

Response to question on notice

Questions on Notice Paper No 09

05 September 2025

Question No. 585

Thomas Emerson MLA: To ask the Treasurer

1. What is the average year-on-year percentage increase in the Lease Variation Charge (LVC) for replacing a single-occupancy dwelling with two dwellings for each year over the last five financial years.
2. What is the expected impact on housing affordability of the increases in the LVC for replacing one dwelling with two dwellings.
3. Does the ACT Government intend to continue increasing the per-dwelling LVC for replacing one dwelling with two dwellings in the coming years.
4. How much revenue has been raised from Lease Variation Charges specifically for replacing one dwelling with two dwellings, each year over the last five financial years.

CHRIS STEEL MLA - The answer to the Member's question is as follows:

1. There are two standard (codified) charges which may apply when a lease is varied to permit two dwellings, under the *Planning (Lease Variation Charges) Determination 2025 (No 2)*.
 - a. When the lease does not contain a clause limiting the maximum number of dwellings, the Schedule 1 (Item 1) charge applies. This is required to subdivide the lease under the *Unit Titles Act 2001*.
 - b. When the lease already contains a clause limiting the lease to a maximum of one dwelling, Schedule 2 applies, based on the suburb and locality of the block.

There was no change in Schedule 1 (Item 1) and Schedule 2 charges from 1 July 2017 to 1 July 2023.

The 2023-24 Budget initiative, *Updating the Lease Variation Charge to reflect inflation in market values* (2023-24 Budget Outlook, page 122) included:

- a. an increase in Schedule 1 (Item 1) from \$30,000 to \$40,000 in 2023-24, and incrementally increasing the charge by \$3,000 per year over five years to \$55,000; and
- b. updating the Schedule 2 charges over three years, aiming to align charges to market value from 1 July 2025.

Consequently, the average year-on-year percentage increase in LVC for Schedule 1 (Item 1) charges to limit the number of dwellings to two over the last five financial years are as follows.

- During the financial year of 2020-21: no change.

- During the financial year of 2021-22: no change.
- During the financial year of 2022-23: no change.
- During the financial year of 2023-24: 33 per cent increase.
- During the financial year of 2024-25: 7.5 per cent increase.

Increases in the Schedule 2 charges in 2023-24 and afterwards depend on suburb and locality.

The annual increase in the average charge applied to variations under both schedules for the last four financial years is as follows:

- During the financial year of 2021-22: 24 per cent.
- During the financial year of 2022-23: 12 per cent.
- During the financial year of 2023-24: 0 per cent.
- During the financial year of 2024-25: 19 per cent.

Note the average charge in a year depends on what mix of Schedule 1 (Item 1) and Schedule 2 by suburb variations are made in that year.

2. The Lease Variation Charge is a tax on windfall gains that is derived from the increase in land value because of simply varying the Crown Lease. When implemented appropriately, this means it should have limited impact on housing affordability, as an LVC should be based on how the market prices the lease with the varied permissions. As the LVC process isolates and taxes the additional value of the lease that is solely due to government decisions, it should have no impact on production and consumption decisions.

The actual impact of government fees and taxes on housing affordability is in general difficult to measure, as LVC is one of a range of costs paid by developers.

The Treasurer aims for the charges for standard lease variations to, as far as practicable, represent the average market value, with advice from an accredited valuer at least once every three years.

3. Schedule 1 (Item 1) related LVC will be increased per the 2023-24 Budget initiative as outlined in the response to question 1. Schedule 2 variations will be updated as per the requirements of the *Planning Act 2023* section 331.
4. The following amounts were collected for Lease Variation Charges (LVC) to vary a Crown Lease to permit two dwellings. This includes LVCs determined under the amounts in Schedule 1 and Schedule 2 of the LVC disallowable instruments and unscheduled variations under section 277 of the *Planning and Development Act 2007* and section 332 of the *Planning Act 2023*.
 - During the financial year of 2020-21 \$457,000 was collected in total from 11 LVC determinations.
 - During the financial year of 2021-22 \$465,000 was collected in total from 9 LVC determinations.
 - During the financial year of 2022-23 \$750,000 was collected in total from 13 LVC determinations.
 - During the financial year of 2023-24 \$810,250 was collected in total from 14 LVC determinations.
 - During the financial year of 2024-25 \$1,037,000 was collected in total from 15 LVC determinations.

The total amount collected during the last five financial years was \$2,829,750. This excludes any amount collected this financial year.

Approved for circulation to the Member and incorporation into Hansard.



**Chris Steel MLA
Treasurer**

Date: 3/10/25

This response required 9hrs 27mins to complete, at an approximate cost of \$1,228.13.