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ARTICLE BY THE PREMIER (DON DUNSTAN)LAND TAX

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The Labor Government, since its return to office, has made strenuous efforts to relieve South Australia's rural community of some of the burdens of taxation.

Special concessions we have already enacted will reduce the yield from land tax in the coming year.

This demonstration of our awareness of the problems faced by the agricultural and pastoral community, moreover, comes at a time when the Government has been forced to seek increased contributions from the community generally to meet extra costs.

Despite knowledge of the facts, the Liberal Party has launched a deliberate and cynical campaign to mislead primary producers about the Government's land tax policy.

The Government has been unfairly accused of playing a confidence trick by sneaking amendments to the Land Tax Act through Parliament and then changing the assessments to effect a big increase in land tax and so boost revenue.

This is nonsense.

The estimated revenue from land tax this year beginning next July is expected to fall from \$1.1 million to between \$0.9 and \$1 million.

If the Government had not introduced special concessions, the progressive scales of taxation would have resulted in a revenue increase to more than \$1,550,000 in the 1971-72 financial year.

Assessments of all property values within the State have been made every five years since 1940 (regardless of which party is in power) and are required by the Land Tax Act of 1936.

The last five year period ended on June 30, 1970.

Land values generally have risen fairly steeply over the five year periods and most assessments have been increased at every revaluation. The mid-1970 figures were inevitably higher than the values set in 1965.

The Government recognised, however, that there had been a fall of values in some areas due to the worsening rural economic situation and it took recent sales prices from July to December last year into account.

The new revaluation resulted in a reduction of assessments on rural holdings by an average of about one-third on the July figures.

This can be seen from the following table which compares the assessed unimproved values in some districts in 1965, July 1970 and December 1970.

<u>Council District</u>	<u>1965 Unimproved Value per acre</u>	<u>Previously Proposed July 1970 U.V. per acre</u>	<u>1970 U.V. per acre</u>
Tatiara	6.00	19.00	15.00
Tatiara	36.00	46.00	37.00
Naracoorte	45.00	70.00	56.00
Gambier	120.00	270.00	270.00
Burra	48.00	75.00	56.00
Crystal Brook	24.50	44.00	33.00
Wilmington	6.50	14.00	6.50
Jamestown	15.00	24.00	18.00
Kadina	25.00	50.00	37.00
Streaky Bay	1.20	2.80	2.20
Lincoln	1.50	5.00	4.00
Yankalilla	45.00	70.00	70.00
Kingscote	0.40	2.60	2.50
Mallala	24.00	38.00	28.00
Freeling	32.00	50.00	37.00

The table clearly shows that the reductions from July to December have been significant in most cases and in some the value has reverted to the 1965 level. The areas where there has been no reduction in value in the six months July-December, e.g. Gambier and Yankalilla, do not depend on wheat and wool production, the sectors most affected.

Assessments have increased markedly in some areas of the State such as Kingscote and Streaky Bay.

This is because there was a shortage of rural valuers prior to the last (1965) assessment and these areas were then valued at unrealistically low figures. The new valuations made by the Department are realistic.

The new land tax assessments on Kangaroo Island are by no means excessive.

For instance, out of 171 soldier settlers on the Island 15 are assessed at under \$6,250 and pay no land tax; 82 are assessed at under \$12,500 and so get a partial exemption. The rest are assessed at under \$15,000 which means that they pay less than \$24.00 land tax per annum.

With the new unimproved valuations for these areas rural land tax is more equitably distributed over the whole rural community.

The downward trend in rural values has been felt most in the State's wheat and wool areas.

Land used for wheat and wool but adaptable to beef and barley production was less affected and dairying, market gardening and orchard industries were virtually unaffected.

Values of properties purchased for blood stock breeding in the Adelaide Hills are currently at a premium and very few objections have been raised about the unimproved values issued for these areas.

The Land Tax Amendment Act itself has made further important concessions to primary producers. The special exemption of \$5,000 has been retained, there is a partial exemption on all properties up to \$12,500 and the existing rates of tax have been reduced by two-fifths for primary producing land with an unimproved value of up to \$40,000. There is also a rebate of 2c. in each \$10 of unimproved value for lands valued at over \$40,000.

