. Possible loss of jobs by elimination of Land Tax Office and reduction in Valuer-General's staff.
3. Administrative tasks in checking assessment collection and mechanisms of Council - this would be offset by the collection fee paid to the council.
4. Possible loss of State Government control over collection process - the proposed collection process by councils however could be controllable by the introduction of administrative reporting and auditing systems imposed on councils by NSW Treasury. Councils would be required to fully account to the Treasury for funds levied and collected, and the collection fees imposed.

### **FURTHER SUGGESTIONS**

1. The name of the tax should be changed to a "Property Owners State Tax (POST) - in much the same vein as FID,BAD, etc. it should be so described in the rate assessment covered by the Council.
2. A Commission of Inquiry should be instituted to examine the feasibility of such a reform whilst at the same time calling for submissions on the reform or any other alternative plans for allowing the collection of the tax to be maintained without loss to government revenue. The Government would be seen to have opened up the process to public scrutiny and debate while at the same time minimising protests later at the imposition of the new regime.



## **CONCLUSION**

It is essential that government levy taxes to fund the operation of the State and to provide essential services to its citizens.

Taxes should be raised equitably from the community and apart from the underprivileged, one group should not cross subsidise another identical group in the community. It does not happen with motor vehicle owners or ratepayers, or persons depositing or withdrawing monies from financial institutions. It should be eliminated in relation to property owners irrespective of whether they own commercial or residential property.

Land tax is a tax on land. To discriminate between land that is taxable and land that is not taxable is to negate the object of the tax viz to raise revenue from persons who own land in NSW.

All should contribute equitably and fairly. Tying the amount of land tax payable to the rates paid by each owner on his property distributes the burden of payment fairly among all property owners and bears a direct relationship to the value of the owners land which forms the basis for assessment of Council Rates.

Land Tax should be reformed and the above solution presents a fair and equitable way of redistributing the burden among all property owners.

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13 December 2003

Premium Property Tax Review  
Policy and Legislation Branch  
Office of State Revenue  
GPO Box 4042  
SYDNEY NSW 2001

**SUBMISSION ON REVIEW OF THE NSW PREMIUM PROPERTY TAX ACT 1998**

We hereby submit for your consideration our views concerning the action that should be taken in relation to the review currently being undertaken into the Premium Property Tax Act 1998.

1. At the time of introduction of the Premium Property Tax the Treasurer Mr Egan, told the Parliament:

*“The rationale for the tax is that properties of that value [\$1 million] are very much enhanced by the huge public expenditure provided by the taxpayers of New South Wales to ensure that we live in one of the best, most civilised societies in the world” (NSWPD, 29/5/97,p.9501)*

2. Implicit in this argument was the fact that no other properties below \$1 million in New South Wales had had their values enhanced by the huge public expenditure provided by the taxpayers of New South Wales. This of course is incorrect when we see the spectacular jumps in recorded property values by the Valuer General in the past 6 years.
3. The following increases in property land values outside the Sydney metropolitan area have occurred from 2000-2003:

Queanbeyan	157%
Kiama	135%
Bega	133%
Byron	130%
Shellharbour	127%
Kempsey	113%
Wingecarribee	105%
Newcastle	90%
Lithgow	75%
Gosford	64%

(Source: Daily Telegraph, December 1, 2003)

4. It would appear that values are set to soar even higher within the Sydney Metropolitan Area. We have been given evidence of a commercial property in Marrickville that has seen its land value rise between 2000-2003 as follows:

