

# The Rail Now Campaign

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## Funding Sydney's Transport - A Sydney Transport Levy

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*The Rail Now Campaign advocates the introduction of a Sydney Transport Levy which would have raised at least \$1.1 billion for new railways in 2003 if levied at 0.25% of the unimproved land value of properties in the Sydney area.*

### 1. Introduction - the Need for More Funding

This paper explains how money could be raised to fund Sydney's transport needs.

Sydney's present transport network is unsustainable - environmentally and economically.

Motor vehicles dominate the market for both passenger transport and freight. The most significant cause of this imbalance is decades of Government funding of roads in preference to alternate transport systems<sup>(1)</sup>. To build a balanced transport network we need massive funding of new railways.

The major political parties show no signs of providing the funding which is required. They approached the 2003 State election with a commitment to roads ahead of rail, and offered only incremental improvements in the transport network; in short, more of the same policies which have created the problem. Since the election, the ALP Government at least has regressed, abandoning most of its modest proposals to build new railways.

Whether one prefers the incremental improvements favoured by the major parties, or the massive investment the Rail Now Campaign would support, the proposal in this paper provides the most appropriate form of funding.

### 2. The Proposal - A Sydney Transport Levy

The Rail Now Campaign proposes the introduction of a Transport Levy by means of a tax on the unimproved land value of all properties in the Sydney Metropolitan Area<sup>(2)</sup>, levied annually and paid by instalments. The amount of the levy can be varied over time, but

initially should be 0.25% of the unimproved land value of each property.

The levy would be in addition to existing taxes. It would be applied without a threshold, to the whole value of each parcel of land.

### *3. How Much Money Would the Sydney Transport Levy Raise?*

The value of Sydney's land, as at 1<sup>st</sup> July 2003, is set out in Appendix 1. The raw data on which the calculations in the Appendix are based was obtained from the New South Wales Valuer-General<sup>(3)</sup>.

**Appendix 1 shows that the total value of Sydney's land as at 1<sup>st</sup> July 2003 was \$466.5 billion. A levy at 0.25% imposed this year (2003) would therefore have raised \$1,166 million.**

As a rough rule of thumb, for 2004 and following years it should be assumed that each 0.25% levy would raise \$1.2 billion. Hence if \$3.5 billion in extra transport funding was required in a year, this sum could easily be raised by a levy of 0.75%.

### *4. Who Would Pay the Tax?*

The Sydney Transport Levy would effectively be a tax on land ownership. It would apply to all residential, commercial or industrial properties.

As with the current land tax system, the tax would be payable by the person who was, at the end of the last calendar year, registered as the proprietor of a separately rated parcel of land. With Crown land that is leased, the lessee would be deemed to be the owner.

Currently there is a distinction between land which is subject to council rates, and land owners who must pay rates. For example, owners who are pensioners can claim concessions or exemptions. It is proposed that such exemptions *not* apply to the Transport Levy, so that pensioners would pay along with other owners.

Provision can easily be made for land owners who have retired, or those who are suffering temporary hardship such as unemployment, to defer paying the levy until they are in a position to do so or until they sell the property. Interest would accrue on such liabilities at an appropriate rate.

### *5. How Much Would Each Owner Pay?*

The amount payable by land owners would of course depend on the value of their land. However, the amount is easy to calculate. For each \$100,000 of land value, the owner would be liable for \$250 per year, every year.

Owners can easily check the most recent valuation of their land by looking at the first rate notice they receive each financial year from their local council. The notice shows the Valuer-General's valuation of the land, as at the last valuation date (which may be up to 2 years old).

#### 6. *Why Tax Land Ownership?*

The proposed levy is a form of land value taxation. The merits of such a tax, as judged by the criteria most frequently used to assess different taxes, have already been demonstrated in another paper by a committee member of the Rail Now Campaign<sup>(4)</sup>. In this section the Transport Levy is justified in a way which will make sense to those who will pay the tax.

