



Speech by

Mr J. HEGARTY

MEMBER FOR REDLANDS

Hansard 8 June 1999

LOCAL GOVERNMENT AND OTHER LEGISLATION AMENDMENT BILL

Mr HEGARTY (Redlands—NPA) (4.53 p.m.): I would like to raise a couple of issues that relate to this Bill. The first issue relates to rating. Recently, I wrote to the Minister about the problems caused by increased valuations in the Redland Shire and the effect that that has had on the population in that area. The bayside and seaside areas are popular places for retirees. A lot of those people have enough equity to either buy a house or, if they have lived in their homes for many years, it has become their sole asset. However, at that stage of their lives their income is fairly restricted. Those people are either on pensions or they are self-funded retirees. For that reason, their disposable income is fairly limited.

The current system of rating on the unimproved property valuation has been around for some time. Members would know that, historically, the unimproved value of a property was not the market value; it was a suppressed value. I presume that that valuation was used as a basis for calculating rates and other charges levied by local government and State Government. However, in recent years the market value has been the basis of the valuation system. Under the Local Government Act, councils have a mechanism by which they charge a percentage in each dollar based on that unimproved valuation. I also understand that councils have provisions for differential rating and rate capping, which gives them some flexibility to vary the rates that they charge in certain circumstances. Those circumstances to which I refer are when the value of certain properties seem to escalate above the average value of properties in an area.

It is not difficult to understand the situation of supply and demand when valuing property. Valuers apply a science based on recent property sales in an area and then extract the improved value of a property. When an unimproved block is sold, that gives a real measure of the unimproved value of property in an area. However, when one takes into account the supply and demand situation in some areas, the value of an unimproved block, if it is the sole remaining block in such an area, will be much greater in value than the hypothetical value of other blocks in the area if all their improved value were removed. That is why some of these valuations increased significantly. Local governments fail to take advantage of those provisions relating to differential rating and capping in the Local Government Act and prefer to pass the blame for increased rates to the State Government's valuation system.

In the Minister's reply to me, he pointed out this issue and stated that his department is looking at the rating system and at some measures that would, I expect, even out ratings and provide further options for local government authorities. I thank him for his reply. I do not think that will solve the problem. However, when that investigation that the Minister is undertaking is finalised, I will be looking with interest to see what the solutions will be. I have also written to the Minister for Natural Resources in relation to the valuations—the other component of the problem. He is looking at the current valuation methods. Hopefully, the combination of the two investigations may provide a better rating method than the one that is currently invoked by local governments.

The other matter that I wish to raise was also raised by the member for Warrego, and it relates to the use of levies. The levy on the southern Moreton Bay islands, to which the member referred, was brought in by the relevant local authority and subsequently overturned when it was referred to the ombudsman. That levy was put in place because the local council desired to raise some money to provide the infrastructure that is lacking on those southern Moreton Bay islands. The Minister would be

aware, from his current position and his former position in the previous Goss Government, of those problems that exist on those islands and which were created by the way in which they were developed back in the late 1960s and early 1970s.

It is not just a matter of too many small blocks on the islands, which, of course, will have a huge impact in years to come if people build on all of those blocks that are able to be built on—those blocks that do not have drainage problems or other constraints. There is also the matter of the lack of infrastructure on those islands. A month or two ago when I asked the Minister a question about financial assistance to the council, I do not know whether the Minister was aware of that matter. It is not just a matter of acquiring blocks because they cannot be built on; a whole range of infrastructure has to be provided which, realistically, I think is beyond the council's financial capacity, even though it derives several million dollars a year in rates from those islands and has done so for many years.

In recent years, the amount that the council has spent on the islands has increased. Historically, very little was spent on them. Therefore, few roads are sealed and there is no kerbing and channelling. The islands were recently connected to town water and this accessibility has resulted in more water being used in septic systems. Previously people were reliant on tank water; now with access to town water they naturally overuse the resource, which puts greater pressure on the island's capacity to absorb the excess, and that creates problems for the operation of septic systems. All of those things are now in the Minister's court who, in conjunction with the shire council, must come up with a solution before the problems further compound the impermeability of the soil. If the population keeps on increasing, the current problems with the septic system will have a catastrophic effect not only on the island residents but also on the Moreton Bay Marine Park and everything associated with it.

I have spoken to the local council, which is not happy, as the Minister would be well aware. I raise the issue of the levy and ask the Minister what he is proposing to do to assist the residents. He has indicated that he has to do something, but that he is not sure what he, in conjunction with the council, will do. I ask the Minister to take this opportunity to elaborate on his thoughts and to tell the House whether he will accept the recommendations of the study.

I wish to correct something that I do not think the Minister fully understood when answering questions both today and on previous occasions. For the past two years, as the study was being conducted its results were fed back to the Minister's department. Therefore, it is not quite accurate for the Minister to say that the report was on his desk when he became the Minister again. All the information that is contained in the report was available, and it was only the final report that was released in his time as Minister. It is not quite accurate for the Minister to say that he learned about the information contained in the report only when he became Minister.

Mr Mackenroth: I only got it last year—in June.

Mr HEGARTY: That is a different matter. The Minister made out that he had only just received it, but all the information in the report has been with the departmental officers progressively for the best part of two years.

Mr Mackenroth: I only got it last year in June because I only became the Minister then.

Mr HEGARTY: But the Minister made the point that neither he nor his department knew anything about it.

Mr Mackenroth: I am glad that you agree with me that the previous Government had it for a fair while before I came back and did nothing with it.

Mr HEGARTY: That is not accurate either, because the study was not completed until about August last year. The progression of the report was from around about February/March 1996 to about the middle of last year. The Minister took over the department when the Government changed and the report was finalised. However, a significant amount of that information—it was just a matter of the final detail—was progressively fed to the departmental officers, in conjunction with the Redland Shire Council, so everybody knew the problems and they knew some of the solutions. It was just a matter of finalising it and, hopefully, accepting the recommendations, which the Redland Shire Council did. The Minister's department has not accepted them. I ask the Minister why he will not accept them, what better solution he is now looking at as an alternative and why, when he was the Minister previously, he went to the trouble of funding the study if he had no intention of doing anything with the results?