



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

## Freedom of Information Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

FOI Reference: CMTEDDFOI 2022-344

Information to be published	Status
1. Access application	Published
2. Decision notice	Published
3. Documents and schedule	Published
4. Additional information identified	No
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8. Additional information identified by Ombudsman	N/A
9. Decision made by ACAT	N/A
10. Additional information identified by ACAT	N/A

**From:** [REDACTED]  
**To:** [CMTEDD FOI](#)  
**Subject:** 2022-344 -Re: FOI request - Annual Rates Charges Valuations Processes - Commissioner for ACT Revenue  
**Date:** Wednesday, 2 November 2022 9:29:16 AM

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ACT Revenue Office

Commissioner for ACT Revenue

[CMTEDDfoi@act.gov.au](mailto:CMTEDDfoi@act.gov.au)

I am making this request under the Freedom of Information Act, in relation to documents (as defined) held by the ACT Government, which relate broadly to the topic of the Rates Charges and Valuations Processes, under which the Unimproved Values of properties in the ACT are determined.

The broad categories of documents to which I seek access are:

- Policies, procedures, guidance and manuals that inform the process by which the Commissioner for ACT Revenue (including staff of that office) undertake the annual property valuation process (including but not limited to: reviewing the previous valuation exercises to identify areas requiring further focus; collating relevant property and market information; analysing comparable sales to establish market value trends; identifying areas where unimproved values appear to be inconsistent with market evidence; determining the relevant change in property values for groups of property types or by locality; and undertaking individual property reviews in areas of significant misalignment with market evidence.
  - In this regard I am seeking any endorsed policies, however where any policies are in draft form or awaiting finalisation, but are nonetheless being relied upon in practice to inform processes or procedures within the agency (including stored on share drives etc), I seek access to those documents.
- Advice to Government on the annual property valuation process, and any revenue outcomes or budget impacts as a result of that process.
  - For the sake of clarity, advice to government should be interpreted to include not only formal ministerial briefs, but any requests from or 'informal' advice provided to the minister's office or advisors, including non-finalised briefs or advice via email or any written records of discussions relating to the above. Where any advice back to the agency has been received or annotations made to any ministerial advice I seek access to these as well.
- I seek access to advice provided to the Commissioner for ACT Revenue in relation to the following:
  - Analysis provided on property market trends to inform the 2022 Rates Charges and Valuation Process;

- Identification of areas where unimproved values are inconsistent with market evidence;
  - Information showing the number of properties in respect of which changes in property values for property types or localities was determined; and which types and localities these were;
  - Information on the number of ‘property by property’ reviews that were undertaken.
- Information on objections raised to unimproved values, including:
    - The number of objections received for the past 3 years (the three year period can be either calendar years, or aligned with existing reporting arrangements, e.g. financial years);
    - For each year, the number of objections that were allowed; partly allowed and disallowed.

If this request required clarification I can be contacted on [REDACTED]

[REDACTED]

\*\*\*\*\*  
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Regards,

[REDACTED]



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

Our ref: CMTEDDFOI2022-344



## FREEDOM OF INFORMATION REQUEST

I refer to your application under section 30 of the *Freedom of Information Act 2016 (the Act)*, received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 2 November 2022 in which you sought access to:

*I am making this request under the Freedom of Information Act, in relation to documents (as defined) held by the ACT Government, which relate broadly to the topic of the Rates Charges and Valuations Processes, under which the Unimproved Values of properties in the ACT are determined.*

*The broad categories of documents to which I seek access are:*

- *Policies, procedures, guidance and manuals that inform the process by which the Commissioner for ACT Revenue (including staff of that office) undertake the annual property valuation process (including but not limited to: reviewing the previous valuation exercises to identify areas requiring further focus; collating relevant property and market information; analysing comparable sales to establish market value trends; identifying areas where unimproved values appear to be inconsistent with market evidence; determining the relevant change in property values for groups of property types or by locality; and undertaking individual property reviews in areas of significant misalignment with market evidence.*
  - *In this regard I am seeking any endorsed policies, however where any policies are in draft form or awaiting finalisation, but are nonetheless being relied upon in practice to inform processes or procedures within the agency (including stored on share drives etc), I seek access to those documents.*
- *Advice to Government on the annual property valuation process, and any revenue outcomes or budget impacts as a result of that process.*
  - *For the sake of clarity, advice to government should be interpreted to include not only formal ministerial briefs, but any requests from or 'informal' advice provided to the minister's office or advisors, including non-finalised briefs or advice via email or any written records of discussions relating to the above. Where any advice back to the agency has been received or annotations made to any ministerial advice I seek access to these as well.*
- *I seek access to advice provided to the Commissioner for ACT Revenue in relation to the following:*
  - *Analysis provided on property market trends to inform the 2022 Rates Charges and Valuation Process;*



- *Identification of areas where unimproved values are inconsistent with market evidence;*
- *Information showing the number of properties in respect of which changes in property values for property types or localities was determined; and which types and localities these were;*
- *Information on the number of ‘property by property’ reviews that were undertaken.*
- *Information on objections raised to unimproved values including:*
  - *The number of objections received for the past 3 years (the three year period can be either calendar years, or aligned with existing reporting arrangements, e.g. financial years);*
  - *For each year, the number of objections that were allowed; partly allowed and disallowed.*

### **Authority**

I am an Information Officer appointed by the Director-General of CMTEDD under section 18 of the Act to deal with access applications made under Part 5 of the Act.

I am a tax officer for the purposes of the *Taxation Administration Act 1999 (TAA)*, and a delegate of the Commissioner of the ACT Revenue Office (**ACTRO**) for the purpose of section 96 of the TAA.

### **Timeframes**

In accordance with sections 40 and 41 of the Act, CMTEDD is required to provide a decision on your access application by 21 December 2022.

### **Decision on access**

Searches were completed for documents held by ACT Government and 6 documents were relevant that fell within the scope of your request.

I have decided to grant full access to 5 documents (Documents 1 to 4, and Document 6) and partial access to Document 5.

Included as **Attachment A** to this decision is the Schedule for the documents. It provides a short description of the documents released and summarises the access decision for each of those documents.

The documents released to you are provided as **Attachment B** to this decision.

Pursuant to section 54(1) of the Act my access decisions are detailed below in a Statement of Reasons.

## **Statement of Reasons**

### Materials considered

In reaching my decision, I have taken the following into account:

- the Act, particularly Schedule 1, sections 1.3(6) and (7);
- the TAA, particularly the secrecy provisions under Division 9.4; and
- the content of the documents that fall within the scope of your request.

My reasons for deciding not to grant access to the identified documents and parts of these documents are as follows.

### Public Interest

The Act has a presumption in favour of disclosure. As a decision maker I am required to decide where, on balance, public interest lies. As part of this process, I must consider factors favouring disclosure and nondisclosure.

In *Hogan v Hinch* (2011) 243 CLR 506, [31] French CJ stated that when ‘used in a statute, the term [public interest] derives its content from “the subject matter and the scope and purpose” of the enactment in which it appears’. Section 17(1) of the Act sets out the test to be applied to determine whether disclosure of information would be contrary to the public interest. These factors are found in subsection 17(2) and Schedule 2 of the Act.

### **Exemption claimed**

#### Factors favouring non-disclosure (Schedule 1, section 1.3(6) and (7) of the Act)

1.3 Information disclosure of which is prohibited under law

(6) Any other information the disclosure of which is prohibited by a secrecy provision of the law.

(7) In this section:

secrecy provision — a provision of a law is a secrecy provision if it —

(a) applies to information obtained in the exercise of a function under the law; and

(b) prohibits people mentioned in the provision from disclosing the information, whether the prohibition is absolute or subject to stated exceptions or qualifications.

Division 9.4 of the TAA contains secrecy provisions that restrict the disclosure of information. Under section 95(2), tax officers are prohibited from disclosing any information obtained under, or in relation to the administration of a tax law.

Any information that falls within the meaning of ‘information obtained under or in relation to the administration of a tax law’ (“tax information”) in section 95(2) of the TAA is prohibited by law from disclosure. Sections 96 and 97 allow for disclosure of tax information in certain circumstances, however, I am satisfied that none of these circumstances apply where documents or information have been withheld from release.

Document 5 is the determination by the ACT Revenue Commissioner of the unimproved values for the 2022 year which occurs at the end of the annual valuations process. The

“Schedule” within Document 5 is an electronic record of the determination and re-determination of unimproved values of all individual parcels of rateable land within the ACT. These records I consider to be tax information obtained under or in relation to the administration of a tax law for rates assessment purposes. It is for this reason, that I have decided not to grant access to the information that is comprised within the Schedule to Document 5.

Factors favouring disclosure in the public interest (Schedule 2 section 2.1 of the Act)

Taking into consideration the information contained in the documents found to be within the scope of your request however, I have identified that the following public interest factors are relevant to determine if release of the information contained within these documents is within the ‘public interest’.

(a) disclosure of the information could reasonably be expected to do any of the following:

(iii) inform the community of the government’s operations, including the policies, guidelines and codes of conduct followed by the government in its dealings with members of the community.

Having considered the factors identified as relevant in this matter, I consider that release of the information contained in Documents 1 to 4, and Document 5 (except for the information contained in the Schedule to Document 5) could reasonably be expected to inform the community of how the ACTRO operates and exercises its functions in relation to the annual valuation and determination of unimproved values of rateable properties in the ACT for rates assessment purposes.

I have also found it practicable and consistent with the pro-disclosure objectives of the Act, to provide access to information about the number of objections received in the past three years (as specified in the fourth bullet point of your request). This information has been tabled within Document 6. ‘Information on objections raised to unimproved values’ that would reveal directly or indirectly, individual taxpayer details and their tax affairs has not been disclosed.

Further, I am satisfied that withholding the information that I believe is not in the public interest to disclose will ensure that the intent of the Act is met, while still providing you with access to the information held by ACTRO within the scope of your request.

Information not held

The information requested in the second bullet point of your request for ‘advice provided to Government on the annual valuation process and any revenue outcomes or budget impacts as a result of that process’ is not prepared and does not exist.

It may assist to note that the annual valuation process does not affect rates revenue. More information about how rates revenue is set is available in Budget papers, published on the ACT Treasury website. You may find it useful to refer to pages 227-228 of the 2022-23 Budget Outlook.

The information requested for 'access to advice provided to the Commissioner' as specified in the third bullet point of your request, other than the information that already appears in the documents released to you, does not exist.

There is information via the ACTRO website on unimproved value changes for ACT properties in 2022, refer 'Rates' pages on Land valuations, however please note this information is published after the annual valuation process is complete, and is mentioned here for your general information only.

### **Charges**

Pursuant to *Freedom of Information (Fees) Determination 2018*, processing charges are applicable for this request because the total number of pages to be released to you exceeds the charging threshold of 50 pages. However, the charges have been waived in accordance with section 107(2)(b) of the Act.

### **Online publishing – Disclosure Log**

Under section 28 of the Act, CMTEDD maintains an online record of access applications called a disclosure log. Your original access application, my decision and documents released to you in response to your access application will be published in the CMTEDD disclosure log after 3 days from the date of my decision. Your personal contact details will not be published.

You may view CMTEDD disclosure log at <https://www.cmtedd.act.gov.au/functions/foi>.

### **Ombudsman Review**

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the date of receipt of my decision.

If you wish to request a review of my decision you may use this form [Applying for an Ombudsman Review](#) to ensure you provide all of the required information. Alternatively, you may write to the Ombudsman:

The ACT Ombudsman  
GPO Box 442  
CANBERRA ACT 2601  
Via email: [actfoi@ombudsman.gov.au](mailto:actfoi@ombudsman.gov.au)

### **ACT Civil and Administrative Tribunal (ACAT) Review**

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT:

ACT Civil and Administrative Tribunal  
Level 4, 1 Moore St  
GPO Box 370



Canberra City ACT 2601  
Telephone: (02) 6207 1740  
<http://www.acat.act.gov.au/>

Should you have any queries in relation to your request please contact me by telephone on 02 6205 9626 or email [ACTRO.FOI@act.gov.au](mailto:ACTRO.FOI@act.gov.au) quoting CMTEDDFOI2022-344.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shu-Yen Ee', with a long horizontal flourish extending to the right.

