

## LAND VALUATION AMENDMENT BILL 2023

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**26<sup>th</sup> September 2023**

Committee Secretary  
Transport and Resources Committee  
Parliament House  
George St  
BRISBANE QLD 4000

Dear Secretary,

**Re: Land Valuation Amendment Bill 2023**

I write to you in objection to the *Land Valuation Amendment Bill 2023 (The Bill)* and proposed amendments to the *Land Valuation Act 2010 (The Act)*. My reasons for objecting to the changes proposed in The Bill, are outlined below.

### **Overview**

The Land Valuation Amendment Bill 2023 Explanatory Notes provide reasoning for the proposed amendments to The Bill as follows:

*“The objectives of the Land Valuation Amendment Bill 2023 (the Bill) are to improve the administration and operation of the statutory land valuation framework by amending the Land Valuation Act to ensure:*

- *it is responsive to changes in the property market and operational environment and **transparent** in its operation;*
- *valuations are **consistent** and **defensible**, and the supporting processes such as objections and appeals are **effective** and **efficient**;*
- *a **clear** and **consistent** framework for determining when land is valued separately or combined based on land use and occupation.”*

The Bill’s Explanatory Notes also state that:

*“Landowners have a right to object to the valuation of their land. There are both legislative and administrative mechanisms to assist with resolving objections, including the valuer-general’s information-gathering powers, informal meetings, and independently chaired objection conferences designed to facilitate the exchange of information between the objector and the valuer-general. If the objector*

*remains dissatisfied with the objection decision, they may appeal the decision to the Land Court of Queensland (Land Court)."*

### **Objections to the proposed changes**

The Explanatory Notes shown above state that Landowners have a right to object to the valuation and that mechanisms are in place to assist with resolving objections, however the amendments that are being proposed as part of the *Land Valuation Amendment Bill 2023* will not assist Landowners in the actioning this right as they are disadvantageous to Landowners.

The proposed changes will make the process of objecting to a valuation significantly more difficult for Landowners and will result in a process and valuations that are:

- Less **transparent**;
- Less **consistent**;
- Less **effective**;
- Less **efficient**; and
- Less **defensible**.

The proposed changes will therefore not deliver on the objectives of The Bill. The specific amendments proposed and their impact on the objectives of The Bill have been outlined below.

### **Changes to the Objection Process and Objection Conferences**

The Bill proposes several changes to the objection process, including:

- Removal of the requirement for the Valuer-General to offer an objection conference where an objection concerns land with a valuation of more than \$5 million; and
- New disclosure requirements to the parties' agent or representation requiring that the objection conference not be held unless the disclosure obligations have been met.

These proposed amendments could impact a Landowners ability to obtain an objection conference and result in more onerous disclosure requirements on the Landowner, and a more costly process to object to, or appeal against, valuations made under The Act.

These proposed amendments therefore do not meet the objectives of ensuring a **transparent** and **defensible** process.

## **Changes to the Deduction Process**

The Bill proposes to separate out the deduction process from the objection process and change the way the deduction process may be made, which may increase the costs to Landowners as they now need to make two separate applications rather than one.

This does not achieve the objective of providing a more **efficient** process.

## **Change to the definition of “unencumbered”**

The Explanatory Notes state that: *“Clause 6 amends the definition of unencumbered in section 17 to omit an ‘agreement for lease’. The inclusion of ‘agreement for lease’ in the definition of unencumbered creates an expectation that the valuer-general will make a deduction of the added value of the agreement from the sale price when a property is sold with an agreement for lease in place. In practice, the added value of an agreement for lease on the value of the land is considered on a case-by-case basis. A purchaser will consider an agreement for lease, along with other site attributes, before purchasing the property, but will only be willing to pay more for it if an agreement for lease provides them with some benefit.*

*Removal of agreement for lease from the definition will not change the operation of The Act or operational practice. It will, however, remove the expectation that a deduction is made simply because an agreement for lease is in place when a property is sold. It will not prevent a landowner from claiming that they paid more for the property because an agreement for lease was in place. Where it can be demonstrated that it impacts the value of the land, an allowance will be made to reflect that, consistent with current practice. Often there is no evidence an agreement for lease enhances or detracts from the value, making it an inappropriate inclusion as an encumbrance.”*

This amendment is likely to create uncertainty regarding the approach to be taken in respect of the agreements for lease and may lead to an inconsistent approach being taken by the Valuer-General.

This amendment does therefore not achieve the objective of ensuring **transparency** and **consistency**.

## **Power to make statutory guidelines.**

The Explanatory Notes state that *“A key component of the improvements will allow the valuer-general to make statutory guidelines to provide direction to registered valuers on processes, practices and considerations to be applied in the preparation of statutory land valuations. The need for such guidelines particularly relates to situations where there are complexities associated with the subject land.”*

This power would allow the Valuer-General to determine the valuation methodology applied to a valuation and potentially overturn accepted valuation practice and/or judicial precedent by publishing a guideline on the Department's website.

This proposed amendment would not deliver on The Bill's objectives of **transparent** operations and valuations that are **consistent** and **defensible**.

### **No Requirement to Consult**

The proposed changes remove the requirement for the Valuer-General to consult with any other relevant party before making a guideline. The elimination of any oversight required before the Valuer-General can make guidelines effective is concerning as it goes against the objective of ensuring **transparency** around decisions made and the process followed to make them.

### **Conclusion**

In summary, the proposed amendments do not deliver on the objectives of The Bill. The changes to the process make it harder for Landowners to achieve their right to object to the valuation of their land and increase the administrative mechanisms they need to follow to do so.

In addition, the proposed amendments could result in Landowners being faced with increased costs when objecting to, or appealing against, a land valuation made under The Act, and will likely result in higher land tax and rates for landowners and reduce the transparency and consistency of the approach taken by the Valuer-General in determining valuations of land in Queensland.

Thank you for your consideration of this submission. I agree to this submission being published on the Committee's website.

Yours sincerely,



Patrick George

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