

LAND TAX AMENDMENT BILL 2013

SECOND READING SPEECH

I move that the Bill be now read a second time.

This Bill seeks to amend the *Land Tax Act 2002* to implement the changes to the land tax scale announced in the 2013-14 Budget.

These proposed changes help return the State's finances to a more sustainable position by reducing the current imbalance between revenue and expenditure growth while at the same time ensuring Western Australia's tax base remains competitive with other States.

Western Australia's land tax is currently substantially lower than all other jurisdictions – apart from the Northern Territory, which does not levy land tax.

If Western Australia applied the same effective land tax 'effort' as the average of all other States and Territories we would raise 63 per cent more land tax.

The changes announced in the State Budget and reflected in this Bill are far more modest. This Bill implements an increase in land tax rates of around 12.5 per cent across the board.

A 12.5 per cent increase in land tax rates will offset lower than expected land values and generate an additional 5 per cent in land tax revenue compared with forecasts in the Pre-election Financial Projections Statement.

The new land tax scale will apply from the 2013-14 land tax assessment year. Subject to the passage of this legislation, it is expected that the Commissioner of State Revenue will start to issue the 2013-14 land tax assessment notices from around late September this year.

Despite the increase in rates, Western Australia's land tax will still be significantly below that of other jurisdictions.

For a landholding with an unimproved value of \$1 million, land tax payable in Western Australia will increase from \$630 to \$700, but will remain substantially below the amount payable in all other States.

For example, land tax on an equivalent landholding would be:

- \$9,604 in New South Wales;
- \$4,500 in Queensland; and
- \$9,447 in South Australia.

Importantly, the majority of taxpayers are expected to experience only a small increase in their land tax bills in dollar terms as a result of the changed scale.

Approximately 45 per cent of taxpayers will experience an increase of less than \$20 per year as a result of these changes. For around 80 per cent of all taxpayers, the increase in their land tax bills will be no more than \$70.

For taxpayers with landholdings valued between \$1 million and \$2 million – about 13 per cent of taxpayers – their land tax bills will increase by between \$70 and \$670, reflecting the progressive nature of the land tax scale.

The changes to the land tax rates are estimated to raise \$73 million in 2013-14, and a total of \$338 million over the four years to 2016-17.

Pursuant to Standing Order 126(1), I advise that this Bill is not a uniform legislation Bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the Government of the State is a party, nor does the Bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the Commonwealth.

I commend the Bill to the House and table the associated explanatory memorandum.