

LAND ADMINISTRATION AMENDMENT BILL 2009

Second Reading

Resumed from 20 October.

HON SALLY TALBOT (South West) [2.04 pm]: I would not anticipate it will take us too long to move through this bill, because Labor will essentially be supporting this bill. We want to raise a few things as we work through it, but our broader agreement is there in principle to support it.

I will outline the measures in the bill for the benefit of honourable members who have not had a chance to acquaint themselves with the bill. The bill amends the Land Administration Act 1997 and its effect will be to allow pastoral lease rent increases to be phased in. The current situation is that the Valuer-General determines the annual rent payable for pastoral lease rents. Prior to the 1997 act, the assessments were carried out every seven years, and since 1997 the provision has been that they are carried out every five years. It is a lengthy period of time, which seems to be one of the contributing factors to the obvious shock that many pastoralists feel when they get their notice of pastoral lease rent increases. I will give members a flavour of how much those increases have been over recent years. The 1999 rent increase was for an average of 250 per cent. It is important when thinking of annual increases to realise the enormous divergence across the state in what individual pastoralists are coping with these increases. The 1999 increase was an average of 250 per cent. In 2004, it was only 59 per cent, which is still not an insignificant cost impost. The 2009 review, which was brought down very recently, started in November 2007, and the result of that review is an average pastoral lease rent increase of 209 per cent. That was due to be brought in on 1 July. Honourable members will not be strangers to this topic. If members follow the commentary in the media, they will notice there has been a lot of coverage. I will not go through these articles in any detail, as I am sure that most members have read them, but they will refresh members' memory or point them in that direction if these bypassed them at the time.

On Saturday, 19 December, on the front page of *The West Australian* we read, "Rent rises jeopardise pastoral industry". The caption to the photo reads —

In the red: Justin and Ann Stevens, with sons Rhys, 5, Jack, 6, and Darcy, 11, have battled wild dogs and drought since buying their Kalgoorlie pastoral lease last year. Now the industry faces collapse, insiders say, because of rate rises of almost 400 per cent.

That will give members an indication of how divergent individual rent increases are. An article on page 12 of the *Farm Weekly* of Thursday, 24 September, headed "Rise in rental rates incenses pastoralists", reads —

WA pastoralists are reeling from massive increases in their land rental rates, with some facing rises of up to 550 per cent on previous figures.

The article includes a very interesting chart, which may well be worth tabling for the information of honourable members because it sets out in the first column the station region, in the second column the station name—if there is a station that a member may have particular contact with—the previous annual rent and then the percentage increase in the new annual rent. If members run their eyes down that column they will see, for example, that the rent increase for the Kilty station in the Kimberley is 459 per cent. There is another one; Springvale in the Kimberley is 459 per cent. These are pretty staggering increases for pastoralists to cop.

I note that the *Farm Weekly* article of 29 October on page 20 states —

Premier Colin Barnett has agreed to meet with representatives of the Pastoralists and Graziers Association ... to discuss a huge increase in pastoral rents.

The article continues —

WA pastoralists are still reeling from the massive rate rises, with some facing hikes of up to 550 per cent on previous figures.

While news of the soaring rental values had been foreshadowed in June this year, the reality has only recently begun to sink in as notices of the rent rises made their way into pastoral homesteads.

Pastoralists have until November 1 to pay half the new rate or accrue a 10 per cent interest penalty.

It is precisely because of that connection that we are in this place this afternoon talking about this bill. Members are probably getting a flavour of the reasons why Labor will support this bill. We have a great deal of sympathy for people whose lives are subject to the most extraordinary privations and difficulties. I found a very interesting account on page 3 of *The West Australian* of 22 October about the Wydgee Station, which is owned by Bill Moses and his partner Kate Hutchinson. I will just give members a flavour of this story, as it illustrates quite

Extract from *Hansard*

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graphically the innovative mechanisms that pastoralists have had to get their heads around to cope with quite drastic economic difficulties. On this station they have started farming fruit and goats. The article states —

Kate Hutchinson brings her fingers to her lips as though praying. Her eyes light up as a mob of feral goats emerges through the scrub and kicks up the dust in the noon sun.

