

5 February 2013

The Hon. Michael Baird, MP  
Treasurer  
Level 36 Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister,

**Re: Inquiry into Land Valuation System**

I refer to my previous correspondence of 25 July 2012 regarding the application of primary production exemption applied under the Land Tax Management Act 1956 (copy enclosed). Your letter of 3<sup>rd</sup> September 2012 in reply to our concerns stated that "a consultation paper on land tax assessment processes will be released for public comment soon". I note that a Parliamentary inquiry to be conducted by the Valuer-General Committee has been announced and that the Committee will investigate the current land valuation system and the exercise of the Valuer General's functions with respect to land valuations under the Valuation of Land Act 1916 and the Land Tax Management Act 1956. We are assuming that this inquiry is in essence the action you committed to.

It is essential that the Inquiry into the land valuation system covers the misapplication of tax land and its impact on housing supply raised by the Urban Taskforce in previous correspondence to you.

I have reviewed the *Issues Paper - Inquiry into the land valuation system, February 2012* and while I believe that the first term of reference is sufficiently broad to enable the Committee to consider the application of the primary production exemption and the impact of the inappropriate application of land tax on greenfield lot production, I am concerned that this important issue may not have been clearly identified within the terms of reference for the review or discussed in the issues paper.

Our members are concerned that the terms of reference for the inquiry do not specifically refer to the result of minor works over large land holdings leading to the triggering of excessive land tax liability, even where the dominant use of the land remains primary production. This is a significant disincentive for the develop greenfield housing projects. We seek your confirmation that this issue is within the terms of reference of the inquiry and that the inquiry is the consultation process you committed to in your letter of 3<sup>rd</sup> September 2012.

Furthermore, I urge you to ensure that the Committee be advised of our concerns and that the Committee accept our forthcoming submission that will highlight our concerns with the current application of land tax and the loss of primary production exemption. If the terms of reference and issues paper require amendment, then I suggest that this be affected immediately. At the very least, supplementary advice should be issued highlighting the significance of the decision of the NSW Supreme Court: *Leda Manorstead v Chief Commissioner [2010] NSWSC 867*. This decision related to whether certain land used for primary production qualified for the primary production land tax exemption. The impact of this ruling has severely impacted on many greenfield land developers and is worthy of special consideration by the Committee.

The Urban Taskforce urges you to ensure that this matter is given due consideration by the Committee, particularly in the context that other arms of Government are actively taking steps to encourage the conversion of greenfield land to housing lots to meet our drastic undersupply and housing affordability problems.

I look forward to hearing from you on this important matter and the urgent release of the long awaited and hopefully more comprehensive land tax discussion paper. Should you wish to discuss any of the above in more detail, please feel free to contact me on telephone number 9238 3927.

Yours sincerely  
**Urban Taskforce Australia**

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Chief Executive Officer

cc. The Premier  
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