Speech by

CHRISTINE SMITH

MEMBER FOR BURLEIGH

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VALUATION OF LAND AMENDMENT BILL

Mrs SMITH (Burleigh—ALP) (4.32 p.m.): This legislation and the events that occurred leading up to it have caused a lot of comment in my electorate and on the Gold Coast in general. The debate about rates and valuations is one that has been raging for some time. This bill is particularly pertinent in terms of shopping centres such as Pacific Fair and the Robina Town Centre on the Gold Coast. It is to be lamented that some Gold Coast city councillors have yet again tried to pass the buck instead of taking responsibility for the setting of rates. Councillors Peter Drake and Eddy Sarroff have both been supportive of changes to the rating system. However, it is of great regret, but somewhat predictable, that other Gold Coast city councillors have tried to use this unique and specific issue of shopping centre valuations to again shift the responsibility for rate increases away from themselves, which is where it belongs.

As we all know, there is no direct link between increases in land valuations and council rates. Valuations are just one factor to be taken into account by councils when they are deciding what rates they will set. Councils can use the many tools available to them to mitigate valuation increases or decide not to increase rates at all. Councils have many options open to them, including averaging rates over a two- or three-year period, to cap or limit rate increases by a set percentage, or to introduce a differential rating system.

The Chalk report found that the best way for local governments to set their rates is to rely on valuations—a belief shared by the LGAQ and some members of the opposition. We all know that rates are necessary. They contribute to total council revenue to provide for a range of services. However, unlike charges for water, sewerage or garbage collection, which are levied by use, general rates revenue is based on property value, with the level of rates determined by the rate in the dollar on land valuations.

Local governments face a number of challenges in the rating process. They need to decide how much revenue they need to collect from rates and from which group of ratepayers. They also need to manage the fluctuations in rating levels that could arise from major shifts in property values, such as we have seen on the Gold Coast recently.

To help councils address these issues, local governments have a wide range of rating tools available to them under the Local Government Act 1993. These tools were endorsed and even expanded last year, giving local governments even greater flexibility in their rating processes. Councils have the ability to differentially rate, cap, or average out valuation increases, or even offer rate remissions or deferments to long-term landowners, such as pensioners and self-funded retirees.

Differential rating is particularly relevant here, because by establishing a differential rating category, councils are able to isolate any kind of land, whether it is beachfront, commercial properties or farming land. Councils make the decisions about which part of the community pays what part of the revenue. That is why councils will not necessarily be affected by this bill, because they have the ability, and have always had the ability, to manage any increases or drops in unimproved valuation when they set their rates.

In the case of shopping centres—and I am talking mainly about big shopping centres such as Pacific Fair—councils can set a different rate in the dollar to ensure sufficient revenue if the valuations decrease as a result of deducting intangible improvements or they could cap the rates, also known as a limitation of increase, which means that the local government may wish to cap the increases in rates to ensure no rating blow-outs. Rates averaging is also widely used and can be applied in this kind of situation, and that entails the impact of a valuation change being gradually introduced over three years, moderated by the previous valuations.

At the end of the day, we all know that increases in valuations are good for property owners. They are a reflection of the land's true value. In a booming property market, particularly on the Gold Coast, we would have to wonder if valuations were not increasing along with property prices. The Gold Coast City Council's recent rhetoric is just another smoke and mirrors attempt to divert attention away from its own failure of responsible rating practices. With less than 12 months until the next local government election, it is understandable that the council might be looking to shift the blame for any looming council rate increases. I call on those councillors involved to look at all the options available to making the ratings system on the Gold Coast fairer for all of its residents who have been caught up in increased development and subsequent increases in land values.

This bill is about making sure that the valuations are as accurate as possible. The integrity of the valuations process should not, and must not, be sacrificed to individual councils and their rating interests. I know that all local councils affected by this bill are considering its implications and are developing strategies to deal with it. That reflects not only the capacity and willingness of most councils to address these issues but also, and more importantly, it demonstrates the value and usefulness of the rating tools provided to councils by the state government. I commend the bill to the House.