



Andrew Barr MLA

DEPUTY CHIEF MINISTER

TREASURER

MINISTER FOR ECONOMIC DEVELOPMENT

MINISTER FOR COMMUNITY SERVICES

MINISTER FOR SPORT AND RECREATION

MINISTER FOR TOURISM AND EVENTS

MEMBER FOR MOLONGLO



① 204
EMAILED
30/10/13

Exempt s41

Dear

Thank you for your email of 9 October 2013 regarding changes to the land rent scheme. The new scheme came into effect for land rent blocks sold by the LDA from 1 October 2013. There are a number of important differences between the old scheme and new scheme, and the changes do not apply retrospectively.

While I understand your concerns about the changes, the scheme that you are in provides you with some relative benefits and is not directly comparable to the new scheme. In particular, the income test for a discount rate in the scheme you are in is based on the income of the lessee. In contrast, the income test under the new scheme takes into account the income of all household members. Therefore the thresholds under the two schemes are not directly comparable.

Further, under the new scheme, land rent can only be offered to households who meet, and continue to meet the income criteria. Therefore if a land rent lessee's circumstances change and their household income exceeds the eligibility threshold for more than two years in a row, they will be required to transition out of the scheme.

As a lessee under the old scheme you are able to continue your land rent lease as long as you wish, regardless of changes to your income or that of other household members. Your land rent lease is also transferable, which means that if you wish to sell your property you are able to offer it on the open market as a land rent lease. Lessees in the new scheme will only be able to sell their property as land rent to others who meet the household income eligibility requirements.

Thank you for raising this issue with me.

Yours sincerely

Andrew Barr MLA

Treasurer

28 OCT 2013

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601

Phone (02) 6205 0011 Fax (02) 6205 0157

Email: barr@act.gov.au Facebook: Andrew.Barr.MLA Twitter: @ABarrMLA

100
CANBERRA

Pullen, Victoria

From: BARR
Sent: Wednesday, 9 October 2013 11:26 AM
To: Pullen, Victoria
Subject: FW: Consumer land rent complaint

Importance: High

From: Exempt s41
Sent: Wednesday, 9 October 2013 11:17 AM
To: Barr, Andrew
Subject: Consumer land rent complaint
Importance: High

Dear Mr Barr,

I would like to make a formal complaint regarding the changes to the land rent legislation that came into effect from 1st October 2013. I understand the changes to the legislation were to reduce the number of builders profiting from the scheme which I can appreciate and agree with. The new legislation therefore has some additional qualifying requirements to limit eligibility and in addition to this the original 2 teared approach for income threshold has been changed to 1 tear at 2% land rent only (instead of the 4% or 2% thresholds). This has also seen an increase in the eligible income threshold by more than \$60,000.00 to qualify for a 2% land rent. These changes all seem reasonable, the issue for me is around existing land rent holders.

I am on an existing land rent contract paying 4% due to the old thresholds. I do qualify for all the eligibility requirements under the new legislation, but have been told that the new legislation does not apply to existing land rent contract holders. I am very bewildered that I could have a neighbour earning \$60,000.00 more then me a year and only have to pay 2% land rent, when I still have to pay 4%.

I would like to highlight this oversight when the change to the legislation was implemented and I hope this may be revisited.

Kind regards

Exempt s41



200
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MAILED
28-1-14

Katy Gallagher MLA

CHIEF MINISTER
MINISTER FOR HEALTH
MINISTER FOR REGIONAL DEVELOPMENT
MINISTER FOR HIGHER EDUCATION

MEMBER FOR MOLONGLO

Exempt s41

Dear

Thank you for your email of 7 January 2014 about changes to the land rent scheme. I am responding to you as the Treasurer, Mr Andrew Barr, is currently on leave.

The new land rent scheme came into effect for land rent blocks sold by the Land Development Agency from 1 October 2013. There are a number of important differences between the old scheme and new scheme, and the government decided not to apply the changes retrospectively to ensure that the conditions imposed on existing participants in the scheme remained the same.

While I understand your concerns about the changes, the scheme that you are in provides you with some relative benefits and is not directly comparable to the new scheme. Firstly, under the new scheme, land rent can only be offered to households who meet, and continue to meet, the income criteria. Therefore if a land rent lessee's circumstances change and their household income exceeds the eligibility threshold, they would be required to transition out of the scheme and purchase their land.

As a lessee under the old scheme you are able to continue your land rent lease as long as you wish, regardless of changes to your income or that of other household members. Your land rent lease is also transferable, which means that if you wish to sell your property you are able to offer it on the open market as a land rent lease. Lessees in the new scheme will only be able to sell their property as land rent to others who meet the household income eligibility requirements. The government considers these two factors provide significant benefits to existing participants.