2000	\$1,200,000
2001	\$1,320,000
2002	\$1,580,000
2003	\$2,210,000

5. We have no doubt that spectacular rises in property values throughout NSW will again be recorded at 1.7.2003.
6. We believe the Government's choice of a threshold of \$1 million to impose Premium Property tax was both arbitrary, unfair and unjustified having regard to the rationale for the introduction of the tax.
7. **In our opinion, all land in NSW should be subject to land tax, since all land has benefited in enhanced value as a result of huge public expenditure in NSW.**
8. When confronted by those property owners who had been discriminated against by the introduction of the Premium Property Tax, the Treasurer angrily exclaimed :  
*"It's a tax, by definition, a tax on millionaires"* (Sunday Telegraph March 8, 1998 p.14)
9. This political comment certainly did not match the Treasurer's rationale given to the Parliament. If indeed the Treasurer was serious in this comment, then he could only have been misleading Parliament. We think this comment and its frequent repetition does nothing to help the public debate and should be disregarded as any rationale for the tax.
10. **Any policy review should, therefore, be aimed at levying land tax on all land in New South Wales with a view to eliminating the cross subsidy presently being granted to those who do not pay land tax, yet have seen their property values enhanced by huge public expenditure by the taxpayers of New South Wales.**
11. This cross subsidy has increased dramatically since 1997, with land tax receipts escalating from \$580 million in 1996 to \$1.251 billion in 2003. This tax should be borne by all properties in NSW if the Treasurer's rationale for imposing the tax is to have any validity.
12. **In looking at this suggestion to tax all land in NSW with land tax, one needs to consider alternative methods of assessment to replace the current mass system of valuation. That system has been the source of much controversy and public disquiet over the past 6 years and needs to be replaced.**
13. Allegations of systemic overvaluation leading to overcharging of land tax were first made by the former Auditor General of NSW, Mr Tony Harris in July 1999 to the Ombudsman.
14. The Ombudsman never investigated the Auditor General's allegations, believing they would be dealt with by Ms. Julie Walton who had been appointed by the Premier, Mr. Carr, to inquire into the operation of the Valuation of Land Act because of public concern about valuations for land tax purposes.
15. Ms Walton never interviewed the Auditor General, though she had in her possession a copy of his letter to the Ombudsman. Nor was she shown material documents that could have affected her making different findings to those she did.
16. These material documents only surfaced after the Ombudsman ordered their release in June 2001 following an 18 month Freedom of Information application by this office to obtain their production.

17. Those documents related to the valuation district of Woollahra and revealed that two sets of land values had been prepared in August 1997 and September 1997 by licensed valuers working in the State Valuation Office
18. Dramatic changes in values to benchmark properties had been made by those licensed valuers within that period of one month yet Ms Walton was never told this had occurred. These changes were to materially affect the factors to be applied by the Valuer General to derive land values at 1 July 1997.
19. The changes that had been made within that period of one month were as follows:

PROPERTY ADDRESS	COMPONENT CODE	VALUE AUGUST 1997 (\$ MILLION)	VALUE SEPTEMBER 1997 (\$ MILLION )
<b>19 WUNULLA RD POINT PIPER</b>	AH	1.215	2.00
46 WUNULLA RD POINT PIPER	AH	5.48	6.50
33 COOLONG RD VAUCLUSE	AH	5.48	6.50
19 COOLONG RD VAUCLUSE	AH	8.10	12.00
24 CARRARA ST VAUCLUSE	AJ	2.190	3.825
530-538 OXFORD ST PADDINGTON	BA	6.25	7.75
568 OXFORD ST PADDINGTON	BB	0.247	0.275
55 GRAFTON ST WOOLLAHRA	BC	4.29	4.3
212 NEW SOUTH HEAD RD EDGECLIFF	BE	0.315	0.350
2-22 KNOX ST DOUBLE BAY	BG	8.66	9.00
11 BAY ST DOUBLE BAY	BH	0.427	0.450
232 OLD SOUTH HEAD RD VAUCLUSE	FB	0.800	1.00
156 HOPETOUN AV VAUCLUSE	FD	0.730	0.900
827 NEW SOUTH HEAD RD ROSE BAY	FF	2.25	2.50
175 BELLEVUE RD BELLEVUE HILL	FG	1.545	2.00
126 EDGECLIFF RD WOOLLAHRA	FH	0.950	1.20
330 EDGECLIFF RD WOOLLAHRA	FJ	1.075	1.40
38 MANNING RD DOUBLE BAY	FK	0.860	1.10
51-53 WOLSELEY RD POINT PIPER	FL	2.415	2.80
113 DARLING POINT RD DARLING POINT	FN	1.2	1.7
188 GLENMORE RD PADDINGTON	FP	0.828	0.950
10 CAMBRIDGE AVE	RB	0.760	0.975
9 CHAPEL AV VAUCLUSE	RD	0.745	0.900
9 BLACK ST ROSE BAY	RE	0.920	1.100
62 WILBERFORCE RD ROSE BAY	RF	0.585	0.700
49 BORONIA RD BELLEVUE HILL	RG	0.725	0.900
104 FLETCHER ST WOOLLAHRA	RH	0.285	0.325
31A NELSON ST WOOLLAHRA	RJ	0.480	0.525
13 COURT RD DOUBLE BAY	RK	0.535	0.775
9 WENTWORTH ST POINT PIPER	RL	1.580	2.50
7 SOUTH AV DOUBLE BAY	RM	0.362	0.480
17 EASTBOURNE RD DARLING POINT	RN	1.285	1.800
28 CALEDONIA ST PADDINGTON	RP	0.237	0.275
12 SUFFOLK ST PADDINGTON	RP	0.475	0.450