(a) *Transport infrastructure affects the value of land.* If travel destinations, such as shops, schools and workplaces, are made more accessible by a wider road or a new railway, the land which benefits from the improved transport will increase in value. Some land may decrease in value, if, for example, the new road or railway creates pollution which lessens the amenity of the nearby land. Generally though, if the infrastructure is economically worthwhile, it will tend to raise land values throughout the area which benefits from the infrastructure.

The levy paid by land owners to fund transport improvements will therefore be returned to them over the years in the form of increased land value. In that sense, it is a form of compulsory investment rather than a tax.

(b) *The value of land is created by society, not by the land owner.* The effect of new transport infrastructure on land values is merely one example of this more general truth.

There is a distinction between improved and unimproved land. Owners can increase the value of their property by improving it with better houses or factories. They cannot, however, as individuals, do anything to increase the underlying value of the land itself. That value exists because ownership of the land offers certain benefits which are valued by society. The benefits might be either intrinsic to the land itself - a good view, for example - and exist regardless of the owner's efforts, or reflect the land's proximity to services and amenities which are provided by people other than the land owner.

When the value of a person's property increases due to improvements the owner makes on the land, the owner has earned the increase. When the underlying land value increases, the owner has *not* earned the increase. **Instinctively, Sydney's land owners know this is true. In the last few years, their land has massively increased in value<sup>(5)</sup> out of all proportion to the improvements they've made to their properties.** In part, the value of land in Sydney arises from past transport projects. Land in Sydney's east is more valuable than that in the west, partly because the rail system is concentrated in the east, allowing denser development of those areas. **Taxing a proportion of this value returns to society part of the value which society has created.**

(c) *Taxing unimproved land values does not discourage productive activity.* If improved

values are taxed, this to some extent creates a disincentive to improve one's land. Such disincentives do not arise when the unimproved - and unearned - value of land is taxed. Instead, faced with higher costs for holding land, land owners have an increased incentive to use it productively.

(d) *Land value taxes cannot be avoided.* If you want to own land, you *must* be registered as the proprietor with Land and Property Information, New South Wales (formerly called the Land Titles Office). With most tax systems, the taxpayer can illegally avoid tax through non-disclosure. This is simply impossible with land taxes. Claiming the land automatically identifies the relevant taxpayer. If the taxpayer fails to pay, the tax becomes a charge, which is attached to the land title, like a mortgage. It is easily recovered from the sale of the land if the tax isn't paid. Unlike a mortgage however, the tax will only be a small proportion of the land's value, negating the possibility that the value of the land could fall below the amount of the tax charged upon it.

In the absence of corruption or gross incompetence, the Government will collect every cent of the tax. That is simply impossible with taxes such as the GST or income tax.

For these reasons, land value taxes are the ideal form of tax. Levies for specific purposes, though, are less than ideal. It would be preferable for the tax system to be reformed through the introduction of a comprehensive system of land value taxation. As a transport lobby group however, tax reform is not the Rail Now Campaign's priority. Our concern here is to fairly and efficiently raise additional revenue to fund new railways. The Sydney Transport Levy would do that in a way which is consistent with sensible tax reform.

### *7. How Would the Funds be Used?*

The \$1 billion a year raised by the Sydney Transport Levy should be used exclusively for new transport facilities in Sydney - principally the railways which successive Governments have so wantonly neglected for decades. There are many options for spending the money. The Rail Now Campaign offers two as worthy of particular consideration.

#### *Option 1: Build the Parramatta Epping Rail Link*

In August 2003, the NSW Government abandoned its commitment to build a new railway from Parramatta to Epping on the most spurious of grounds. For example, in claiming the predicted patronage of the railway was too low to justify its cost, the Minister for Transport Services relied heavily on figures for the railway's *first year* of operation<sup>(6)</sup>. Though this 'analysis' was gullibly swallowed by some, effectively it judges the longest of long term projects by its rate of return in the first year. On that criterion, nothing substantial would ever be built.

