

QUESTION ON NOTICE

No. 1086

asked on Tuesday, 28 September 2004

MS LEE LONG ASKED THE MINISTER FOR NATURAL RESOURCES AND MINES (MR ROBERTSON)—

QUESTION:

With reference to water which is rapidly being moved to a system of title, similar to that of land ownership and as this involves the separation of water, from any particular block of land, with a water licence or a water allocation attached to it—

What impact does he expect this will have on the valuations of those blocks in particular farm land, which will have the water separated from them, meaning that those farms will become valued as dry farm blocks?

ANSWER:

The unimproved value of land currently includes the value associated with any entitlement that is attached to that land. Water licences and interim water allocations attach to land.

On approval of a resource operations plan (ROP) for an area, specified water licences and interim water allocations will convert to water allocations. Water allocations are separate, tradeable assets that do not attach to land. Therefore, the value of a water allocation will not form part of the unimproved value of the land that was associated with the former attached entitlement.

Local governments now have 12 months following approval of a ROP to consider introduction of changes to their rating system.