Shu-Yen Ee  
Information Officer  
Revenue Management  
Chief Minister, Treasury and Economic Development Directorate  
21 December 2022



**ACT**  
Government

Chief Minister, Treasury and  
Economic Development

## FREEDOM OF INFORMATION REQUEST SCHEDULE

NAME	WHAT ARE THE PARAMETERS OF THE REQUEST	Reference NO.
<div style="background-color: #cccccc; width: 100px; height: 20px; margin-bottom: 5px;"></div>	<p><i>I am making this request under the Freedom of Information Act, in relation to documents (as defined) held by the ACT Government, which relate broadly to the topic of the <u>Rates Charges and Valuations Processes</u>, under which the Unimproved Values of properties in the ACT are determined.</i></p> <p><i>The broad categories of documents to which I seek access are:</i></p> <ul style="list-style-type: none"><li>• <i>Policies, procedures, guidance and manuals that inform the process by which the Commissioner for ACT Revenue (including staff of that office) undertake the annual property valuation process (including but not limited to: reviewing the previous valuation exercises to identify areas requiring further focus; collating relevant property and market information; analysing comparable sales to establish market value trends; identifying areas where unimproved values appear to be inconsistent with market evidence; determining the relevant change in property values for groups of property types or by locality; and undertaking individual property reviews in areas of significant misalignment with market evidence.</i><ul style="list-style-type: none"><li>○ <i>In this regard I am seeking any endorsed policies, however where any policies are in draft form or awaiting finalisation, but are nonetheless being relied upon in practice to inform processes or procedures within the agency (including stored on share drives etc), I seek access to those documents.</i></li></ul></li><li>• <i>Advice to Government on the annual property valuation process, and any revenue outcomes or budget impacts as a result of that process.</i><ul style="list-style-type: none"><li>○ <i>For the sake of clarity, advice to government should be interpreted to include not only formal ministerial briefs, but any requests from or 'informal' advice provided to the minister's office or advisors, including non-finalised briefs or advice via email or any written records of discussions relating to the above. Where any advice back to the agency has been</i></li></ul></li></ul>	CMTEDDFOI2022-344

	<p><i>received or annotations made to any ministerial advice I seek access to these as well.</i></p> <ul style="list-style-type: none"> <li>• <i>I seek access to advice provided to the Commissioner for ACT Revenue in relation to the following:</i> <ul style="list-style-type: none"> <li>◦ <i>Analysis provided on property market trends to inform the 2022 Rates Charges and Valuation Process;</i></li> <li>◦ <i>Identification of areas where unimproved values are inconsistent with market evidence;</i></li> <li>◦ <i>Information showing the number of properties in respect of which changes in property values for property types or localities was determined; and which types and localities these were;</i></li> <li>◦ <i>Information on the number of 'property by property' reviews that were undertaken.</i></li> </ul> </li> <li>• <i>Information on objections raised to unimproved values, including:</i> <ul style="list-style-type: none"> <li>◦ <i>The number of objections received for the past 3 years (the three year period can be either calendar years, or aligned with existing reporting arrangements, e.g. financial years);</i></li> <li>◦ <i>For each year, the number of objections that were allowed; partly allowed and disallowed.</i></li> </ul> </li> </ul>	
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Document No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
1	1-132	Manual	July 2022	Full	N/A	Yes
2	133-136	Templates	No date	Full	N/A	Yes
3	137-147	Templates	No date	Full	N/A	Yes
4	148-170	Project plan	March 2022	Full	N/A	Yes
5	171	Instrument	June 2022	Partial	Sch.1, s.1.3(6) and (7) Freedom of Information Act 2016	Yes
6	172	Table	November 2022	Full	N/A	Yes

# **Rating and Taxing Valuation Procedures Manual**

Version 3.0 November 2021



Title: Rating and Taxing Valuation Procedures Manual Version 3.0

Subjects: Unimproved values, rating and taxing, Commissioner of Revenue memoranda, Principal Valuer policies and memoranda.

Other Authors/Contributors:

### **Copyright**

### **Disclaimer**

This is the latest version of the Rating and Taxing Valuation Procedures Manual and is to be read in conjunction with the Commissioner of Revenue's Valuation Memoranda and ACTVO's valuation policies. The Commissioner's Memoranda and ACTVO's valuation policies may be issued at any time. The policies provide additional instruction to support the memoranda and directions of the Commissioner, reflect new operational changes or clarify an issue of law. In the event of any conflict, the Commissioner's Memoranda take precedence over valuation policies, which in turn take precedence over the Rating and Taxing Valuation Procedures Manual.

Any enquiries relating to this publication, may be addressed to the ACT Valuation Office at

E: [valuation@act.gov.au](mailto:valuation@act.gov.au).

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## Document Control

### Approval

Name and Position	Signature	Date

Version	Status	Date	Comments
3.0	Update	June 2021	This version includes ACT Valuation Offices procedures for publication on the Revenue Management Division website.
3.1	Update	January 2022	Amendments in accordance with Commissioner
<u>3.2</u>	<u>Update</u>	<u>July 2022</u>	<u>Revisions</u>

### Review

This document is to be reviewed as required. All changes to the manual will be introduced as a new document with an updated version number. This will ensure the integrity of the original document.

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# Chapter 1

## Introduction

# 1 Introduction

The ACT Valuation Office (ACTVO) is the ACT Commissioner for Revenue (Commissioner) principal advisor on valuation matters. The Commissioner has the statutory responsibility to provide fair and robust land valuations for ACT (Territory) rating and taxing purposes.

In the [TerritoryACT](#), rates and taxes are based on unimproved values determined under the *Rates Act, 2004*. All rateable properties in the Territory are valued each year, following which Rates and Valuation Notices are issued by the Commissioner.

Unimproved value is the market value of the land assuming it is vacant and in the same state as it was when first made available for sale to the public. The ACTVO is responsible for advising and selecting the most appropriate method of valuation and **may employ mass valuation methodologies where these are suitable**.

However, [Mass valuation methodologies](#) have inherent limitations, particularly with continued application over time. This is particularly evident in the valuation of properties that are atypical, and/or complex in nature resulting in a paucity of comparable sales.

Nevertheless, valuation services are the subject of significant public and media interest and must be carried out to the highest professional standards. The overarching requirement is that every unimproved value must be capable of being individually tested and supported against the available market evidence.

There is also clear separation of accountabilities between the valuation and regulation process.

The Commissioner is responsible for the regulatory requirements of the valuation process, including the determination of rating and taxing valuations, extending to the management and resolution of objections and appeals. This means that the Commissioner may (if required) accept, amend, set aside and/or substitute the unimproved value recommendations of the ACTVO.

The Commissioner may also seek other advice to support the determination of unimproved values and may from time to time ~~seek to~~ review the performance of the ACTVO. The review may target specific valuation ~~methodologies, processes~~ processes, or operations of the ACTVO.

The Principal Valuer manages the activities of the ACTVO and sets valuation policies and standards that accord with best practice principles in the valuation industry. The Principal Valuer also oversees:

- management of the valuation process
- interpretation of Commissioners memoranda (Appendix L)
- provision of valuation recommendations to required standards and by agreed delivery dates
- valuation quality and reviews

## 1.1 Purpose

This Manual describes the rating and taxing valuation services requirements of the Commissioner.

## 1.2 Responsibility

The Principal Valuer must ensure that all staff have access to an up-to-date version of the Procedures Manual and that they are aware of its contents. All ACTVO valuers are required to comply with the Australian Property Institute's Professional and Technical Standards (or equivalent).

## 1.3 Limitations

*The full scope of valuation processes, as outlined by the ACTVO Rating and Taxing Procedures Manual, will not be met for the 2022 or 2023 General Revaluation. This is due to several factors that include limited access to office facilities (increasing dependance on remote systems), lack of analytical tools to support compliance, surges in supplementary valuation work associated with new land releases, job referral practices causing workflow bottlenecks for ACTVO and increased technical complexity associated with other statutory valuation assignments.*

*In addition, as per current ACTPS policy associated with the relaxation of Covid-19 travel protocols, ACTVO members have been strongly encouraged to take leave. Most officers have already lodged leave within the project timeframe.*

*Once ACTVO's ACT systems are modernised, ratified data sources of truth are established and connected with the new system, valuation quality improved via regrading and verification and resource capacity stabilised, then work efficiencies should be realised and specified procedural and assurance requirements in the procedures manual can be met. The assurance requirements have been designed to support valuation quality and delivery into the future.*

*Access to better sales data platforms have been approved and deployed for the 2022 project. Also there is current work to improve systems and quality such as a business case for additional resources and the procurement and development of a new valuation system. Nevertheless, access to a functional valuation system that supports the full requirements of the procedures manual is unlikely to be available in the short to medium term (3-5 years).*

## Chapter 2

# Delivery standards



## 2 Delivery standards

### 2.1 Performance standards

There is a requirement to complete and deliver well-evidenced and reasoned valuations to the Commissioner. The services will be provided diligently, efficiently, professionally and to an appropriate standard of care. These standards are to be maintained.

All valuations are to be made in accordance with the *Rates Act 2004* (as amended) and any other relevant ACT statutes that support the Commissioners determination of unimproved values.

**Nothing in this Procedures Manual diminishes the requirement to provide valuation advice in accordance with relevant statutes and generally accepted valuation practices.**

### 2.2 Professional standards (API or equivalent)

ACTVO retains the services of industry accredited and experienced valuers with the appropriate skills and ability to conduct the rating valuations, in accordance with relevant professional standards. Whilst it is not a statutory requirement to be a member of a professional body (API or equivalent) in the ACT, the level of professional standards expected is to be of the same level as required in the current version of the Australian Property Institute's (API) Australian and New Zealand Valuation and Property Standards (ANZVPS) or equivalent recognised professional body.

It is important to note, that compliance with standards equivalent to Practice Standards in the API Professional Practice Guide (or equivalent) is mandatory. Whilst compliance with Guidance Notes or equivalent is not compulsory, these represent 'good valuation practice' and should be followed.

### 2.3 Delegations & Memoranda

The ACTVO operates as an in-house valuation service within the Revenue Management Division of CMTEDD. ACTVO valuers are appointed by the Commissioner as authorised valuers under the *Tax Administration Act 1999 Part 9 Division 9.2A Authorised Valuers* (TAA). Under Section 90C, valuers are permitted to conduct assessments for the purposes of several specified statutes, including any other Territory statute as may be required. The TAA also provides powers for valuers to conduct onsite valuation activities and/or request information from property owners relevant to a valuation under the statutes.

The Commissioner may, from time-to-time, issue memoranda to the ACTVO to support the development of valuation methodology for statutory valuation purposes. Commissioners' valuation memoranda are required where the: Territory has specific valuation requirements that don't accord with general valuation practice; existing valuation standards are limited or lacking; and/or rating valuation orthodoxy is inconsistent across other Australian rating jurisdictions.

### 2.4 Performance monitoring

Periodic reviews of the ACTVO may be undertaken by the Commissioner as to the 'quality of service delivered' in relation to compliance with relevant statutes, policies and procedures, Tribunal (ACAT) and cross jurisdictional Land Court precedents as well as current Australian and New Zealand Valuation and Property Standards ([ANZRPV](#)).

Such reviews shall include whether the appropriate valuation methodology has been used, rationale explained, and an adequate level of diligence and expertise has been applied to the valuation exercise.



## Chapter 3

# Project management

## 3 Project management

This chapter scopes the management of services to ensure provision of the required standards of valuation to the required time frames. The project plan will provide the framework for the provision of valuations and progress updates.

### 3.1 Project plan (Plan)

Following consultation with the Commissioner, a project plan is to be developed for the next rating program by the end of the year. The project plan is to be a structured work plan providing the framework for the provision and management of services and delivery risk for the year.

The project plan is to include:

- details of the allocation of specific sectors of the rating program to valuers
- process to collect time spent specifically on the general revaluation program by each team member
- specific delivery dates for all major elements of work and including dates for the completion and delivery of interim valuation and final valuation recommendations
- proposed number of paired sales analysis and/or cost analysis to be undertaken for each district to determine the added value of residential improvements
- in relation to unimproved value verification requirements, the determination of delivery risks applicable to each category of property
- a brief analysis of potential risks to the plan and an outline of relevant risk mitigation strategies
- any further information that is considered relevant to the valuation process over the next 12 months

If any conflict arises between the project plan and the requirements of the Rating and Taxing Valuation Procedures Manual that are not expressly considered by the project plan, then the requirements of the Rating and Taxing Valuation Procedures Manual will take precedence.

The project plan will be monitored monthly, and progress will be recorded and compared with the baseline schedule as a basis of status reporting to the Commissioner.

The project plan is a 'live document' and may be altered through consultation as circumstances arise throughout the year. As necessary, the plan may be amended to cater for changing circumstances, delivery concerns and new strategies to support the timely delivery of the requirements. An example of a project plan is included as Appendix B.