While the proposed railway may well require some modification to maximise its benefits<sup>(7)</sup>, for present purposes let us focus on how to finance its cost. The most recent estimate of its

costs is \$1.075 billion for the infrastructure, spread presumably over six years, and \$222 million for additional rolling stock, which would not be required until construction was completed<sup>(8)</sup>. If this amount was financed from the Sydney Transport Levy in equal instalments over the construction period, about \$216 million per year would be required, leaving nearly 80% of the levy available for other transport projects.

By the time the railway was built, land owners would have paid only \$56 per year per \$100,000 of land (at 2003 prices) towards the cost of the railway. An owner with \$250,000 of land would therefore have paid a total of \$840 over the six years of the project.

#### *Option 2: Use the levy to repay the capital costs of new projects*

In the longer term, there is considerable potential to expand the levy to be the major method of financing all infrastructure, starting with transport infrastructure.

Currently Governments have an aversion to debt. Whether it is sensible to incur debt really depends on what the borrowed funds are used for. There should be no legitimate objection on economic grounds to borrowing money long term to invest in projects which are economically beneficial in the long term. Such borrowing allows the capital cost to be shared between all the generations who benefit from the infrastructure.

Nevertheless, debt should not be incurred without a clear idea of where the money to repay it will come from. The Sydney Transport Levy is the obvious source of funds to repay capital which is borrowed to install new infrastructure. There is considerable potential to develop, over time, a system whereby the borrowed funds which pay for the capital cost of new transport facilities are effectively repaid from increased land values they create through the Transport Levy. The outlay on the capital costs thus generates the revenue to re-pay those costs, leaving the operating costs to be paid by users.

#### *8. How Would the Transport Levy be Administered?*

The Sydney Transport Levy is designed to be easily grafted on to the existing council rates and land tax systems.

The land proposed to be taxed is already liable to council rates. Accordingly the Valuer-General already values the land. Hence one essential factor in determining the tax - measuring land values - is already available.

Sydney's land would have to be valued annually. This may not actually require any change in valuation practice, as it is already done for land tax purposes. The method adopted in this paper to derive land values for a common base date would be a suitable means of making annual adjustments. This method is explained in Appendix 1, but simply involves using the current method for indexing the land tax threshold to update all land values.

Otherwise the current valuation system and procedures to object to valuations would apply unchanged. The supposed flaws in that system exist mainly at the margin, in small pockets of Sydney where there are few sales of vacant land to provide a guide to unimproved values. These flaws can be overcome by giving valuers more flexibility to determine which land is comparable to the land being valued. Whatever inaccuracies there are in the valuation system simply do not matter greatly when the tax rate is as low as 0.25%, because:

- ▶ Inaccuracies are just as likely to favour, as to penalise, the taxpayer, and over time are likely to have a neutral effect.
- ▶ Generally it will not be cost effective for taxpayers to dispute their liability due to valuation error, unless the error is very large, since the cost of lawyers and valuers would render a challenge to the assessment uneconomical. At the rate of 0.25%, every \$10,000 error in valuation only alters the tax liability by \$25. Challenges to assessments would most likely be confined to class actions where a large group of taxpayers was adversely affected by valuation error to a significant extent.

Prevailing computer technology and current administrative arrangements will dictate the simplest way to co-ordinate the operations of the taxing and valuing authorities. Possibly the easiest way to administer the tax, at least initially, would be for the State Government to agree with local councils to add the required amount of tax to the rates councils already levy, and to collect it on behalf of the Government.

Until paid, the liability to pay the levy would in law be a charge over the land which takes priority over and above every other registered interest, including first mortgages. This is how the current land tax system operates, through section 47(1) of the Land Tax Management Act 1956.

Interest would accrue on unpaid liabilities. Where liabilities were neither deferred nor paid, normal debt recovery procedures would apply.

#### *Footnotes*

(1) See “Government Spending of Road and Rail”, 21<sup>st</sup> January 2003, at [www.railnow.org.au](http://www.railnow.org.au).