“I see money,” she says excitedly. “But it’s not just that, it also means Bill will sleep better tonight.”

Over the previous two days, her partner, Wydgee Station owner Bill Moses, mustered 1000 rangeland goats from across the 175,000ha of his pastoral land 90km south of Mt Magnet. And while the prices are good at \$36 a head, he needs as many as he can get.

What once used to be the “cream” on top of their cash flow has become a necessary operation on the farm, combined with the income of their orchard supplying crates of desert-grown peaches and stone fruit to speciality fruit shops in Perth.

This article is about the review that has just been completed into the conditions that pastoralists are facing; that is, the Southern Rangelands Pastoral Advisory Group report, which will be well worth reading. I note that the Minister for Agriculture and Food, Hon Terry Redman, has said that he will respond to that report, I think by the end of the year. We therefore recognise that many pastoralists have been doing it very tough and have shown a remarkable degree of resourcefulness when it comes to coping with economic difficulties.

I return to the mechanisms in this bill. I understand that the government’s intention with the bill is that rent increases from now on will be phased in, and I understand that will be done by regulation. Of course, this is not the first time that pastoralists have had cost increases phased in. After the 1999 increase, which was 250 per cent, there was a two-year phase in. I understand that there was also a previous occasion when a rent review had been cancelled, presumably because economic times were so tough. By 1999 pastoralists had had no rent increase for 13 years; therefore, a phase in was allowed at that stage to allow pastoralists to make the necessary adjustments. My understanding is that in this bill we are looking at a proposal to phase in the increases in three equal instalments so that one will be backdated to 1 July this year, a second one will apply from 1 July 2010 and the last one will apply from 1 July 2011. It therefore includes a degree of retrospectivity, which does not always sit well on the palate of legislators; however, in this case we can understand why that has been done.

I was telling that story about the Wydgee Station, which is just a paradigmatic account of the general situation faced by pastoralists. Clearly, these folk will be subject to the economic difficulties caused by the global financial crisis, but they have been experiencing these kinds of difficulties for many years. Obviously, one of the major factors is protracted dry seasons. A second factor is the increase in feral predators. Although the government cannot control the weather, it indicates that other programs to continue to assist pastoralists are absolutely essential for keeping their noses above the water financially.

I note also that the Valuer-General recently announced a reduction in the estimated rate of return from the assessed land value of individual pastoral leases. The Valuer-General reduced that estimated rate of return from three per cent to two per cent. The response encapsulated in this bill recognises a number of the key factors that have been stressing the pastoral industry for a long time.

I made the point that when we talk about increases, the current one being 209 per cent, they are not uniform. I pointed out that they are not uniform between individual stations. There is also an enormous discrepancy between regions. I note in the parliamentary secretary’s second reading speech that the increase in the Kimberley is 337 per cent, the increase in the Pilbara is 166 per cent and the increase in the southern rangelands is only 43 per cent; therefore, there is a big difference. I wonder whether at some stage in the future we could take a closer look at those discrepancies to see whether we need to put different provisions in place for different areas. The increases mean that the new annual average for a pastoral lease in the Kimberley will be \$2 945, in the Pilbara, \$8 050 and in the southern rangelands, only \$2 851. That is a mark of the huge diversity in these leases and that economic success hangs by a very slender thread for many of these people.

