

VALUER GENERAL'S Guide to RATING AND TAXING VALUES

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INTRODUCTION

This brochure describes Valuation Services' role in making valuations on behalf of the Valuer General for use by rating and taxing authorities.

The Valuer General's role and the types of values used are prescribed and defined in the *Valuation of Land Act 1978* (the "VLA").

The following information is not intended to alter the meaning, intent or application of the VLA, or the sections and definitions contained therein. In the case of any inconsistency the provisions of the *Valuation of Land Act* and Regulations prevail.

ABOUT VALUATION SERVICES

Valuation Services is a branch of Landgate (the Western Australian Land Information Authority) which, on behalf of the Valuer General, provides **independent** and **impartial** property valuations to Government, its agencies and statutory clients for a variety of purposes including the use of values as a basis for assessing rates and taxes.

In accordance with the VLA the Valuer General makes valuations of every rateable property in Western Australia. The types of values made are:

1. Unimproved Value (UV), and
2. Gross Rental Value (GRV).

UV's are used by:

- the Department of Treasury and Finance as a base to assess land tax;
- local governments to determine council rates, mainly in rural and fringe urban areas.

GRV's are used by:

- the Water Corporation, Country Water Boards and some local governments for the determination of sewerage and drainage rates;

- all local governments for the determination of council rates in urban areas;
- the Fire & Emergency Services Authority of WA for the assessment of the emergency services levy;
- other rating authorities such as licensed water resellers in regional areas.

WA ratepayers rely on the Valuer General for the provision of **fair**, **impartial** and **equitable** valuations. The Valuer General ensures that these rating and taxing values are independently determined by reference to the property market at the date of valuation and not to any predetermined rating outcome.

VALUATION ROLLS

Under the VLA, the Valuer General is required to ensure that valuation rolls are issued after general valuations are completed and remain accurate and as current as possible. Valuation rolls are a formal record of the values of all rateable land in the State. They include sufficient information to identify land and the date at which the rating and taxing authorities must apply the value. Both GRV's and UV's are recorded in valuation rolls.

Copies of the relevant valuation rolls are supplied to rating and taxing authorities and are available at Valuation Services for public inspection.

GENERAL VALUATIONS

Valuation rolls are maintained by making periodic revaluations (general valuations) of the GRV and UV of all land recorded in the rolls.

The VLA empowers the Valuer General to conduct general valuations on the GRV basis within WA at such times and frequency as he considers necessary. For this reason the State has been divided into valuation districts for which the Valuer General must maintain valuation rolls.

Currently GRV general valuations are carried out on a triennial basis in the Perth metropolitan area and on a 4-5 yearly cycle in country areas of the State.

With respect to UV's, the values are determined annually and the whole of the State is constituted as a single valuation district.

The making of a general valuation must be notified for public information by advertisement in one issue of each of two newspapers circulating in the area and by a notice published in the *Government Gazette*. The notice will specify:

- the valuation district concerned;
- the date of valuation and when the values come into force;
- rating or taxing authorities required to use the valuations;
- place and time where copies may be inspected;
- the manner in which an objection may be made to any valuation.

The **date of valuation** in relation to a general valuation is fixed by the Valuer General. Values are then determined relative to sales and rentals that are negotiated in the marketplace at or about the date of valuation.

The date of valuation is not the same as the date that the GRV or UV comes into force. The **date in force** is the date from which the values must be used by the rating and taxing authority.

UNIMPROVED VALUE

A new UV is determined each year for all land within the State and comes into force on **30 June**. UV is defined in the VLA and in some cases it is a statutory formula. As a broad guide the following applies:

Within a Townsite

For land situated within a townsite the UV is the **site value** of the land. In general this means the value of the land

as if it were vacant with no improvements except **merged improvements**. Merged improvements relate to improvements such as clearing, draining and filling.

Outside a Townsite

The UV of land outside a townsite is valued as if it had no improvements. In this case the land is valued as though it remains in its original, natural state, although any land degradation is taken into account.

