

7.5 Final Outcomes of 2023 General Valuation

Executive Summary

Purpose

The purpose of this report is to provide detailed information in relation to the 2023 general valuation of all rateable property and recommends a Council resolution to receive the 1 January 2023 General Valuation in accordance with section 7AF of the *Valuation of Land Act 1960*.

Background

The general valuation impacts the distribution of rating liability across the municipality. It does not provide Council with any additional revenue. The distribution of rates is affected each general valuation by the movement in the various property classes. All properties are valued using a common date so that all are affected by the same market. Large shifts in an individual property's rate liability only occurs when there are large movements either in the value of a property category (e.g. residential, office, shops, industrial) or the value of certain locations, which are outside the general movements in value across all categories or locations.

The level of value date is 1 January 2023 and the new valuation came into effect from 1 July 2023 and is being used for apportioning rates for the 2023-24 financial year.

The overall movement in property valuations for the 2023/24 financial year in comparison to the 2022/23 financial year is as follows:

Year	Total Site Value	% Change	Total Capital Improved Value	% Change	Total Net Annual Value	% Change
2022	\$101,963,252,000	-1.46%	\$135,008,825,500	1.80%	\$6,816,601,025	1.82%
2023	\$100,475,294,500		\$137,436,117,500		\$6,940,656,950	

The process consists of four stages and all stages were completed by the Valuer General Victoria (VGV). The final certification, commonly known as "*The Generally True and Correct Certificate under section 7AF of the Valuation of Land Act 1960* (VLA)", has been received from VGV. See **Attachment 1** for the declaration of the Minister for Planning.

Key Issues

In the year since the return of the 2022 general valuation, the overall movement in property valuations is approximately 1.8 per cent.

Officers' recommendation

That Council resolve to receive the 1 January 2023 General Valuation effective from 1 July 2023 in accordance with section 7AF of *Valuation of Land Act 1960*.

Responsible director: Daniel Freer, Acting Chief Executive Officer

1. Purpose

The purpose of this report is to advise Council of the final outcomes of the 2023 general valuation, undertaken by the Valuer-General Victoria (VGV).

2. Policy implications and relevance to community plan and council plan

This Policy is consistent with the Boroondara Community Plan 2021-31 (BCP) (incorporating the 10-year Community Vision, Council Plan 2021–25 and Municipal Public Health and Wellbeing Plan 2021–25).

In particular strategy 7.1 *“Decision-making is transparent and accountable through open governance processes with timely communication and reporting”*. It also supports Strategic Objective 7 of the BCP, to *“Ensure decisions are financially and socially responsible through transparent and ethical processes”*.

3. Background

The level of value date is 1 January 2023 and the new valuation has come into effect from 1 July 2023 and is being used for apportioning rates for the 2023-24 financial year.

The process consists of four stages and all stages were completed by the VGV. The VGV is the valuation authority and undertakes and provides the valuations to Council for rating purposes. The final certification, commonly known as *“The Generally True and Correct Certificate under section 7AF of the Valuation of Land Act 1960 (VLA)”*, has been received from VGV.

Section 6 of the VLA requires three (3) valuations be returned for each property:

1. Capital Improved Value (CIV);
2. Site Value (SV); and
3. Net Annual Value (NAV).

The VLA requires that all properties be valued on the basis of “highest and best use”. This requires all properties to be assessed on the basis of potential use and not necessarily actual use. The concept applies to both site value and capital improved value. Council’s rates are struck on the basis of the CIV valuations while the SV is used by the State Revenue Office (SRO) for the levying of land tax assessments.

4. Outline of key issues/options

In the year since the return of the 2022 general valuation, the overall movement in property valuations is as follows:

Year	Total Site Value	% Change	Total Capital Improved Value	% Change	Total Net Annual Value	% Change
2022	\$101,963,252,000	-1.46%	\$135,008,825,500	1.80%	\$6,816,601,025	1.82%
2023	\$100,475,294,500		\$137,436,117,500		\$6,940,656,950	

Further commentary concerning the valuation outcomes and market influences has been provided by the VGV valuer and is provided in **Attachment 2**.

5. Consultation/communication

The 2023 general valuation was conducted by the VGV in accordance with Valuation Best Practice 2023 (VBP).

The 2023-24 valuation and rate notice contains an explanation of the valuation process and also advises the ratepayer of the process to be followed should they wish to query the valuation. This is consistent with the approach undertaken in previous years. Under the VLA ratepayers have up to two months after the valuation and rate notices have been issued to formally object to their valuation.

6. Financial and resource implications

The general valuation will impact the distribution of rating liability across the municipality. It does not provide Council with any additional revenue.

The distribution of rates is affected each general valuation by the movement in the various property classes. The important point from an equity consideration is that all properties must be valued at a common date (i.e. 1 January 2023), so that all are affected by the same market. Large shifts in an individual property's rate liability only occurs when there are large movements either in the value of a property category (e.g. residential, office, shops, industrial) or the value of certain locations, which are outside the general movements in value across all categories or locations.