20. Following continuing public agitation after these documents were released, the Premier finally asked Ms Walton in March 2003 to review this additional material, which by that time included documents obtained by us under Freedom of Information applications in relation to the valuation districts of Waverley and the City of Sydney.
21. The identical conduct to that in Woollahra had occurred in Waverley with two sets of vastly different land values having been prepared for the same benchmark properties within the same period of one month by the same valuers involved in that conduct in Woollahra.
22. The changes that had been made to benchmark property valuations within the period of one month in Waverley were as follows:

PROPERTY ADDRESS	COMPONENT CODE	VALUE AUGUST 1997	VALUE SEPTEMBER 1997
1 NEWLAND	BA	\$3,375,000	\$3,500,000
82 BRONTE	BB	\$157000	\$180000
110-122 EBLEY	BC	\$2,205,000	\$2,250,000
300 BRONTE	BD	\$150000	\$200000
208 BONDI	BE	\$217000	\$300000
96 CAMPBELL	BF	\$900000	\$900000
11 HALL	BG	\$570000	\$600000
16 GEORGE	CA	\$500000	\$600000
17 LORD HOWE	CB	\$580000	\$650000
9 BLAKE	CC	\$470000	\$525000
3 CRAIG	DA	\$510000	\$575000
94 CHALEYER	DC	\$485000	\$550000
44 BRIGHTON	DD	\$405000	\$450000
130 HASTINGS	DE	\$390000	\$600000
47 BEACH	DF	\$265000	\$350000
25 KENILWORTH	DG	\$270000	\$350000
30 AVOCA	DH	\$280000	\$375000
356 BRONTE	DJ	\$320000	\$425000
17 CROSS	DK	\$400000	\$525000
35 CHESTERFIELD	DL	\$565000	\$700000
20 BELGRAVE	DM	\$340000	\$430000
21 ALT	DN	\$300000	\$350000
39 HOLLYWOOD	DP	\$260000	\$350000
701 OLD SOUTH	EA	\$365000	\$450000
152 BLAIR	ED	\$240000	\$285000
159 HASTINGS	EE	\$500000	\$675000
160 HALL	EF	\$320000	\$450000
43 FLOOD	EG	\$255000	\$325000
29 DUDLEY	EH	\$240000	\$350000
9 CARLISLE	EJ	\$500000	\$650000
130 HEWLETT	EK	\$258000	\$320000
307 BRONTE	EL	\$245000	\$300000
24 CARRINGTON	EM	\$140000	\$200000
31 HENRY	EN	\$280000	\$350000
176 BIRRELL	EP	\$168000	\$220000

21 DIAMOND	FA	\$630000	\$685000
41A LIVERPOOL	FB	\$275000	\$375000
25 ONSLOW	FC	\$385000	\$450000
40 EDWARD	FG	\$245000	\$320000
5 GLEN	FH	\$235000	\$340000
331 BONDI	FJ	\$420000	\$450000
51 McPHERSON	FL	\$225000	\$310000
7 PORTER	FP	\$280000	\$370000
12 NOTTS	GF	\$285000	\$600000
50 BLAIR	HF	\$210000	\$300000
26 WATKINS	HG	\$160000	\$200000
24-26 DIAMOND	TA	\$1,125,000	\$1,800,000
49 LIVERPOOL	TB	\$455000	\$560000
13 ONSLOW	TC	\$720000	\$975000
77-79 BRIGHTON	TD	\$850000	\$1150000
106 BRIGHTON	TE	\$760000	\$1100000
296 BIRRELL	TH	\$615000	\$800000
24 GARDYNE	TK	\$485000	\$625000
113 EBLEY	TP	\$595000	\$800000
13 CROSS	TR	\$560000	\$800000

