

# Council Q & A

## Centralisation & Annualisation, Objections, Valuations, Supplementary Valuations

- 1. Centralisation and Annualisation.....3
  - 1.1. What has changed? ..... 3
  - 1.2. Why has it changed? ..... 3
  - 1.3. How will the change affect my rates? ..... 3
  - 1.4. How will complaints and objections be handled?..... 3
  - 1.5. Will yearly valuations increase land tax revenue? ..... 3
- 2. Council Rates .....3
  - 2.1. How are the Rates set?..... 3
  - 2.2. What is the system of rating used by Council? ..... 4
  - 2.3. How are the Rates Calculated for my property? ..... 4
  - 2.4. Why has my Valuation decreased while my Rates have increased?..... 4
  - 2.5. Can I object to my Rates? ..... 4
  - 2.6. Rate Capping..... 4
- 3. Valuations .....5
  - 3.1. What do the Valuations on my Rate Notice mean? ..... 5
  - 3.2. How often does a Revaluation occur?..... 5
  - 3.3. How will the new Valuation affect my Rates?..... 5
  - 3.4. Why has my Valuation changed this year when it changed last year? ..... 5
  - 3.5. Why has my Valuation decreased while my Rates have increased?..... 6
  - 3.6. The property market has declined – why hasn’t my valuation decreased? ..... 6
- 4. Supplementary Valuations .....6
  - 4.1. What is a Supplementary Valuation? ..... 6
- 5. Land Tax Objections .....6
  - 5.1. Enquiries are VGVs responsibility? ..... 6
  - 5.2. What is a Valuer-General Adjustment?..... 6
  - 5.3. What if I don’t agree with the Valuation? ..... 7
  - 5.4. I have lodged an Objection but I’m still awaiting the result?..... 7
  - 5.5. How do I Object / Lodge an Objection? ..... 7
  - 5.6. Land Tax Enquiries..... 7
- 6. Council Objections .....7
  - 6.1. What is a Valuer-General Adjustment?..... 7
  - 6.2. What if I don’t agree with the Valuation?..... 7

6.3. I have lodged an Objection but I'm still awaiting the result?.....	8
6.4. Why has my Valuation decreased while my Rates have increased?.....	8
6.5. How do I Object / Lodge an Objection? .....	8
6.6. Does the Valuer-General Review the Objection?.....	8

## 1. CENTRALISATION AND ANNUALISATION

### 1.1. What has changed?

The Valuer-General is now responsible for the undertaking of valuations (for rates, fire services levy and land tax purposes) in Victoria. These valuations are now undertaken annually whereas previously they were undertaken every two years.

### 1.2. Why has it changed?

Valuations will now be current (annual rather than biennial), more accurately reflecting any recent change in values.

Centralising the valuation function with the Valuer-General will improve efficiency, consistency, transparency and cost effectiveness.

### 1.3. How will the change affect my rates?

Revaluations do not impact on Councils' revenue which is determined by their budget process. A revaluation simply reapportions the rate burden. Annual valuations, rather than biennial valuations, are expected to improve equity and transparency in the distribution of rates.

### 1.4. How will complaints and objections be handled?

The first point of contact for Rates enquiries is the local council who issued the valuation and rates notice. Council will deal with the enquiry in accordance with their customer service charter. If they are unable to assist the ratepayer with their query, they may forward the query to the valuer appointed to undertake the valuation on behalf of the Valuer-General.

Similarly, the first point of contact for Land Tax Assessment enquiries is the State Revenue Office (SRO) who issued the notice. The SRO will deal with the initial enquiry in accordance with their customer service charter. If the SRO are unable to assist (where VGV is the valuation authority) they may forward the query to the valuer appointed to undertake the valuation on behalf of the Valuer-General. If Council is the valuation authority SRO may forward the query to Council.

A person aggrieved by a valuation may object to that valuation in accordance with the *Valuation of Land Act 1960*.

### 1.5. Will yearly valuations increase land tax revenue?

Land tax revenue is reflective of changes in land values therefore by undertaking annual valuations land values will be current and equitable. In a rising/falling property market, taxpayers will have a changing liability and will see their liabilities increase or fall every year instead of every second year.

## 2. COUNCIL RATES

### 2.1. How are the Rates set?

Through the budget process Council determine the amount of revenue required to be raised in rates.