(2) Sydney, for the purposes of this paper, is defined as the area covered by the local councils listed in Appendix 1.

(3) A Freedom of Information application was submitted to the Valuer-General’s Department on 14<sup>th</sup> March 2003. The Valuer-General did not accept the data was subject to an F.O.I. request, but offered to sell it. Though the data was obtained by the public sector using public funds for public purposes, a member of the public was not entitled to the data for a not-for-profit purpose unless the Government could make a profit for its sale. In order to obtain the data in usable form, members of the Rail Now Campaign ultimately paid \$874 to purchase the data. The data was not delivered until 21<sup>st</sup> August 2003.

(4) See “Land Value Taxation” by Neil Gilchrist, 1998, at [www.railnow.org.au](http://www.railnow.org.au).

(5) As noted in Appendix 2, the Valuer-General has determined that in the last two years

average land values in New South Wales increased by 18.63% and 21.47%. The Valuer-General also publishes a table of land values for typical properties in different localities to indicate trends in land values on the web site for Land and Property Information NSW - see [www.lpi.nsw.gov.au/facts/revtable1.html](http://www.lpi.nsw.gov.au/facts/revtable1.html). Table 1, for the Sydney Metropolitan Area, indicates land values in Sydney have risen as follows:

| Year                  | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|-----------------------|------|------|------|------|------|------|
| Increase in last year | 20%  | 13%  | 7%   | 5%   | 7%   | 17%  |

The Australian Bureau of Statistics measures the prices of established houses in ABS Cat. 6416.0. Its most recent edition released on 4<sup>th</sup> September 2003 indicates Sydney's house prices rose 18.1% between the June quarter 2002 and the June quarter 2003. It is submitted that such increases can only be explained by increased land values, to which owners have made no contribution.

(6) See News Release from the Minister for Transport Services dated 21 August 2003 entitled "Costa Releases Terms of Reference for Parramatta Transport Working Group".

(7) The Government's analysis of the benefits of the Parramatta Rail Link has always been flawed. The flaws are referred to in a number of articles at [www.railnow.org.au](http://www.railnow.org.au). The Rail Now Campaign does not oppose any variation of the plan which would make it more cost effective. For example, the Australian Democrats MLC, Arthur Chesterfield-Evans, has urged the Government to consider a Granville Chatswood railway, with a Y-link at Granville to provide access to Parramatta. (Media release 22<sup>nd</sup> August 2003). If this facilitated upgrading the Epping / Granville / Parramatta section to carry freight, it is an option worthy of consideration.

(8) See "PRL West Options Project Director's Report", Parramatta Rail Link, August 2003, page 4. The figure represents the price in June 2003. No breakdown of the cost per year has been published, but the report was based on the first year of operation being 2011, implying the railway would take six years to build, with no trains being required till completion.

### Appendix 1

This Appendix explains how the current value of Sydney's land has been derived.

A general valuation of land within Council areas is made by the Valuer-General on a 3 year cycle. These valuations are the basis of the rates notices issued by local Councils. The Valuer-General also undertakes an annual revision of land values for land tax purposes.

The data in the first 4 columns of the accompanying table has been supplied by the Valuer-General, and represents the information held on the NSW Values database as at August 2003. These columns show the total land value of land as at the "base date" - the last date on which the Valuer-General undertook a general valuation of the relevant council area. The figures comprise total value of properties zoned as either Residential, Business or Industrial, and within the City of Sydney and North Sydney only, special business zones.

The data has then been adjusted by the author to derive updated values across Sydney as at 1<sup>st</sup> July 2002 and 1<sup>st</sup> July 2003. The adjustment process is based on the procedure set out in the Land Tax Management Act, relevant sections of which are extracted in Appendix 2. These sections effectively require the Valuer-General to determine each September the percentage by which average land values in New South Wales have changed during the preceding year. This percentage is used to increase the threshold under the existing land tax system.