**Approval of the project plan by the Commissioner is required by 31 October each year.**

### 3.2 Progress reports

The Project Manager is to forward a progress report to the Commissioner at the end of each month during the general revaluation process. The report will briefly detail work to date and advise if the agreed delivery targets will be met.

The progress report is to detail monthly and project-to-date (i.e. since 1 January) performance against the agreed service targets in the project plan, including:

- numbers of sales analysis completed per rating category
- numbers of vacant land and redevelopment site sales analysis completed per rating category

- numbers of single residential localities reviewed
- numbers of properties verified
- uploading of unimproved values to the data warehouse
- resolution stage of any anomalies and exceptions
- significant new market intelligence and any emerging market trends
- significant anomalies or potentially contentious issues identified, together with a recommendation for their resolution
- staffing impacts that might affect delivery
- necessary variations from the agreed project plan
- changes that may be required to the project plan to complete the program

### 3.3 Commissioner/ACTVO meetings

The Commissioner will hold meetings with ACTVO to review, discuss and record issues relating to the current rating valuation exercise that are outside the reportable scope of the above meeting. Generally, these will be held when and as required by the Commissioner.

The following issues to be covered should include:

- review of property value risk assessments
- level and breadth of analysis undertaken
- significant or unusual sales
- results of paired sales analysis and added value of improvement studies undertaken
- adjustments to valuation date
- significant development approvals and approvals for demolition and redevelopment
- verification undertaken and impact on values
- proposed market movement across property types
- proposed value changes outside the market range
- matters discussed with the ACTVO “out of meeting”
- issues raised through any audits or monthly progress reports
- all Ministerials
- findings from objections or ACAT, project performance etc.
- outcomes of any parallel valuation reviews undertaken by the Commissioner
- technical valuation issues
- tribunal or court matters
- staff issues

# Chapter 4

## Market analysis

## 4 Market analysis

One of the most important parts of the valuation process is the interpretation of the market as at the base date, 1 January. Market analysis includes sales and where required, feasibility studies if appropriate.

### 4.1 Market analysis records

All market analysis is to be fully documented and rationalised. It should be noted that under Freedom of Information regulations (FOI) and ACAT subpoenas or to support formal (Standing or Select Committees, ACT Audit Office, or Ombudsman) investigations, all materials collected and/or produced in providing the services may be published or discovered. Consequently, all materials must be kept to proper record standards.

Sales analysed for the general revaluation process will be initially provided in information supplied to the public on request in a residential limited scope assessments or commercial additional property information response. Therefore, a broad range of market evidence must be analysed and maintained in a form that can be easily sourced to support these activities. Details of the Market Analysis information to be considered are in **Appendix C**.

### 4.2 Sales analysis

Sales that are used to establish or verify unimproved values as of 1 January must be fully analysed. The sales analysis is to cover the breadth of the market and is not limited to sales that are pertinent only to benchmark properties or are vacant land.

It is generally expected that there will be enough residential sales of single dwellings in each District to support the calculation of unimproved values across all residential areas. In any event the number of sales analyses required will have regard to the total amount of residential sales available within the District.

There will be a special focus on sales within the land categories listed below, as there is generally a lower volume of such sales. The evidence will assist in testing and supporting the values supplied.

- vacant land
- redevelopment sites
- commercial property
- retail property
- industrial property
- rural property
- community use property
- special use property.

The number of sales analysed relative to the total number of relevant sales per rating category of property will be recorded.

Sales analysis is not to be confined to concluded sale transactions only. Incomplete transactions should be considered and, if necessary, included in the sales analysis. Where these sales are included, notations against the analysis must be made and updated as soon as the transaction is confirmed.

Sales over multiple blocks are to be considered in entirety. The analysis should represent the entire group of properties, not each property that a sale includes. Although such analysis may include many separately rated blocks, it must be worked from a notional unimproved value for the entire site at the prior valuation date.

It is also important to regularly review sale properties where development approvals have been granted. This will assist identification of likely sales that will be subject to demolition and can inform the valuation exercise.

Sales analysis must include:

- photos or imagery
- any special features
- the physical characteristics of the land such as size, shape, topography, views, services, and surrounding development
- a brief description of the Crown Lease purpose clause
- primary, sub or secondary use categories
- carrying capacity where pertinent and available (rural properties)
- zoning including details of development and any building approvals
- block details
- the suitability and added value of improvements
- the circumstances of the sale, which could include but not be limited to such items as:
  - special value to owner where applicable
  - financing if there is an impact on purchase price
  - inclusions where applicable
  - length of time on market
  - discussions held with parties
  - GST
- a comparison to the benchmark
- conclusions made and commentary on whether the sale is representative of the market

All sales that are analysed to an unimproved value must be physically inspected and a photo taken or sourced. A wide range of sales evidence must be provided in all districts across suburbs and all components to provide adequate confidence in the quality of the assessments.

Where there is insufficient sales evidence, the search for sales must be broadened to source comparable sales, even if these exist outside the locality. In these instances, consultation must be undertaken to rationalise any differences that may exist between the analyses of different localities i.e. agreement on the analysed unimproved value must be obtained between valuers to avoid inconsistent sales analysis opinions.

All single dwelling residential and low-density residential development sales used in the general revaluation program must be determined as being either at market or “out of line” through use of the “out of line” sale indicator.

All other non-residential sales occurring within the relevant sales period must be reviewed to ascertain whether these are at general market levels or not. Those sales used in the review but are considered to be non-genuine or not to be reflective of the market must be notated to that effect.



Explanations must also be provided for the inclusions of sales that have transacted outside the relevant period, including any time adjustments to the base date.

The sales analysed for general revaluation purposes must contain a 'deduced UV' at contract date. A 'deduced UV' at base date is only required if the valuer thinks it is required or the sale occurred outside the relevant sales period.

The correct approach to the provision of analysed and time adjusted unimproved values is summarised in the following table.

Sale type	Market	Deduced UV at contract date	Deduced UV at base date
Market sale inside relevant sales period	Y	Required	Not Required
Market sale outside relevant sales period	Y	Required	Required
Non-market sale	N	Optional	Not Required
Ex-component sale	Y	Required	Required
Out of line sale	Y	Not Required	Not Required

#### Relevant Sales Period

The relevant sales period for rating purposes is the first day of September of the year preceding the base date to the last day of February in the year of the base date.

#### Non-market sales

Non-market sales are only those transactions that take place between related parties i.e. not within an open market environment or have conditions that cannot be accounted for in a normal market process. The analysis is only undertaken to demonstrate that these sales have been considered and determined not to be reliable market evidence. The sale must be flagged as a not suitable for use.

Once the sale is determined to be non-market, then the comments section of the sales analysis summary is to state reasons as to why the sale is considered non-market. These sales will not be used for limited scope or additional information purposes or included in statistical analysis.

#### Ex-component sale

An ex-component sale includes those sales for which are located outside the component but is required for analysis because:

- there are insufficient comparable sales within the component
- the component includes a variety of property types that are not homogenous
- the sale is highly relevant but is not situated within the component

Commentary must be included against the analysis to explain why the sale was included.

**Out of line sales**

Out of line sales are those that are transacted in an open market, but which are determined to be out of line with other reliable evidence. These are distinguished from non-market sales (see above).

The residential benchmark template includes an “Out of Line” flag. For other sales, a comment in the analysis is required to identify that the sale is ‘out of line’. Explanations for that conclusion should also be recorded. The explanation shall refer to other evidence to support that the sale is out of line. There must therefore be adequate evidence analysed to support a claim that a sale is out of line.

The identification of an ‘out of line’ sale means that this evidence must not be used in limited scope assessments, addition information request or other preliminary valuation advice or being included in any statistical analysis.

Where the unimproved value for a sale property is proposed to be within the accepted sales ratio parameters of 0.85 to 1.00, the sale is not to be flagged as out of line.

**Sales not suitable for analysis**

These include sales where the analysis would be of no assistance in determining a deduced unimproved value. Such sales may include:

- property that operates as a licensed establishment
- significantly overcapitalised properties
- highly specialised properties such as shopping centres where the added value of improvements is not readily determined.

These sales are to be noted where identified but a full analysis to determine an analysed land value at contract date or consideration of adjustments to the base date is not required. As with non-market sales, the review of these sales demonstrates that these have been considered and determined not to be of assistance in establishing unimproved values.

**Special provisions relating to vacant land sales within new land releases (e.g. multiple courtyard blocks)**

The requirement for all vacant land sales to be analysed is based on the premise that these sales provide the best evidence of unimproved value. Any requirement to analyse less than all sales, may result in a level of subjectivity as to what is the appropriate extent of the analysis to be undertaken.

However, where numerous vacant land sales occur within new residential releases, that comprise homogeneous parcels, which are physically similar and are expected to sell within a narrow market range, then the analysis of all sales in a locality may not assist in the expeditious assessment of unimproved values. In such instances, where it is reasonably determined that the analysis of all vacant land sales would not assist the valuation process, the following actions shall apply:

- the proposed level and approach to analysis for each locality is determined prior to undertaking that analysis and included in the project plan
- any sales of non-typical lots must be analysed, as well as any sales outside the established sales price range

**4.2.1 Sales capture and reporting**

The project plan is to describe when the analysed sales will be completed, and ready for inclusion in limited scope reports and additional information requests. The analysed sales are to be maintained in an approved form, in a central folder in ACTVO’s systems at the conclusion of the revaluation program. The data may also be required to be delivered progressively to the Commissioner if agreed in the project plan.

The inclusion of analysed unimproved values at contract date and adjusted unimproved values at base date is to be managed as follows:

- All genuine 'market sales' and 'out of line sales' used for the general revaluation program must include an analysed unimproved value at contract date and adjusted (if required) to base date of the same valuation year
- 'Non-market sales' and 'market sales not suitable for analysis' do not require analysis

#### **4.2.2 Ongoing market analysis**

An ongoing analysis of the real estate market must be maintained. Such analysis may include the analysis of relevant sales, market movements, rental evidence, costs of construction, rates of return etc. All market information captured in this manner must be held in a format that can be made utilised easily for future valuation exercises.

#### **4.2.3 Comparable vacant land sales**

The use of directly comparable sales is the preferred approach. This utilises prices paid in actual market transactions of similar properties to deduce the unimproved value of the land. This technique is generally dependent upon using market sales of comparable vacant land, that have occurred within the relevant sales period to reflect market conditions at the valuation date.

#### **4.2.4 Added value of improvements**

When analysing a sale of an improved property to establish the unimproved value of the land, the added value of improvements based on the paired sales approach (below) is preferred over the use of refurbishment cost, depreciated replacement cost or income value. The added value of improvements is deducted from the sale price to provide a deduced unimproved value of land.

The improved sales analysis must either:

- describe and make allowance for the added value of the improvements; or
- ascertain why the improvements have no added value e.g. where the buildings have been demolished or there is evidence of imminent development potential at sale

In all instances, the allowance made for the added value of improvements must be evidence based.

The paired sales approach is preferred because the allowances represent the market's appreciation of the added value of improvements. Where this type of evidence is not available, cost, or income-based approaches are acceptable.

##### **Paired sales approach**

This approach is to be used to assess the added value of improvements and works best where vacant land sales are in sufficient quantity. The unimproved value demonstrated by vacant land sales is to be deducted from the sale price of improved properties to determine the added value of the improvements.

The resulting value of improvements can be applied to other improved sales to deduce the unimproved value of land. The paired analysis undertaken should be wide enough to support the added values of a range of improvement types.

Therefore, at a minimum, each vacant site sale used in the paired analysis is to be paired to several improved sales in the locality with different improvement types and of differing age, size, and condition.

This type of analysis captures the following elements where applicable:

- developer's entrepreneurial profit and risk
- building improvements
- internal inclusions furnishings, air-conditioning, fencing, paths, driveways, pool, landscaping
- professional fees, approval fees, holding costs etc.

A schedule of the added value of improvements found in the area must be maintained and includes the rate per square metres of added value for the different types of structures

### **Net income approach**

A rent return-based approach should only be used where the structures are capable of being sublet but the property is close to redevelopment. The approach includes the establishment of an annual net rent to which the estimation of a holding period to development is applied resulting in a total expected rent from the property. Costs of preparing the site for redevelopment are reflected in an adjustment to the transaction price.

The rents are established by market evidence and include extrapolation across the estimated holding period to expected date of redevelopment. The estimated holding period is observed from the redevelopment holding period of similar properties. Costs of demolition are deducted from similar redevelopment projects. Depending on the length of the estimated holding period, adjustments may need to be made to reflect future site preparation costs.

This approach replicates the strategy of the purchaser that has acquired the property for redevelopment purposes.