The rate in the dollar is then determined to deliver the amount required.

## 2.2. What is the system of rating used by Council?

Council can adopt a system of **differential** rates based on **Net Annual Value / Capital Improved Value**.

For residential property, the NAV is fixed at 5% of the Capital Improved Value. Capital Improved Value can be described as the market value of the property as at a certain date (1 January of relevant year).

For non-residential property, the NAV represents the annual market rental value of the property, less all necessary expenses required to maintain that property, except Council Rates. The NAV must be a minimum of 5% of CIV. It cannot be less than 5% of the CIV.

## 2.3. How are the Rates Calculated for my property?

Rates are based on the combination of two variables: the rate in the dollar and the valuation.

The rate in the dollar determined by Council is multiplied by the **Net Annual Value / Capital Improved Value** to determine your rates.

## 2.4. Why has my Valuation decreased while my Rates have increased?

The total expenses the Council has estimated to fund operational running costs and complete projects and policies is divided into the total assessed **CIV/NAV** of rateable properties within the municipality to create a 'rate in the dollar'. The result of this could be that your **CIV/NAV** has decreased but the rate in the dollar has increased by a higher proportion which may result in an overall increase in the rate liability calculated.

## 2.5. Can I object to my Rates?

Ratepayers are not able to object to their Rates however they are able to object to their valuations.

## 2.6. Rate Capping

There is no connection between rating capping and an individual's rates. Rate capping applies to the total rate revenue for the whole municipality.

In some cases, ratepayers will find that their rates bill has changed by more or less than the current rate cap from the previous year. There are reasons this may occur, including:

- The valuation of the property relative to the valuation of other properties in the municipality;
- The inclusion of other rates and charges not covered by the Government's rate cap policy; and
- The application of any differential rate by council.

### 3. VALUATIONS

#### 3.1. What do the Valuations on my Rate Notice mean?

##### ***Net Annual Value (NAV)***

NAV for residential properties is 5% of the capital improved value.

NAV for non-residential properties is approximately the annual **market net rental** of the property less all necessary expenses required to maintain that property, except Council Rates. NAV cannot be less than 5% of CIV.

##### ***Site Value (SV)***

Site value is the value of the **land only** (assuming vacant land with no buildings).

##### ***Capital Improved Value (CIV)***

Capital Improved Value is the **total market value of the property** including land and all improvements.

The total of CIV and SV is not equal to the valuation that rates are based – they are separate valuations for separate purposes.

These valuations may be used by other authorities for the purpose of a rate or tax. For example, the Site Value is used by the State Revenue Office to determine land tax liability.

#### 3.2. How often does a Revaluation occur?

A revaluation of all properties in the municipal boundary occurs every year. Properties are valued as at 1 January each year.

The valuation which appears on your rate notice becomes effective on 1 July of the year it was valued, ie. 1 January 2019 valuation becomes effective 1 July 2019.

#### 3.3. How will the new Valuation affect my Rates?

Rates are based on the combination of two variables, the rate in the dollar, and the valuation. The rate in the dollar is multiplied by the valuation to determine your rates.

If the rate in the dollar remained constant, those properties which increased in value above the average increase would pay higher rates. Conversely, those properties which decreased in value would pay lower rates.

If the rate in the dollar increased and all valuations decreased, the rates payable may increase.

If the rate in the dollar increased and all valuations were to be increased by the same percentage, the rates payable will increase.

#### 3.4. Why has my Valuation changed this year when it changed last year?

Valuations are now carried out annually at 1 January each year.

### 3.5. Why has my Valuation decreased while my Rates have increased?

If the rate in the dollar increases and all valuations decrease, the rates payable will increase.

The total revenue required has been determined by the budget process. This along with the valuation is used to determine the rate in the dollar. Where valuations may all decrease, if the rate in the dollar increases, then the rates payable will increase.

### 3.6. The property market has declined – why hasn't my valuation decreased?

Valuations are relevant as at 1 January of each year. These valuations are based on sales activity leading up to and close to this relevant date. Any sales activity after this date may be considered but has less weight than the sales leading up to the date. If market prices drop after the relevant date (1 January) this has no impact on the valuations returned. It is approximately 8 months after the relevant date before rate notices are issued and market conditions can change markedly in this time.