This adjustment process necessarily assumes that land in Sydney has increased at the same rate as land in New South Wales as a whole. While such an assumption may not be justifiable for individual properties, it is reasonable to assume that over a short period of time the trend in property values within the most valuable region in New South Wales - Sydney - would be comparable to the trend within the State as a whole.

Some support for this view can be gained through a comparison of the percentage increases in Sydney, referred to in footnote (5), and the Valuer-General's determination of state-wide increases shown in the final column of the table in Appendix 2. For the years 2000, 2001 and 2002 the rate of increase was similar. The data in footnote (5) however is based on the Valuer-General's judgment of what is a typical property in the category being valued.

The updated figures resulting from the adjustment process are unlikely to be completely accurate. Nevertheless, they are the best estimate of current land values which can be made on the available data, and produce a reasonably accurate estimate of the tax yield from the Sydney Transport Levy.

| <u>Local Government Area</u> | <u>Base Date</u> | <u>No. of Properties</u> | <u>Land Value (Base Date)</u> | <u>Land Value 01/07/01</u> | <u>Land Value 01/07/02</u> | <u>Land Value 01/07/03</u> | <u>Tax Raised by Levy of</u> |
|------------------------------|------------------|--------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
|                              |                  |                          |                               | Add                        | Add                        | Add                        | <u>0.25%</u>                 |
|                              |                  |                          |                               | 7.34%                      | 18.63%                     | 21.47%                     |                              |
| ASHFIELD                     | 01/07/01         | 9,108                    | \$3,005,898,740               | \$3,005,898,740            | \$3,565,897,675            | <b>\$4,331,495,906</b>     | \$10,828,740                 |
| AUBURN                       | 01/07/00         | 14,494                   | \$4,102,492,210               | \$4,403,615,138            | \$5,224,008,638            | <b>\$6,345,603,293</b>     | \$15,864,008                 |
| BANKSTOWN                    | 01/07/01         | 49,827                   | \$12,614,001,730              | \$12,614,001,730           | \$14,963,990,252           | <b>\$18,176,758,959</b>    | \$45,441,897                 |
| BAULKHAM HILLS               | 01/07/02         | 44,086                   | \$13,227,289,800              |                            | \$13,227,289,800           | <b>\$16,067,188,920</b>    | \$40,167,972                 |
| BLACKTOWN                    | 01/07/02         | 82,914                   | \$11,897,732,460              |                            | \$11,897,732,460           | <b>\$14,452,175,619</b>    | \$36,130,439                 |
| BLUE MOUNTAINS               | 01/07/01         | 33,045                   | \$3,918,978,920               | \$3,918,978,920            | \$4,649,084,693            | <b>\$5,647,243,176</b>     | \$14,118,108                 |
| BOTANY BAY                   | 01/07/01         | 8,890                    | \$2,892,912,500               | \$2,892,912,500            | \$3,431,862,099            | <b>\$4,168,682,891</b>     | \$10,421,707                 |
| BURWOOD                      | 01/07/01         | 7,694                    | \$3,009,461,021               | \$3,009,461,021            | \$3,570,123,609            | <b>\$4,336,629,148</b>     | \$10,841,573                 |
| CAMDEN                       | 01/07/01         | 13,719                   | \$1,882,270,304               | \$1,882,270,304            | \$2,232,937,262            | <b>\$2,712,348,892</b>     | \$6,780,872                  |