If the UV cannot reasonably be determined on this basis, it is calculated as a percentage of the value of the land as if it had been developed to a fair district standard but not including buildings. This percentage is prescribed (where it applies) by the Valuer General from year to year and is currently 30%.

Exceptions

There are certain exceptions to the above for which the VLA provides statutory valuation calculations for UV based on formula, for example a fixed rate per hectare or a multiple of the annual rent.

These exceptions include Mining Tenements, leases under the *Land Administration Act* for the purpose of grazing, leases under agreement acts, and land held under the *Conservation and Land Management Act*.

Strata Titles

Section 62(1) of the *Strata Titles Act* provides that for UV the Valuer General must value the whole of the land subject to a strata plan as a single parcel in single ownership. The rating and taxing authority is required to apportion the value in proportion to the unit entitlement, which is shown on the registered strata plan.

Section 62A(2) of the *Strata Titles Act* provides that each lot in a survey-strata scheme shall be valued as a separate parcel of land.

UV Valuation Methodology

Market based UV's are determined by reference to the land market at the date of valuation. All sales relevant to the predetermined date of valuation are investigated and where considered necessary, the parties interviewed.

Unsuitable sales, for example sales between related parties or those with special circumstances, are discarded. By this process fair and reasonable criteria is established for the fixing of values.

GROSS RENTAL VALUE

In the VLA the primary definition of GRV is as follows:

GRV means the gross annual rental that the land might reasonably be expected to realize if let on a tenancy from year to year upon condition that the landlord were liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land.

A GRV is determined on the basis that the rental **includes** outgoings such as rates and other property expenses.

As most commercial rentals are negotiated net of outgoings these need to be added to the net rental to equate to the statutory definition.

The introduction of the Goods and Services Tax (GST) has impacted on the determination of GRV. Where property rental payments are subject to GST they represent a tax payable by the property owner and as such must be included in the gross rental value.

Where an annual rental cannot reasonably be determined, then the GRV shall be the **assessed value**. Assessed value is defined in the VLA as a set percentage of capital value, currently fixed by regulation at 5%.

For example, vacant residential land for which no rental value can be determined is currently valued on the basis of 5% of its total **capital value**.

Land used for residential purposes only must be valued on the basis of rental value. Any other land with a relatively low rental value in comparison to its capital value may be valued as if it were vacant land.

GRV Valuation Methodology

A database of rental evidence is assembled from information obtained from the Department of Consumer and Employment Protection, property managers, owners and other sources.

A schedule of properties rented at the date of valuation is prepared for the area to be valued.

The rented properties are inspected and the rents analysed (for example deductions for furniture included in the letting).

Unsuitable lettings, such as those between related parties, are discarded so that the final list is acceptable as the basis for the determination of fair gross rentals as illustrated by actual market dealings.

From the analysis of actual rentals the fair gross rental of each property is established, after making allowances for any special features or detriments.

The GRV normally represents the annual equivalent of a fair weekly rental. For instance a GRV of \$10,400 represents a weekly rental of \$200.

INTERIM VALUATIONS

Valuation rolls are amended between general valuations to take account of changes that occur to land and property during a financial year. Typical instances include the subdivision of land; a change in the use of the land; new buildings being erected or existing buildings being improved.

Values are amended to reflect the changed circumstances and to ensure that they are correctly co-ordinated with the values of other surrounding land. This is achieved by revaluing the land on the assumption that it existed in its amended form at the time of the last general valuation of the district.

The amended value (interim value) comes into force from the date of the change in circumstances and is supplied to rating and taxing authorities for any necessary re-assessment of the annual rates and charges.

GROUP VALUES

Valuation principles and court precedent provide that parcels of land meeting all of the following requirements:

- contiguous (touching)
- held in the same ownership
- used for the same purpose

may be valued as one holding for rating and taxing purposes.

For example, a farming property comprising a number of lots/locations all in common ownership and being used as one large holding, will normally receive a single value.