- 23 Despite this information being given to Ms Walton, she failed to interview the two Valuers concerned and again failed to interview the former Auditor General Mr Tony Harris.
23. Ms Walton's findings cannot possibly be sustained in the absence of her interviewing these three material witnesses, who were crucially essential to establishing or refuting the claims of systemic overvaluation.
24. The Government has now been asked to order a full judicial inquiry into what in fact occurred. The Government has so far resisted that call which is currently the subject of ongoing representations. Until this occurs, the allegations of systemic overvaluation will not go away. The credibility and integrity of the system has been seriously undermined.
25. The mass valuation system has been thrown into further confusion as a result of the High Court decision in *Maurici v Commissioner for State Revenue* in February 2003 (Maurici's case)
26. That decision threw into doubt all valuations carried out for the Valuer General since 1997 because such valuations failed to
- (i) take into account a premium for the value of scarce vacant sites in highly desirable areas and
  - (ii) to consider an adequate number of sales of developed properties when determining the component factors to apply in the component areas under consideration.
27. Indeed Ms Walton had specifically warned the Government and the Valuer General in her first Report in October 1999 that the failure to take into account any premium for scarce vacant sites could lead to overvaluation. This recommendation (Recommendation 4 ) was ignored by the Valuer General between 2000 and 2003.

28. Following the High Court decision in Maurici's case, the Government was urged by this firm to conduct a review of past land values in the light of the High Court decision, but has failed to do so. This again is the subject of on-going representations.
29. It is believed that the 2003 land values have also been determined without regard to Maurici's case, which once again will lead to overvaluation and overcharging of land tax.
30. The system of mass valuation has proved totally unfair and there are strong suggestions it could have been manipulated to improperly increase land values and overcharge land tax.
31. **Obviously if our submission that all land in NSW should be subject to land tax, then retention of the current methodology of assessment by use of the mass valuation system cannot possibly be supported for the cogent reasons outlined above.**
32. That system has been shrouded in secrecy and little information is given by the Valuer General to justify the values that are set by him.
33. Additionally, the setting of values is very subjective and for every licensed valuer's opinion, there is an equally competing different opinion from another licensed valuer.
34. To illustrate the subjective nature of the valuing process, we have extracted in the following Table some decisions of the Land and Environment Court that have overruled valuations adopted by the Valuer General, which the Valuer General refused to change on objection, necessitating an appeal to the Land and Environment Court.

PROPERTY ADDRESS	VALUER GENERAL'S VALUATION	VALUE FIXED BY LAND AND ENVIRONMENT COURT
Bay St Double Bay	\$3,020,000	\$2,600,000
Beresford Cr Rose Bay	\$1,240,000	\$935,000
Boundary St Paddington	\$368,000	\$217,000
Coolong Rd Vacluse	\$6,800,000	\$5,200,000
Drumalbyn Rd Bellevue Hill	\$1,050,000	\$745,000
Garden St Warriewood	\$713,000	\$500,000
Earnshaw St Gladesville	\$340000	\$306000
Mobbs Rd Terrigal	\$2,010,000	\$1,800,000
Hopetoun Ave Vacluse	\$1,040,000	\$900,000

35. The majority of property owners cannot afford the costs of legal challenges to Valuer General's valuations and the uncertainty occasioned by such litigation, so the current system of assessment heavily favours the Government. Taxpayers are intimidated and prefer to shut up and pay up rather than test the system.
36. Taxpayers could have hoped for some relief when the Valuer General gave a sworn assurance to the Nile Inquiry in 1998, that he would go back and revise the values of properties whose owners had not objected, if another property owner in the same area successfully objected.