### **Refurbishment cost approach**

The refurbishment cost approach may be relied on in circumstances where there are low volumes of vacant land sales for use in paired sales analysis or a significant paucity in rental evidence. This approach is based upon the principle that the informed purchaser would pay no more than the cost to reproduce the sale property.

The method avoids having to make a hypothetical adjustment for depreciation by allowing for the costs to bring the sale property to an as new condition. Costs are to be based on buildings as similar as possible to the existing building. Further allowances may be required to account for obsolescence.

If the allowance for refurbishment cannot bring the building to a condition that would achieve comparable rent to a new building, due to the building's obsolescence, the sale may not be suitable to be analysed using the refurbishment cost approach. In such instances, the depreciated cost approach is to be used.

### **Depreciated replacement cost approach**

To determine the analysed land value using the depreciated cost approach, the added value of the improvements for a sale property are deducted from the sale price by depreciating the cost to build the existing improvements as new.

Building costs must be obtained from recognised industry sources or cost estimates provided by an industry expert. The depreciation must include allowance for the condition and obsolescence of the building. It is the least preferred method as the rate of depreciation is highly subjective, reliant on the practitioner's skill and experience.

Details on the method can be found at Appendix D.

### 4.2.5 Adjustment of sale price to valuation date

All analysed sales that are outside the relevant sales period, other than those that are identified as genuine non-market transactions or market sales identified as not suitable for analysis, are to be adjusted to the base date. Evidence of any value movements or rationale must be provided. The calculation of adjustments is to be demonstrated by analysis of the market.

In analysing sales occurring either before or after the relevant sales reporting period, it may be necessary to adjust the contract price either upwards or downwards to reflect the prevailing market values at the valuation date. In some cases, market movement is indeterminate i.e. no adjustment may be required.

Where a sale which has been analysed to a previous base date and will be used again in the current year, then that sale must be re-analysed and adjusted to the new base date. It is not sufficient to provide the same sale information at the same value without consideration of likely adjustments to the current year. The preferred approach for a valuation date adjustment is to use evidence of sales and re-sales or sales of like properties at different dates.

Alternatively, evidence of median price movements is acceptable for the adjustment of improved sales. The market analysis can be completed on a suburb or locality basis. Ideally, this evidence should come from public resources, reputable publications, or other property expert advice. In the absence of this advice, the adjustment rationale to sales must be clearly stated in comments.

It is justifiable to use sales that have occurred outside the relevant sales reporting period where there appears to be insignificant market movement to the base date. These sales may also be used to explain movements in the market from a much earlier or later date. Comments must clearly explain the reasons for including this type of evidence.

Sales identified as non-market or a market sale not suitable for analysis are not to include analysed and adjusted unimproved values. The use of sales that do not require time adjustments to the valuation date is preferred. This is because property market trends are unlikely to be consistent over time.

## 4.3 Feasibility studies to establish unimproved values

Where sales are insufficient or rental information is the prime market evidence available, feasibility studies may be used to derive unimproved values.

Feasibility studies provide a secondary check valuation or may be the primary method where there are no comparable sales. The method requires many assumptions, and under certain circumstances, has been accepted by the courts as being the most suitable method to assess land value in other jurisdictions. Nevertheless, it is the least preferred method of valuation for rating purposes in the ACT.

Feasibility studies are to be based on evidence of costs obtained through the analysis of actual developments, advice from developers active in the area or from a recognised source such as Rowlinson's Construction Cost Handbook. Calculations are to be based on compound interest and requires that all funds are borrowed at an appropriate rate reflective of the risk of development venture being undertaken. The most common uses for this valuation method are for calculating the site value of:

- central business district development sites
- calculating the value of broad acre sites of land for residential single lots
- unit development sites
- industrial subdivision.

An example of a feasibility study can be found at Appendix E.

## 4.4 Goods and Services Tax (GST)

The consideration of the impact and treatment of GST in valuations vary across rating jurisdictions in Australia. However, the majority consensus is that the analysis of sales should exclude GST except where it occurs in the transaction of single residential sites.

The different approaches are explained fully in Technical Instructions (Appendix M). The outcomes of relevant local GST case law will be periodically reviewed to ascertain whether a change to the above approach is warranted.

For the purposes of the Territory's statutory rating program, the approach is to exclude GST from transactions where GST is not embedded in the sale price, and input credits are available to the purchaser e.g. vacant In Globo, multi-unit, commercial and industrial properties. Where input credits are not available to the purchaser, then GST (where it occurs) is regarded as part of the sale price. This is generally the case for the sale transactions of going concern, rural and residential property.

## 4.5 Market data records

The summaries of all analysed sales must be maintained. Regardless of methodology and/or format employed, the summaries must include:

- the valuation date to which the file relates
- all analysed sales (including indicators for out of line sales, non-market sales, house plans, ex-component, vacant land, and redevelopment sites) relevant to the base date
- all genuine market sales out of relevant sales reporting period must include both a deduced unimproved value at the sale contract date and as at valuation base date
- all benchmark properties including:
  - the valuation of the benchmarks; details of the methodology and calculations
  - photos no less than 3 years old
  - a description of topographical and location features
  - the relation of each comparable sale used to value the benchmark property
  - Indicators for the attributes of New BM, Heritage, Reserves or Busy Road Frontage
- all groupings (localities/components) including
  - the extent and location of individually verified values
  - the rationale for the valuation of the group
  - where the component method is used, the component factor applied
  - how the values have been updated
  - commentary on how well the assessments fit with the evidence once the methodology is applied

## 4.6 Ongoing market data records

To assist in the provision of limited scope and additional information reports to landowners, there will be an ongoing requirement to review and analyse any new market evidence up to the determination of the unimproved values by the Commissioner. This may result in the discovery of fresh evidence within the sales reporting period or confirm the settlement of sale transactions that were used in the general revaluation program.



## Chapter 5

# Valuation Recommendations

## 5 Valuation recommendations

Final unimproved value recommendations are required for all rateable properties. The Commissioner will advise what properties are to be included in the statutory valuation exercise. This will occur in the Commissioner review of valuations near the end of a revaluation program, where a list of 'missing values' is generated and forwarded for a response. In the Territory general examples of non-rateable land include:

- land subject to a special legislative exemption or
- unleased Territory land

There is a requirement to select the most appropriate method of valuation including the application of mass valuation methodologies where suitable.

Mass valuation methodologies are best used in homogeneous groupings of property. In instances where groups of property are non-homogeneous, then measures taken to support valuation consistency in these groups must be demonstrated. The methods applied and areas covered should be identified in the project plan.

### 5.1 Mass appraisal methodology

Mass appraisal methodologies rely firstly on the identification of groups of generally similar properties for the common application of the methodology. In the Territory these groups are called localities.

Importantly, mass appraisal techniques have limitations, particularly in continued application over time. It is also difficult to apply the methodology to properties that are complex, with limited similarities to other property that support logical componentisation into localities and selection of a representative benchmark property.

Nevertheless, the fundamental requirement is that all valuations must be made robustly, in accordance with the law and is largely consistent with other values for similar property. Each unimproved value must be capable of being individually tested and supported against the relevant market evidence.

#### 5.1.1 Groupings - Localities and Components

Localities are employed in the grouping of single title residential properties where these occur within a district. The groupings may include dual occupancy, single title sites but not more than two dwellings and the locality may extend across suburb boundaries.

Components pertain to the grouping of other than the above property classifications, such as single title residential flats in one line or commercial property. Components may also extend across suburb boundaries.

The system cannot accommodate groupings across districts.

Where groupings are used in a mass appraisal method of valuation, the instructions, procedures, and guidelines detailed in **Appendix F** are referred.

#### 5.1.2 Alternate mass valuation methodologies

Where it is decided that an alternative mass appraisal valuation methodology should be used, the details and approach of the methodology and the process to be used must be documented with endorsement by the Commissioner for use in the revaluation program. Notwithstanding, all valuations must be supplied in the format that is compatible with other data returns to the Commissioner.

Localities currently form the fundamental structure of the valuation approach to residential property in the Territory. The groupings must be reviewed and maintained regardless of methodology. Primary benchmark properties are core elements of the quality assurance processes and must be identified and individually valued in accordance with this manual.

Components are a new feature in the valuation system. Components will eventually apply to all rateable property that are not within a locality. The work is extensive, as such, any work on Components must be detailed in the Project Plan agreed with the Commissioner.

## 5.2 Valuation recommendations

Interim valuation recommendations and final valuation recommendations are to be provided to the Commissioner as an electronic upload file as specified by the Commissioner from time to time.

### 5.2.1 Interim valuation recommendations

Interim valuation recommendations are interim unimproved values supplied to the Commissioner to assist with revenue estimates in the Territory budget process. Consequently, albeit provisional, the values must be produced with all due care.

While it is recognised that some valuations will be amended as further information comes to light during the finalisation of the general revaluation exercise it is expected that sufficient work has been undertaken to ensure that any updates to the interim unimproved values will not be material.

Interim valuations must be delivered by the date specified in the project plan.

### 5.2.2 Final valuation recommendations

To allow timely review of the final valuation recommendations, data files must be uploaded 7 days prior to the final date as specified in project plan.

### 5.2.3 Valuation methodology indicators

All general revaluation records are to include a 'valuation methodology' indicator for each unimproved value. The indicator identifies which of the following valuation methodologies were used to determine the unimproved value of land recommendation in the subject year.

**Locality Factor indicator (LFI)**– is the indicator applied to individual unimproved values within a locality that have been updated by the LFI. The factor is determined from the movement in land value of the primary benchmark from its previous base unimproved value (see 8.5.1 'Selection of Benchmarks'). The factor adopted on each individual unimproved value must be equal to the locality factor.

**Component Factor indicator (CFI)**– like the LFI, this indicator is applied to individual unimproved values within a component that have been updated by the CFI. The factor is determined from the movement in land value of the primary benchmark from its previous base unimproved value (see 8.5.1 'Selection of Benchmarks'). The factor adopted on each individual unimproved value must be equal to the component factor.

**Re-grading indicator (RGI)** – is the indicator applied where an unimproved value has been individually assessed, (but not verified), to determine a value that falls outside the values that would have been derived from use of the LFI or CFI. Confirmation of which is the most relevant grouping must be confirmed for all properties that have been regraded.

**Verified Not Inspected indicator (VNI)** – the flag is applied to indicate a verified recommendation where unimproved value recommendations are not consistent with surrounding values and where a physical inspection in the current valuing year has not been undertaken.

**Verified Inspected Indicator (VII)** – the flag is applied in the data file to indicate a verified unimproved value recommendation where a physical inspection in the current valuing year has been undertaken.

## 5.3 Assessing unimproved value

Unimproved value is to be assessed by the application of the methodology defined in this manual.

Once assessed the valuation outcomes must be reviewed to ensure quality. The relationship between the recommended values and sales must be analysed, and any inconsistencies addressed. Valuations are to be adjusted as necessary to ensure consistency, currency, compliance with the law and market evidence.

Quality assurance procedures must be undertaken to ensure that the value recommendations are supported by the sales evidence. A check of the ratio of assessed/adjusted unimproved values to sale price must be undertaken to ensure that the unimproved values are supported by the sales evidence.

It is necessary to check the unimproved values against relevant sales particularly those that occur close to the valuation date. Unimproved values that are out of line with the market evidence must be corrected or an agreed future program be developed, approved, and endorsed by the Commissioner to rectify the anomalies.

Unimproved values must be made in accordance with the provisions of the *Rates Act 2004* and other relevant statutes. It is also important to correctly ascertain the purpose, zoning, and valuation basis in respect of each property.

Care must be exercised where updated unimproved values result in substantial changes in valuation parities or unusually large value variations from the previous valuation recommendations.

The valuations within these localities must be checked/verified to ensure that the sales evidence supports the new unimproved values, particularly at the upper end of the value range.

After accounting for 'non-market', 'market sales not suitable for analysis' and 'out of line transactions', sales ratios are expected within the range 0.85 to 1.00 (85 per cent [%] to 100 per cent [%]). Unimproved values for sale properties that do not meet this criterion must be reviewed and appropriately rationalised to ensure consistency.

Statistical checks will indicate if the resulting range of values are within the acceptable limits.

### 5.3.1 Zoning changes

It is a requirement that zoning descriptions recorded in the valuation management system (VMS) match those required under any new planning instrument. The unimproved value must be assessed having regard to the land's current zoning at the date the valuation is made (DVM). All valuations made after the gazettal of a new plan must reflect both the new standard zone and any change in use arising from that zone. Until a new standard instrument has been adopted, the existing zone code shall be maintained.

Valuations made prior to gazettal of a new plan will have regard to the market factors, as evidenced from sales analysis, that reflect any influence in the market because of the draft zoning being publicly exhibited, including any risk factor of obtaining that zoning

which the market may demonstrate.