## 4. SUPPLEMENTARY VALUATIONS

### 4.1. What is a Supplementary Valuation?

A supplementary valuation is conducted as a result of one of the following:

- Any change to the physical characteristics of the property
- Any change to the use of the property
- Where the property is now occupied by a charitable or religious institution and is no longer rateable, or the property is owned and occupied by a statutory body.

## 5. LAND TAX OBJECTIONS

### 5.1. Enquiries are VGVs responsibility?

VGV is the valuation authority for all municipalities in Victoria, apart from Mildura, Mornington Peninsula, South Gippsland and Hume.

As the valuation authority, VGV is responsible for returning annual valuations to Council for rating purposes. The valuations are also used by the State Revenue Office (SRO) for land tax assessments.

Although VGV is the valuation authority, the SRO remains the rating authority for land tax and are responsible for issuing land tax assessment notices and taking initial enquiries from ratepayers.

The SRO may direct valuation enquiries to the appointed valuer where they are unable to assist.

### 5.2. What is a Valuer-General Adjustment?

An adjustment arising from a successful objection to a previous valuation which has been approved by the Valuer-General Victoria.

### 5.3. What if I don't agree with the Valuation?

If a ratepayer is aggrieved by a valuation they may object by completing and lodging the Prescribed Form within two (2) months of the date of issue shown on the Land Tax Assessment Notice.

Objections received after this date will not be considered.

It is advisable that the ratepayer first discuss their concerns with the State Revenue Office (SRO). If the SRO is unable to assist they may forward the enquiry to the valuer appointed to undertake the valuation on behalf of the Valuer General.

### 5.4. I have lodged an Objection but I'm still awaiting the result?

The process may take a few months before the ratepayer is advised.

The ratepayer may contact the appointed valuer to check the progress of an objection. Objections are required to be approved by the Valuer-General.

### 5.5. How do I Object / Lodge an Objection?

If a ratepayer is aggrieved by a valuation they may object by completing and lodging the Prescribed Form within two (2) months of the date of issue shown on the Land Tax Assessment Notice.

The Prescribed Form is available from the SRO or alternatively at <https://www.sro.vic.gov.au/ltxsiteobject>.

### 5.6. Land Tax Enquiries

All enquiries relating to Land Tax Assessment notices should be directed to the State Revenue Office in the first instance. If the enquiry relates to the valuation, the SRO may refer to the appointed valuer.

Further information including the Land Valuation Objection Form is available at <https://www.sro.vic.gov.au/ltxsiteobject>

## 6. COUNCIL OBJECTIONS

### 6.1. What is a Valuer-General Adjustment?

An adjustment arising from a successful objection to a previous valuation which has been approved by the Valuer-General Victoria.

### 6.2. What if I don't agree with the Valuation?

If a ratepayer is aggrieved by a valuation they may object by completing and lodging the Prescribed Form within two (2) months of the date of issue shown on the Rate Notice.

Objections received after this date will not be considered.

It is advisable that the ratepayer first discuss their concerns with Council. If Council is unable to assist the enquiry may be forwarded to the appointed Valuer.

(Note: If a ratepayer insists on lodging an objection without discussing the matter with the valuer, then the objection form should be sent to them directly.)

### 6.3. I have lodged an Objection but I'm still awaiting the result?

The process may take a few months before the ratepayer is advised.

The ratepayer may contact the appointed valuer to check the progress of an objection. Objections are required to be approved by the Valuer-General prior to Council adjusting the rates.

### 6.4. Why has my Valuation decreased while my Rates have increased?

If the rate in the dollar increases and all valuations decrease, the rates payable may increase.

The total revenue required has been determined by the budget process. This along with the valuation is used to determine the rate in the dollar. Where valuations across the Municipality may decrease, if the rate in the dollar increases, then the rates payable may increase.

### 6.5. How do I Object / Lodge an Objection?

If a ratepayer is aggrieved by a valuation they may object by completing and lodging the Prescribed Form within two (2) months of the date of issue shown on the Rate Notice.

The Prescribed Form is available from Council or alternatively at

<https://www.propertyandlandtitles.vic.gov.au/valuation/council-valuations/objecting-to-a-council-valuation>.

### 6.6. Does the Valuer-General Review the Objection?

Objections are processed by the appointed valuer. Once the valuer has made their determination a recommendation is forwarded to the VGV for review and confirmation.