



14.1 RETURN OF THE 2018 GENERAL VALUATION

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER AND CORPORATE SERVICES

PREPARED BY: YASMIN SANFORD, COORDINATOR REVENUE VALUATIONS & ACCOUNTING SERVICES

1. PURPOSE

- 1.1 To seek Council's adoption of the 2018 General Valuation in order to raise Council Rates, Charges and the Fire Services Property Levy for 2018/19.

2. EXECUTIVE SUMMARY

- 2.1 This report is a requirement of the *Valuation of Land Act 1960* and requires adoption by Council. Councils are required to revalue property on a biennial basis for the purpose of apportioning rates under the *Local Government Act 1989* and levy under the *Fire Services Property Levy Act 2012*.

- 2.2 We recognise Community concern about the affordability of Council Services with rates and other essential services forming an increasing share of average household expenditure. The community's expectation for better value in service delivery has been reflected in our decision making.

We continue to implement initiatives to ensure that our services are delivered in the most efficient and effective manner possible.

Our prudent approach to our finances and financial strategy has not changed. This includes:

- a) not applying for a rates cap variation
- b) Delivering efficiency and cost savings
- c) Careful management and prioritisation of expenditure
- d) Setting fair and appropriate user charges

- 2.3 The 2018 General Valuation is the eleventh computerised revaluation undertaken on a biennial basis in accordance with Valuation Victoria guidelines. The previous Valuation was undertaken as at 1 January 2016.

- 2.4 Due to the change in legislation, all future valuations will be done annually by the Valuer General Victoria.



3. RECOMMENDATION

That Council:

- 3.1 Adopts the municipal revaluation which is set out in Attachment 1, 2018 General Valuation Summary Results and Attachment 2, Schedule 3 – Valuation Return 2018.

4. KEY POINTS/ISSUES

- 4.1 *The Valuation of Land Act 1960 (Section 11)* states that - General valuation to be made every two years;
- (a) For the purposes of the *Local Government Act 1989*, a valuation authority must – cause a general valuation of rateable land within the relevant municipal district to be made as at 1 January in every even calendar year; and
- (b) before 30 June that year, cause a general valuation made in accordance with paragraph (a)(i) to be returned to it. and
- The Valuation of Land Act 1960 (Section 13H)* States that - General valuation to be made every two years;
- (a) For the purposes of the *Fire Services Property Levy Act 2012*, a valuation authority must – cause a general valuation of non-rateable land within the relevant municipal district to be made as at 1 January in every even calendar year; and
- (b) before 30 June that year, cause a general valuation made in accordance with paragraph (a)(i) to be returned to it.
- 4.2 The effect of the 2018 General Valuation on residential and non-residential properties is detailed in Attachment 1 of this report. The attachment includes percentage changes from the 2016 General Valuation for Site Value, Capital Improved Value and Net Annual Value. It also defines the various valuation types.
- 4.3 Attachment 2 (Schedule 3), is the formal return of the 2018 General Valuation of all rateable properties within City of Port Phillip. This schedule has been prepared in accordance with *Section 13DH(1) of the Valuation of Land Act 1960*.
- 4.4 These valuations have been made and returned by Council's valuation contractor, Matheson Stephens Valuers (MSV), in accordance with the *Valuation of Land Act 1960* and the Valuation Best Practice Specifications Guidelines.
- 4.5 Council will strike a rate in the dollar to meet the Budget 2018/19 requirements. The revaluation does not impact the overall amount of rates collected by Council – only the distribution of rates between individual ratepayers according to their revised valuation.



