



Inner South Canberra Community Council

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ISCCC SUBMISSION ON LEASE VARIATION CHARGE

Thank you for inviting the Inner South Canberra Community Council (ISCCC) to comment on the issue of Lease Variation Charges. We would like to note from the outset that we have only been given about a month to consider and respond with our views on this issue, which is a challenge for a volunteer-run organization.

In summary, our views are as follows:

1. The ISCCC supports the continuation of the Lease Variation Charge, because it is fair and reasonable for developers to be taxed on the changes in the value of their land resulting from a change of use for that land.
2. The Lease Variation Charge on an existing block of land should be levied at the time the change of use is granted. The costs should be factored into the development in the same way that the land cost is.
3. The ISCCC has a particular concern about the waiving or reduction of Lease Variation Charges in cases where concessional leaseholders seek to deconcessionalise their leases. For example, if a sporting or other club has obtained a block of land on a concessional basis, that concession should not extend to them selling it for a massive gain at community expense. The Lease Variation Charge should be based on the most recent comparable land sales in the area and be a percentage of that figure using the concessional land value as a base and charging the LVC on the difference.
4. It is important that valuation methods used in determining land value and the subsequent Lease Variation Charge be transparent, and that there be capacity for objections or appeals to be lodged. The most recent example of valuations that caused community concern was for the Canberra Services Club sites on Canberra Avenue near Manuka Oval and in Barton. There was strong concern that the land had been undervalued significantly in both cases.
5. It is also important that developers are required to substantiate claims of “public benefit” when seeking lease purpose changes from community to commercial use. While in theory there is such a requirement for proponents seeking deconcessionalisation of leases, it is very difficult for an assessment to be made of the “public benefit” if the proponents do not indicate clearly what they propose to build on the site/s.
6. We agree to our submission being published.

Yours sincerely

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Chair

17 October 2018