



Speech by

**Jarrod Bleijie**

**MEMBER FOR KAWANA**

Hansard Tuesday, 9 March 2010

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## **VALUATION OF LAND AND OTHER LEGISLATION AMENDMENT BILL**

**Mr BLEIJIE** (Kawana—LNP) (8.42 pm): I rise this evening to address the Valuation of Land and Other Legislation Amendment Bill 2010 introduced by the Bligh government, and I say at the outset that I will be opposing the bill in its current form. Nothing gives me greater pleasure than being a couple of speakers on the speaking list behind the honourable member for Chatsworth, because he always has a word of wisdom for this House, and tonight was no exception. The member for Chatsworth asked why the opposition was being deceitful when all of these amendments are before the House and asked why we were talking about all of this rubbish in this bill. I inform the member for Chatsworth that the bill before the House was introduced by the government. There have been no amendments moved as yet. Placing an amendment on the member for Chatsworth's desk does not make it an amendment moved in this House. Therefore, we are required as parliamentarians to speak on the bill before the House.

**Mr Seeney:** Exactly right!

**Mr BLEIJIE:** And the bill before the House does not contain the amendments the member so talks about.

**Mr Seeney:** Exactly right!

**Mr DEPUTY SPEAKER** (Mr Hoolihan): Member for Callide, you have already had your chance to speak. Would you kindly sit there and listen in silence, as everyone else is asked to, while the member for Kawana is speaking. Thank you.

**Mr BLEIJIE:** On that note, I will talk to the bill before the House because that is my job. I am not going to talk about amendments that have not been moved in this House because that is done in the consideration in detail stage. It is stated on the amendments 'during consideration in detail to be moved by the honourable the minister'. With reference to these intended amendments announced today by the government, the opposition will of course consider those in detail and at the appropriate time.

Today in her speech the member for Pine Rivers congratulated the minister on such a wonderful piece of legislation. There are 60 amendments to that piece of legislation that the member so talks about. I am sorry: call me stupid, but one cannot stand in this place and congratulate a minister on a wonderful and brilliant job in preparing legislation when that minister has to move some 60 amendments to his own legislation! Congratulations, Minister! Congratulations on a piece of legislation that you now are required to move some 60 amendments to! One would think it would be expected of us as an opposition or Independent members in this place to move amendments, and we would have in such situations. But why should we move these amendments when a minister has to move 60 amendments to his own piece of legislation?

**Mr Schwarten** interjected.

**Mr BLEIJIE:** That is not a form of congratulations but incompetence—absolute incompetence by this minister!

**Mr Schwarten** interjected.

**Mr DEPUTY SPEAKER:** Minister!

**Mr Schwarten:** He does test me.

**Mr BLEIJIE:** This bill amends the Valuation of Land Act 1944 and the Water Act 2000.

**Mr Schwarten** interjected.

**Mr Seeney** interjected.

**Mr BLEIJIE:** It seeks to clarify the definition of 'unimproved value', which relates to the valuing of commercial properties for the purposes—

**Mr DEPUTY SPEAKER:** Perhaps we could have some quiet so that I can listen to the submission from the member for Kawana.

**A government member:** What for?

**Mr BLEIJIE:** Like the member for Chatsworth, I would encourage all those opposite to listen carefully to what I have to say, including honourable ministers.

This bill clarifies the definition of 'unimproved value', which relates to the valuing of commercial properties for the purposes of rates and land tax. In a blatant tax grab by the Bligh government, it wants to redefine the rules in order to increase government revenue. It is ludicrous to value a property based on the actual use of the land rather than a system of comparable sales, which was far more equitable. The term 'unimproved value' is being redefined to include profit and risk, leases, goodwill and infrastructure charges.

The legal technicality that is intended to be corrected in this bill stems directly from a case in 2009 in which the Land Appeal Court rejected the government's contention that unimproved value of the improved land for the purposes of levying land tax and rates included the added value of any leases, the goodwill associated with the business conducted on the land and any amount for any development premium or profit and risk associated with its previous development.

The Land Appeal Court determined that the definition of unimproved value of land in relation to improved land required that the land be treated as though it were vacant and unimproved. The benefit of leases, improvements and any development premium or profit associated with the property was all to be disregarded in arriving at the unimproved value of the property.

The definition of 'unimproved value' is being changed because this government has dollar signs in its eyes. It comes on the back of breaking two core election promises—(1) that it will not raise taxes and (2) that it will protect jobs. The introduction of this bill breaks those core promises. It increases land tax on mum-and-dad investors and property developers in this state, and the rate will be determined on the intention for the property. That is, the more the mums and dads and investors and developers make from the property, the more tax the government will make. It can be described as a half Robin Hood measure: the government is taking from the seemingly large pockets of developers and mum-and-dad investors and keeping it, all in a desperate attempt to raise government revenue and rescue Queensland's bottom line. It is a sneaky tax grab through the alteration of a definition which applies to land tax that will ultimately increase government revenue without actually altering a rate of taxation.