- 4.6 Failure to adopt the 2018 General Valuation would result in a delay in the rates setting process for 2018/19. This will delay the issue of rate notices and the collection of budgeted rates revenue.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The Valuer-General's Department nominates a supervisor for each Municipality to regularly monitor the progress of the General Valuation to determine whether a generally true and correct Certificate may be issued. This enables Council and other authorities to use the Valuation for rating purposes.
- 5.2 Ongoing communication has occurred between the Valuer-General's Office and Council's valuers (MSV), with emerging issues raised and addressed in a timely manner.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The General Valuation is a statutory requirement of the *Valuation of Land Act 1960*, the *Local Government Act 1989* and the *Fire Services Property Levy Act 2012* to allow Council to apportion rates, charges and the Fire Services Property Levy on properties within our boundary.

7. FINANCIAL IMPACT

- 7.1 Council is budgeting to raise \$124 million in rate revenue in 2018/19 to fund operational and capital requirements. Rate revenue is Council's key source of income and represents approximately 57% of total revenue.
- 7.2 Adoption of the 2018 General Valuation is required to enable Council to raise Council rates, charges and the Fire Services Property Levy for 2018/19.

8. ENVIRONMENTAL IMPACT

- 8.1 There is no direct environmental implication in adopting the 2018 General Valuation.

9. COMMUNITY IMPACT

- 9.1 Ratepayers who are experiencing financial hardship, may be eligible for a rate deferment (including 50% waiver of the penalty interest rate) under the provisions of Council's Hardship Policy. Port Phillip also offers an additional rate rebate of \$165 (proposed maximum) to pensioners who are eligible for the State Government Rebate of \$229.40 (maximum) and payment arrangements.
- 9.2 Self-funded (ratepayers aged 65 years or more) are also eligible for a rates deferment (including a 50% waiver of the penalty interest rate).
- 9.3 Council Officers recommend the adoption of the 2018 General Valuation, as it reflects up-to-date property market values. Therefore, rates will be apportioned according to the latest market movements.



10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The General Valuation is a statutory requirement of the *Valuation of Land Act 1960*. It is required to enable Council to raise rates to fund council services. It therefore enables all Council Plan objectives.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 1.1.1 Certification of the 2018 General Valuation by the Valuer-General Victoria will occur later this year. This states that the valuations are generally true and correct and allows Council to use the valuations for rating purposes.
- 1.1.2 Once certified, the 2018 General Valuation will be uploaded to Council's Rates System and will be used for distributing rates, charges and the Fire Levy in the 2018/19 rating year.

11.2 COMMUNICATION

- 11.2.1 Information relating to the 2018 General Revaluation will be provided to ratepayers as part of an information package coinciding with the delivery of rate notices. The information will highlight that while Council's 2018/19 rate revenue budget is capped at 2.25%, individual rate increases or decreases will be impacted by the relative movement in the property's valuation compared to property valuation changes in the municipality as a whole. Ratepayers will have the ability to see how rate increases/decreases are impacted by their individual property value movement.
- 11.2.2 While the total valuation of properties in the City have increased by 15.41% compared to the 2016 revaluation, the average property valuation increase is 11.53% due to the high number of units which have increased at a lower rate. This means that 71.88% of ratepayers will experience a rate increase of 2.25% or less.
- 11.2.3 The updated 2018 municipal property valuation will be highlighted on the 2018/19 annual rate notice. A statement regarding the rate cap will also be included on the rate notice as per new regulation.
- 11.2.4 A rates brochure will contain information about the revaluation as well as the process for making objections or appeals.
- 11.2.5 Information regarding the re-valuation will be distributed to ratepayers in the next edition of *Diversity* which is scheduled for distribution in August.
- 11.2.6 Council's website will also contain information about valuations and the process to lodge an objection if ratepayers are unhappy with their property valuation.



ORDINARY MEETING OF COUNCIL 20 JUNE 2018

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 One of the contract valuers Frank Carbone is a ratepayer in the City of Port Phillip. A Declaration of Impartiality is signed by all contract valuers at the commencement of each General Valuation.

TRIM FILE NO: 90/02/21

ATTACHMENTS

1. 2018 General Valuation Summary Results
2. Schedule 3 - 2018 General Valuation Return