



Speech by

Jann Stuckey

MEMBER FOR CURRUMBIN

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VALUATION OF LAND AND OTHER LEGISLATION AMENDMENT BILL

Mrs STUCKEY (Currumbin—LNP) (4.49 pm): I rise to join the debate on the Valuation of Land and Other Legislation Amendment Bill which was introduced into the House on 11 February by the Minister for Natural Resources, Mines and Energy and Minister for Trade. This bill seeks to amend the Valuation of Land Act 1944 by altering the definition of unimproved value of land, reforming the process for objection and appeals to a valuation and devising a schedule of valuations to replace annual valuations.

As honourable members have heard from the honourable member for Callide and LNP shadow minister and other opposition members, we on this side of the House feel that this legislation is repugnant. The LNP vehemently opposes sections of this bill that relate to land valuations as it currently stands before the House.

Rarely have we witnessed such an uproar from industry stakeholders who fear for the welfare of every Queenslanders. This sort of advertising blitz is usually a union funded campaign. We saw and heard outside the parliament this morning the wrath of angry unionists who are rotable that this government is selling off their assets. For *Hansard* I note that the Premier, the Treasurer and the member for Brisbane Central abandoned them. They did not have the courage to go out and meet with these people whom they purport to represent.

Only yesterday evening this government moved this bill from No. 6 on the *Notice Paper* up to No. 1. Then this morning those opposite hastily cobbled together amendments as a direct result of the massive backlash from industry bodies. In doing so, the government has admitted that it got it wrong and that, if the legislation as it was introduced were passed, Queensland industries and the Queensland economy would be far worse off. As honourable members have heard, the LNP is prepared to consider the proposed amendments that were described by the Premier this morning based on their merit. Following a decision of the Court of Appeal in December 2009 that rejected the government's appeal of the valuation of Pacific Fair on the Gold Coast, this government has attempted to overturn decades of industry practice to save itself from its imminent demise.

The bill before us will have a dramatic impact on the way land is valued in Queensland and subsequently on the amount of land tax and rates that owners must pay. The implications of these changes are enormous and threaten to affect not only owners of commercial land but tenants, mum-and-dad investors, small business owners, superannuation fund holders—the list, unfortunately, is endless here. This bill is little more than a sneaky attempt to hike up the government's land tax base and boost its income stream to the detriment of industry, businesses and the economy in the long term.

The provisions in the bill before us represent a substantial shift in the legislation relating to land valuation which should be given the respect of honest and thorough consultation from industry representatives. Prior to introducing the legislation, consultation only occurred with the Local Government Association of Queensland and probably some government departments which stand to gain considerably from these amendments. Key industry bodies have led the fight against this government's outrageous attempt to overthrow decades of industry practice. These include the Property Council of Australia, the

Shopping Centre Council of Australia, the Chamber of Commerce and Industry Queensland, the Queensland Law Society, the Urban Development Institute of Australia and the Real Estate Institute of Queensland, among others. The Queensland division of the Property Council of Australia in particular has expressed its deep concern with this legislation, as many members would be aware. Its interpretation of the changes is that the proposed definition of unimproved value will now extend to entrepreneurial effort. The more an owner improves their property the greater likelihood their taxes will increase based on this new definition.

Typical of this government, the harder someone works the harder the government will punish them for their effort. Small businesses, the retail sector and the tourism industry are still struggling to recover from the huge losses as a result of the global financial crisis. Passage of this bill would be a huge blow to industry throughout Queensland and the long-term effects would see our economy going backwards.

LandMark White, a leading valuation company, says these changes represent a sizeable shift that will affect everyone in Queensland at some level. The greatest concerns of LandMark White and others within the Property Council of Australia committee are the radical amendments to long-established valuation practice, the unworkable objection and appeal process that has been proposed and the retrospectivity which will remove the rights of some 300 appellants currently appealing their valuations before the land courts. The government's assertion that the changes proposed in this bill reflect procedures that have been practised for decades is highly disputed by these industry professionals.

As it is defined in the bill before the House, the term 'unimproved value' has been completely warped by this government. What the government is calling a clarification of the definition of unimproved value is about as far from the definition of the word as the term itself is proposed to become. Unimproved capital value, as it is understood by the industry, and has been for many years, is the value of the land in its raw state. Regardless of what has happened to the land at the owner's discretion, unimproved value is assessed without improvements.

If this bill is passed in its current form, unimproved capital value will be assessed essentially as improved value, taking into consideration a number of intangible measures that have the potential to greatly increase land values and subsequently land tax and rates for business and property owners. Unimproved value will include: the development premium or profit and risk associated with the historical development of the land; leases, including arrangement for leases; a component for goodwill as a measure of the business or purpose the land is being used for; and infrastructure charges—a far cry from the clarity offered by this government.