There are a couple of interesting things about pastoralists. I recognise that traditionally they are not usually counted as part of Labor’s constituency. Nevertheless when we speak to individual Labor members we find very close relationships particularly between country members and the pastoralists in their electorates. We have, therefore, on the whole a deep respect for what they are doing. We also recognise that many of the problems pastoral leaseholders bring to us involve having government departments as their neighbours; they are often considered to be very poor neighbours. That is something that we in government must recognise. Pastoralists who find out that the Department of Environment and Conservation has authority over the land next door often spend a considerable amount of their time educating DEC about what needs to be done. Often the reality is that pastoralists rather than people in DEC have a better idea about what needs to be done. That is not a criticism of individual DEC officers, but it is an acknowledgement that government departments are not always regarded as good neighbours. Often the practices put in place by the pastoralists are as sound, if not more sound, than those

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put in place by government departments. All in all I am speaking now with my shadow Minister for Lands hat on, but I also wear the shadow Minister for Environment hat and I recognise, in carrying out that role, that in many cases pastoralists play a vital role in conserving and protecting the environment. They look after about 36 per cent of the state, which is rather more than I had envisaged. Some people are keen to point out that pastoralists pay only a little less than \$2 million per annum in pastoral lease rent, even though they look after over one-third of the state. I urge anybody who is tempted by that criticism to look at the reality of day-to-day life for many of the pastoral leaseholders.

I will ask a couple of questions now. I would be happy to go into committee, but I will be guided by that on what other members have to say. This bill was put at the top of the notice paper only today and I have not had the opportunity to speak to my colleagues in the Greens (WA) or the National Party about whether they want go into committee.

It was suggested in discussions I had about this bill that while the current proposal to phase in those increments in three equal instalments appears to be satisfactory to the Labor opposition, we are a little concerned that in the future an increase might be delayed for three years and then introduced in a different way. As that will be done by regulation, and I guess would be disallowable, I would like confirmation of whether that will be the case. It seems sensible to us to perhaps specify at some point in the bill that we will be looking at three equal increments every time there is a rent increase.

My final point is the possibility that five years is still too long between reviews. Members can see from my introductory remarks the way in which that period has been shortened over recent years. As I said, prior to the 1997 act assessments were carried out every seven years. The 1997 act reduced that period to five years. I would like to hear the parliamentary secretary's comments on whether three years would be a more appropriate time as it would be more in line with current practice in other land revaluation processes. I will leave my comments there and listen with interest to what other members have to say.

HON ROBIN CHAPPLE (Mining and Pastoral) [2.22 pm]: The Greens (WA) will support the Land Administration Amendment Bill 2009. However, in doing so I will outline some of the issues that the Greens have with this bill.

The Greens support the idea that pastoralists have their rents increased, as currently they are paying a relatively small rental for significant tracts of land. However, there is merit in not shocking people with 200 per cent rental increases. Even if the pastoralist knows that a rent review is coming, he or she would not know what the increase would be and it would be difficult for the pastoralist to budget for a 200 per cent increase. Pastoralists must pay rent for the land they lease from the state—that is a pastoral lease.

The Valuer-General determines the quantum of rent payable by the pastoralist each year for the pastoral lease in accordance with the Land Administration Act 1997. Rents are reviewed and determined every five years. The increased rent is payable on and from 1 July every fifth year from 1999; that is, 1 July 1999, 1 July 2005 et cetera. Pastoralists know that on 1 July every fifth year their rent will probably increase. They do not know by how much, but they do know that an increase, or perhaps a decrease, is likely.

Two rent determinations have been undertaken since the proclamation of the Land Administration Act 1997. In 1999 there was about a 250 per cent increase, and 2005 brought about a 49 per cent increase. The 2009 determination brought about an average rental increase of 209 per cent, which was payable on or from 1 July 2009.

The Land Administration Amendment Bill provides for the rental increase to be phased in over the three years following the relevant determination. Given the financial conditions that many pastoralists find themselves in, that is commendable. The way in which phasing-in of rent increases will occur will be prescribed by regulations. This is where we have a problem. We have not seen the regulations and we do not have an understanding of how those regulations will be determined. The current rent determination will be phased in through three equal instalments each year over the next three years. The first instalment is due on 1 July 2009—a retrospective clause in the bill provides for that—and the next two are due on 1 July 2010 and 1 July 2011. The full increased rent would be payable on 1 July 2012.