Steps must be taken to identify the potential changes from the exhibited draft plan and prepare likely new localities to allow for values to be correctly assessed in relation to the new zonings.

### **5.3.2 Crown Lease changes**

Checks must be undertaken to ensure that all purpose clause variations have been considered in the assessment of the unimproved value of the land. As most of these variations have been captured in the Lease Variation Charge and subsequent supplementary revaluation process then a digital review of the property may reveal inconsistencies between the physical use of the land and the Crown Lease purpose clause e.g. single residential property that is developed as a multi-unit complex.

The Commissioner is to be advised of any inconsistencies and instructions sought. In the meantime, an interim unimproved value should be assessed based on the premise of the previous use. This value is retained until formal instructions reflecting new uses are received from the Commissioner.

### **5.3.3 Current use and highest and best use**

Specific instructions on the processes required to bring zoning and Crown Lease purpose clause changes into account are included in Appendix M.

The approach is supported by overwhelming case law that requires the application of highest and best use where the current (existing) use is no longer permitted but results in a higher value than what is now permitted under the planning law. Nevertheless, reasonable checks must be undertaken to establish whether the current (existing) use was previously permitted.

## **5.4 Values amended on objection**

It is essential that proper consideration is given to unimproved values amended by objection. Objection lists from the previous valuation exercise must be reviewed to determine any effect on the surrounding and/or similar properties.

Properties included on the objection list must be notated to the effect that the outcomes of those objections have been considered for the setting of unimproved values in the relevant locality or component. Where the properties are not part of a group then the record itself must include a note that the value has been reviewed relevant to other similar properties.

## **5.5 Worksheets**

Worksheets are an extension to the property record and must explain the rationale for unimproved values which cannot be determined solely by the application of the benchmark values change.

Worksheets shall be created or updated:

- as required in respect to the frequency of verification action appurtenant to a property's verification risk rating category (See Section 8.2.1) or
- upon request from the Commissioner for the purposes of assisting with any valuation enquiry, determining any objection, or requests for information as part of an audit of any part of the valuation program.

### 5.5.1 Circumstances where a worksheet is required

In simple terms, a worksheet is generally required for any valuation where a calculation or explanation is required. A calculation would include a mathematical equation or consideration and adjustment of a valuation to account for individual attributes that impact on a valuation.

This includes (but not limited to) the following properties:

- shopping centres
- In Globo parcels
- rural and mixed-use rural properties
- benchmark properties
- high risk properties
- special use parcels
- special valuation instructions by the Commissioner
- non-residential heritage land
- contaminated land
- stratum Crown Leases
- current (existing) use valuations
- properties amended on objection but where the decision was not carried forward in subsequent valuations
- fragmented holdings (blocks included in a Crown Lease that are not contiguous)

The over-riding principle is that worksheets should be created for any individual or group of property with unusual physical characteristics compared with other properties within that locality or component where known, and where these would affect the value.

As most residential properties within a locality are determined on a direct comparison approach via the benchmark worksheets, where no specific calculation is required for the individual property, a worksheet is not required.

However, worksheets should be maintained for residential properties, where the value is derived, or adjustment made, having regard to specific attributes such as location or topographic features that are NOT a common attribute of the locality. Examples would include but are not limited to:

- a large rock platform affecting building area
- views which are a feature of a single property
- an aspect of location such as proximity to noxious industry

Given the low quantum of rural, rural living and rural/commercial properties located in the Territory, the creation and maintenance of a worksheet is required for all rural property. This is especially important for the larger primary production rural properties that are determined by land classification. Worksheets assist to clearly demonstrate or rationalise how the value was derived.



Flood liable properties that are located clearly within flood liable components would not necessarily require a worksheet, unless there were site specific attributes that otherwise affect the unimproved value and require specific consideration. Flood liable properties in non-flood liable localities, where such flood liability has an impact on values, may would require a worksheet.

Heritage properties within a residential heritage estate would not require a worksheet as the homogenous nature of these precincts permits grouping. However, where the valuation requires a calculation based on the use of the land subject to existing improvements and is not homogeneous with surrounding properties then a worksheet should be used.

### **5.5.2 Details to be recorded in a worksheet**

The VMS generates a base worksheet (Parcel Extract for Valuation Worksheet) that includes property details, sale transactions and UV data. The extract also accommodates the bulk input of new UVs into VMS. This worksheet should be used as the basis for all worksheets where possible. An example of the worksheet is included in Appendix N.

If the extract is not a suitable basis for the valuation analysis, (such as for very small numbers of property [less than 10 records], or creation of non-homogeneous property groupings or property groupings that are spread across districts) then the worksheet is to be customised to include relevant items from the extract and address specific considerations that are unique and significant in the valuation of the property. Note that the values for these worksheets will have to be manually entered in the ACTVO systems and so should be kept to a minimum.

Other information captured on a worksheet include:

- basis of valuation
- rationale
- calculations
- evidence to support unimproved value<sup>1</sup>
- returned unimproved value as at base date
- risk rating and risk descriptor.

Further information on Crown Leases, zoning, or development constraints where these are unusual and have a material impact on a valuation should be included. Calculations associated with mixed use properties should be included in a full working model.

The evidence for limited or single purpose commercial, industrial, rural property, and other non-single residential lands, permitting componentisation should be maintained on the same worksheet with the valuation workings. The evidence can be recorded on the same worksheet with the actual valuation calculation, or the analysis is stored on other worksheet(s) but within the workbook.

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<sup>1</sup> The evidence requirement for worksheets is that the rationale and calculations by which the unimproved value is determined is to be comprehensible. Any sales evidence used should be included, or a reference made to where the sales evidence is captured (e.g. in the benchmark report). Where sales are not available, the rationale by which the value was determined must be recorded. Therefore, the key requirements for a worksheet are the evidence, rationale and calculations that clearly demonstrate what was considered and how the valuation was determined.

Rural worksheets for properties valued on a rural land classification basis, need to show the calculations for that basis including site areas per classification, applicable rates per hectare for each and other permissible uses of material value e.g. dwelling entitlements.

The exception to this approach occurs where unusual features or property uses material to the valuation are evident. In these cases additional information is to be provided to acknowledge the presence of the feature(s) and demonstrate that it was considered in the valuation e.g. significant soil erosion, flood prone areas, restricted grazing areas, public access rights or permitted uses that are unusual for the type of zoning.

Industrial and commercial worksheets for specialised, complex, and unusual sites should clearly demonstrate the valuation approach/rationale adopted with accompanying calculations.

Other types of information to be included, where required, for the accurate determination of the unimproved value through the appropriate calculations are detailed in the following table.

Required Information	Examples where information would be required for a worksheet
Land description – any attribute that materially affect the value of the land such as access, services, surrounding development, topography, soil classification, subject to flooding etc.	Residential property which is reliant on access land that is not common area but included in another title should have such information recorded.
Dimensions	Mr. Fluffy sites where a corner location improves development density and materially affects unimproved value should have the corner location noted.
Improvements (brief description)	This is required where the existing improvements are integral to the determination of unimproved value e.g. the assessment of unimproved values where vacant land sales is scarce, requiring the analysis of improved sales to support the unimproved value assessment.
Highest and best use	The unimproved value of a CBD office tower site would need to be based on the highest and best use as determined by the Crown Lease purpose clause. A valuation based on highest and best use would be needed to also test against the existing use when determining which is the higher value use to be applied.
Highest and best use where current use is no longer permitted	An example is an approved development proposal on commercial land, which, due to a planning change is no longer permitted. In determining the highest value, a valuation of the approved development proposal is to be compared with a valuation that incorporates any planning enhancement to an alternate development (e.g. increased building height allowances) permitted under the Crown Lease.



Required Information	Examples where information would be required for a worksheet
Planning controls that are flood, bush fire zones, geotechnical hazard zones or conservation areas.	Where development encroaches a protection zone or the zone severely restricts development on the property this should be recorded by worksheet and rationale of valuation provided.
Gross Floor Area (GFA)	Valuations which rely on a GFA calculation (such as shopping centres, commercial buildings, mixed development etc.) require a record of the allowable and existing GFA. The sales used to establish GFA value rates must include all calculations (details of improvements) that were undertaken to deduce unimproved value.
Environmental issues – contamination, endangered species etc.	Where a site is affected by such issues which would impact on unimproved value these should be recorded on the worksheet. Where the valuation does not require the value to be adjusted due to its current use (e.g. drycleaners or petrol station), the details should still be recorded on the worksheet to allow consideration should the use of the property change or cease.
Photo (where improvements, views or other valuation considerations require a visual record).	A property with exceptional views has increased the unimproved value compared to similar properties, then that view should be captured in a photograph. This allows for comparison should the view be impacted by changes.
Heritage listings - specify the land identified as heritage restricted, what is listed in the description, current use of the heritage restricted land, detailed description of improvements including size, age, construction, features, net lettable area (where applicable).	All reasoning associated with the effect of specific impact of Heritage restrictions on unimproved value should be recorded if material. Descriptions may include improvements type, size, location on the site and any limitations on development.

### 5.5.3 When a worksheet is deemed unnecessary

If it is considered and approved by the Principal Valuer that a different approach to the valuation of a group or groups of properties, outside the practice requirements detailed above, but effectively manages valuation risk, then the alternate approach can be adopted. For consideration to occur, full details of all properties affected, and the approach proposed must be supplied.

### 5.5.4 Uplift of worksheets into VMS

The worksheets should be completed and supplied to the Administration Team using the Parcel Extract for Valuers worksheet. This will enable electronic uplift into VMS. Where this approach is not suitable, and the data set is less than or equal to ten (10) records, or are difficult to extract using a worksheet, then customized worksheets can be forwarded the Administration Team. The worksheets must include sufficient information for the new unimproved values to be manually inputted.

Where practical, the information provided in customized worksheets should include classifications that group these properties together. This will enable the bulk extracts and uploads of unimproved value data in future.

### **5.5.5 Delivery of worksheets to the Commissioner**

VMS will provide data in the required format to the Commissioner. The worksheets will contain flags that assist in the review of any key areas of interest to the Commissioner. All current and historic worksheets are to be retained and provided to the Commissioner upon request.

## Chapter 6

### Quality assurance

## 6 Quality assurance

Actions taken must be recorded to ensure quality is achieved in the valuation analysis report. To assist the quality assurance process, reports associated with outlier assessments will be obtained from the Commissioners data warehouse for review. This part of the assurance process does not constitute the entirety of quality checks undertaken for general revaluation purposes.

### 6.1 Commissioners Data Warehouse

Section 3 of this manual provides for Project Plans to include specific dates for the delivery of interim and final valuation recommendations in accordance with the requirements of the Commissioner.

The requirements include responsibility for the quality control of the valuations and to detail actions that are undertaken to ensure quality is achieved. A Valuation analysis report that captures the integrity checks is to be completed.

The VMS system does not have the analytical functionality to assist in proofing the quality of valuations to standards specified in the integrity checks section of this manual. The valuation quality assurance checks will be generated using exported unimproved values in the Commissioners data warehouse i.e. until the functionality of the system has been improved.

The process for data preparation is as follows:

- ACTVO recommended unimproved values are uploaded to VMS prior to the due date for delivery to the Commissioner, as specified in the project plan
- data integrity checks are run in VMS to identify load errors, mismatches, and inconsistencies, and the rectifications are reloaded into VMS
- a VMS extract is generated to check that the rectifications have been uploaded correctly, and is signed off by the checking officer
- once the review is complete, the amended unimproved values are exported to the Commissioners data warehouse
- the Commissioner reviews and advises of any integrity check failures which will be remedied, acknowledged and/or amended
- rectification of the failures may require a reload of new data
- data integrity checks above are rerun on any rectified data

### 6.2 Data integrity checks

Information that is provided in final list of unimproved values, or as part of a supplementary process undergo several integrity checks once it is received by the Commissioner.

The Commissioner will advise of any listing errors, value inconsistencies, out of parameter increases and other alerts. Following receipt of the report(s), the ACTVO will rectify errors, omissions, and inconsistencies or advise of unresolvable issues. An explanation or details of planned remedial action must be provided to the Commissioner in accordance with timeframes specified in the project plan.



## 6.3 Valuation analysis report

The valuation analysis report details necessary quality assurance measures.

The report is to be provided in the format prescribed in Appendix O, and includes:

- statistical measures reporting
- component data analysis
- quality statement
- any other quality assurance measures
- a list of high value and high-risk properties, including the applicable verification risk rating and risk descriptor.

