

Pat Gerace, CEO UDIA (SA) speaking with Leon Byner, 5AA 21/08/19

Martin Haese, CEO, Business SA (5AA 9.43-9.48) Property revaluations and land tax reforms

(Byner: An email ... from Tania ... "last night I was at the Feathers Hotel in the presence of a packed audience to voice our concerns about land tax with Vickie Chapman" ... what Ms Chapman does and it's a good thing, a lot of politicians do it, is have a thing called Politics in the Pub ... normally they're not attended by that many people but last night it was packed to the rafters ... Tania says, "there were angry distressed business owners, property owners, and tenants and we had example after example from mum and dad investors to large property owners giving their own personal account of how this land tax reform affects them and the revaluation. The employees and tenants who will also be affected with rent increases and what it'll do their personal finances ... Vickie Chapman was very good, she listened and she understood and she got the message and she agreed to what she was listening to, she got the message and she'll go back to Cabinet with that message" ... Martin Haese ... the Government ... they've put out a release today, of course it doesn't have a date timeline, but this was done by the ANZ Bank before the Budget lauding that SA's economy is more than on the right track.) ... the operative words there are is that that surveying was done before the Budget, that surveying was done before which time this land tax aggregation matter which seemingly came out of left field was introduced and announced by the Government that it was something they would like to explore ... Business SA is working of course on behalf of its members but we have members across 17 industry sectors ... this is certainly a very representative voice of all sectors of the business community, property included but a lot more than property ... we really are the heartland of small business, this is what small business is saying to us, they're terrified if not horrified about this trifecta of uncertainty which could come into play as a result of the potential introduction of land tax aggregation, the revaluation initiative which is concurrently playing out across South Australia and also the fact that our highest rate is currently 3.7% in terms of top tier rate for land tax and although that's projected to come down to 2.9% over seven years it's still very high in terms of the national averages ... business is crying out to us, we are reflecting what they're saying ... it's coming as a direct reflection in terms of what businesses are saying and this is small business ... that have diversified their risk, worked on their succession planning so their business can pass over to a new owner one day or to their kids ... they've been very careful and they've worked within the rules ... this has come left of field, everyone is concerned ... the national economy is soft, the building industry ... has had a few troubles ... this is the last type of scenario that people want to see in terms of raising taxes, we should be lowering them. (Byner: So your plea to the Government is?) ... to set this matter aside because with regards to the revaluation of property and land across South Australia that has yet to be fully quantified so we're saying, let's be sensible ... wait until which time you have completed the comprehensive revaluation initiative right across all 68 Local Government areas across South Australia noting that only three of them have been done ... Adelaide Plains Council ... Unley ... Walkerville, there's 65 more to go, let's wait until that process is finished and we would suggest that as a consequence of just that initiative the revaluation initiative is that the Government might be pleasantly

surprised in terms of what its forward revenues look like and this land tax aggregation matter might just become a moot point ... we're saying set it aside, it's bad for business, it's terrible for confidence, there is a trifecta of uncertainty playing out at the moment and this will affect jobs. *(Byner: ... thank you ...)*

Connie Bonaros, SA-BEST MLC (5AA 9.48-9.51) Property revaluations and land tax reforms

(Byner: Connie Bonaros ... are you aware that there are senior Ministers within Cabinet and indeed the Treasurer who are saying that the trepidation with which people are not making decisions because they're scared is created by the very people who it will affect and they should in fact blame themselves, what do you say to that?) ... I couldn't agree more with the sentiments expressed by Martin a few moments ago and you're quite right ... the Marshall Liberal Government is facing fierce opposition from his own ranks, from his own members. The information that we're finding is coming from those very members who are struggling to sell this ... policy to their voters ... they should be extremely alarmed at what their Government is proposing. What we are failing ... to recognise is the ripple effect that these changes will have along the entire real estate chain from property investors right through to renters. We know it's going to lead to increases in rental prices, emergency queues are going to get longer, people are going to be displaced from their homes, the list goes on and on ... my concern ... is that the Treasurer has made this decision in a vacuum and is ignoring the broader national context in which we find ourselves in a desperate bid to keep the national economy ticking over, we've seen the RBA slash official interest rates to historical record lows, businesses we speak to ... every day, small, medium, large are struggling at the moment to keep their doors open but our State Government here in South Australia has blocked out all that noise for the sake of lining its own coffers. That should be concerning to all of us. *(Byner: What do you suggest?) ...* Business SA has put a good proposal forward today but what we need this Government to do is to listen not only to voters but to its own members who are warning them that if they want to be a one-term wonder in terms of a Government then this is the issue that will make that happen ... Bill Shorten will go down in history for his infamous retirees tax, his plan to slash dividend franking credits for retirees and that lost him the Federal election and Premier Marshall and Treasurer Lucas may very well have a retiree tax of their own on their hands on this issue but at the moment ... what worries me the most is that both appear more interested in pointing their fingers and blaming everyone else except for themselves for the mess that the Government currently finds itself in. They need to wake up, listen to what their own members are saying to them, listen to what their voters are saying to them, and acknowledge that they've got this absolutely wrong. *(Byner: ... thank you ...)*

Pat Gerace, Urban Development Institute (5AA 9.51-9.52) Property revaluations and land tax reforms

(Byner: Pat Gerace ...) ... it's such an important matter ... I agree with Martin and the Urban Development Institute position is that we also say they need to set aside these aggregation measures ... our members are builders, they're developers, the canary in the coal mine are surveyors, they're telling us already right now they are not going to employ as many people because there is not as many people looking at investing in property in South Australia ... there are people who can't afford the tax bill under the new measures who will sell ... there'll be tradies, there'll be a whole range of people who are potentially going to lose their jobs but what we've also got is a long-term supply and demand ... there are a ... whole bunch of people who need rental accommodation and if investors, if we don't have a health investor market where they're building property to rent to these people ultimately it means that stock's going to diminish and there's going to be an increase in the rents in the longer term ... it is a really, really important matter ... we've just got unfortunately a Treasurer and a Premier who are too proud to say that they've got it wrong ... all of the entire sector just doesn't understand why we can't get some reasonableness back into this debate. (Byner: ... thank you ...)