7. Governance issues

Officers involved in the preparation of this report have no general or material conflict of interest.

The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

8. Social and environmental issues

The return of the general valuation ensures that rates are distributed in an equitable basis across the municipality.

Manager: Amy Montalti, Chief Financial Officer

Report officer: Philip Moloney, Team Leader Revenue Services



Department
of Transport
and Planning

Valuer-General Victoria
Level 38, 2 Lonsdale Street
Melbourne Victoria 3000
GPO Box 527
Melbourne Victoria 3001
Telephone: 03 8508 2231
www.dtp.vic.gov.au
DX 250639

Mr Phillip Storer
Chief Executive Officer
Boroondara City Council
Private Bag 1
CAMBERWELL VIC 3124

Dear Mr Storer

Re: 2023 General Valuation – GTC Declaration by Minister

Further to my recent letter, dated 18 April 2023, the Minister has now declared pursuant to section 7AF of the *Valuation of Land Act 1960* that the 2023 general valuation of your municipality is generally true and correct.

In making this declaration, the valuation is taken to be suitable to be adopted and used for the purposes of any rating authority for the full period allowed by the *Valuation of Land Act 1960* or any other Act as applies to any particular rating authority using the valuation. A copy of the declaration is attached.

In accordance with section 7AG of the *Valuation of Land Act 1960* a copy of the relevant valuation information has been forwarded to other rating authorities (the State Revenue Office).

Should you have any questions, please contact Mark Sanderson on (03) 8508 0493 or email valuer.general@delwp.vic.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Robert Marsh'.

Robert Marsh
Valuer General Victoria
27/06/2023
Encl.

**Matheson Stephen Valuations**

Valuation and Property Consultants

ABN 67 346 228 934

Level 1, Suite 13, 40 Burgundy Street

Heidelberg VIC 3084

Telephone (03) 9455 2077

Facsimile (03) 9455 1277

Email msv@msv.com.auWebsite www.msv.com.au

17 October 2023

The 2023 General Revaluation for the City of Boroondara has been certified by the Valuer General to be generally true and correct. The 2023 General Revaluation was undertaken by Matheson Stephen Valuations at the direction of the Valuer General Victoria as the Valuation Authority. All properties within the City of Boroondara have been revalued as at 1 January 2023 and is therefore based on market conditions at, and immediately before, that date. This report provides a general overview of the 2023 General Revaluation.

We provide a summary the findings of the 2023 Revaluation. The table below details the total value changes for all rateable properties within the Boroondara Municipality.

	2022	2023	% Change
Site Value (SV)	\$101,963,252,000	\$100,475,294,500	-1.46%
Capital Improved Value (CIV)	\$135,008,825,500	\$137,436,117,500	1.80%
Net Annual Value (NAV)	\$6,816,601,025	\$6,940,656,950	1.82%

2023 General Revaluation – City of Boroondara - Residential

The 2023 Revaluation covers the period of 1 January 2022 to 1 January 2023 during this time the residential sales commenced with a steady start, however were gradually halted from mid-year when interest rate rise began to rise.

Buyer demand was no longer encouraged by the low cash rate set by the Reserve Bank of Australia providing low interest rate. The number of vendors willing to list properties for sale also reduced markedly. During 2022, we saw the increasing cost of finance have a real impact on sale values, although isolated well-presented properties have produced surprising results.

Below is the summary for the total rateable valuation for residential properties within the Boroondara Municipality.

	2022	2023	% Change
Site Value (SV)	\$96,323,790,000	\$94,607,140,500	-1.78%
Capital Improved Value (CIV)	\$126,847,250,500	\$128,892,852,500	1.61%
Net Annual Value (NAV)	\$6,345,498,025	\$6,447,167,125	1.60%

**2023 General Revaluation - City of Boroondara - Commercial**

There are approximately 5,921 on commercial/industrial properties within the City of Boroondara. The overall Capital Improved Value for non-residential/commercial property within the City of Boroondara has increased by 4.68%.

The financial pressures had less of an impact on values of commercial property than they did on residential property. Values remained relatively stable throughout the year overall, however, there was some inconsistency with isolated sales.

We provide below a summary of the total rateable valuation for commercial/industrial properties within the Boroondara Municipality.

	2022	2023	% Change
Site Value (SV)	\$5,639,462,000	\$5,868,154,000	4.06%
Capital Improved Value (CIV)	\$8,161,575,000	\$8,543,265,000	4.68%
Net Annual Value (NAV)	\$471,103,000	\$493,489,825	4.75%

Kind Regards

MATHESON STEPHEN VALUATIONS,

Briony N. Stephen, A.A.P.I
Certified Practicing Valuer

Shelly Wijaya Painsi, A.A.P.I
Certified Practicing Valuer