Explanations are required for any occurrence where the project standards are not met. The valuation analysis report is to be retained and provided to the Commissioner on request. Valuation analysis reports may be published in part or whole and may be subject to detailed compliance auditing by the Commissioner.

### 6.3.1 Statistical measures reporting

Prior to delivery of the valuation recommendations worksheet, statistical checks must be performed using the deduced unimproved value at the valuation date. The deduced value is ascertained from all analysed sales, other than those specifically identified as non-market transactions.

Evidence of statistical checks must be kept as part of the general revaluation program undertaken by ACTVO. Commentary is required summarising results, highlighting any exceptions and either rationalising or detailing future rectification works to be undertaken.

Statistical checks will be carried out throughout the valuation process, occurring when each of the localities are completed. Details of significant findings from ongoing statistical checks are to be included in progress meetings with the valuers as per project plan.

The primary statistical measures for residential property include:

- Coefficient of Dispersion (COD)
- Mean Value to Price Ratio (MVP)
- Price Related Differential (PRD)
- Comparison of Average Value Changes (COAVC)
- Improvements to Sale Price Ratio (ISP)

These measures and calculation are detailed in Appendix G.

### 6.3.1 Locality/Component data analysis

Where a locality or component has been created, an analysis must be undertaken to verify the suitability of the chosen property. The analysis will be generated from information within the Commissioners data warehouse. Where there is no locality or component, then the values require manual verification.

The primary benchmark should not vary more than +/- 5 per cent (%) from the median unimproved value of the land and shall be within the inter-quartile range of the locality or component. Additionally, the unimproved value median of the locality or component should not vary more than +/- 5 per cent (%) from the median of the interquartile range.

The individual value assessed for the primary benchmark must be within rounding parameters of the unimproved value for that property produced by application of the locality factor i.e. the locality factor must equal the primary benchmark factor.

The provisions of Section 8.5.1 Selection of Benchmarks provide for minor variations of these requirements in certain circumstances. An explanation for all instances where the variations are outside +/- 5 per cent (%) of the unimproved value expected mediums must be provided in the valuation analysis report. Any proposed remedial action must also be provided.

### 6.3.1 Sales checks

- **Sales activity**  
A check is undertaken to ensure an acceptable quantity of sales analysis is undertaken for each grouping of property. Generally, residential areas require a minimum of three sales per locality. A check is also undertaken to gauge whether there is a sufficient spread of sales analysed in a locality/component. Although the check is subjective, it provides some support as to the robustness of the returned unimproved values.
- **Non-market sales checks**  
A review of sales summary comments is undertaken to determine whether those sales flagged as nonmarket have adequate explanation to demonstrate they are genuine non-market sales. A further check is undertaken to ensure that non-market sales do not include an adjusted to 1 January unimproved value.
- **Market sale not suitable for analysis check**  
A review of sales summary comments is undertaken to determine whether those sales flagged as not suitable for analysis have adequate explanation to demonstrate they are not suitable for analysis. A further check is undertaken to ensure that sales not suitable for analysis do not include an adjusted to 1 January unimproved value.
- **Out of line sales checks**  
A review of sales summary comments is undertaken to determine whether those sales flagged as out of line have adequate explanation to demonstrate they are out of line with market levels and include reference to market sales of comparable properties. A further check is undertaken to ensure that Out of Line sales include an adjusted to 1 January unimproved value.
- **Sales ratio checks**  
The unimproved values determined for individual sale properties following the application of the valuation methodology are expected to lie within the range 0.85 to 1.00 (85 per cent to 100 per cent) of the unimproved value derived through analysis of the sale. A sales ratio check is undertaken to identify any unimproved values for sale properties that do not meet this criterion. These must be reviewed and appropriately rationalised to ensure they are correct.
- **Unimproved values greater than purchase price**  
A check is undertaken to identify any instance where the unimproved value of a sale property is greater than the purchase price for that property, regardless of whether the sale was analysed or not. These must be reviewed to determine whether the sale was a market transaction or whether market movement between the sale date and 1 January has caused the anomaly.

- **Number of sales used to value benchmarks.**  
The accuracy of the valuation of benchmarks is crucial to determining and checking the factor to apply to other properties within the grouping, it is therefore considered best practice to consider a minimum of three sales to value each benchmark where available. Where the benchmarks do not have sufficient sales linked to them, it is expected that a satisfactory explanation will be provided to rationalise how the valuations were determined.

### 6.3.1 Unimproved value checks

- **Unimproved value ratio checks**  
To identify extreme valuation changes, a review of all valuations with a variation of more than 0.50 x and 2.0 x the previous land value is considered, and confirmation is required that the land values are correct.
- **Significant component movement checks**  
This check will consider whether adequate explanation has been provided for components where the component factor is less than 0.70 or greater than 1.30 and whether these value movements had previously been brought to the Commissioner's attention through the monthly meeting process.
- **Actual factor variation from locality/component factor (locality and property level).**  
Large volumes of objections and loss of stakeholder confidence in valuation accuracy may occur where value movements occur that are outside expected market movements. These are generally the result of a realignment, or correction of values. A check is undertaken that compares the variation of the average factor movement in the locality/component to the locality/component factor.
- **Where the average factor is greater than a 0.20 variance from the locality/component factor an explanation is required to determine the reasons for that variance. A further check is undertaken to identify individual properties within a locality/component where the individual property factor is greater than a 0.40 variance from the locality or component factor. An explanation is required to confirm the reasons for this value movement.**
  - **Low land values check**  
A simple check to consider low land value outliers is undertaken to confirm the value of any property that is less than \$50,000.
  - **High land value checks.**  
Properties with high unimproved values within each property class comprise a high risk in relation to valuation accuracy and potential for objection. These must be checked to confirm the valuation is correct.
  - **Prior objection checks.**  
To ensure that an amendment to an unimproved value that occurred because of the objection process is carried forward to the subsequent 1 January land value, a check is made that reports where the new land value is more than a 15 per cent difference from the prior value amended on objection.

### 6.3.1 Quality statement

A quality statement is to be provided to Commissioner as part of the valuation analysis report. The Principal Valuer is to sign the quality statement which is to include certification that the statement is an accurate account of the activities undertaken, reviews completed, and quality control checks undertaken.

Details and records of procedures and actions showing the nature and range of the work undertaken in providing the quality assurance may be requested by the Commissioner. It is expected sufficient records are maintained to support the quality assurances made in the quality statement. The quality statement must detail the quality control checks that have been carried out. The checks are to include (but not limited to) confirmation that:

- all rateable properties have been valued.
- the unimproved values of land are consistent.
- the unimproved value of land basis has been correctly assessed and recorded for each property.
- unimproved values of land for those properties that have considerably higher unimproved values in relation to the average value for a land use in the area; and of high-risk properties have been reviewed and are correct (e.g. regional shopping centres, large scale industrial and unit developments, large rural properties etc.).
- unimproved value recommendations that result in substantial changes in valuation parities or unusually large value variations from the last recommendations have been checked and are correct.
- a broad range of market evidence has been analysed and details retained and can be provided to the Commissioner on request.
- adjustments and assumptions within the market analysis have been based on market evidence and have been documented and rationalised.
- analysed sale properties where the sales ratio does not lie within the range 0.85 to 1.00 have been reviewed and an explanation provided as to why the current land value should be adopted.
- Crown Lease purpose clauses of the property have been considered.
- the current and proposed planning controls that affect the valuations have been accounted for.
- where the unimproved value of a property has been amended on objection or by ACAT direction, the alignment of values with surrounding properties, or properties of a similar purpose and type, has been considered.
- statistical checks and locality data tables have been prepared, reviewed and anomalies or results outside specified parameters have been rationalised and explained
- all unimproved values are supported by market evidence
- all benchmark properties have been inspected within three (3) years
- worksheets have been maintained where required
- the annual verification program requirements, including percentages of properties verified per risk rating, has been completed and correct risk codes have been applied.

If any of these statements cannot be confirmed, then an explanation shall be provided which includes a plan that outlines how and when the requirements will be met.

## 6.4 Commissioner quality assurance value acceptance checks

Following delivery of the interim and final unimproved value uploads, the Commissioner may undertake reviews to determine the compliance of the data with the procedural requirements of this manual. The reviews may include a check of the quality assurance measures that have been undertaken by ACTVO but relying on information within the Commissioners data warehouse. It is acknowledged that compliance with statistical, locality/component data and other measures will not always be possible for various reasons, however, it is a requirement that where such measures are not met, the reasons are explained within the valuation analysis report.

## 6.5 Risk assessment registers

A risk register that identifies areas of high valuation risk must be maintained. Items within the register will be jointly reviewed with the Commissioner throughout the general revaluation project. The risk register includes (but is not limited to) the following potential risks where applicable:

- significant market movement
- significant value changes not directly related to market movement
- significant value changes related to previous Commissioner determinations
- lack of market evidence
- issues that may affect unimproved value of land outcomes e.g. lack of legislative valuation guidance; local media matters; significant new land development; stakeholder and lobby group representations etc.
- areas of previous high objection history
- high value properties
- specialist property issues
- contamination or heritage issues
- other issues as these become material

## Chapter 7

Unimproved value verification,  
locality review and benchmarking



## 7 Unimproved value verification, component reviews and benchmarking

### 7.1 Locality/component (grouping) requirements

A locality classification for every single dwelling residential property should be maintained. All properties within a locality must have similar purpose codes, within similar zones and be linked to a primary benchmark.

Component classifications for every non-single dwelling residential property is required to ensure valuation currency and consistency. To date only one component has been created i.e. diplomatic use properties.

Following the creation of a new group, verification of values within the group must be undertaken to ensure that the relativities between the unimproved values are consistent. This ensures that the effect of any variation to the value of the selected benchmark is applied across the linked group of unimproved values consistently.

The main difference between locality and component groupings are that components can include pockets of property in differing suburbs within a district, whereas localities are restricted within suburbs. The use of component grouping is beneficial where:

- like properties are insufficient in number in an immediate neighborhood to support a benchmark
- the properties are too diverse (non-homogenous) to support the use a benchmark

Although the majority of ACT single dwelling residential property are included in localities, there is nothing to prevent the creation of single dwelling residential property *components* e.g. the southern part of Braddon may be included with the northern part of Reid as the value driver attributes (such as heritage listing) of both suburbs are similar.

However, the system does not include the functionality to create cross district components for benchmarking purposes (e.g. local centres - shops). Instead, each component will have a unique type (BM Type) that will be the same in each district. A list of current BM Types is included as Appendix Q.

The structure and description of localities and components that are homogenous must be reviewed to ensure:

- properties include similar permissible uses, generally within the same or similar zoning
- the BM Types descriptions clearly define the nature of the properties within that grouping and is descriptive enough to ensure that newly created properties may be added to the correct group
- outlier properties are appropriate for inclusion in the grouping except for higher valued outliers, which should be removed and placed in a non-homogenous grouping

Where appropriate, a grouping of dissimilar properties should be identified as 'non-homogenous'

The review process is likely to identify changes required to group descriptions and structures to account for changes in properties within and surrounding the group over time. As appropriate, grouping changes should be made to bring the required changes to account.

Material changes to the content or boundaries of groups should only be made following consultation with project manager.

Initial allocation of individual properties to a group must be actioned by nominating the BM Type in the appropriate supplementary valuation template in full. However, if during general revaluation the categorisations require modification, administration must be provided with sufficient detail to ensure that the updated BM Type and grouping data is reflected correctly in VMS.

If new components are being created, then the details of those groups must be articulated clearly in the Parcel Extract generated for the new component to allow reciprocal entries to be created in VMS. Updated and amended groupings can also be managed in a similar fashion.

## 7.2 Unimproved value verification

The principal objective of the verification process is to ensure that valuation recommendations are of as high a quality as can reasonably be achieved.

Verification is a systematic process of determining that all properties are correctly valued. All verifications must be made with an understanding of the physical and market factors that influence the value. There must be sufficient knowledge of the property to determine that the valuation recognises these factors.

### 8.2.1 Verification requirements

The verification requirement is based on risk rating that considers the complexity and nature of each property ranging from low to extreme risk. It is proposed that extreme risk properties (1) require verification every year, high risk properties (2) are to be verified every 5 years and moderate risk properties (3) every 10 years. Low risk properties require verification every 20 years (4). This provides for more frequent review of individual unimproved values and groupings for the more complex and contentious valuations. Below is the verification risk rating table.