The Greens considered not supporting this legislation because of the provision for these determinations to be made by regulation. I hope that during the committee stage we will be able to tease out what those regulations will do and how they will be administered. Phasing in of these rent payments will mean that the full amount of the increased rent will not be paid by the pastoralists until the third anniversary of the date on which the increase was first due—that is, 2012. That means less money for the state and a cheaper ride for pastoralists. It would only delay the rental increase for the 2009 cycle. The rent increase in 2009 will not be paid in full until 2012, but that amount will be paid over five years until the 2014 increase starts to be paid in full in 2017. The net effect is

that the rents are paid over five years, but the pastoralists have notification of the increase over the first three years.

In giving support to a process that mitigates impact on pastoralists, the Greens will support the legislation, but I would like a better understanding of how the regulations will be implemented.

HON KEN BASTON (Mining and Pastoral) [2.28 pm]: I listened with interest to the members who have contributed to the debate on the Land Administration Amendment Bill 2009. I support this bill, however, as Hon Robin Chapple said, these are huge rental increases. I note the point he raised about the rental determination for pastoral leases being every three years. Currently, pastoral leases are determined every five years. Perhaps it should be every three years.

Nobody should be expected to face a 300 per cent increase in pastoral lease rentals. I do not believe that anyone in business would expect such an increase. To demonstrate my point I will use as examples Fossil Downs, a property out of Fitzroy Crossing, and Jubilee Downs. The rent for the pastoral lease on Fossil Downs increased 500 per cent and on Jubilee Downs it increased 540 per cent. The rent increase for Fossil Downs increased from \$12 000 to \$71 000 and for Jubilee Downs it increased from \$4 122 to \$26 715.

The problem is that there is a flow-on effect from the way in which pastoral lease rents are structured. The Valuer-General ends up with what is called a market unimproved value. As the rent increases, so does the unimproved value. I will explain that quickly. I do not want to take up too much time of the house, but I believe it is important. The market unimproved value, determined by the Valuer-General, is for the bare lease without infrastructure such as sheds, fencing et cetera. Basically, that is based on, very simply, the sale of properties throughout different areas—the Kimberley, Pilbara and southern rangelands. That reflects the price of the properties that are sold. However, the unimproved value, which is the value that local government uses, is 20 times the rental income. If a rent is raised—I use the example of Fossil Downs—the unimproved value is 20 times the annual rent. That is 20 times \$71 169, which is an unimproved value of \$1 403 380. That is a huge jump from the previous valuation of 20 times \$12 000, which totals \$240 000. We are going a step further. The local government uses that value to the cent to arrive at the unimproved value, which in this case, again using Fossil Downs as an example, is based on \$1 403 380. One does not need to be an accountant to work out the huge pressures involved. This bill is a very important first step, but further steps must be taken to deal with these huge increases.

Hon Sally Talbot touched on the role of pastoral leaseholders. There are only 530 pastoral leases in Western Australia. If we deduct the pastoral leases that are owned by mining companies, Indigenous people and the Department of Environment and Conservation, the number of leaseholders is about 360. We are talking about just 360 individuals or companies that own those leases. They play a major role in government because they are de facto rangers. They assist in weed, vermin and pest control. They play a valuable role in the protection of flora and fauna, and they are actively trying to control wild dogs and foxes. If those leases were to fall over, it would be a huge impost on the government. The amount of money generated on the leasehold properties in the past financial year was some \$650 million. Most of that is export income, which means real dollars for Western Australia.

I want to reiterate the issues relating to the huge cost increases. Perhaps we should look at that every three years. This bill phases in the increase in the valuation of the land over time and will help ease some of the burdens that a lump sum increase would have placed on people.

