Department of Environment, Land, Water & Planning – 1 of 7 Departments

Local Infrastructure

- Land Use Victoria (Property Information)
- Strategic Land Assessment and Information (SLAI)
- Valuer-General Victoria (VGV)
Municipal Government

- Historically Councils have been responsible for rating and land tax valuations on a Biennial basis.
- For the 2018 revaluation VGV was the Valuation Authority for 18 Councils via opt-in provisions in the legislation.
- VGV was responsible for VBPGS, Valuation standards and certification of the valuation
To recap last 12 Months:
• *Victorian Budget 2017-18* included a proposal to introduce annual property valuations, centralised under the Valuer-General of Victoria.
• Legislation passed
  • The Legislative Council on 14 December 2017
  • Royal Assent on 19 December 2017.
• From that date VGV became the responsible authority for delivery of annual valuations for rating and taxing purposes commencing with 2019 revaluation
• Transitional arrangements allow for Councils to opt out of the centralised arrangements until 2022.
Treasurers Principles:

- The State will pay for the full costs of revaluations each year (unless the council opts-out in which case existing funding arrangements are maintained until they opt-in);

- The State will provide reimbursement, retraining, redundancy, and redeployment costs for those councils with in-house and hybrid valuation staff (through to 30 June 2022);

- VG will be responsible for the costs of any IT system changes for both valuations and any consequential changes for councils’ systems (through to 30 June 2022);
Annualised and Centralised Valuations

Treasurers Principles (Continued):

• The State Government will provide for increased cost of in-house rates staff for any additional workload related to rates modelling and data input required for annual valuations for all councils, regardless of when they transition to the centralised valuation process;

• For those councils that can demonstrate they are financially worse off as a result of changes to valuations in the State Taxation Acts Amendment Bill 2017, the Government undertakes to provide additional compensation ensure they are no worse off; and
Treasures Principles (Continued):

• Valuation contracts will be assigned from councils to the VG to manage from 1 July 2018.

• Councils are advised that valuation contracts entered into after the date of public announcement of the Budget, should not extend beyond 31 December 2018.

• Any contracts entered into after the 2017 May Budget will be subject to individual consideration.
In Addition the State agreed:

- **In relation to supplementary valuations,**
  - VG must cause a supplementary valuation to be made if so requested by the council of that municipal district.
  - VBP Specification Guidelines provide a framework of processes, tasks and outputs required for the return of general and supplementary valuations.
  - Amendments to the Act read ‘If a council requests a supplementary valuation to be caused by the Valuer-General under section 13DFB(1), the Valuer-General must give the supplementary valuation to the council within 10 days after the supplementary valuation is returned to the Valuer-General’.
In Addition the State agreed:

• All other arrangements in relation to valuations are not subject to these changes. Specifically, there are no changes to councils’ ability to on sell data to third parties.

• The VG will be required to give preferential consideration to competitive local suppliers, when awarding valuation contracts.

• Councils have certainty that the State will continue to undertake the full cost of general valuations as this is provided for in the legislation. section 11 and 13H
Transition arrangements:

- Where Councils have a contract in place for beyond 2018 reval VGV will assume responsibility.
  - VGV have requested all relevant contracts from Councils
  - We are obtaining legal opinions re the contracts
  - Discussed with all contract valuers who have a relevant contract the possible arrangements going forward.
- VGV will provide valuation software to all Councils – currently VM-online
  - Thompson Reuter’s contract has been extended until the end of the 2019 revaluation
Transition arrangements:

- Councils may opt out of the centralised arrangements until 2022 under VLA s10.
- Under Savings provisions VLA s35 Councils continue to be responsible for the 2018 revaluation.
- Under Savings provisions VLA s36 - 39 Councils continue to be responsible for outstanding objections and appeals arising from previous valuations.
Annualised and Centralised Valuations

Way Forward:

➢ Valuer-General will now be responsible for all rating and taxing valuations with the exception of a sunset clause which allows Councils to opt out until 2022

➢ From 2019, all 3.0 million rateable assessments will be made annually.