Verification risk descriptor	Risk rating 1 - 4	Verifiable p.a.
Successful objections/ACATs from previous year	1	100%
Primary benchmarks and all analysed sales	1	100%
Properties considered to be of high risk not already included in risk rating 1*	1	100%
Heritage restricted land (non-residential)	2	20.0%
Mixed use commercial land	2	20.0%
Rural land	3	10.0%
Single use commercial land	3	10.0%
Multi-unit residential use land	3	10.0%
Public recreation and similar land	4	5.0%
Single residential use land	4	5.0%

*Verification has a significant impact on resources and requires contemporary systems to meet requirements. It is recognised that ACTVO resources and systems are insufficient to support compliance with these requirements. Nevertheless, the review of resources and development of systems is intended to improve capacity in the out years.*

The risk rating table identifies the individual risk descriptors, the risk ratings applicable for that descriptor and the annual verification percentage requirement. The overall annual verification percentage requirement is applicable to the risk rating not the individual risk descriptor.

Therefore properties that are to be verified annually, regardless of the risk descriptor include 100 per cent of all properties within risk rating 1, 20 per cent of all properties within risk rating 2, 10 per cent of all properties within a risk rating of 3, and 5 per cent of all properties within risk rating 4.

Major variations to the total annual percentage requirements in a revaluation year due to resource or other external pressures must be addressed in project plans. The Commissioners support must be obtained for any proposal that varies the above verification schedule.

The risk rating table considers the complexity and nature of the property being verified and the need for regular review outside the mass valuation process to ensure valuation rigor.

Extreme risk properties that are to be verified annually include, but are not limited to:

- town and group centres
- contaminated sites
- In Globo parcels
- high valued properties

These properties may be broadly classified as those whose unimproved value:

- has been identified as being within an area of high or extreme risk within the risk register
- has changed by a factor of more than x0.50 or x2.00
- because of quantum, an amendment from objection or appeal could have a material impact on the charges levied, or
- if amended on objection or appeal, is likely to cause a significant loss of public or stakeholder confidence in the valuation process

In more specific terms, such properties are those whose unimproved values are the most difficult to calculate and substantiate and whose values are most likely to be amended on objection or appeal for any of the following reasons:

- there is a lack of historical comparable sales evidence for the property type
- there is difficulty of obtaining evidence on which to determine the valuation for the property type
- there is need for detailed valuation assumptions and rationale to be provided to determine a valuation
- a high level of investigation and due diligence would be required to correctly determine the valuation of the property
- the use and therefore the value of the property type is likely to be subject to ongoing change.

High risk properties may be assessed using the risk rating matrix, provided as Appendix I, where the risk of any potential change to a property's value may be considered against the consequences of such value change. All properties with high and extreme risk results should be included for verification purposes as 'risk rating 1 or 2' respectively. As outlined in Section 5.5, worksheets must be maintained for properties of this risk profile.

Town and group centres are defined as commercial centres that include an array of discount department stores, supermarkets, and specialty shops. The town centres are designed to service the district whereas group centres service several surrounding suburbs within a district.

In Globo lands as described in the risk rating table are defined as greenfield sites ripe for subdivision. In Globo lands do not include infill sites (brownfield) where existing services and access to each of the potential lots is already available.

Rural land is described as those lands for which the dominant use of the land is for primary production including the business or industry of grazing, animal feedlots, dairying, pig-farming, poultry farming, viticulture, orcharding, beekeeping, horticulture, vegetable growing, the growing of crops of any kind, forestry or aquaculture or any combination, used for the purpose to generate profit on a continuous or repetitive basis.

Such lands shall be included as risk rating 3 and verified at the rate of 10 per cent annually with all properties verified within a 10-year period.

Other rural land, where the dominant use and value is 'residential' (e.g. rural living) is included under risk rating 4, with a requirement of 5 per cent to be verified annually. All properties to be verified within a 20-year period.

Where Open Space or Special Use zoned lands comprise a current use that is considered to fall within a high-risk category, these shall be included in risk rating 1. Where Open Space or Special Use zoned lands comprise a current use of commercial, industrial, or rural (rural being subject to the above classification), these are to be included as a risk rating 2.

Furthermore, the due diligence required of a property that is subject to verification shall include but may not be limited to:

a. Site area

A check shall be made to confirm the site area of the subject property is correct. If there are doubts as to the accuracy of the area, checking VMS or using ACTMapi measuring tools is required. If the area is still shown to contain discrepancies, a deposited plan should be viewed through ACTVO records or in ACTLIS.

b. Legal description

A check shall be made to confirm the legal description is correct. If there are any doubts as to the correct description, a title search should be conducted.

Although the Commissioner is primarily responsible for providing correct areas and legal descriptions for each property, a rudimentary check using VMS, ACTMapi, ACTLIS, or ACTVO's file database is required to ensure there are no obvious errors in relation legal description of the property.

Examples include the area being recorded on a residential block as being 1,000 ha when it should be 1,000 m<sup>2</sup>, or the legal description contains only 1 block when the title clearly refers to several blocks. Such errors or omissions should be noted and brought to the Commissioners attention for correction of the valuation roll.

It is not acceptable to verify the valuation of a property where clear errors to area, descriptions or categorisations are not addressed.

c. Crown Lease Purpose Clause

The Crown Lease purpose clause should be checked if the current use does not appear to accord with ordinary uses expected in a zone. A broad check of VMS and the ACTVO records should be undertaken to confirm the use. If that information does not reconcile with the use of the land, then a check of the Crown Lease via ACTLIS should be undertaken. The Commissioner should be advised of any anomalies between current use and permissible uses as a comment against the assessment.

d. Zoning

The zoning shall be checked by using current legislation and planning instruments (EPSDD etc.).

e. Recommended unimproved values

Consideration shall be given to the valuation rigor of the recommended unimproved values and whether the values are within the expected market range. All aspects that impact on the market value of a property are to be considered.

The unimproved value review shall also include:

- Requirements of the *Rates Act 2004* - all requirements must be considered.
- Grading - although grading of surrounding unimproved values does not in itself indicate the correct value of land, it is an appropriate measure to determine if anomalies exist and whether the subject land maybe valued outside the values prevailing for that locality.

f. Inspection

For verification purposes, a physical inspection is not mandatory but should be undertaken where the circumstances affecting a property cannot be readily assessed via the use of digital or other means e.g. where the value of a property is heavily influenced by location factors such as unique views, an inspection shall be required.

### 8.2.2 Verification Types

Properties that are verified must be recorded as being verified or inspected (if a physical inspection has occurred). Please refer to Appendix A for definitions.

It is expected that several properties would be inspected during the verification process.

## 7.3 Scheduling unimproved value of land verifications

Recommended unimproved value verification and correction action should be ongoing throughout the year on a component basis.

Where the typical property use of a grouping is retail, commercial, industrial, multi- unit residential or rural, the components are to be reviewed every ten (10) years. Where the typical property uses in a component are open space or special community uses, the component is to be reviewed every twenty (20) years.

It is recognised, however, that instances will occur where individual properties within a component will require the unimproved value to be verified under the risk rating basis and at different intervals from other properties within that group e.g. heritage listed single residential properties.

The individual properties should be verified in accordance with the risk rating table, regardless of the verification requirements for other properties that reside within the respective component. Details of the verification program are to be detailed in the project plan.

In summary, all properties classified as:

1. Risk rating 1 are verified annually
2. Risk rating 2 are verified every five (5) years
3. Risk rating 3 are verified every ten (10) years
4. Risk rating 4 are verified every twenty (20) years

## 7.4 Recording, maintenance, and delivery of unimproved value verification

The risk rating applicable to each grouping should be determined and demonstrated how these will be applied against individual properties. Records of all verified properties must be maintained. All properties verified throughout the valuation program are to be supplied upon request to the Commissioner.



The verification risk rating codes (VMS Codes) are provided in the table below:

Risk rating	Risk descriptor	VMS Code
1	Shopping centre	Group 2 Primary Use 21
1	Contaminated land	FLAG: Contaminated Site
1	In Globo land	Group 1 Primary Use 10
1	Quarry	Group 4 Primary Use 41
1	Benchmark property	FLAG: BM
1	Objection	FLAG: Objection
2	Commercial land	Group 2
2	Industrial land	Group 3
2	Heritage	FLAG: Heritage Site
3	Residential multi-unit land	Group 1 Primary Use 17
3	Primary production rural lands	Group 5
4	Residential, village and rural residential	Group 1

Where multiple codes apply within a valuing year, the code to be adopted is determined as follows:

- Where multiple codes apply across risk rating categories, the higher risk rating code is to be adopted
- Where multiple codes apply within a risk rating category, the order described in the above table shall take precedence.

**For example:**

- A rural zoned property (risk rating 3) subject to a sale (risk rating 1): Risk rating 1 shall take precedence.
- A shopping centre (risk rating 1) subject to objection in the prior year (risk rating 1). The shopping centre risk approach shall take precedence over the fact the property was subject to an objection.
- a retail shop (risk rating 2) that is heritage listed (risk rating 2). The commercial zone shall take precedence over the heritage listing.
- a single dwelling (risk rating 4) that is a Benchmark property (risk rating 1). The Benchmark property shall take precedence over the residential zoning.
- All aspects that impact on the market value of a property should be accounted for as at the date of valuation made in that year, and the unimproved value of land must be supported by the market evidence.

## 7.5 Benchmarks

Regardless of the grouping methodology used, benchmark parcels are an important factor for the robustness of the mass valuation process. It is therefore of utmost importance that benchmark parcels are representative of the range of properties in the benchmark locality or component and the values are well supported by sufficient market evidence.

Each benchmark parcel requires a specific worksheet containing calculations, valuation rationale, photograph(s) and physical details as well as comparable sales evidence and details of the surrounding development.



Inspections of the benchmarks must be conducted every three years to ensure the benchmark is still relevant and the physical and legal details are correct. This will limit valuation inconsistency due to benchmark obsolescence.

### 8.5.1 Selection of benchmarks

Benchmark parcels must be carefully selected to represent the largest number of properties within a component or locality group.

The primary benchmark parcel is to have an unimproved value equal to or within five (5) per cent (%) of the median value of the grouping i.e. from 95% to 105%. The primary benchmark is to be used to determine the benchmark percentage increase.

Instances may occur, at a subsequent valuation date, where a primary benchmark may be found to be outside the median value range of the group due to verification or supplementary actions having changed the median value.

Where the previously complying primary benchmark is outside the required range, but within a maximum of ten (10) per cent (%) variance from the median value, use of the existing benchmark as the primary benchmark is acceptable for that subsequent valuation date.

If a benchmark value that exceeded +/- ten (10) per cent (%) of the median value was retained for the relevant valuation, reasoning must be provided in the valuation analysis report with commentary as to:

- the reasons why the benchmark is outside the range
- the relevance of the benchmark change
- what checks if any were undertaken

Nevertheless, where the previously complying primary benchmark is outside the required range by more than +/- ten (10) per cent (%), an alternate benchmark that complies with the primary benchmark requirements shall be selected for the next revaluation.

It is a requirement that the primary benchmark is the most representative property for the group. To maintain a high level of consistency and continuity, it is expected that the primary benchmark will only be altered when it fails to meet the guidelines. All variations of primary benchmarks must be fully documented.

### 8.5.2 Valuation of benchmarks

All benchmarks for each group are to be verified and assessed each year prior to the application of the methodology. This will provide a series of base-line values against which the quality of the recommended unimproved values produced by the methodology may be measured. Verification requirements are described in section 8.2.1 with verification and physical inspection definitions provided in Appendix A - Dictionary.

Regardless of the valuation methodology adopted, the individual benchmark valuations are to be compared to the unimproved values for those properties produced by the methodology.

Where the grouping (locality or component) methodology is used, the individual value assessed for the primary benchmark must be within rounding parameters of the unimproved value of land for that property produced by application of the component factor.

## Chapter 8

### Supplementary valuations

## 8 Supplementary valuations

Supplementary valuations are critical to the integrity of the register of ACTVO unimproved values and must be completed to the highest standards. As supplementary valuations form part of the basis for future unimproved values and may be made at a time well after the relevant 1 January valuation date, it is critical that the values are correctly aligned with surrounding unimproved values, rather than being based on sales current at the time the supplementary valuation is required or completed.

The Commissioner will submit supplementary valuation instructions electronically to ACTVO's valuation inbox (email), as the requests arise.

Supplementary valuation information provided will include:

- details of the property affected
- section of the *Rates Act 2004* authorising the valuation action
- an explanation of the action and additional comments as necessary
- entries to be canceled including values etc
- entries (new) showing the required valuations for each year as at base date
- rating and other categorisations necessary for updating ACTVO's system
- any special instructions or comments e.g. urgent requests
- Crown Leases, deposited plans and strata plans and other information relevant to support the instruction

The supplementary valuation must be completed and returned in the required electronic form in the timeframe specified by the Commissioner.