The concessions will thus be about 33% at \$50,000, about 18% at \$100,000 and 10% at \$200,000.

The significance of these concessions to primary producers is even greater when it is realised that the unimproved value of a property is always well below its market value. In fact the unimproved value of a property is obtained from sales by deducting from its total market value the value of any improvement which adds to its productivity.

Further reductions in the amount of tax payable are then made.

The tax is set initially on unimproved value but because of the application of the rebate to smaller farmers (those whose properties have an unimproved value of up to \$12,500) and because there is a further reduction of 2/5 in fact tax is levied on a figure which is substantially below even the unimproved figure.

The Government's concessions have meant that the amount of taxes payable have been considerably reduced, even when the quinquennial re-assessment is taken into account.

It does not follow at all, as has been implied, that because assessments have risen taxes will rise proportionately.

The following table shows, in fact, that in many cases although assessments have risen the amount of tax payable has actually fallen from the 1965 level.

These figures were taken from a statistically random sample of properties throughout the State.

<u>Region</u>	<u>L.G.A.</u>	<u>1965 U.V.</u>	<u>1965 Tax</u>	<u>1970 U.V.</u>	<u>1970 Tax</u>
Northern	Burra	34,300	154.40	40,010	120.00
	Port Germein	11,800	25.32	14,080	21.79
	Carrieton	13,220	32.88	17,000	28.80
	Orroroo	16,880	47.52	20,840	39.02
Southern	Tatiara	16,830	47.32	17,290	29.50
Eastern	Berri	3,740	Nil	3,700	Nil
	Barmera	1,700	Nil	1,700	Nil
Lower North	Mallala	7,510	8.58	7,780	5.57
	Owen	27,310	103.86	34,370	92.98

This table also shows that in some cases the unimproved value of certain properties has remained steady or has actually fallen.

The next table sets out the amounts of tax payable on non-primary producing land, the amount payable under the old tax levels and the amount payable with the extra reduction given by the two-fifths rebate on properties under \$12,500.

<u>Total U.V.</u>	<u>Tax on non-primary producing property</u>	<u>Primary Producers' Tax under old scheme</u>	<u>Primary Producers' Tax under new scheme</u>
\$ 6,240	12.48	4.14	Nil
\$ 6,250	12.50	4.18	2.50
\$ 8,000	16.00	10.00	6.00
\$10,000	20.00	16.68	10.01
\$11,000	24.00	20.00	12.00
\$12,000	28.00	26.68	16.01
\$12,490	29.96	29.96	17.98

It can be seen from these two tables that the new rebates have meant a considerable reduction in the amount of tax payable by primary producers.

The wide effect of the increased rebates on rural properties is obvious when the following figures are studied.

There are just over 48,000 single rural holdings in South Australia and of these almost 22,000 have an unimproved assessment value under \$6,250 (where the minimum payable tax of \$2.50 comes in) which means they pay no land tax.

A further 9,000 are assessed between \$6,250 and \$12,500 and gain a partial exemption of \$5,000 less a sum equal to two-thirds of the amount by which the unimproved value exceeds \$5,000 as well as the extra two-fifths rebate. The tax at this level is \$17.98 and this involves 31,000 out of the 48,000 rural holdings.

42,500 single rural holdings have an assessment under \$25,000 where the highest land tax payable would be \$54.00.

All together, over 45,600 (95%) of single rural holdings have an unimproved value of less than \$40,000 and so benefit from the new 2/5 rebates and the balance benefit from the 2c. in \$10 rebate.

The effect of land tax upon the large majority of South Australian primary producers therefore is non-existent or minimal.

To sum up: it is patently untrue to suggest that the Government is not concerned with the problems faced by primary producers and that it is extorting extra money from them by devious means.

. The total amount of revenue from land tax is expected to fall.

. The quinquennial assessment has existed by statute for over 30 years and property values have generally risen over each five year period.

. The Government extended the period of assessment to allow for recent falls in the value of some rural properties.

. The Government has introduced an extra rebate of two-fifths on all primary producing property up to a value of \$40,000, which will significantly benefit 95% of the State's primary producers, and 2c. in \$10 which will benefit the remainder.