

VALUATION OF LAND AMENDMENT (ASSESSED VALUE) BILL 2009

Introduction and First Reading

Bill introduced, on motion by **Mr B.J. Grylls (Minister for Lands)**, and read a first time.

Explanatory memorandum presented by the minister.

Second Reading

MR B.J. GRYLLS (Central Wheatbelt — Minister for Lands) [12.35 pm]: I move —

That the bill be now read a second time.

The purpose of the bill is to clarify the law in relation to how the Valuer-General determines the gross rental value of classes of land for which a rental market does not exist. The gross rental value of land is used as the primary basis of rating of urban areas by local government and by state government for the fire and emergency services levy. It is also applied by the Water Corporation in the assessment of residential sewerage rates and drainage rates. These values are determined by the Valuer-General under the provisions of section 4 of the Valuation of Land Act 1978.

Where a rental cannot be reasonably determined for a particular class of land, the Valuation of Land Act 1978 requires that the assessed value is determined. The assessed value of land is defined as being such percentage of the capital value thereof as may from time to time be prescribed. Since the promulgation of the Valuation of Land Act, the prescribed percentage set by regulation has remained unchanged at five per cent. The most common type of property for which the assessed value is applied is vacant urban land. Other categories of property include unique, specialised and often large industrial plants, as well as land used for community, sporting, religious or public purposes.

This singular percentage has in recent years been the cause of growing concern amongst property owners holding vacant residential land. These owners have found that the gross rental value based on five per cent of their land's value has increasingly been assessed at several times more than that of neighbouring houses on otherwise similar land assessed on rent. This has resulted in an increase in ministerial correspondence, as well as more complaints and many objections received by the Valuer-General. This limitation to a single percentage imposed by the Valuation of Land Act 1978 means that this divergent range of properties for which an active rental market does not exist are presently valued on the same basis. For example, a vacant residential lot is required to be assessed at five per cent of its capital value in the same manner as an oil refinery, despite the very high likelihood that the expected rental return of the latter would be significantly higher than the former. This is a major concern for the Valuer-General who, as well as being responsible for the accuracy and currency of valuation rolls, is also required to ensure that the valuations on the state's valuation rolls deliver fairness and equity. It is clear that this is not the case for these types of properties today. Unless this amendment bill is passed, the Valuer-General must continue to apply only one percentage, in effect imposing a one-cap-fits-all approach when it clearly is not fair.

The Valuer-General can recommend a reduction in the single prescribed percentage to deliver fairness and equity to the worst affected class of property owners. However, he can do so only by significantly undervaluing other classes of land. It is for this reason that this amendment to the Valuation of Land Act 1978, which will permit the prescribing of more than one percentage by regulation, is so important. I commend the bill to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.