

**OFFICE OF STATE REVENUE — EXCESSIVE PROPERTY VALUATION**

*Grievance*

**MR J.M. FRANCIS (Jandakot)** [9.32 am]: My grievance is to the Treasurer, and I make this grievance on behalf of a constituent. I do not intend to name the constituent as I do not think it would be overly helpful, and it is not necessary as part of the grievance. Basically, my constituent is trying to transfer a house that is part owned by him and part owned by his parents. A property transfer between related parties triggers a stamp duty event, which is assessable by the Office of State Revenue. My constituent's agent sent off the documentation for the transfer of the property, which was worth \$515 000, with the stamp duty payable on two-thirds of the transfer price, because he already had a one-third interest in the ownership of the property. The OSR valued the property at \$750 000, which, from my limited knowledge but understanding of my electorate, is excessive and really above the average for a 25-year-old mission brown four-by-two in the sleepy suburb of Leeming. As a result, instead of paying around \$11 000 in stamp duty, my constituent is now facing a bill of \$18 000, and that difference of \$7 000 to \$8 000 is pretty rough. He is now instructing his agent to appeal the valuation of the OSR based on a valuation that he organised more recently which, with the increase in real estate prices in the area, is somewhere in the vicinity of \$560 000.

I make this grievance because time is an issue. The longer it takes the OSR to deal with this, the more it costs this family and the more they have to pay to service the mortgage. I do not want to delve into their personal relationships, but it puts them in a position where they cannot afford to struggle for another two months waiting for this matter to be addressed. I ask the Treasurer to look at this, maybe speed up the process with the OSR, and come back with a more reasonable figure on the stamp duty that will be payable.

**Mr M.P. Whitely:** Short, wow!

**MR T.R. BUSWELL (Vasse — Treasurer)** [9.35 am]: The member for Bassendean is correct; that was short and to the point, which is much appreciated, as will be my answer—seven minutes' worth or less.

I thank the member for Jandakot for raising the issue. I am aware of the matters that he has outlined, and I will not mention the name of the people involved either. The member has given a good overview of a personal circumstance. It is a bit of a tricky area. The Commissioner of State Revenue does a good job. One is never popular when one is imposing taxes on people

**Mr J.E. McGrath:** Not when you're the Treasurer!

**Mr T.R. BUSWELL:** The Treasurer is never popular. The Commissioner of State Revenue, Bill Sullivan, has a difficult job, but he is a good person and in my view does a good job in assisting the government to raise our revenues. The commissioner, in applying the state taxation laws, is not subject to ministerial direction. That regime was set up for very good reason; basically, to ensure that the Parliament makes the laws and the commissioner is responsible for independently imposing those laws. I do not mention that to distance myself from the answer, but because it is important that we factually understand the framework in which we operate. Ultimately, under the laws in this state, if a taxpayer is unhappy with, for example, the commissioner's decision on an objection, that decision can be reviewed by the State Administrative Tribunal. In this case, the member for Jandakot is right, but I will make one correction.

The member's constituent purchased the property from a related party in the suburb of Leeming. The papers were dutifully lodged with the commissioner for assessment, which is the proper process. I understand the documentation was lodged on 25 September this year. Because of the nature of the transaction—the transaction was not conducted at arm's length and the parties are related—the commissioner sent a valuation request to the Valuer-General. That request was received by the Valuer-General on 16 October 2009. The Valuer-General then conducted the valuation process and sent it back to the Office of State Revenue; the valuation is done outside the Office of State Revenue. The valuation was received by the Office of State Revenue on 29 October 2009. As the member indicated, the Valuer-General valued the property at \$750 000. The Office of State Revenue dutifully assessed the duty, and that came in at a certain amount of money.

There are two issues. The assessment was issued on 3 November. On 18 November, the member's constituents raised two issues. The first issue was that the rate of duty that should have been applied was the general rate of transfer duty, rather than the residential rate. The issue was that, generally, when the paperwork is lodged the need for the concessional residential duty should be noted. That did not happen in this case, for a range of reasons. It is my understanding that the member's constituents have now applied for the concessional rate, and that is being dealt with by the Office of State Revenue.

The second issue is the value of property. Of course, even when the concessional rate is applied, the value of the property is still the fundamental factor that drives the rate of stamp duty. The Office of State Revenue has made an urgent application. It received the objection on 18 November. On 23 November the Office of State Revenue

referred the matter to the Valuer-General's office and requested as an urgent matter that it re-assess the value of the property. That process is underway. I am reluctant to give an exact time line for how long that will take because that is not within my area of control. The Valuer-General's office will do what it does, but we have clearly indicated to it that this is an urgent matter. I imagine it will work through that process as quickly as it can. The reality is that the Valuer-General will have a look at that \$750 000 valuation. If the Valuer-General changes it, that change will flow back through the revised assessment. If the Valuer-General does not change it, the member for Jandakot's constituent will have to consider a further appeal, as I understand it, to the State Administrative Tribunal. As I said, it is basically done at arm's length from government. I suspect that is for good reason. I do not say that to reflect on the case that the member for Jandakot has brought to the house today.

I should also point out that the member's constituent has not been required to pay the stamp duty yet. The constituent has been granted an extension of time and will not be required to pay the duty until the objection is determined. I hope that information gives a little insight into the time lines. I understand the frustration and perhaps the surprise of the member's constituent in receiving the stamp duty bill; they are never pleasant. The only undertaking I can give, from my experience in dealing with the Commissioner of State Revenue, is that he will apply the law in a fair and practicable way. I do not know how that will flow through into the decision that affects the member's constituent. Unfortunately or fortunately, whichever way we look at it, it is done at arm's length from me. But, hopefully, that gives a little clarity to the time lines.