

SUBMISSION

Land and Other Legislation Amendment Bill 2014

Michelle Finger

on behalf of

Alison, Steven & Michelle Finger

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Dear Committee Members,

Firstly thank you for your efforts in conducting the enquiry into Land Tenure arrangements in Queensland, and for putting forward the "Land and Other Legislation Amendment Bill 2014".

Our family run a small cattle grazing business over 3 properties, all near Clermont QLD. We have 2 small free-hold blocks, while and our largest property (and home base) is a State Forest Lease, "Moorlands".

Comments on the Amendment Bill:

1. Forestry Leases

- 1a. We applaud the move to convert Forestry Leases into 'land in fee simple' and still have the state retain ownership of the forest products as a 'profit a prendre'.

This approach will deliver better results for both the government and the leaseholder, as having faith that our lease is secure will encourage investment into the land.

- 1b. To be effective, the changes need to go far enough to allow these leases to have banking equity. Currently, the banks do not consider our lease to be an 'asset' at all. This lack of equity has severely impacted on our business and upon the investment into, and management of, our land.

The inability to borrow against our land makes it virtually unsaleable. This restriction upon the land value makes it hard to justify investing in the development or management of this land. Being unable to borrow also means that it is very difficult to find the capital to undertake such projects. It also severely limits our business viability, options for succession, and ability to acquire other property.

1c. This land needs to be freed of the following unfair, and unworkable, conditions:

1c(a). Lease may be resumed at any time, and with as little as 6 months notice.

1c(b). In this event, only 'unimproved value' will be paid (unless an improvement has prior approval, and approval for compensation).

1c(c). Lessee may even be required to pay for the *removal* of infrastructure improvements!

1d. The real market value of this land should be in line with otherwise comparable properties in the area of differing lease types (note that pastoral lease land reaches a similar market value to freehold land).

However - due solely to the unsecure lease format - this land has been demonstrated to be around 1/3 of its potential value.

In reality, this property should be even more valuable than those of similar stock carrying capacity because it has increased business security through diversification and additional income through the sale of timber products.

1e. If the existence of timber products added value to a lease (rather than detract from its value as per the current situation), then the lease holder is more likely to manage the land in such a way to protect and encourage the growth of useful forest products. This would ensure a resource for the state is maintained into the future.

1f. The leaseholder - the primary manager of this land - needs to be informed of, and involved in, decisions relating to this land and permission to enter requests from external parties. The current trend is to simply by-pass the leaseholder altogether and only share such information with DERM. This approach is not only offensive, but is not the best interest of the management of the land.

2. Lease Renewal and conversion to Free Hold.

2a. We support the simplification and extension of lease renewals as an effective way to provide leaseholders with more security and therefore encourage investment and sustainable practices.

2b. We similarly support the encouragement of conversion to freehold - though what 'freehold' tenure really means in this modern age needs to be clearly identified. In order for lessees to make the move towards freehold, the rights of freehold land need to be significantly different to those of leased land, and these rights need to be secured into the future. I wonder if many lessees will see any point to the modern 'freehold' - given the number of tenure-blind legislations, erosion of

'property rights' and lack of confidence and security from one government term to the next.

2c. The conversion process also needs to be practical and affordable.

3. Calculation of Land Rents

3a. The validity of using 'Purchase Price' as a benchmark from which to calculate land rents needs to be questioned. This is because:

3a(a). As leaseholders invest their own capital into improving their lands and the infrastructure on it, the market value of the property will rightfully increase ... yet currently this will also drive a rise in land rental. It seems to me that lessees are having to pay for the same thing twice.

3a(b). An increase in rent is not reflected in a increase in government services for the same property.

3a(c). Property values can fluctuate greatly over short periods of time, making rent calculation difficult.

3a(d). Whilst land purchase prices may fluctuate wildly in the short term, long term average price will always rise. This is because land is a limited and finite resource, whilst the world population is multiplying.

3a(e). An increase in a properties' purchase price does not necessarily reflect an increased ability to generate a profit from this same land.

3a(f). Whilst the long-term average price of land may continue to rise indefinitely, the amount of production that can be sustainably harvested from that same land has a limit. Production and profits can be increased - to a point - beyond which the future sustainability of the land starts to be eroded. This fact means that leaseholders are unable to increase their income indefinitely, whilst the land rents they are expected to pay will continue to increase if the rental is calculated upon land value.

4. Future Security throughout Changing Governments.

4a. In the past decade, leaseholders have seen a rapid and increasing number of changes to their lease conditions and 'land rights'. For lessees to fully support any bill amendments - for the amendments to really have any impact - there needs to be greater security that the decisions made by one government cannot be quickly over-turned by the next.

*Thankyou to all Committee Members for your time and effort. It is much appreciated.
Regards,*

Michelle Finger.