Fact Sheet - Victorian Land Valuations

Commencing 1 July 2018, the Government will centralise land valuation with the Valuer-General (VG) and introduce annual valuations for Land Tax, Fire Services Property Levy and Council Rate setting purposes from the 2019 revaluation year.

How are valuations currently undertaken?

Currently, land valuations are carried out by a valuation authority which could be a municipal council or the VG on nomination by a municipal council. A revaluation is completed in each of Victoria's 79 municipalities every two years.

The current arrangement sees the State contributing 50 per cent of the cost of biennial valuations to councils.

What’s changing?

The changes recognise the VG as the sole valuation authority which will conduct valuations of all land in Victoria for rating and taxing purposes. These general valuations will now be conducted annually.

Noting the impact of these changes on councils, the *Valuation of Land Act 1960* (the Act) will allow for individual Councils to ‘opt-out’ of VG centralisation until 2022. New arrangements see the State pay for the full cost of annual revaluations, with councils paying for supplementary valuations. It is estimated that collectively councils will save $15 million every two years.

The changes do not change underlying valuation principles or methodologies.

High level principles and transitional arrangements

The Government has made an overall commitment that councils will not be financially worse off as a consequence of the move to annual valuations and the centralisation of the valuation function within the VG.

This will include:

1. 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);
2. The State will provide reasonable reimbursement, retraining, redundancy, and redeployment costs for those councils with in-house and hybrid valuation staff (through to 30 June 2022);
3. The 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);
4. 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;
5. 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 to ensure they are no worse off; and

6. 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 proposed changes, 2 May 2017, should not extend beyond 31 December 2018. Any contracts entered in to after 2 May 2017 will be subject to individual consideration.

In addition, the State has agreed:

7. In relation to supplementary valuations, the VG must cause a supplementary valuation to be made if so requested by the council of that municipal district. The Valuation Best Practice 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'.

8. 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.

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

10. Councils have certainty that the State will continue to undertake the full cost of general valuations as this is provided for in the legislation. Changes see the Act read that 'a council or a collection agency that has been provided with a valuation by the Valuer-General under section 11 or 13H is not required to pay a fee for the provision of that valuation'. The effect of this clause is to enshrine in legislation that the State Government will pay for the full cost of general valuations. As a consequence of inserting this into the legislation, this funding arrangement is made ongoing.