With regard to GRV, the values are determined on the basis of actual occupation or, where there is no actual occupation, on the most probable occupation, provided that:

- Where there is more than one occupation within a single ownership, individual values are determined and then aggregated into a total value;
- Where an actual and continuing occupation extends across more than one lot a single value is determined for the whole of the land;
- Where a single occupation extends across more than one ownership the single value is apportioned to the separate ownerships.

OBJECTIONS AND REVIEW

Under the VLA any person liable to pay a rate or a tax has the right to object to the values. Should you have any concerns relating to a valuation please contact Valuation Services as many queries can be resolved over the telephone without the need to lodge a formal objection.

An "Objection to Valuation" form, including additional information, is available from the Valuer General.

Formal objections are only accepted from the owner of the property or his authorised agent except where the occupier is the person named in the rating records of the rating and taxing authority as the owner.

The objection must be lodged **within 60 days** from the issue of a rating or taxing notice, or **within 60 days** from notification of the general valuation in the Government Gazette. While the Valuer General may accept objections outside this period it is more likely the matter will be treated as an informal query without rights of review.

The Valuer General may grant an extension of time in which to lodge a valid objection, however the onus is on the objector to establish reasonable cause for such an extension to be granted.

Objections can be made in writing to the Valuer General and should include:

- The full address of the property (including lot numbers or location numbers where applicable).
- The reference or assessment number and name of the issuing authority.
- The valuation to which the objection relates and the type of valuation (UV or GRV).
- For GRV, a description of the property and any improvements.
- The detailed reasons and evidence in support of the grounds for objection.
- A copy of the rate or tax notice will assist in identification.

The objection process is more efficient where the objector's name, postal address and telephone number are also supplied.

When an objection is received a valuer will contact the objector and where possible inspect the property. A response, including the decision to allow or disallow the objection, will be served in writing.

An objector who is dissatisfied with the decision may have the decision reviewed by the State Administrative Tribunal (SAT). A request to have the decision referred to the SAT must be served on the Valuer General within **60 days** of the service of the Valuer General's decision (or such further period as the Valuer General, before or after the expiry of that time, for reasonable cause shown by the person, allows).

DEFINITIONS

The following definitions are drawn from the VLA:

Townsite

- All land within the metropolitan region;
- All land within a district that is a city or town outside the metropolitan region;
- Any land that is currently a townsite within the meaning of the *Land Administration Act 1997* or any Act repealed thereby; and

- Any land, including privately owned subdivided land, in an area that has been, or is to be regarded as having been, constituted a townsite, and given a name, under section 10 of the *Land Act 1933*.

Site Value

Site value of land means the capital amount that an estate of fee simple in the land might reasonably be expected to realize upon sale assuming that any improvements to the land, other than merged improvements, had not been made and, in the case of land that is reserved for a public purpose, assuming that the land may continue to be used for any purpose for which it is being used or could be used at the date of valuation.

Merged Improvements

Merged improvements means any works in the nature of draining, filling, excavation, grading or levelling of the land, retaining walls or other structures or works for that purpose, the removal of rocks, stone or soil and the clearing of timber, scrub or other vegetation.

Rating and Taxing Authority

Rating and taxing authority means any person entitled under any Act to assess any rate or tax in respect of land.

Assessed Value

Assessed value of land means such percentage of the capital value thereof as may from time to time be prescribed. This percentage is fixed by Regulation.

Capital Value

Capital value of land means the capital amount which an estate of fee simple in the land might reasonably be expected to realize upon sale - provided that where the capital value of land cannot reasonably be determined on such basis, the capital value of such land shall be the sum of, first, the unimproved value of the land, and, secondly, the estimated replacement cost of improvements to the land after making such allowance for obsolescence, physical depreciation and such other factors as are appropriate in the circumstances.

Vacant Land

Vacant land means land on which there are no improvements other than merged improvements.