| CAMPBELLTOWN                 | 01/07/00         | 44,898                   | \$4,371,908,487               | \$4,692,806,570            | \$5,567,076,434            | <b>\$6,762,327,744</b>     | \$16,905,819                 |
| CANADA BAY                   | 01/07/00         | 17,676                   | \$6,706,744,175               | \$7,199,019,197            | \$8,540,196,474            | <b>\$10,373,776,657</b>    | \$25,934,442                 |
| CANTERBURY                   | 01/07/02         | 32,455                   | \$10,218,805,026              |                            | \$10,218,805,026           | <b>\$12,412,782,465</b>    | \$31,031,956                 |
| FAIRFIELD                    | 01/07/00         | 49,472                   | \$8,267,942,550               | \$8,874,809,533            | \$10,528,186,549           | <b>\$12,788,588,201</b>    | \$31,971,471                 |
| GOSFORD                      | 01/07/00         | 54,969                   | \$9,208,732,854               | \$9,884,653,845            | \$11,726,164,857           | <b>\$14,243,772,452</b>    | \$35,609,431                 |
| HAWKESBURY                   | 01/07/02         | 12,284                   | \$1,636,458,920               |                            | \$1,636,458,920            | <b>\$1,987,806,650</b>     | \$4,969,517                  |
| HOLROYD                      | 01/07/01         | 24,879                   | \$5,910,665,060               | \$5,910,665,060            | \$7,011,821,961            | <b>\$8,517,260,136</b>     | \$21,293,150                 |
| HORNSBY                      | 01/07/02         | 41,813                   | \$13,725,913,533              |                            | \$13,725,913,533           | <b>\$16,672,867,169</b>    | \$41,682,168                 |
| HUNTERS HILL                 | 01/07/02         | 3,525                    | \$2,831,459,251               |                            | \$2,831,459,251            | <b>\$3,439,373,552</b>     | \$8,598,434                  |
| HURSTVILLE                   | 01/07/01         | 20,559                   | \$6,646,970,580               | \$6,646,970,580            | \$7,885,301,199            | <b>\$9,578,275,366</b>     | \$23,945,688                 |
| KOGARAH                      | 01/07/01         | 14,109                   | \$5,708,490,370               | \$5,708,490,370            | \$6,771,982,126            | <b>\$8,225,926,688</b>     | \$20,564,817                 |
| KU-RING-GAI                  | 01/07/02         | 32,170                   | \$17,065,817,690              |                            | \$17,065,817,690           | <b>\$20,729,848,748</b>    | \$51,824,622                 |
| LANE COVE                    | 01/07/01         | 7,597                    | \$4,252,247,760               | \$4,252,247,760            | \$5,044,441,518            | <b>\$6,127,483,112</b>     | \$15,318,708                 |
| LEICHHARDT                   | 01/07/02         | 17,193                   | \$6,808,287,270               |                            | \$6,808,287,270            | <b>\$8,270,026,547</b>     | \$20,675,066                 |
| LIVERPOOL                    | 01/07/02         | 43,340                   | \$8,785,150,730               |                            | \$8,785,150,730            | <b>\$10,671,322,592</b>    | \$26,678,306                 |
| MANLY                        | 01/07/02         | 9,386                    | \$6,398,212,020               |                            | \$6,398,212,020            | <b>\$7,771,908,141</b>     | \$19,429,770                 |
| MARRICKVILLE                 | 01/07/00         | 22,278                   | \$4,315,503,110               | \$4,632,261,038            | \$5,495,251,270            | <b>\$6,675,081,717</b>     | \$16,687,704                 |
| MOSMAN                       | 01/07/02         | 6,703                    | \$6,155,154,900               |                            | \$6,155,154,900            | <b>\$7,476,666,657</b>     | \$18,691,667                 |