Whether you call it a levy, whether you call it a registration, whether you manipulate the definitions of 'unimproved value'—call it what you like—it is a tax, and it is a tax that raises the cost of living expenses for Queenslanders which this government does at an alarming rate. Treasurer Andrew Fraser stated prior to the last election year that he would rule out any increases to state taxes. Is it any wonder now, 12 months on, that we in this place and the community talk about the Treasurer being the worst Treasurer in Queensland's history?

Up until today, I would have called the Treasurer the most unpopular member of the parliament. But considering that the honourable minister in charge of this legislation will introduce 60 amendments to it, I now do not know. I think all bets are off for who is the most unpopular member of this parliament. It is either the honourable minister or the honourable Treasurer. That is because this legislation will significantly increase the amount of overall land tax collected by this state government. This process is not being done transparently, either, by raising the base rate for the tax; rather it is being done by changing a definition that will ultimately increase the amount of tax that will be collected. As the value of properties rise, Queensland businesses and investors will pay more tax.

The state of the budget has caused the government to introduce a raft of measures to recover from 12 years of its mismanagement of the state's coffers. Quite simply, Labor went bust in a boom. We heard it here today. We have heard it over and over again. It went bust in a boom and now it is trying to recover the state's AAA credit rating. We have seen Queensland motorists slugged with increases in vehicle registration, the privatisation of some of Queensland's main assets—

**Mr DEPUTY SPEAKER (Mr Hoolihan):** Order! I remind the member for Kawana that we have a land tax bill before the House. If he would come back to the bill it would be very much appreciated.

**Mr BLEIJIE:** Absolutely, Mr Deputy Speaker. I am very happy to talk about tax and the way in which this government—

**Mr DEPUTY SPEAKER:** Order! No, member for Kawana, you will return to the bill. Your comments can be seen as dissent from the Deputy Speaker's ruling. I would advise you fairly strongly against that. Would you please come back to the land tax bill.

**Mr BLEIJIE:** Thank you, Mr Deputy Speaker. There are serious ramifications to the Queensland economy that this land tax bill will ensure. The costs of extra land tax will be passed on to small business owners and eventually to consumers. Housing affordability options will become more difficult as a result of this land tax as home prices will rise to reflect the increase in land tax, particularly in greenfield sites such as the Palmview development in my electorate. The Shopping Centre Council of Australia expressed this concern. In a statement on the legislation that is before the House, it stated—

The Bill, if passed will massively increase the cost of doing business in Queensland. It will increase the costs for all businesses, not just for shopping centres or for commercial properties. Furthermore, the managing director of the Westfield Group, Mr Steven Lowy, in the *Australian Financial Review* when questioned about this legislation was quoted as saying—

We see it as a very disturbing issue. It not only affects our centres, it affects every investor in the state ... it has ramifications about how the business community, both domestic and foreign, views the certainty of investment in Queensland.

He went on to add that his company already pays higher land tax in this state than in any other state in Australia. That dispels the claim that this legislation will bring Queensland into line with other states in Australia. The Premier likes to talk about jobs ad nauseum and this government's commitment to deliver 100,000 new jobs at the end of its term. This land tax bill will result in potential jobs being destroyed as Queensland's attractiveness to interstate and international investors will diminish.

I have been contacted, as have other members of this House, by many constituents in relation to this land tax grab. The feedback that I have received has been unanimous. Their sentiments could not be better summed up than by this statement by the Chairman of the Property Council of Australia, Mr Wayne Rex—

Commercial property owners are absolutely livid with the government for changing the rules without consultation and on the back of losing the court case.

The Queensland law firm HopgoodGanim says that the implication of this bill will reduce asset values as a consequence of the capitalisation of net income reduced through the increase in land tax and rates. That will have a significant impact on the value of the investments held in superannuation funds. The reduced asset values will make it more difficult to obtain finance, further impacting on the Queensland property sector—a sector already reeling from a difficult year in 2009. These increased charges will place increased pressure on small businesses and will lead to the loss of jobs. These changes are likely to act as a major disincentive to investment in Queensland.

These are the comments of stakeholders who are furious at the lack of consultation that was undertaken when this legislation was being formulated. In fact, let me talk about consultation on this bill. The only piece of consultation, other than a rushed effort in the past 24 hours with the Property Council, was a competing advertisement campaign in the *Courier-Mail*. The government criticises the opposition and any other member of this House for quoting the *Courier-Mail*. Yet during the week the government used the *Courier-Mail* as a mediator in this consultation process between business investors, the Property Council, parliament and the general mum-and-dad investors. The cost of this land tax grab will be borne by the owners, including investors in the superannuation funds, and will potentially impact on tenants, either indirectly through market rent reviews or directly in the case of non-rental tenants who have entered into leases after 1 July 2009 that provide for the recovery of a land tax.

