



## AgForce Welcomes Land Reform Critical to Agriculture's Future

THE Land and Other Legislation Amendment (LOLA) Act 2014, passed last night in State Parliament, has been applauded by AgForce and will help provide security of tenure, and certainty into the future, for primary producers across Queensland.

Under the Act, which was driven by Deputy Premier, Jeff Seeney, and Minister for Mines and Natural Resources, Andrew Cripps, key reforms to the pathway to tenure conversion from leasehold to freehold and the calculation of land rents will be implemented.

AgForce General President, Ian Burnett, said these reforms were some of the most significant to the agriculture industry in decades and came after three years of tireless advocacy.

"Three years ago, AgForce rejuvenated its 'Leasehold Committee' to spearhead proactive work and strong advocacy towards reform," Mr Burnett said.

"We have since coordinated hundreds of meetings, submissions, discussions and even peer-reviewed research to determine recommendations we would take to Government on the future of tenure and land rents.

"Through passing the LOLA Act and releasing the regulations the State Government has shown it has listened to the needs of rural Queensland and what our sector requires to have a strong and secure foundation upon which to capitalise on the vast opportunities that lay ahead."

Under the reforms the cost of conversion for perpetual leases in the coming financial year will be approximately 13.1 times their rent at the full 1.5pc of unimproved value.

"We are particularly thrilled the State has listened to our reasoning that leases are only worth as much as the income they generate and have therefore ruled out using the full unimproved value as a basis for converting," Mr Burnett said.

"This change also recognises the fact that most landholders seeking conversion of leasehold to freehold had already purchased the property and, more often than not, invested millions of their own dollars in improving this land over generations.

"Furthermore, this change in freeholding methodology is supported by the fact other state's and even courts have determined this is more akin to the residual value of an asset which government divested itself of many years ago."

However, Mr Burnett said he was also acutely aware of the current financial pressure on rural businesses given ongoing drought and difficult operating conditions and the obstacle this would pose to securing additional funds for conversion.

“I have no doubt securing funds at this time for many may seem a difficult, if not daunting, prospect however so is the prospect of having to pay rents at the full 1.5pc or more of unimproved value indefinitely.

“This is the best conversion rate that has been offered in a long time and we cannot guarantee that a future government will not choose to revoke the conversion rate or substantially increase rents.

“For this reason AgForce is now negotiating with the State Government to provide QRAA- style, low-interest loans so as to assist landholders in realising this once-in-a-lifetime opportunity, one we firmly believe will help underpin a secure and profitable agriculture industry into the future.”

- Editor’s Notes

|   | <b>Lease Renewal Process</b>  | <b>Rental Methodology</b>  | <b>Freehold Conversion Methodology</b>                          |
|---|---|--|---|
| <b>Rural Term Lease (including leases on state forestry leases &amp; timber reserves)</b> | New rolling lease framework will extend (roll over) terms for the original base term of that lease – for example, a 30-year lease will be rolled over for 30 years and there will be no limit as to the number of times a lease can be rolled over in this way. | 0.75pc of most recent unimproved land value.<br><br>Annual cap of 10% pa                         | 0.75pc of the current Unimproved land value multiplied by 13.1* |
| <b>Rural Perpetual Lease</b>  | NA  | 1.5pc of most recent unimproved land value.<br><br>Annual cap of 10% applied from current rents. | 1.5pc of the current Unimproved land value multiplied by 13.1*  |
| <b>Other Term Lease, licences and permits</b>   | No change.  | 0.75pc of most recent unimproved land value.<br><br>Annual cap of 10pc pa                        | NA  |

\*Term leases must address costs and compensation of Native Title.

\* All leases must pay out State-owned commercial timber on land or reserve the timber to the State under a Forest Consent Agreement registered on title.

\* All leases must survey land to freehold standard.

Ends

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**Who is AgForce?** AgForce represents thousands of Queensland broadacre producers who recognise the value in having a strong voice. AgForce leads the way to ensure agriculture's social, economic and environmental contribution is recognised by all levels of government. AgForce works alongside landholders, encourages and supports the next generation, builds industry partnerships and skills and promotes agriculture - for secure, sustainable, progressive and profitable food and fibre into the future.