

LAND ADMINISTRATION AMENDMENT 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. GRYLLES (Central Wheatbelt — Minister for Lands) [12.40 pm]: I move —

That the bill be now read a second time.

The Land Administration Act 1997 does not presently allow the Minister for Lands to allow phasing in of pastoral lease rents determined by the Valuer-General. The object of this bill is to amend the Land Administration Act 1997 to allow phasing in of pastoral lease rents determined on a five-yearly basis by the Valuer-General. The latest rent review took effect from 1 July 2009. Under section 123 of the Land Administration Act 1997, the annual rent payable is the amount determined by the Valuer-General.

Two such reviews have been completed to date: in 1999, with a 250 per cent average increase; and in 2004, with a 59 per cent average increase. The recent conclusion of the 2009 review returned an average pastoral lease rent increase of 209 per cent. The 2009 review commenced in November 2007, and the initial rent estimates were presented to the Pastoral Lands Board in December 2008 for its advice on the economic state of the pastoral industry. The Pastoral Lands Board expressed its strong concerns about the poor profitability of the pastoral industry, particularly in the southern rangelands—the area between Exmouth and Eucla—as a result of protracted dry seasons and increasing wild dog predation of small livestock. The pastoral industry as a whole continues to be subject to declining terms of trade, and the resulting economic hardship will make it difficult for many pastoralists to meet the proposed significant increases in rents commencing 1 July 2009.

Broader consultation on the economic status of the pastoral industry was provided to the Valuer-General by the Department of Agriculture and Food, the Department of Treasury and Finance, and the Australian Bureau of Agricultural and Resource Economics. The Valuer-General also compared pastoral lease rent valuations with those of valuation agencies in the Northern Territory, South Australia and Queensland. On the basis of this consultation, in April 2009 the Valuer-General revised the initial estimates presented to the Pastoral Lands Board in December 2008 and reduced from three per cent to two per cent the rate of return that the state could reasonably expect from the assessed land value of individual pastoral leases.

Despite this reduction, the average increases in pastoral lease rents and the resulting new average annual rental payments by region are 337 per cent in the Kimberley, averaging \$28 945 per annum; 166 per cent in the Pilbara and southern cattle properties, averaging \$8 050 per annum; and 43 per cent in the southern rangelands, averaging \$2 851 per annum. The phasing in of pastoral lease rents was permitted in 1999 as a one-off transitional mechanism from the Land Act 1933 to the new Land Administration Act 1997. Pastoral lease rents were phased in over two years because the previous Pastoral Board had, due to dry seasons, delayed the seven-year rent reassessment that was due in 1991, resulting in a 13-year gap between valuations.

The new Land Administration Act 1997 reduced review periods from seven years to five years, as the Valuer-General had determined that land valuation movements in the pastoral sector were historically minimal. Therefore, the intention of amending the Land Administration Act 1997 is to allow the phasing in of rents for pastoral leases on a general ongoing basis for up to three years. It is intended as a relief measure to alleviate the immediate effects of any large increases. The manner of phasing in will be prescribed in the regulations. This will allow consideration to be given at the time each review is done to determining whether a phasing in of increased pastoral lease rents is appropriate; and, if so, how it is to be phased in.

For the current review, the regulations will be amended to provide that the increase in pastoral lease rents will be phased in in three equal instalments on 1 July 2009, 1 July 2010 and 1 July 2011. Pastoral lease rents are due to increase on 1 July 2009; however, as the bill was not tabled prior to 1 July 2009, the bill contains a retrospective provision to provide legal certainty to pastoralists that they are obliged to pay only the phased-in rent. Essentially, the impact of the increase on the pastoral industry is large; however, in the short term, the impact on the state of the phasing-in will be relatively minor. The phasing-in provision will, however, provide considerable support to the pastoral industry. I commend the bill to the House.

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