The Local Government Association of Queensland has made the claim that, unless this bill is passed, \$600 million in local government rates, which has been collected over the past three years, will need to be repaid. This claim is incorrect. It is based on an incorrect assumption that the past three land valuations could be contested. Submissions by the Property Council of Australia, which I am sure all members of the House have received, state that this assumption is unfounded. Even assuming that the state government is unsuccessful in all the cases currently subject to the objection/appeal process, a total of no more than \$10 million—not \$600 million—of previously collected rates would be owing to property owners. The Property Council and the Shopping Centre Council have advised the minister that property owners would be willing to accept repayment via offsets on future rates bills, meaning that councils would not need to stump up their debt immediately.

Furthermore, the state government's claim that it will need to repay \$300 million in land tax is false. The same submission by the Property Council indicates that this figure is based on another incorrect assumption that three years worth of valuations could be contested. Similarly, assuming the state government is unsuccessful in all the cases currently subject to the objection/appeal process, a total of no

more than \$25 million of previously collected land tax would be owing to property owners, not \$300 million.

Constituents in my electorate have expressed to me concerns about this bill. One constituent of Wurtulla in my electorate emailed me in which she stated the following—

... Jarrod

I'm not sure if you are my representative or if it is Mark McArdle—

because the electorate boundaries changed one year ago—

but I want to register my protest with you at the proposed new higher taxes—

**Government members** interjected.

**Mr BLEIJIE:** They do not want to hear it.

**Mr Schwarten** interjected.

**Mr DEPUTY SPEAKER:** Order! Minister, would you like to return to your seat to make those comments.

**Mr BLEIJIE:** My constituent stated—

... I want to register my protest with you at the proposed new higher taxes on rates & land. Why, if one works hard to get an investment property or business (to prepare oneself for a self funded & reasonable retirement) should we incur these new taxes because Labor has sent the State broke? Can you please forward/lodge my strong protest against this on my behalf?

'Because Labor has sent the state broke'. There are no words so closer to the truth.

**Mr Schwarten:** Signed 'mum'.

**Mr BLEIJIE:** I take the interjection from the minister as a complete contempt and arrogance towards one of my constituents. The minister of the Crown has a responsibility to every Queenslander.

**Mr DEPUTY SPEAKER:** Member for Kawana—

**Mr Seeney:** He's entitled to respond to the interjection.

**Mr DEPUTY SPEAKER:** Member for Callide, I warn you under standing order 253A. Member for Kawana, please continue.

**Mr BLEIJIE:** This constituent is just one of the thousands of concerned mum-and-dad investors in Queensland who will bear the brunt of the government's proposed legislation. I have stated in this House before on many occasions that the Bligh government always talks about DNA. I have said that DNA stands for debt, negligence and arrogance. With the way in which this government has performed, it needs a DNA transplant. This bill stems directly from that DNA: debt, negligence and arrogance. The government introduced this bill to relieve the dire financial situation that it has created on the back of a mining boom in this state. It has neglected to substantially consult the relevant stakeholders involved in land tax and, if it had done so, it would have heard the overwhelming concerns that this bill will cost jobs, denigrate the state's investment opportunities, hurt small business and, ultimately, consumers alike.

Thirdly, the arrogance this government continually projects into the electorate illustrates its attitude. It treats Queenslanders as fools and continually breaks election promises as these promises are tokenistic gestures to make it look as if it is taking action.

Queensland had the opportunity to be the leading economic state in Australia. Due to the Bligh Labor government's continuous mismanagement in this state the opportunity is slipping away. This bill is another example of a crisis-management government trying to recover a ballooning bottom line on the back of a state going bust on the back of a mining boom.

In closing, I reiterate my point about the comments made by the member for Pine Rivers congratulating the minister on a bill that will have some 60 amendments to it moved in consideration in detail. In light of the minister's performance in relation to the solar hot water debate in the House today, this minister is to Queensland Labor what Peter Garrett is to federal Labor. It indicates nothing but incompetence. Members of the government stood in this honourable place and congratulated the minister on coming into this place and saying, 'Ladies and gentlemen, here is a piece of legislation. Let us go and consult on it through mediation with the *Courier-Mail*. But hang on, now that there is such public outrage I will move 60 amendments to my legislation.' He did not have the guts to withdraw this legislation. That should have been done. The minister comes in here and moves 60 amendments. That is nothing but shameful and shows the absolute incompetence of this minister.