Yours sincerely

Katy Gallagher MLA
Chief Minister and Acting Treasurer

28 JAN 2014

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601

Phone (02) 6205 0840 Fax (02) 6205 3030 Email: gallagher@act.gov.au Facebook: KatyGallagherMLA Twitter: @katyGMLA

E-mail Message

From: Maher, Ellis [EX:/O=ACTGOV/OU=CALLAM/CN=CMD/CN=ELLIS_MAHER]
To: Pullen, Victoria
 [EX:/O=ACTGOV/OU=CALLAM/cn=Recipients/cn=Victoria_Andrews]
Cc:
Sent: 08/01/2014 at 4:31 PM
Received: 08/01/2014 at 4:31 PM
Subject: FW: Changes to Land Rent Scheme Financially Disadvantage Original Land Rent Lessees

Hi Victoria

Exempt s41

As discussed, note sent his Land Rent Scheme correspondence to both Minister Barr and Minister Rattenbury and therefore the response should reflect that he wrote to both Minister's (ie. not just Minister Rattenbury and referred to Minister Barr).

Regards,
Ellis.

From: Pulli, Tracey On Behalf Of BARR
Sent: Wednesday, 8 January 2014 2:55 PM
To: Exempt s41
Subject: RE: Changes to Land Rent Scheme Financially Disadvantage Original Land Rent Lessées

Good afternoon

Thank you for your email. Minister Barr has asked me to acknowledge receipt of your correspondence and to advise that it is currently receiving attention. A formal response will be provided to you as soon as possible.

Regards

Tracey Pulli

Office of Andrew Barr MLA

P | 6205 0116 M | 0401 123 140 F | 6205 0157

E | tracey.pulli@act.gov.au

URL | www.andrewbarr.com.au

198

From: Exempt s41

Sent: Tuesday, 7 January 2014 8:31 PM

To: BARR

Subject: Changes to Land Rent Scheme Financially Disadvantage Original Land Rent Lessees

Dear Andrew Barr,

Exempt s41

My name is , and I live in Bonner ACT. My wife and I took out a Land Rent agreement under the old system prior to the October 2013 changes to the Land Rent Scheme.

In doing the right thing, we placed both our names as Lessees of the property. Up until now, we have 1 child, and my own income pushed us over the threshold for the 2% rate only by a few thousand dollars.

This means we have been paying the 4% rate, when my income is around \$100,000. Due to a change in my work circumstances, I went onto the ACT Revenue site to see what the threshold was for us to qualify for the discounted land rent rate of 2% (this is currently \$97,830).

To my disbelief, this is when I saw that under the new ACT land rent Scheme, Households could now earn upto \$163,000 with 1 child. Whilst I can appreciate the reasoning of this (people only putting land rent leases in one name etc), I struggle to comprehend that a family with one child can earn upto \$65,000 per year more than our family and still qualify for the discounted rate.

Furthermore, as we have been paying the 4% rate on only \$100,000 income since we took up the land rent contract, this means over a 20 year period we would have to pay approx \$100,000 more in land rent than people on the new land rent scheme who earn more than a third more than we do.

As a family we have had to pay a lot more than current people entering the market have to. We had to pay over \$7,000 in Stamp duty on the land (now because of the changes we would have been eligible to pay the concession fee of \$20 duty due to the changes because the threshold has increase). We only received the first home buyers grant of \$7,000 (now \$12,500). Our rates have also increased in line with the changes of stamp duty. And now this.

It is my opinion the ACT Government has been misleading about these changes and there impact on original land rent lease holders. The ACT Government stated changes were made to ensure only people could qualify

197

for the 2% discounted land rate - but without telling the public that the total threshold had been increased significantly.

I assumed when the ACT Government announced these changes, the 2% range and threshold would have been in line with the previous thresholds to qualify for the discounted rate (currently \$97,830 with one child).

The bank would not have given us the loan if we hadn't put both of our names on the land title as Lessees. We have complied, been honest and now have been financially disadvantaged.

Let's put it this way. My block UV is **Exempt s41**. The 4% discount rate is **Exempt s41**. The 2% discount rate is **Exempt s41**.

On my current income of say \$100,000 where I have to pay the 4% rate, this equates to approx nearly 10% of my gross income.

For a family on \$163,000 combined earnings, the discounted rate equates to approx 3% of their total gross income.

How is this fair and equitable?

Whilst I applaud the ACT Government for introducing the Land rent scheme which has allowed our family to own our own home, these latest changes have overlooked the people who have done the right thing and who earn less money but will pay more for the Land Rent than households who earn a higher income who sign up after October 2013.

The recent changes seemed to have been more focussed on the people doing the wrong thing or taking advantage of the land rent scheme (investors, builders etc) and in the process overlooked the majority who have been doing the right thing.

I ask that this matter be urgently looked attended and that the recent changes to the land rent scheme be made retrospective for those families like ours (on the original land rent scheme and who qualify under the new threshold amounts) who have done the right thing by being honest in our dealings in taking up the land rent option.

Kind regards

Exempt s41