



Shire of Northam
Heritage, Commerce and Lifestyle

CHANGING METHODS OF VALUATION OF LAND REVIEW

FREQUENTLY ASKED QUESTIONS

Why has the Shire of Northam sent this letter?

The Shire is required, pursuant to Section 6.28 of the Local Government Act 1995, to review and make recommendations to the Minister for Local Government, as to the method of valuation to be used for rating purposes.

The Shire of Northam has given an undertaking to review the current rating for unimproved valuations in essentially residential or industrial areas of the Shire.

What is the difference between UV and GRV?

Unimproved Values (UV)

Are based on the land, excluding any building or improvements, these values are applied to land used predominantly for rural purposes only. UV properties are revalued every year.

Gross Rental Values (GRV)

Are based on the gross annual rental value that the land, buildings and improvements might reasonably be expected to realise if let on a tenancy from year to year. GRV properties unlike UV are revalued every five (5) years, not every year.

How do valuation methods determine rates?

The Valuer Generals Office provide us with values for all properties within the Shire, either the GRV or UV depending on predominant land usage. This value is then be multiplied by either the GRV or UV rate in the dollar determined by Council to calculate rates for each individual property.

Are there guidelines for how the review is to be undertaken?

The Department of Local Government and Communities have adopted a "Local Government Guideline No 2 – Changing Method of Valuation" within which local governments should work. (The full text of the document is available on the internet at <http://dlg.wa.gov.au/Content/Publications/LGGuidelines.aspx>)

If my property changes from UV to GRV will my rates increase?

Yes it is likely that if your property moves from unimproved value to a gross rental value your rates will increase.

Rates will however vary from property to property depending on the individual valuation of each property. Valuations for GRV are based on the rental potential of the property and each property has its own individual valuation. Thus a small 3x1 dwelling will pay less rates than a larger 4x2 dwelling in the same area.

Actual rates will depend on the valuation provided by the Valuer General and the Rate in the dollar applied by council.

What is Council's reason for reviewing the valuation methods used?

The purpose of the rate review is to provide a rating framework that observes the principles of objectivity, fairness and equity, consistency and transparency, and is administratively efficient within the confines of statutory requirements, regulations and guidelines.

With the growth and change in traditional land uses in the rural areas, equitable rating has been an ongoing issue, particularly with properties that are rated unimproved value (UV) but are essentially residential lots in a rural area.

What happens if I do not return this declaration?

If the declaration is not returned it will be assumed that the land is used predominantly for non-rural purposes and the gross rental value (GRV) will be applied rather than the current unimproved value (UV).

Who determines the value of a property?

Valuations are carried out by the Valuer Generals Office.

When will these changes take place?

Our aim is to have these changes in place for the 2016/2017 financial year, and involves the following steps:

1. Officers consider your request, using a range of techniques, from aerial photographs to site visits to determine if they consider the change to be appropriate;
2. A report is prepared for Council to consider and approve the changes;
3. Details of the properties are sent to the Minister for approval;
4. Details are sent to the Valuer Generals Office for a Gross Rental Value to be determined. This involves copying all building plans and forwarding to the Valuer Generals Office to assist with their determination. The timeliness on this is dependent on the Valuer Generals priorities and outside of the control of the Shire of Northam;
5. The Valuer Generals Office provides the Shire with the new GRV's and staff update the rate records prior to the issuing of new rate notices.

As completion of this project includes participation from both the Valuer Generals Office and the Minister for Local Government, we are unable to guarantee that the process will be completed for the 2016/2017 financial year.

Will a change in valuation method affect my current use of the property?

If the method of valuing your property changes from UV to GRV it does not affect, or change, the current land uses applicable to your property.

What if I think my property use will change in the future?

If your property use changes in future you can apply to the Shire of Northam to have it reassessed. Additional declaration forms can be downloaded from the Shire of Northam website at www.northam.wa.gov.au.