REVENUE LAWS AMENDMENT (TAXATION) BILL 2009

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Norman Moore (Leader of the House)**, read a first time.

Second Reading

HON NORMAN MOORE (Mining and Pastoral — Leader of the House) [10.21 pm]: I move —

That the bill be now read a second time.

This bill seeks to implement land tax and metropolitan region improvement tax measures announced in the 2009-10 budget. The first measure is the introduction of a cap on the annual growth in land values used to assess land tax and metropolitan region improvement tax. The year-to-year volatility and unpredictability of growth in individual land tax and metropolitan region improvement tax bills has been an ongoing cause of concern for many landowners. This cap will address the problem by ensuring that assessed land values will not grow by more than a certain percentage from year to year. To ensure flexibility to deal with changes in the property market, this bill proposes that the cap percentage be set out in the Land Tax Assessment Regulations. It is intended that a regulation will be made to set the cap amount at 50 per cent for the 2009-10 assessment year. This regulation will be made once these amendments have been enacted. Examples of how the cap is intended to operate are detailed in the explanatory memorandum associated with this bill. The cap will apply to each individual lot of land that is owned by a land tax payer, which will then be aggregated as appropriate for multiple property owners for assessment purposes. Based on preliminary data from the Valuer-General, it is estimated that around 2 600 landowners will benefit from the cap in 2009-10. Although the impact of the progressive land tax scale will mean that some land tax bills will still increase by more than 50 per cent, the increases will be significantly ameliorated. The revenue forgone, including metropolitan region improvement tax, from the 50 per cent cap is estimated at $6.9 million in 2009-10 and $11.5 million over four years.

The second land tax measure relates to the reintroduction of a concession for land developers. This concession will allow developers to pay land tax and metropolitan region improvement tax on the lower undeveloped or “en globo” value of land holdings, rather than the full subdivided value of lots, for one year after the creation of the lots. In the absence of this concession, it has been suggested that lot creation each year declines in the lead-up to the land tax liability being crystallised on 30 June, only to rebound through July and August. The reintroduction of the concession will help remove this perceived distortion as developers will no longer need to wind down their holdings of subdivided land around 30 June in order to minimise land tax. It is anticipated that the reintroduction of this concession will contribute to a smoother pattern of lot creation, thus reducing property market volatility and bottlenecks in the approvals process for relevant state government agencies and local government. The revenue forgone from this measure is estimated to be $2.3 million per annum.

The 2009-10 budget also included an extension of time for payment for landowners who wish to pay their land tax bills in instalments, and a halving of the flat charge that applies to the three-instalment option. These measures are to be implemented by regulation and are not included in this bill. A detailed explanation of the bill is contained in the associated explanatory memorandum. I commend the bill to the house and table the associated explanatory memorandum.

[See paper 885.]

Debate adjourned, pursuant to standing orders.