➢ The valuation will be a collaboration between all stakeholders including VGV, Councils, SRO and Valuers.
Annualised and Centralised Valuations

- Collect and electronically store base data (e.g., land area, address, ownership, improvements etc)
- Contractor to Valuer General
- Group properties into sub-market groups
- Analyse sales
- Determine land and improved values for each property
- Manage & deliver valuation
  - Audit revaluation data
  - Statistical checks
  - Electronic mapping
  - Field audit
  - Compliance
Way Forward (continue):

- VGV will continue to adopt a contract valuation model (similar to 69 councils using a contract model prior to the Budget)
- VGV’s roles will include the management of contracts, supporting / assisting valuers and engaging with all stakeholders
  - VGV have undertaken a recruitment program and employed 15 new staff members including specialist valuers and contract managers.
Way Forward (continue):

- As part of the contract management process and the treasurer commitments VGV proposes to establish regional offices based on the DELWP Regions.

- At this stage there should be a valuer / contract manager in Gippsland, Central Victoria and the Western District.
Annualised and Centralised Valuations
Victorian Annual Valuation Process

VBP Stages
- Stage 1: Preparation
- Stage 2: Analysis
- Stage 3: Application
- Stage 4: Review

VG Process
- Data Validation
- Issue Valuations
- Enquiries & Objections
- Budget Process
- Return Valuations Stakeholder Presentations
- VBP Stages Advertise Contracts
- Data Analysis
- Objections Determined Appeals / VCAT
- Modelling
- Apply & Confirm Valuations
- Review & Quality Assurance

Council Process
- Project Plan
- Contracts Confirmed Preparation
- Return Valuations
- SMG & High Risk Prop Review
- Inspections & Data Accumulation
- Supps
- Supps
- Supps
- Supps
- Supps
- Supps
- Supps
- Supps
- Supps
- Supps
Annualised and Centralised Valuations

How will the Annual Valuation be delivered?:

Outer ring VBP - 4 stages, Inner ring - Councils supps, budget and issue of rate notices in parallel

Stage 1 - Preparation - Project Plan, Data validation, SMG and HRP review
Stage 2 - Analysis - Inspections, Data Accumulation, Sales Analysis and Modelling
Stage 3 - Application - Apply and confirm valuations
Stage 4 - Review - Quality Assurance, Certification and return
How The Annual Valuation be delivered (Continue):

VBP 2019 reflects this (in 125 pages) and the detail for each stage. VBP 2019 is available on our website. 


• Councils will initiate supps which includes creating the assessment. As depicted by the inner circle supps will be batched monthly unless alternate agreement with VGV is made.

• Per VLA revals will be completed by 30 April each year

• Preliminary figures for budget modelling will be available from end Feb.
Impact on Ratepayers rights

Opportunities for rate or land tax payers to dispute valuations

- Objection to be lodged within two months of receiving rate or land tax notice
- Land Tax Office refers objection to Valuation Authority for review
- Objection lodged with Council referred to valuer who must discuss with objector and make a decision to disallow or amend objection
Impact on Ratepayers rights (continue)

- If dissatisfied with decision ratepayer can appeal to VCAT or the Supreme Court for an independent hearing.

- Legislation provisions encourage discussions, exchange of information and settlement at objection stage.
Annualised and Centralised Valuations

Implementation

- VGV endeavouring to meet regional and metro councils for transition discussions
  - Key issues VM licence, selection of contractor, transition communication material, customers service levels, process for supplementary valuations and objections.
  - Some outstanding surveys still required to establish contract requirements for RFQ.

- DTF VGV and Control Body finalising FAQ’s for Sector.

- Consulting and responding to queries from MGV.
Implementation

- Valuation BPSG has been finalised and available on line via VGV 2019
- RFQ process commencing, 27 firms expressed an interest in tendering.
- All councils subject to EOI had one or more firms display interest in providing valuation service.
- RFQ’s being populated as per council requirements specified in surveys received.
Annualised and Centralised Valuations

Implementation

- Preliminary legal review of existing contracts underway
  - possibility of 29 councils to be transitioned to VGV.
  - External firm engaged to prepare deed template.
  - Expiring Contracts 33 (5 VGV)
  - Ongoing Contracts 42 (13 VGV) – at least 2 have exercised options after 9 May 17

- Opting Out 4 – Mornington, Mildura, Hume and Sth Gippsland
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