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AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Submission relating to the review of Australia's future tax system

Background

Following our review of the consultation paper relating to the review of Australia's future tax system, we wish to make a submission for consideration by the review panel. This submission comments on the consequences of taxation measures for land use and management, and the resulting impacts on long term economic and environmental sustainability.

The submission is from Land & Environment Planning, an environmental planning consultancy with a strong emphasis on development, land use and sustainability planning. We have been innovators in addressing sustainability issues and recognise the close links between taxation and land use outcomes and planning processes.

Comments

Overall, the consultation paper is a commendable document, and provides a good review of an exceedingly complex area of public policy.

We consider that insufficient consideration has been given in the consultation paper to the implications of the taxation measures now applying to land (especially local government rates, land taxes, and land transfer duties) and how these may apply in the future. In particular, land taxes directly affect a number of key issues identified in the discussion paper, especially state and local taxes and transfers, housing, the environment, and natural resources. Currently, many tax arrangements contradict effective environmental planning and management.

The operation of land based taxes significantly affects a range of socially important issues including land and housing costs, private management of land for conservation purposes, location of development sites and infrastructure. The structure of taxes affecting land will either significantly help or hinder other national priorities such as affordable housing, reduction in carbon emissions, ecological sustainability, and protection of biodiversity.

Environmental Planning and Land Management Consultants

Taxation affects land ownership, land use and ongoing management which have specific implications for housing, rural land management, and commercial use of land whether agriculture or other business. A specific review of land based taxes is warranted as part of the taxation review.

Proposals

Supporting sustainable land and natural resource use should be important in developing future directions for a tax system for the next century. A reformed Australian tax system land use should directly contribute to sustainable land use outcomes. Because of the long term or permanent nature of land use and development, these decisions result in long term structural economic consequences with permanent environmental impacts.

The national and local scales are the most effective levels for taking into account the consequences of tax on land and its use, because it is at these scales that the effects of policy become evident. The Commonwealth needs to take a lead on this issue, in close consultation with local government.

The following proposals are submitted for consideration:

- 1 State based taxes on land and transfers should be discontinued as they do not support appropriate land use and good land management practice, and lead to inequitable practice between states. In particular, the use of these taxes by the states have contradicted sound land use policy.
- 2 A specialist review of land based taxes and their consequences should be undertaken as part of the review of Australia's future tax system, This specific review should give particular consideration to the role of local and regional management of land and natural resources.
- 3 A common national land use planning system should be enacted under Commonwealth legislation, administered by states. Links with the taxation system should be included by providing for taxation of certain types of unsustainable, energy intensive, or non-greenhouse neutral development assessed as part of established land use planning processes. Revenue should be generated for based on the sustainability or unsustainability of land use plans. This system must be designed to harmonise with the Commonwealth EPBC Act which provides a sound impact assessment framework.

Conclusion

Thank you for the opportunity to provide comments. I would welcome the opportunity to discuss any aspect of this submission in greater detail. Please feel free to contact me if you have any queries in relation to the above matters.

Yours sincerely

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Principal, Land & Environment Planning

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