HON WENDY DUNCAN (Mining and Pastoral — Parliamentary Secretary) [2.32 pm] — in reply: I thank honourable members for their contributions to this debate. Members have said that the Land Administration Amendment Bill 2009 will enable the phasing in of the increase in the amount paid for pastoral land rents. I appreciated Hon Sally Talbot's comments acknowledging the contribution made by the pastoral industry in remote Western Australia and her reference to some of the challenges faced by the people who live in the remote parts of our state. Obviously, the pastoral rents alone are not the reason why many of the pastoralists are facing difficulties. They have had long periods of adverse climate conditions and, in fact, have felt some of the effects of climate change. They also have experienced either low prices or adverse conditions for the products that they sell. Those factors and the downturn in the global economy have impacted on their businesses. Nevertheless, there has been a boom in the regions and in land prices.

The ever-present romance that is associated with pastoral leases means that when they are bought and sold, the purchase price often does not reflect the amount of money that can be generated by the property. To a large extent, that is probably a factor in the difficulties that have been created by the valuations that have been determined of late. When the Valuer-General looked at the increase, which Hon Sally Talbot alluded to, he reduced the percentage of the increase from three per cent to two per cent because he took into account some of

the adverse conditions that are being experienced. Nevertheless, there was quite a dramatic increase. The Minister for Lands has acknowledged that and this bill tries to ameliorate that.

I also appreciated Hon Sally Talbot's comment regarding some of the challenges of having the government as a neighbour. The Department of Environment and Conservation has a lot of pastoral properties. It is endeavouring to restore the rangelands but perhaps it does not have sufficient resources. I am sure that we all approve of its good neighbour policy, but, unfortunately, it is not always fully implemented. Hon Sally Talbot said that often the pastoralists know what is best for the land. We need to understand that pastoralists have been using that land for only the past 150 years. Inevitably mistakes in its management have been made but the longer that these people live and work on the land, the better they become at managing it.

Hon Sally Talbot interjected.

Hon WENDY DUNCAN: I totally agree. I had the incredible honour of being brought up with Indigenous people and I have an abiding respect for their knowledge of the land and a deep sadness that much of that knowledge is being lost. The next repository of the knowledge of the land is often the pastoralists. On the day that the southern rangelands report was released, the Nobel Prize for Economic Sciences was announced. The first female to win that prize was Elinor Ostrom, whose work was based at looking at the management of natural resources such as fisheries and rangelands. She concluded that the best management was usually made by those on the ground; that is, the locals.

I note Hon Sally Talbot's question about whether the bill should specify that the phasing-in period should be in equal instalments. The legislation specifies that each period of the phasing must be less than the total amount but it does not specify that it will be done in equal instalments. That gives the minister some flexibility to deal with each occasion. Hon Sally Talbot also said that five years is possibly too long between each review. The minister is reviewing the way that pastoral rents are calculated. This bill will assist in doing that this year and we will review the way that future pastoral rents are calculated.

I thank Hon Robin Chapple for his support of the bill and both Hon Robin Chapple and Hon Sally Talbot for the brevity of their remarks: we need to get this bill passed so that pastoralists can take some comfort in knowing that the phase-in will occur. Hon Ken Baston alluded to the flow-on effect of the calculation of the improved value. He said that local government rates and vermin rates are calculated based on this value. That is another indication that we need to review the way that these pastoral rents are calculated. The member also commented on the role that pastoralists play in remote areas and noted the export income that they earn. Pastoralists are often the backbone of remote communities. Often they are councillors in the local government, school workers, road graders, providers of water and communications, volunteers and firefighters. Therefore, as I said in my introduction to the southern rangelands review, the value of the people who live and work in remote Australia is probably far greater than the amount that they contribute to our export income and gross domestic product. With those comments, I thank members for their contributions and commend the bill to the house.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Hon Matt Benson-Lidholm) in the chair; Hon Wendy Duncan (Parliamentary Secretary) in charge of the bill.

