

~~Mr WALLACE: I take the member for Gregory's interjection. They are wonderful big trees. If the only way to make road users safe is to remove those trees then we will unfortunately do that. It is a tough decision. These are decisions we make right across this great state when it comes to roads. Unfortunately, vehicles travelling at speed do not mix well with large structures such as trees. I will keep the honourable member informed. When we have that decision I will certainly inform both her and the member for Toowoomba North, who has been a wonderful advocate for those works. We will ensure that we get the correct decision for your community.~~

Recreational Fishing

~~Ms JARRATT: My question is to the Minister for Primary Industries, Fisheries and Rural and Regional Queensland. Could the minister please update the House on the economic value of the state's recreational fishing industry?~~

~~Mr SPEAKER: You will be able to do that another day, Minister. The time for question time is over.~~

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VALUATION OF LAND AND OTHER LEGISLATION AMENDMENT BILL

First Reading

Hon. S ROBERTSON (Stretton—ALP) (Minister for Natural Resources, Mines and Energy and Minister for Trade) (11.31 am): I present a bill for an act to amend the Valuation of Land Act 1944, the Land Court Act 2000 and the Water Act 2000 for particular purposes and to make consequential amendments to the Local Government Act 1993. I present the explanatory notes, and I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Tabled paper: Valuation of Land and other Legislation Amendment Bill 2010.

Tabled paper: Valuation of Land and Other Legislation Amendment Bill 2010, explanatory notes.

Second Reading

Hon. S ROBERTSON (Stretton—ALP) (Minister for Natural Resources, Mines and Energy and Minister for Trade) (11.32 am): I move—

That the bill be now read a second time.

Queensland's State Valuation Service provides a vital service for Queensland, making statutory land valuations for every rateable property in Queensland every one to five years providing a reflection of Queensland's property market and the unimproved land values used by the state and local governments in the assessment of rates, land tax and state land lease rental. This bill introduces a suite of reforms to refresh, revitalize and reposition the State Valuation Service.

The reforms being introduced will update and modernise the objection process. It will provide all landowners with a clear process to lodge an objection, and will encourage the inclusion of the appropriate information at the beginning of the objection process. This will ensure the objection is considered in a timely manner and the relevant information is available when the chief executive makes a decision on the objection.

The other reforms will provide certainty for local governments about when a valuation will be made through a regulated schedule helping them to forward plan their own budgets. A market adjustment factor is being introduced for the years where a general valuation is not being undertaken in a local government area. This will mitigate market fluctuations in the years between general valuations.

Another key aspect of the bill is amendments to confirm the definition of unimproved value. In December 2009, the Court of Appeal of the Supreme Court of Queensland handed down a decision on the Pacific Fair case. If the court's interpretation of the act in this case were to apply in future it would result in fundamentally different valuation principles being applied to commercial land, as opposed to other land types like residential land. It would also result in a sudden and material change in the total valuation base used by governments to determine rates and land taxation regimes.

The consequences of this Land Appeal Court decision would have had a significant impact on Queensland's economy and the services that local governments provide to residents and would reduce the valuations by some 20 per cent for industrial land, 35 per cent for commercial land and 10 per cent for multiunit land. Without intervention, the commercial property owners would receive a massive

discount in their rates at the expense of residential property owners. There would be a similar outcome in relation to land tax.

Queensland already has the lowest land tax rates in Australia for high-value properties such as shopping centres. If the court decision were to stand, this would see a further reduction in tax paid by these properties of up to 35 per cent. Not only would it abruptly reshape the total valuation base on which rates and land tax are set, but it would also create financial exposure for councils based on past rates paid.

If we did not act in introducing the current bill, the State Valuation Service would be required to undertake the last three annual valuations for all commercial and industrial properties reflecting the court's interpretation, creating the immediate obligation on local government to provide commercial businesses with a refund on rates of over \$600 million. This is a windfall reduction in rates to those businesses at the expense of ordinary ratepayers.

I cannot let that happen. We have to get the balance right between residential rate and taxpayers and commercial and industrial rate and taxpayers. This bill makes unequivocally clear that valuations for commercial and industrial properties in Queensland must continue to reflect the value of the land at its best and highest use, including the development premium embodied in leases. The bill confirms the valuations previously issued and provides certainty for the issue of valuations in the future.

The parliament could reasonably have expected this issue to have been resolved in 2008 when amendments were made to reinforce the definition of unimproved value. However, two provisions which were proposed were not included after concerns were raised by the Property Council of Australia. The Property Council of Australia was concerned that elements of a business conducted on the land might be included in the unimproved value of the land and that the provision about complete removal of risk would result in valuations which did not take into consideration evidence where there was a risk associated with continuing the current use. This would not be fair. To avoid the potential for these unintended consequences of concern to the Property Council, the amendments were removed during consideration in detail.

The government's policy in introducing the 2008 amendments was to clarify that the historically successful development of land was not to be ignored in determining unimproved value. The Land Appeal Court decision demonstrates that this was not achieved. It was clearly not the intention of the parliament or government in the 2008 amendments that one part of the land owning community—that is, homeowners—should abruptly bear a significantly greater proportion of rate and land taxation revenue measures through the introduction of different valuation principles for commercial property.

The government's policy has always been to value land as developed. Once land has been successfully developed its value increases because risks associated with its development have been overcome. That is a matter of history where leases or agreements are in place that are not a separate business but are a reflection of the use of the land. The entry into leases is part of that use and a reflection of the past successful development of the land.

The amendments make it clear that there is no greater risk in realising the use of the land or continuing the use of the land for any purpose for which it is being used at the date to which the valuation applies. The provisions include a definition of 'invisible improvements' and 'holding costs' and specify what is included in 'unimproved value'.

The changes are designed to ensure that the level of value reflects the history of past successful development of the land, regardless of whether the assessment relies upon sales evidence or deducting the value of physical improvements, such as fill and drainage, from the improved value of the land. The amendments proposed in this bill do not change the government's policy direction proposed in 2008, but do respond to the December 2009 Court of Appeal interpretation.

The court's decision would lead to disproportionate and inequitable results. While general residential land is valued at its highest and best use, commercial and industrial properties would not be, as the impact of the decision would require that the past history of successful development of such land and its leasing at commercial rents be ignored. The amendments will not impact on general residential land valuations, which will continue to be valued for their residential use, but will confirm the approach of the State Valuation Service to valuation of commercial, industrial properties and multiunit land. I commend the bill to the House.

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Debate, on motion of Mr Seeney, adjourned.