

VALUATION OF LAND AMENDMENT BILL 2015

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Col Holt (Minister for Housing)**, read a first time.

Second Reading

HON COL HOLT (South West — Minister for Housing) [12.47 pm]: I move —

That the bill be now read a second time.

I am pleased to introduce this bill, which will ensure that equity and fairness will be restored to unimproved valuations made for rating purposes by the Valuer-General and maintain the confidence of property owners and those holding rateable interests in land. The need for this bill recently became evident when the impact on unimproved values of higher annual rentals and fees for exploration licences issued under the Mining Act 1978 and petroleum and geothermal permits and drilling reservations issued under the Petroleum and Geothermal Energy Resources Act 1967 became clear. The Valuation of Land Act 1978 requires that when determining the unimproved value of mining, petroleum and geothermal tenements, the Valuer-General must apply a statutory formula involving a multiplier of the annual rental or annual fee payable for the tenements under the relevant acts. This has been the case since 1995 and for most of the period since then has provided fair and consistent unimproved values that have maintained relativities between the different classes of tenement.

For exploration licences held under the Mining Act 1978, the unimproved value is required to be two and a half times the annual rent payable for the licence. In 2006, the Department of Minerals and Petroleum introduced a new schedule of tiered rents for exploration licences that meant that by year 8 of the term of the licence, the annual rents had increased more than threefold. It was an unintended consequence that these increased rents should flow through into the unimproved values and ultimately into council rates in 2013–14. Throughout the latter part of 2014, Landgate has been receiving complaints about the unfairness of the unimproved values and the increasing distortion between those of exploration licences and mining leases. This was compounded by the Department of Minerals and Petroleum's introduction in 2013 of increased fees for petroleum and geothermal exploration permits and drilling reservations, which resulted in annual fees increasing eightfold between 2012 and 2014. The increase reflected cost recovery principles and was also to act as a disincentive to hold ground for exploration for excessive periods. The Valuation of Land Act 1978 requires that the unimproved values of these permits and drilling reservations be based on five times the annual fee payable under the act. Again, it was an unintended consequence that these increased rents should flow through into the unimproved values for rating purposes. The Valuation of Land Amendment Bill 2015 will implement changes to the statutory formulae applying to the determination of the unimproved value of exploration licences, permits and drilling reservations. The amendment will mean that the relativities existing only a few years ago between the unimproved values of land held for the riskier purpose of exploration and land held for minerals, petroleum and geothermal production will be reinstated. Importantly, it also means that equity and fairness in the valuation roll is restored.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental or multilateral agreement to which the government of the state is a party. Nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the bill to the house and table the explanatory memorandum.

[See paper 2737.]

Debate adjourned, pursuant to standing orders.