Offices**Perth**

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Cloister's Square
Perth WA 6850

Phone: 08 9429 8400
Fax: 08 9429 8500
Email: vs@landgate.wa.gov.au

South West Region

9th Floor Bunbury Tower
61 Victoria Street

Bunbury WA 6230

PO Box 177
Bunbury WA 6231

Phone: 08 9721 0800
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Email: bunburyvs@landgate.wa.gov.au

Albany

Level 1
58 Serpentine Road
Albany WA 6330

(correspondence to Perth Office)

Phone: 08 9841 4532
Fax: 08 9841 2311

Website: www.landgate.wa.gov.au

To contact an officer by email use the person's first name, full stop and last name, for example, firstname.lastname@landgate.wa.gov.au.

Metropolitan Section - all lands within the following local governments:**Metro Central**

Bassendean	Nedlands	Subiaco
Bayswater	Peppermint Grove	Vincent
Claremont	Perth	
Cottesloe	South Perth	

Contact for Enquiries

Murray Woods, Regional Valuer, phone 9429 8474

Metro North

Cambridge	Mosman Park	Wanneroo
Joondalup	Stirling	

Contact for Enquiries

Brad Mercer, Regional Valuer, phone 9429 8480

Metro South

Armadale	Fremantle	Rockingham
Cockburn	Kwinana	Serpentine-Jarrahdale
East Fremantle	Melville	

Contact for Enquiries

David Dumas, Regional Valuer, phone 9429 8542

Metro East

Belmont	Kalamunda	Victoria Park
Canning	Mundaring	
Gosnells	Swan	

Contact for Enquiries

Rob Wickens, Regional Valuer, phone 9429 8424

Country Section - all lands within the following local governments:**Country North**

*Ashburton	*East Pilbara	Northampton
*Broome	*Exmouth	Perenjori
Carnamah	Geraldton	*Port Hedland
*Carnarvon	Gingin	*Roebourne
Chapman Valley	Greenough	*Shark Bay
Chittering	*Halls Creek	Three Springs
Christmas Island	Irwin	*Upper Gascoyne
Cocos (Keeling) Island	Mingenew	Victoria Plains
Coorow	Moora	Wongan-Ballidu
Dalwallinu	Morawa	*Wyndham/East Kimberley
Dandaragan	Mullewa	*Yalgoo
*Derby-West Kimberley	*Murchison	

Contact for Enquiries

For land within townsite boundaries contact Dale Hall, Regional Valuer, phone 9429 8742.

For land outside townsite boundaries marked * contact Dale Hall, Regional Valuer, phone 9429 8742. For all others contact John Clark, Regional Valuer Rural, phone 9429 8528.

Country South

Albany	Kellerberrin	Pingelly
Beverley	Kent	Plantagenet
Boddington	Kojonup	Quairading
Brookton	Kondinin	Ravensthorpe
Broomehill	Koorda	*Sandstone
Bruce Rock	Kulin	Tambellup
*Coolgardie	Lake Grace	Tammin
Corrigin	*Laverton	Toodyay
Cranbrook	*Leonora	Trayning
Cuballing	Mandurah	Wagin
*Cue	*Meekatharra	Wandering
Cunderdin	*Menzies	West Arthur
Denmark	Merredin	Westonia
Dowerin	*Mount Magnet	Wickepin
Dumbleyung	Mount Marshall	Williams
*Dundas	Mukinbudin	*Wiluna
Esperance	Murray	Woodanilling
Gnowangerup	Narembeen	Wyalkatchem
Goomalling	Narrogin	Yilgarn
Jerramungup	*Ngaanyatjarraku	York
*Kalgoorlie/Boulder	Northam	
Katanning	Nungarin	

Contact for Enquiries

For land within townsite boundaries contact Phil Edwards, Regional Valuer, phone 9429 8515.

For land outside townsite boundaries marked * contact Dale Hall, Regional Valuer, phone 9429 8742. For all others contact John Clark, Regional Valuer Rural, phone 9429 8528.

Country South West

Augusta/Margaret River	Capel	Manjimup
Boyup Brook	Collie	# Murray
Bridgetown/Greenbushes	Dardanup	Nannup
Bunbury	Donnybrook/Balingup	Waroona
Busselton	Harvey	

Contact for Enquiries

Duncan Rutherford, Manager Country South West, phone 9721 0800 (Bunbury Office)

NOTE: # Shire of Murray – rural land only