A submission by the Queensland Law Society to the Scrutiny of Legislation Committee warned that the ambiguous drafting of the word to the opposite of its ordinary meaning is inappropriate and misleading. The definition as proposed in the current bill has absolutely no correlation to the industry accepted use of the term. But those on the other side of the House are happy enough to change the entire backbone of the industry without a shred of consultation.

If the government thinks that the litigation sparked from the definition of unimproved value was too much to handle in the past, the inclusion of these highly subjective terms will undoubtedly drastically increase people flocking to object to the valuations. By proposing an onerous and virtually impossible procedure for lodging an objection, however, this government is ensuring that its decisions will remain unopposed.

Instead of propping up the resources available to land courts, the government's proposed amendments will directly shift the onus to civil property owners who are unlikely to have the capable industry knowledge to complete the requirements. If this bill is passed, an objection will need to include particulars of the facts and circumstances relied upon for the grounds of objection. One industry leader has suggested that professional assistance will be needed to lodge an objection because of the standard of proof that will be required.

Stakeholders believe requests are more likely to be disallowed by a public servant because of a non-complying objection rather than anything to do with the merit of the claim. The President of the Queensland Law Society, Peter Eardley, has concerns that the 14-day period for modifying an unsatisfactory objection will be 'woefully inadequate in most circumstances' and the proposed appeal process is 'virtually unworkable'.

This bill seeks to apply alterations to the 'unimproved value' definition retrospectively to valuations in effect in or after 30 June 2002. The Property Council of Australia asserts that Queensland currently has the highest unimproved values of land in the country, with business and property owners already having to fork out exorbitant amounts in land tax for commercial, retail and industrial properties. In making this legislation retrospective the government is trying to weasel its way out of paying back property owners money that has been taxed and spent outside of its legislative purpose.

It could not be more obvious from the nature of the legislation before us that the government's reaction to the Pacific Fair decision is just another excuse for a big tax grab. While Queensland's land tax rate is calculated at a low two per cent, the Property Council of Australia asserts that Queenslanders face relatively high rateable land values. In other words, the tax might be low but the inflated values of Queensland properties see Queenslanders coughing up more to the government.

Indeed, the Chamber of Commerce and Industry Queensland reports that government land tax receipts have increased by over \$817 million, or 355 per cent, since 2000-01. A whopping 72 per cent increase has been seen in the last two years alone. It does make one ask where all this money is going. And this from a government whose ill-fated election promise was to protect Queenslanders from more taxes! Those on the other side of the House can cry all they want that these changes will only affect the big end of town, not residential property owners, not local shopping centres. Unfortunately, the stories of those in my electorate of Currumbin reflect the real situation.

One residential landowner in my electorate detailed the increase in land tax from \$4,300 in 1996 to \$42,000 in 2009. Likewise, his council rates soared at an equivalent pace. Increasing the tax burden on owners will see tenants bearing the brunt of the financial hardship. It is logical for landowners to pass increasing maintenance costs on to tenants, and these proposed amendments will mark a point of no return for housing affordability in Queensland.

The retail sector, still trying to recover after the enormous economic downturn that gripped the world about a year ago, will undoubtedly suffer due to the changes proposed in this bill. One of the largest shopping centres in my electorate, The Pines, revealed that the unimproved value of its land has increased from \$14 million to \$31 million in just three years, with no work or material changes made to the centre itself. This centre has over 50 per cent of its tenants being small and independent businesses or franchises. The ongoing effects of this increase will hurt small business in a big way and may send many to the wall. If this bill is passed, it is scary to think what the land tax for this shopping centre might become.

The lack of foresight of those opposite in the House is outstanding. This short-sighted, sneaky approach to improve the state budget's bottom line and forgo any consideration of what these proposed amendments will do to the Queensland economy in the long term is negligent. The unnecessary stress and angst that it is causing people around this great state is totally unacceptable. Businesses, jobs and investment are all under threat by this government's hasty decision to bring in this bill. One Queensland law firm has described the impact of the inevitable disincentive to invest in Queensland as the legacy to be left by this incompetent government.

Members have been inundated with correspondence from investment industry professionals along with mum-and-dad investors and everyday citizens over the last couple of weeks detailing the loss of investment in Queensland that will be the direct result of passing this bill into law. Investment, whether interstate, national or international, is crucial to the future economic prosperity of our state. This bill as introduced by the government shows total disregard for attracting investment in the Queensland business and property sectors and makes a complete mockery of the Bligh government's 'jobs, jobs, jobs' mantra.