

## Land Valuation Bill 2010

### What is the Land Valuation Bill 2010?

The Department of Environment and Resource Management (DERM) currently provides unimproved land valuations for properties in Queensland under the *Valuation of Land Act 1944* (the Act).

The Act makes provision for determining the valuation of land for rating, taxing and State land rental. The Act provides a process which enables the valuation of land to be carried out equitably, efficiently and fairly.

After almost 70 years the Act has become dated, which is why the Queensland Government is introducing the Land Valuation Bill 2010. Due to the substantial reforms being introduced this Bill replaces the Act and brings the existing provisions being carried forward into modern legislative standards. Upon Assent, the Bill will (subject to passing parliamentary processes) become the *Land Valuation Act 2010*.

The intention of the Bill is to simplify, modernise and strengthen the delivery of statutory land valuations in Queensland.

### What are the main reforms being introduced?

In line with the reforms announced by the Queensland Government in March 2010, the Bill provides for moving to a site value methodology for non-rural land from 2011. This methodology is consistent with other Australian jurisdictions.

The site value methodology does not include consideration of 'intangible elements' such as development approvals, leases and infrastructure credits.

The existence of any agreements for lease, leases, development approvals or infrastructure credits and their added value (if any) will not be considered when determining the value of the property. Queensland is adopting with some amendments, the New South Wales definition of site value which is used by the Commonwealth Grants Commission in the distribution of GST funds back to the States.

In addition to the introduction of site value, the Bill provides for the following reforms to the statutory land valuation process in Queensland:

- allowing for the delineation of non-rural land based on zoning in local government planning instruments to differentiate between rural and non-rural land
- introduction of an offset allowance over 12 years which is available to landowners who have an increase of over \$1 million between their new site

valuation when issued in March 2011 and their previous unimproved valuation.

- introduction of a deduction for site improvements carried out in the last 12 years or that are carried out in the future
- the appointment of an independent Valuer-General to provide transparency in the assessment and issuing of valuations
- introducing an annual valuation cycle whereby every property will be valued each year, except in unusual circumstances or where there has been little market movement
- further simplifying the objections process through the provision and greater exchange of information and extension of timeframes for landowners
- removing the interim formula for valuing prescribed shopping centres.

### Why are the new provisions being made?

The new provisions contained in the Land Valuation Bill 2010 are part of the Government's valuation reform agenda. The reforms aim to:

- make valuations easier to understand and apply
- align with valuation methodology used in other Australian jurisdictions
- strengthen and reposition the State Valuation Service (SVS)
- provide a valuation system more aligned with market value
- provide greater transparency and independence in the assessment of valuations
- simplify the objections process.

### Why is site methodology being introduced for non-rural land in 2011?

Unimproved value has been in use in Queensland for over 70 years. An unimproved valuation is an assessment of the value of land in its unimproved condition (i.e. in its natural state) without any improvements to the land such as levelling and filling.

However, as Queensland becomes more developed there is a decreasing knowledge of what land was like in its original state. This has made the task of determining unimproved value more difficult as time goes on.

Site value is the market value of the land in its present state. It includes the value of any improvements made to the land including filling, clearing, levelling and drainage works. Site value does not include structural improvements on the land such as houses, sheds and other buildings nor excavations necessary for the structural improvements on the land (such as for building foundations, footings or underground car parks).

A site value is determined using vacant or lightly improved land sales. Valuers from the SVS regularly monitor the property market, recording and analysing sales in the local area to determine the current value of land.

This new valuation approach will not apply to rural land. Rural land in Queensland will continue to be valued using the unimproved value methodology.

For more information about the site valuation methodology, please refer to:

- Fact sheet: L242—State Valuation Service – site valuation methodology

## **Will the introduction of site value lead to an increase in valuations?**

Most landowners will see very little difference in their new valuation as a result of the introduction of site value. However, where there have been substantial site works made, there will be an increase in the value of the land.

The value of approximately 95 per cent of residential land in Queensland will not be significantly affected by the change in valuation methods. For example, in the case of land that has simply been cleared to allow the construction of a building, there will be little, if any difference in value.

However, the valuation of some residential land will increase, such as some canal land.

Other types of land will also see a change in value to reflect the difference in value between the land in its natural state (unimproved value) and its current state (site value).

For example, industrial estates that have been heavily filled, retained or levelled will now see the value of these improvements included in the land's value.

The new site value methodology may result in some properties, mainly commercial properties with significant leasing arrangements, having a reduction in their statutory land valuation as a result of the 'intangible elements' no longer being considered in their valuation.

## **What is the role of the Valuer-General?**

The Valuer-General is an independent, statutory appointee within DERM. The Valuer-General will head the SVS, with responsibility for managing business operations and maintaining the valuation roll. The

valuation roll is used for local government rating, land tax and State land rental purposes under the Act.

The SVS provides whole-of-government valuation service. It has staff in 19 locations around the state. Its core activity is to provide statutory valuations.

The SVS also provides a valuation service to all government agencies through its client and asset valuation unit.

## **Why is an annual valuation cycle being introduced?**

The Bill provides for all local governments in Queensland to be valued each year, except in unusual circumstances or where there is little market movement.

Valuing most local governments on an annual basis will provide greater certainty for local authorities and landowners about when a valuation will be undertaken and will provide consistency in valuations across the state.

## **Why is the objection process being simplified?**

In March 2010 a new valuation objection process was introduced in Queensland which required objections to be properly made. The properly made test is being simplified to make this process more transparent and making it easier for landowners to provide the information needed by DERM to assess their objection.

Further changes to the process in the Land Valuation Bill 2010 include increasing the number of days a landowner has to object to a valuation using the Notice of Objection from 45 to 60 days and for returning a Correction Notice from 14 to 21 days.

Landowners with properties valued at \$5 million or more may be required to provide additional information. Previously, this requirement related to properties valued at \$2 million or more.

Conferences are to be offered by the Valuer-General for all land valuations over \$5 million.

All administrative decisions under the Bill are internally reviewable in the first instance and externally reviewable by the Queensland Civil and Administrative Appeals Tribunal.

## **Why is the formula to value prescribed shopping centres being removed?**

Following difficulties with valuing large shopping centres using the unimproved value methodology, a formula was inserted into the *Valuation of Land Act 1944* in 2008 as a short-term measure.

With the introduction of the Land Valuation Bill 2010, it is proposed the formula for prescribed shopping centres be



removed and that they be valued using the site value methodology from 2011.

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For general enquiries contact the  
Queensland Government call centre 13 74 68 (13 QGOV)  
or visit [www.derm.qld.gov.au](http://www.derm.qld.gov.au)