Clause 1: Short title —

Hon ROBIN CHAPPLE: My only interest in the short title is to try to get some idea of what regulations will follow upon the passing of this bill.

Hon WENDY DUNCAN: The regulations will be laid out, as has been described in the second reading speech; that is, the rents will be phased in over three years. However, the bill does allow flexibility for the minister on future occasions to determine alternative ways of calculating the regulations, should that be deemed appropriate at the time.

Hon ROBIN CHAPPLE: Our concern is that we would like the depth or the scope of that evaluation to be articulated. How far can the minister go in determining those regulations? Is there some limiting parameter or is it open ended?

Hon WENDY DUNCAN: The bill specifies that the phase in will be over three years. That is identified in the bill. In the regulations, how that phase in will take place will be decided by the minister, obviously in consultation with the Pastoral Lands Board.

Hon SALLY TALBOT: If I may pursue the same matter, when the parliamentary secretary says that it is already in the bill, is she referring to proposed subsection (4) in clause 5, which refers to “not greater than 3 years”?

Hon WENDY DUNCAN: Yes.

Hon SALLY TALBOT: I put it to the parliamentary secretary that not greater than three years is different from three years.

Hon WENDY DUNCAN: Yes, clause 5 of the bill says “not greater than 3 years”. That means, as happened in 1999, that the phase-in period may be less than three years. In other words, it may be two years, or it may not be phased in at all, depending on how the Valuer-General assesses the increase and the state of the pastoral industry at the time.

Hon ROBIN CHAPPLE: There will be an assessment of the economic base of the pastoral industry and/or the Valuer-General’s determination in regard to how it will be phased in. In that parameter, are there any guidelines, or will it be purely at the whim of the minister? I am really thinking about pastoralists who may or may not be inadvertently impacted by this if there are no clear guidelines on the extent of succour that the minister may give to pastoralists; or, indeed, if the government wants to gain revenue in a hurry, the minister might give them no relief whatsoever. I am trying to work out, within that, what parameters may be prescribed in regulation that may benefit or disadvantage pastoralists. Is there any clarity?

Hon WENDY DUNCAN: As already mentioned, the bill specifically defines a period up to three years. The Valuer-General will still have his guidelines on how to calculate the rent increase. He will take into account the economic circumstances of the pastoral industry. The minister will then have the ability to determine the phase-in period. However, I reiterate that the calculation of pastoral rents is to be reviewed. We acknowledge that there are issues that need to be dealt with, and that will take place in the next 12 months.

Hon ROBIN CHAPPLE: I think I am nearly done. With a future increase of 150 per cent, 200 per cent or whatever it might be, is it potentially possible that, using this parameter in the regulations, the minister of the day may be able to introduce it in one year as opposed to three years? If that were the case, I would have concerns that it might disadvantage pastoralists in the extreme.

Hon WENDY DUNCAN: The answer to the member’s question is yes. Under the current act, the increases apply immediately. This bill allows for amelioration of the increase, so the minister may well decide to not use the phase-in periods and apply the whole increase.

Hon SALLY TALBOT: Although it is not covered specifically in the bill, would there be a provision for the Valuer-General to include a recommendation about phasing in when the Valuer-General reports to the minister with a proposed rent increase?

Hon WENDY DUNCAN: Yes, that could be possible. The Valuer-General receives economic advice and he could communicate with the minister and make a recommendation, but that would be something for the Valuer-General to decide.

Hon SALLY TALBOT: Would that advice be made public?

Hon WENDY DUNCAN: I am sorry; I am not aware of the arrangements for the advice provided by the Valuer-General to the minister, and therefore I cannot assist the member.

Hon SALLY TALBOT: I am seeking clarification because this is germane to the issue Hon Robin Chapple and I are interested in. At the moment, if the Valuer-General makes a recommendation to the minister, is the minister obliged to accept that recommendation?