| <u>Local Government Area</u> | <u>Base Date</u> | <u>No. of Properties</u> | <u>Land Value (Base Date)</u> | <u>Land Value 01/07/01</u> | <u>Land Value 01/07/02</u> | <u>Land Value 01/07/03</u> | <u>Tax Raised by Levy of</u> |
|------------------------------|------------------|--------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|
| NORTH SYDNEY                 | 01/07/01         | 9,816                    | \$6,955,679,880               | \$6,955,679,880            | \$8,251,523,042            | <b>\$10,023,125,039</b>    | \$25,057,813                 |
| PARRAMATTA                   | 01/07/01         | 38,783                   | \$10,556,471,190              | \$10,556,471,190           | \$12,523,141,773           | <b>\$15,211,860,311</b>    | \$38,029,651                 |
| PENRITH                      | 01/07/00         | 51,514                   | \$6,278,372,390               | \$6,739,204,923            | \$7,994,718,801            | <b>\$9,711,184,927</b>     | \$24,277,962                 |
| PITTWATER                    | 01/07/00         | 18,173                   | \$7,564,361,030               | \$8,119,585,130            | \$9,632,263,839            | <b>\$11,700,310,886</b>    | \$29,250,777                 |
| RANDWICK                     | 01/07/00         | 25,582                   | \$9,850,853,350               | \$10,573,905,986           | \$12,543,824,671           | <b>\$15,236,983,828</b>    | \$38,092,460                 |
| ROCKDALE                     | 01/07/00         | 22,750                   | \$7,411,617,040               | \$7,955,629,731            | \$9,437,763,550            | <b>\$11,464,051,384</b>    | \$28,660,128                 |
| RYDE                         | 01/07/01         | 25,211                   | \$10,066,041,660              | \$10,066,041,660           | \$11,941,345,221           | <b>\$14,505,152,040</b>    | \$36,262,880                 |
| SOUTH SYDNEY                 | 01/07/01         | 16,562                   | \$6,785,317,200               | \$6,785,317,200            | \$8,049,421,794            | <b>\$9,777,632,654</b>     | \$24,444,082                 |
| STRATHFIELD                  | 01/07/01         | 7,271                    | \$3,658,825,520               | \$3,658,825,520            | \$4,340,464,714            | <b>\$5,272,362,489</b>     | \$13,180,906                 |
| SUTHERLAND                   | 01/07/02         | 58,642                   | \$23,375,298,500              |                            | \$23,375,298,500           | <b>\$28,393,975,088</b>    | \$70,984,938                 |
| SYDNEY                       | 01/07/01         | 2,932                    | \$8,811,494,307               | \$8,811,494,307            | \$10,453,075,696           | <b>\$12,697,351,048</b>    | \$31,743,378                 |
| SYDNEY (L)                   | 01/07/02         | 3,746                    | \$1,448,889,580               |                            | \$1,448,889,580            | <b>\$1,759,966,173</b>     | \$4,399,915                  |
| SYDNEY (SS)                  | 01/07/01         | 2,799                    | \$2,685,992,547               | \$2,685,992,547            | \$3,186,392,959            | <b>\$3,870,511,527</b>     | \$9,676,279                  |
| WARRINGAH                    | 01/07/00         | 36,033                   | \$12,739,200,180              | \$13,674,257,473           | \$16,221,771,640           | <b>\$19,704,586,012</b>    | \$49,261,465                 |
| WAVERLEY                     | 01/07/00         | 13,004                   | \$6,223,272,260               | \$6,680,060,444            | \$7,924,555,705            | <b>\$9,625,957,814</b>     | \$24,064,895                 |
| WILLOUGHBY                   | 01/07/00         | 16,750                   | \$8,155,004,250               | \$8,753,581,562            | \$10,384,373,807           | <b>\$12,613,898,863</b>    | \$31,534,747                 |
| WOLLONDILLY                  | 01/07/02         | 7,484                    | \$1,137,755,520               |                            | \$1,137,755,520            | <b>\$1,382,031,630</b>     | \$3,455,079                  |
| WOOLLAHRA                    | 01/07/01         | 13,080                   | \$10,498,423,050              | \$10,498,423,050           | \$12,454,279,264           | <b>\$15,128,213,022</b>    | \$37,820,533                 |
| WYONG                        | 01/07/02         | 50,891                   | \$7,776,662,814               |                            | \$7,776,662,814            | <b>\$9,446,312,320</b>     | \$23,615,781                 |
| <b>TOTAL</b>                 |                  | <b>1,140,106</b>         | <b>\$337,545,034,239</b>      |                            | <b>\$384,036,131,105</b>   | <b>\$466,488,688,454</b>   | \$1,166,221,721              |