37. Despite results such as those outlined in paragraph 34 above, the Valuer General has never gone back to revise the values of properties adjoining or in the same component code as the values successfully appealed against.
38. This has only served to exacerbate the systemic overvaluation alleged to have occurred.
39. **We believe that with the current review now being conducted, there is an opportunity to establish land tax collections on a fair and equitable basis by**  
**(i) spreading the burden of collection of the tax across all properties in NSW**  
**(ii) adopting a fairer system of assessment that is transparent, easy to administer and readily understood by all taxpayers.**
40. We believe that the time has now come for someone like Professor Parry of IPART to look at alternative means of assessing land tax, bearing in mind the above objectives for which that system of assessment should aim.
41. The method of assessment should be removed from political influence or persuasion and be determined by someone in a completely apolitical manner such as Professor Parry.
42. Both sides of the political equation need land tax revenue to provide schools, hospitals, police, efficient public transport and infrastructure within existing public utilities. All property owners should contribute because they all benefit from those services as well as having their property values enhanced because of that expenditure.
43. Every property owner ought to be able to budget with reasonable certainty as to his annual land tax obligation. At the present time this is not possible, because of the huge leaps in land values being claimed by the Valuer General, leading to greatly increased land tax liabilities.
44. For example in the case referred to in paragraph 4 above the liability of that owner has jumped from \$26860 in 2003 to \$37570 in 2004 – an increase of \$10710. This is not a properly and fairly applied tax. It is highway robbery, based on some subjective value of what a piece of land is worth. This is public administration in its worst possible form.
45. Professor Parry should be invited to conduct an Inquiry into better ways and means of assessing land tax in NSW, so that the hardship and injustice caused by the mass valuation system can be eradicated once and forever.
46. The writer and Mr S Spitzer, a property investor, presented a submission to the Government and the Nile Inquiry in 1998 setting out how land tax could be very easily assessed and collected based on the council rates paid by each property owner.
47. This was long before the extraordinary valuing practices adopted by the State Valuation Office were uncovered and well before the High Court in Maurici's case delivered its death knell judgment on the mass valuation system used by the Valuer General.
48. Basing land tax on council rates paid by a property owner, as detailed in our submission, is but one of many ideas that would be put before Professor Parry. Let him recommend something far better than we have now, that everyone will understand and that will be fair and equitable to all property owners, whose values have all been enhanced by the huge public expenditure provided by the taxpayers of New South Wales



49. **We believe the time has now come to :**
- (i) **Make all land in NSW liable to land tax**
  - (ii) **Spread the existing land tax raised among all properties in NSW**
  - (iii) **Replace the mass valuation system for assessing land tax, with a system, that is fairer, transparent and easier to administer and which will guarantee the Government the revenue it is presently collecting**
50. The advantages of adopting this course of action will result in
- (i) all property owners fairly bearing liability for the cost of providing Government services and for the enhanced values of their properties as a result of huge public expenditure by the taxpayers of NSW
  - (ii) large savings in administrative costs in dealing with objections against land values and in freeing up Court time dealing with appeals.
  - (iii) The Land Tax Management Act being reduced to a one page statement of the tax to be applied, and the rest of the Act dealing with the circumstances in which land tax liability arises no longer being relevant or necessary.
  - (iv) The annual public outcry at the huge jumps in land values and increases in land tax becoming a thing of the past.
  - (v) The Government continuing to receive the level of tax currently being collected (spread over all property owners and not just some property owners) with an in-built guarantee of future annual CPI increases.
51. The Treasurer has shown commendable initiative in adopting the approach outlined by us above in urging the Public Accounts Committee to ditch the present fire services tax – paid only by insurance policy holders – saying a levy spread among all property owners would be cheaper, except for the under insured or uninsured. (Herald December 11, 2003).
52. As all property owners benefit from Fire Services provided by the State, then it makes sense that all properties contribute to the cost of those services, not only those properties that are insured.
53. Surely this kind of approach should now be applied in relation to land tax.

I would be more than happy to personally appear before the Review Committee to supplement this submission.

Should you require a copy of our 1998 Submission to the Government and the Nile Inquiry, please do not hesitate to request a copy.

Yours faithfully,

**David Singer**  
**Consultant**