



Changes to Valuation of Land

March | 2010



Further to our previous property alert on this issue, the Queensland Parliament last week passed the *Valuation of Land and Other Legislation Amendment Bill 2010 (Qld)* ("Bill"). The Bill amends the *Valuation of Land Act 1944 (Qld)*, including the method for calculating the "unimproved value" of land in Queensland, therefore affecting the calculation of local government rates and land tax.

The original Bill was significantly amended after objections by numerous industry groups and negotiations between the Property Council of Australia, the Shopping Centre Council of Australia and the Queensland Government.

The Bill will impact the 2010 valuations and therefore the changes to the definition of the "unimproved value" of land will apply to this round. However, the Government has committed to reviewing the state valuation system prior to the 2011 round of valuations, at which point a simpler method of "site valuations" will be introduced (except for property in rural areas).

The site valuation method is similar to that used in other Australian states.

Significantly, the site valuation method will include the value of fill and improvement but will exclude the value of leases and other controversial items that were the basis of objections to the Bill.

The legislation will contain a sunset clause in order to ensure that in the event the review is not completed in time for the 2011 valuations, the legislation will revert back to the current legislation as interpreted by the Court of Appeal in the case of *Chief Executive, Department of Natural Resources and Mines V Kent Street Pty Ltd* in which the Court rejected the Queensland Government's assertion that the unimproved value of improved land included the value attributed to things such as goodwill, leases, infrastructure charges and the profit and risk in the development process.

In order to address concerns, the following amendments to the Bill have also been made:-

- Provisions to ensure that the legislation will not operate retrospectively, as was initially proposed.
- Provisions to ensure that the definition of "unimproved value" will not apply in respect of those appeals which are currently before the Land Courts until 30 June 2010.
- An independent statutory position of Valuer General will be introduced in order to lead the State Valuation Service.

We will continue to bring these matters to your attention and inform you as to the progress of this legislation so that you are up to date with the latest laws affecting the property industry.

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