



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard Wednesday, 23 May 2007

MINISTERIAL STATEMENT

Rural Rent Arrangements

Hon. PD BEATTIE (Brisbane Central—ALP) (Premier and Minister for Trade) (9.36 am): Today I announce new rural rent arrangements for category 1 pastoral landholders in Queensland. After extensive consultation with AgForce, we are delivering a reform package that is fair and balanced. We have worked hard to deliver a package that provides the fairest way to modify the rural rent arrangements. I thank the Minister for Natural Resources and Water, Craig Wallace, and Treasurer, Anna Bligh, for working with me to try to get this right.

I highlight the work that AgForce has done, particularly its strong lobbying to ensure that the impact of the drought was acknowledged in the development of the reform package. Our landholders are already doing their bit to help address the impact of climate change, working with the stringent native vegetation legislation.

In fact, if it was not for our policies in relation to tree clearing, Australia would never have met the Kyoto targets. Of course, that has meant some hardship for people on the land and I acknowledge that. They have made a contribution to the future of this state and, indeed, the future of tackling climate change.

If the current system had continued, landholders would be facing massive rent hikes of up to 5,000 per cent and, on average, increases of around 400 per cent. So, if we had done nothing, that would have been the extent of the increase. Instead, under our reform package, future increases in pastoral lease rents will be capped at 20 per cent per annum for the next decade. This means that pastoral lessees will pay an increase of no more than 20 per cent of the rent paid in the previous year.

At present, the average weekly rent for grazing leases in Queensland is \$15.50. The 20 per cent increase in the first year will take it to \$18.60. In practical terms that means the following in the first year: a landholder paying \$110 a week on a property with an unimproved value of \$6.4 million will now pay \$132 a week; someone paying \$262 a week for a property worth \$9.8 million will now pay \$314 a week; and rent of \$492 a week for a \$14.5 million property will rise to \$590 a week.

As these figures indicate, the increases are occurring from a low base rate, which is due in part to the government's rent freeze which recognised the severe drought affecting Queensland. But rents have long been low in Queensland. I am aware of a case where a landholder is paying just \$6 a week for a property with an unimproved value of over \$2 million. A 20 per cent increase on that rent in the first year would mean a weekly rent of \$7.20—an increase of all of \$1.20.

It should be noted that the government is committed to progressively moving category 1 rents towards 1.5 per cent of the unimproved value of land. This will ensure that the community receives an equitable return on its asset. However, a review will not occur until after 2011, and any new arrangements will not come into effect until 2017.

Nearly 65 per cent of Queensland is leased to rural landholders. It is state land owned by Queensland taxpayers. Even though many pastoral leases are still in drought, the pastoral lease sector has experienced very large valuation increases—hundreds of per cent in some instances. Over the past

two years we have frozen rent increases to assist landholders in the grip of the drought. As a result, category 1 lessees have saved about \$30 million in rent payments. The new capping arrangements also apply to charitable and non-commercial community organisations, including sporting and recreation clubs. Rent arrangements for lessees in other categories, such as commercial and residential, will be addressed during the next 12 months.