Note:

- (1) All rights, title and interests in the data in the first 4 columns belongs to Land & Property Information NSW.
- (2) LPI has given the author permission to publish the data as part of any article on tax policy. Others may access the data for a similar purpose.
- (3) The data supplied by LPI has been extracted from the Valuation Roll, which is subjected to ongoing change after the date of extraction.
- (4) Properties with the following zonings have been included: residential, business, industrial, and specialised zonings such as City of Sydney only, County Centre, North Sydney only, Business, Mixed Residential/Commercial & Employment area.
- (5) Sydney L and Sydney SS are parts of Leichhardt and South Sydney Council areas now in the City of Sydney.
- (6) The total Sydney figure is therefore Sydney plus Sydney L plus Sydney SS.

## Appendix 2

This Appendix explains the percentage increase used to make the adjustments to the Valuer-General's data shown in Appendix 1. The increases are the same as those used to index the land tax threshold each year, details of which are set out below.

### *Extract from the Land Tax Management Act 1956*

#### “Division 4A Tax threshold

##### 62TA Determination of change in NSW property values

- (1) During the month of September in each year, the Valuer-General is to determine the percentage by which average land values of land within residential, commercial, business and industrial zones in New South Wales have changed between 1 July 1997 and 1 July last preceding the making of the determination.
- (2) For the purposes of this section, land is within a residential, commercial, business or industrial zone if it is zoned or otherwise designated for use under an environmental planning instrument (within the meaning of the Environmental Planning and Assessment Act 1979) for, or principally for, residential, commercial, business or industrial purposes, or for some or all of those purposes.
- (3) On or before 15 October in each year, the Valuer-General is to publish the determination made under subsection (1) in the Gazette.

##### 62TB Tax threshold

- (1) The tax threshold for the 1998 land tax year is \$160,000.
- (2) The tax threshold for a land tax year subsequent to the 1998 land tax year is to be determined in accordance with the following formula, subject to subsection (3):  
$$\$160,000 \times (100\% + \text{the percentage change in land values determined under section 62TA(1) during the month of September preceding the land tax year}).$$
- (3) The tax threshold for a succeeding land tax year is to remain the same as for the previous land tax year if the tax threshold determined in accordance with the formula in subsection (2) for the succeeding land tax year is equal to or less than the tax threshold for the previous year.
- (4) A tax threshold determined in accordance with this section is to be rounded off to the nearest \$1,000.
- (5) On or before 15 October in each year, the Valuer-General is to publish the tax threshold applicable to the following land tax year in the Gazette.”

*Determinations made by the Valuer-General under ss.62TA & 62TB since the sections commenced operation*

| <u>Date</u> | <u>Increase above 01/07/1997 Levels s.62TA(1)</u> | <u>Threshold for Next Land Tax Year s.62TB</u> | <u>Source of Information</u>  | <u>% Increase Over Previous Year</u> |
|-------------|---|--|---|--------------------------------------|
| 31/10/98    | N.A.  | \$160,000                                      | Land Tax Management Act, ss.62TA & 62TB commenced operation. Gazette no.120, 14/08/1998, p.6027 | N.A.                                 |
| 1998        | 9.7%  | \$176,000                                      | Gazette 09/10/1998, p.8176  | 9.70%                                |
| 1999        | 19.7%   | \$192,000                                      | Gazette 15/10/1999, p.10010   | 9.11%                                |
| 2000        | 28%   | \$205,000                                      | Gazette no.137, 13/10/2000, p.11152   | 6.93%                                |
| 2001        | 37.4%   | \$220,000                                      | Gazette no. 156, 12/10/2001, p.8585   | 7.34%                                |
| 2002        | 63%   | \$261,000                                      | Gazette no.170, 11/10/2002, p.8769  | 18.63%                               |
| 2003        | 98%   | \$317,000                                      | Gazette no.163, 10/10/2003, p.10035   | 21.47%                               |