Hon WENDY DUNCAN: Yes, the minister must accept the recommendation of the Valuer-General.

Hon SALLY TALBOT: After this bill is enacted, the Valuer-General could make a recommendation to the minister including the phasing in of rents. Although the minister is legally compelled to accept advice about the rent increase, he is not similarly compelled to accept advice about the phasing in of that increase. Have I understood that correctly?

Hon WENDY DUNCAN: Yes, the minister must accept the advice of the Valuer-General in relation to the valuation. Prior to this amendment to the act, the minister had no discretion. This bill gives the minister discretion to phase in rents. I think that the minister has discretion about whether he accepts the Valuer-General’s advice on the phasing in of rent increases, however, he must accept the Valuer-General’s advice on the value.

Hon ROBIN CHAPPLE: This statement is mainly for the *Hansard* record. The intent of the Land Administration Amendment Bill 2009 is to continue the phasing in process. It is not deemed that, potentially, the

notion behind this legislation could be changed by way of regulation; that is, the parameters for phasing in rent increases. I am asking whether pastoralists, by the intent of this legislation, will be protected from sudden rent spikes. The minister will be able to determine whether he or she phases in rent increases over a three-year period, and I am concerned that, although the intent is quite clearly to assist pastoralists, there is some ability for the minister to truncate that three-year period. If the parliamentary secretary states for the record that such truncation is not intended by this legislation, that statement would have some standing in the future. I am trying to look after the interests of pastoralists here.

Hon WENDY DUNCAN: I think the mere existence of this bill demonstrates the intent of the minister to endeavour to prevent spikes in rent increases for pastoralists. Without this bill, the minister would have no discretion to avoid what has happened this time. This bill is a demonstration of the minister's intent to reduce the ability for pastoralists to be confronted with rent spikes.

Clause put and passed.

Clauses 2 to 6 put and passed.

Clause 7: *Valuation of Land Act 1978* amended —

Hon SALLY TALBOT: I have a couple of quick questions about clause 7. Clause 7(1) refers to an amendment to the Valuation of Land Act 1978. I note that this is the next bill listed on the notice paper, and I also note that it is not the subject of the next bill on the notice paper. Will the parliamentary secretary explain to the chamber what that amendment to the Valuation of Land Act involves and the timing involved—that is, whether it has been introduced already, or, if not, when we can expect to see it?

Hon WENDY DUNCAN: The Valuation of Land Act relates to the Valuer-General and this amendment will come into effect at the same time as the bill comes into effect. Does that answer the member's question?

Hon Sally Talbot: Yes, I think so. Proposed section 5A is to be inserted into the Valuation of Land Act.

Hon WENDY DUNCAN: Yes, that is correct.

Hon SALLY TALBOT: That leads me to my second question. I want the opportunity to check my understanding of this notion of the unimproved value. I understand that it is a very complicated equation. Perhaps the parliamentary secretary will provide an outline for the committee. I understand that clause 7 is included to provide clarity for local government when assessing rateable values.

Hon Wendy Duncan: Yes.

Hon SALLY TALBOT: Will the parliamentary secretary outline that for the chamber?

Hon WENDY DUNCAN: The unimproved land value is calculated based on the rent that the Valuer-General determines. The unimproved value is an amount of 20 times the rent that the Valuer-General determines. Clause 7 will ensure that the unimproved value subsequently used by local government and the Agriculture Protection Board and so on is the unimproved value determined by the Valuer-General's valuation rather than any phased in amount in a phased in period. In other words, the unimproved value is calculated on the full rent value determined by the Valuer-General at the time of the rent review.

Hon SALLY TALBOT: That means that although the rent increase may be phased in, the rateable value will increase in one hit—that is, as soon as the rent increase is effected.

Hon WENDY DUNCAN: That is correct, honourable member.

Clause put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by **Hon Wendy Duncan (Parliamentary Secretary)**, and passed.