Speech by

Fiona Simpson

MEMBER FOR MAROOCHYDORE

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LAND VALUATION BILL

Ms SIMPSON (Maroochydore—LNP) (5.31 pm): Land tax revenue to the state has more than doubled in the last three years. There is a need for reform of the Valuation of Land Act, but this bill falls short in quite a critical way as it is not accompanied by changes to the land tax threshold and as a result ordinary Queenslanders will pay more tax or higher outgoings as part of leases for their small businesses. In 2006-07 the state received $485 million in land tax, in 2007-08 it received $610 million, in 2008-09 it received $838 million and in 2009-10 the state received an estimated $1,017 million. This financial year the income from land tax rises to an estimated $1,117 million. By going to site value instead of unimproved capital value many properties in coastal urban areas like my electorate on the Sunshine Coast will face hikes in valuations due to improvements such as fill or retaining walls being costed in for the first time.

The panelbeater who occupies leased premises in an industrial building will face higher costs as his landlord exercises a right in the lease to pass on land tax—land tax which will rise due to valuations being undertaken on a new system. The mum and dad investors who hold property which previously fell just below the land tax threshold will now face the prospect of their investment house or industrial block going over the threshold for paying land tax because the property it is standing upon—the land—has been substantially improved and this value is now added under this system. I have asked questions about this bill as to how many people will be impacted and by how much. There has been no satisfactory answer from the government, particularly with regard to how many people will be pushed over the land tax threshold and how much more in total land tax revenue will result.

This is a Valuation of Land Act amendment bill, but it is tied to land tax issues because land tax is based upon valuation of land. This lack of critical information about how many people will be impacted with higher taxation under the land tax provisions of government is unacceptable. Site values will only go up, not down. In coastal Queensland, particularly on the flood plains, site valuations will go up a lot more than other areas which have not had that improvement through fill. There are no swings and roundabouts here. There is little comfort in the minister's explanation with regard to capping and averaging arrangements for land tax. At the end of the day, the valuation system here means people will have a higher valuation than if they were to revalue with unimproved capital values.

There is also even less comfort with regard to transitional arrangements in the bill which relate to people who have more than a million-dollar hike in value, because there are going to be many others who have less than a million-dollar hike but it is still going to be very significant for them—say, a hike of $250,000 or $500,000 or $800,000. The transitional arrangements are not much help. The transitional arrangements will provide an allowance where site improvements have been undertaken in the past 12 years for those who have more than a million-dollar hike by the same owner, not a previous owner. The example used in the minister's second reading speech said that if the improvements occurred three years ago the owner could deduct the value of these improvements for the next nine years, but only while it is in the ownership of the same person or same entity. Once sold, these arrangements cease.

So I ask the minister: who is going to provide help to the panelbeater or the tyre fitter whose industrial shed in which their business is situated is onsold by the landlord? These transitional concessions cease at the point of sale and the tenants' leases in the industrial estate which allow land tax to be levied against these tenants suddenly could be quite a lot higher. I was given one example of price increases when I asked about that during the briefing. There was one example where they said canal front land may rise 20 per cent to 30 per cent, and that is quite significant in terms of the difference between unimproved capital value and site value. My electorate has a lot of canal estates, but there are also a lot of areas which are not on canals that have significant fill. When I go back to that example of industrial estates, where many small businesses are located, I would say that the majority of them in my electorate are on former flood plains. They have been substantially filled. They have had a lot of improvements, and that means that this legislation impacts those businesses and they face increases. Jobs are already under pressure on the Sunshine Coast and many parts of Queensland. More tax on businesses when they are struggling will flow through to the economy.

It has been mentioned by the shadow minister that council rates are another issue. Council rates are set by councils. They can choose to have a differential rating system. They can make choices to mitigate some of the impacts of changing valuations, but there is still a danger that this will not flow through and at the end of the day the changes we are seeing here are about increases for people going to site value under state legislation. I note for the record that rural land will continue to be valued using unimproved capital value under this legislation. It is urban land which is predominantly impacted. Rural land used for farming within the urban footprint will have to apply to be valued as rural land, though this appears to be possible only on appeal as the valuation will automatically be at the highest and best use of urban values. I would certainly welcome the minister's clarification of this point.

There are other provisions in the bill which I welcome. The extension of the appeal time frames and mediation are certainly improvements. The government says that the streamlining of the objections and appeal process will allow for greater information exchange and a compulsory objection conference for properties, but this applies to properties worth $5 million and over. The extension of the period to lodge an objection and appeal is certainly welcomed. There is simplification of the properly made test requirements and an extension to the period to correct an objection, the removal of the restriction on the landowner to only appeal on grounds submitted in their objection, and the introduction of internal review rights for landowners to appeal a range of administration decisions, including whether an objection has been properly made or has lapsed and for such reviews to be appealable to the Queensland Civil and Administrative Tribunal.

Other changes will re-create the independent position of Valuer-General. It is also mooted that the valuation concessions in the legislation would be reviewed after two years. This is an interesting point. There has been a lot made about some of the concessional arrangements that are made for transition in particular, but I would ask the minister: what does he believe is going to be dropped out in two years time? It seems that it is a moving feast with the mooted changes to the valuation system. The fact that there is going to be another review in the next couple of years in regard to concessions probably has alarm bells ringing. What will it mean? The minister has concessions in this legislation in regard to the change from UCV to site value. Are those concessions also up for review in two years? Are the concessions where there is rural land under rural protection going to disappear?

I am not prepared to trust the Labor government, which claimed that electricity prices would fall with deregulation but they have gone up, which claimed that it would keep Queensland's competitive taxation regime but it has lost it, and in addition claimed that it would keep Queensland's AAA rating and now we are the only state that has lost its AAA rating. There are many reasons not to trust this government. The fact that there has not been a full explanation as to the implications of potential tax rises for people in my electorate and in many other electorates who are impacted by these changes is concerning.

Where there is a case for reform, you have to look at all the impacts. Certainly, the impact of higher taxation should have been addressed by this government. It should have accompanied any reform, any change of this nature to the land valuation act. That is why we are not only disappointed but also wary, because we have seen it all before. Much has been promised but, at the end of the day, so much has been taken out through the gouging of valuations.

We have concerns that the land tax measures will certainly have an impact. I am standing up for those small business owners in my electorate who will be impacted and who do not appear to have been among the stakeholders that the government has announced. The big end of town has been consulted but there are many small- to medium-size investors who have not been included in this consultation. I think they are the losers particularly out of the provisions that are before this House, because the government has not done the right thing in regard to the land tax implications.