The valuation process includes but is not limited to:

- inspect the properties where necessary
- note the purpose code of the property
- note the zone code(s) on each new entry
- note the locality or component code on each new entry
- note the primary and sub use OR primary and secondary use.
- provide unimproved values at the base date for the years specified in the instruction
- determine the correct valuation basis
- record any valuation calculations on an approved or relevant evidence templates
- record details of fragmented holdings
- note any anomalies associated with the detail provided in the instruction and seek clarification
- provide valuations as required in accordance with relevant legislation and any special instructions
- keep a record of the officer that undertook the work.

The supplementary valuation must include an evidence template that incorporates details of the property, instructions, list of comparable unimproved values as well as sales evidence. A brief rationale describing how the valuation was derived must also be included. A copy of the valuation will be duplicated in the relevant district file for review in the subsequent general revaluation.

The additional detail required in a supplementary valuation is important as this forms part of the verification quota associated with the subsequent general revaluation. An appropriate risk rating must be determined and recorded against the property(s) being assessed.

Importantly, a supplementary valuation should not be returned where such action would be contrary to the provisions of the *Rates Act 2004* or an obvious error in description or area or use exists, notwithstanding the fact that the supplementary request was forwarded by the Commissioner.

### **Supplementary valuations following objection**

From time-to-time supplementary valuations may result from an objection or ACAT decision. The Commissioner will include the details of the objection or Court determination and instruct the ACTVO to furnish a corresponding supplementary valuation in accordance with the determination.

The Commissioner may determine the objection and request supplementary valuations where the objection is lodged based on error of fact i.e. on the following grounds:

- area/dimension
- incorrect description
- amalgamation
- split valuation
- incorrect zoning
- incorrect basis.

Where the Commissioner requests such a supplementary valuation, the date valuation made (DVM) will remain as the date of the originally issued valuation/s. If there are multiple DVMs, the DVM for this action will be the earliest of the DVMs. This will apply to each valuation year where an objection has determined properties are to be amalgamated or separately valued.

Where there are multiple current valuations applicable to a property other than the valuations that have been objected to, the supplementary valuation for those other valuation years will require a new DVM, being the current date of valuation.

It should be noted that nothing in this section supersedes the requirement to make valuations in accordance with the *Rates Act 2004*.

## Chapter 9

# Valuation inquiries

## 9 Valuation inquiries

The Commissioner may require information regarding analysed sales, methodology used, or any information used in the determination of a value without requesting a full objection.

Examples of information that may be requested include, but are not limited to:

- the basis of the valuation
- the methodology used to establish value
- the prima facie correctness of the valuation
- establishment of the permissible uses of the land
- queries regarding the zoning of the land
- physical features that may not have been considered in the valuation.

Where information advising whether certain factors were taken into consideration when making the valuation is requested, then an explanation regarding the impact that those factors have on the valuation should also be included.

Where, based on the inquiry of the owners, the Commissioner requires further clarification but not a formal report, then this will be supplied either through a limited scope residential report or additional information commercial request.

- Limited scope assessment – residential property

A limited scope assessment is not a formal valuation. It is designed to verify the unimproved value established from a benchmarking exercise. It checks that the recommended variation in unimproved value of the subject property is the same as the variation of the relevant benchmark. Sales supporting the quantum of variation are also included. If the value is found to be inconsistent with the increase in the value of the benchmark, then a recommendation is made to the Commissioner to review the assessment. In these circumstances a supplementary valuation may be requested by the Commissioner to correct the unimproved value

- Additional information request – commercial property

The additional information request is not a formal valuation. ACTVO is required to provide brief details of the subject property, as well as sales that have been applied in the general revaluation of commercial property to support the Commissioners response to a landholder valuation inquiry. As commercial property includes a broad array of property types, only general details of the valuation exercise and outcomes are provided.

Neither of the above exercises are a substitution for a full objection valuation. Nevertheless, some degree of care is required in completing the requirements to ensure that the Commissioner has sufficient detail to decide the best response.

Copies of the templates are included as Appendix P.



## Chapter 10

### Appeals

## 10 Appeals

In the case of valuation appeals, valuers will be required to prepare reports, and must be prepared to appear as an expert witness at the ACAT. Valuers may also be required by the Commissioner to provide other assistance to support the resolution of valuation disputes.

If called as a witness, the valuer will be required to prepare a statement of evidence and comply with the directions of the court.

Valuers are to conform to the requirements of the ACT model litigant requirements.

Reports must also comply to professional standards equivalent to API and PINZ Real Property Guidance Note ANZRPGN2 'Acting as an Expert Witness, Advocate or Arbitrator' in Australian and New Zealand Valuation and current Property Standards (ANZVPS) (or equivalent).

If the Administrative Civil Appeals Tribunal (ACAT) issues a determination resulting in a variation to the determined valuation, the Commissioner will issue a supplementary request, provide a legal analysis of the outcome where pertinent, and may issue memoranda to clarify future valuation exercises.

## Chapter 11

### Property use code

# 11 Property use codes

Property information supplied by the Commissioner are matched with the corresponding records within VMS. The information is made available via email. The use codes associated with any sales that have been analysed must be reviewed and confirmed within VMS.

The primary purpose for the coding is to allow retrieval of similar property types. This is important for sales collation and development of components for mass appraisal purposes.

Where subsequent information or analysis indicates that the VMS use codes are incorrect, the code is to be amended using Parcel Extract for Valuers worksheets or (in the case of small property numbers) ACTVO administration is notified and will make the change in the VMS and include notes in the comments field.

Coding is to be based on both:

- information contained in the sales advice
- local knowledge.

The list of all applicable codes is contained in Appendix Q.

## Chapter 13

# Reference documents

## 12 Reference documents

ACTVO must have regard to the requirements of the following documents:

- *Rates Act 2004, Tax Administration Act* and other relevant ACT statutes
- Relevant Administrative Appeals Tribunal (AAT) and Administrative and Civil Appeals Tribunal (ACAT) guidance
- Other relevant Court Precedents and Practice Notes
- Commissioners Memoranda (see **Appendix L**)
- Rating and Taxing Valuation Procedures Manual
- Rating and Taxing Valuation Technical Instructions (see **Appendix M**)
- Current Australian and New Zealand Valuation and Property Standards (ANZPVS)
- VMS User Guide.

In the event of conflict between any of these documents they are to be considered in the order of ranking above. Nothing in this section precludes the decision of the Commissioner.



## Appendix A – Dictionary

<b>Act –</b>	the <i>Rates Act, 2004</i> (as amended).
<b>ACAT -</b>	the Administrative and Civil Appeals Tribunal.
<b>ACTVO –</b>	the ACT Valuation Office of the Revenue Management Division, Chief Minister Territory Environment Development Directorate.
<b>ACTVO Valuers –</b>	personnel appointed pursuant to the Section 90C of the <i>Tax Administration Act</i> as authorised valuers
<b>Additional information request -</b>	the supply of subject property information and sales that were used to support the recommended commercial property unimproved values
<b>API –</b>	the Australian Property Institute.
<b>Appeals services –</b>	the services associated with information and valuations for first responses, objections and ACAT.
<b>AUV –</b>	five-year average of unimproved values.
<b>Base date –</b>	1 January of the active rating year.
<b>Benchmark –</b>	refers to a primary benchmark
<b>Valuation Management System (VMS) –</b>	an ICT application used to maintain property and valuation data including valuation recommendations, changes of address, and property descriptions. ACTVO’s current system is called CAVS – Computer Assisted Valuation System.
<b>Co-efficient of dispersion (COD) –</b>	is a measure based on the differences between individual ratios of valuations to actual prices and median of all ratios in the aggregate sample. It is formed as the average of such differences (ignoring the signs of the differences) divided by the mean ratio and expressed as a percentage.
<b>Component (see Locality) –</b>	properties grouped together on a cross suburb basis but within a district, because of similar uses and characteristics and will be similarly affected by market trends.
<b>Commissioners Determination –</b>	unimproved values deemed by the Commissioner as suitable for use in the calculation of the AUV (see Rating Assessments).
<b>Group method –</b>	the method of valuing property whereby properties to be valued are grouped according to localities or components of which the unimproved values are varied by the same proportion.
<b>Confidential information –</b>	information of every kind or in any way relating to the business transaction, methods, records, form, charges, files, affairs, employee data, financial and business data, technical data, intellectual property, and trade secrets of the Territory which includes the property information, the procedures manual, the methodology, and all methods and processes used by the ACT Valuation Office in making a rating valuation.

<b>Contaminated site –</b>	a property, which is identified or recorded by the Territory as being contaminated or is widely known to be contaminated.
<b>Delegate –</b>	the persons for the time holding or performing the duties of the Commissioner of ACT Revenue.
<b>Deliverables –</b>	all valuation related services required to be supplied.
<b>Determined Value -</b>	valuations that have been determined by the Commissioner as suitable for inclusion in the calculation of the AUV.
<b>File Upload –</b>	the provision of an electronic data file to the Commissioner.
<b>Final valuation recommendations –</b>	final unimproved value recommendations for the Commissioner's determination.
<b>General revaluation program –</b>	a period pertaining to the making of unimproved values for consideration by the Commissioner.
<b>Homogeneous component –</b>	a component where the properties are reasonably similar, in a reasonable market range and are subject to the same market forces.
<b>Improvement to Sale Price ratio –</b>	the ratio between sale price and the added value of improvements.
<b>Individually verified valuations –</b>	a valuation recommendation which has been individually determined or verified without the benefit of an inspection but using local knowledge obtained from previous inspections or other sources.
<b>Inspect flag –</b>	the date that indicates a verified valuation recommendation where a physical inspection in the current valuing year has been undertaken.
<b>Interim valuation recommendation –</b>	a valuation recommendation provided by ACTVO prior to the completion of a final valuation recommendation for the purpose of review by Commissioner for determination of rating assessments.
<b>Limited scope assessment –</b>	a review of a benchmark variation of an unimproved value using sales evidence.
<b>Market analysis services –</b>	the services specified in Chapter 4 of the Manual.
<b>Market sale –</b>	a sale of land that has occurred as an open market 'arms-length' transaction
<b>Market sale not suitable for analysis –</b>	a market sale, which due to nature of the improvements, inclusions, or nature of use (e.g. walk-in walk-out or licensed premises) would be of limited assistance in accurately deducing an unimproved value of land.
<b>Mean value –</b>	the average value within a group of valuations.
<b>Mean value to price ratio (MVP) –</b>	measures the accuracy of values relative to sales price. It is calculated by dividing, in each instance where there is an analysed sale of land, the land value by the adjusted unimproved value at the base date, aggregating the results and dividing the total by the number of analysed sales, then expressing the result as a percentage.



<b>Median –</b>	the midpoint in value over a range of values within a group of valuations, either component or IQR.
<b>Non-homogeneous group –</b>	a grouping which does not fit the definition of a homogeneous component.
<b>Non-market sale –</b>	a transaction that has been determined to have occurred in circumstances other than the normal vendor, purchaser open market relationship. The term non-market refers to the terms and circumstances of the sale, not the price.
<b>Out of line sale –</b>	a market sale out of line with other reliable market evidence.
<b>Outlier –</b>	a valuation that falls within the top or bottom 20 per cent (%) of a component valuation range.
<b>Personal information –</b>	any information about a person whose identity is apparent, or can be reasonably ascertained, from the information or opinion.
<b>Physical inspection –</b>	physically viewing the property for the purpose of the valuation being made from a vantage point that offers a reasonable appreciation of the property's features. Physical inspection does not require entry onto the property unless property attributes are unknown and cannot clearly be determined through alternate means, including satellite and topographical imagery.
<b>Price related differential (PRD) –</b>	measures the vertical equity of valuations, that is the extent to which high and low valued properties are assessed uniformly relative to sales data. The PRD draws on sales properties and is the average sales ratio (that is the average unimproved value to sales ratio) divided by the weighted average (the sum of the unimproved values divided by the sum of the adjusted unimproved values at the base date).
<b>Principal Valuer –</b>	the person appointed by the CMTEDD to provide advice on statutory valuations and to liaise with the Commissioner in accordance with the Standing Instructions.
<b>Primary benchmark –</b>	an individually valued property representative of the median value of a typical group of properties in a locality or component. Where the component method is used the primary benchmark is to be used to calculate the component factor.
<b>Property –</b>	a Crown Lease estate or interest in land in the Territory.
<b>Property information –</b>	the information maintained by Commissioner or the ACT Valuation Office whether stored in Community or VMS or another medium concerning real property in the Territory, including but not limited to property descriptions and addresses; ownership; purpose clauses; zoning; analysed values and sales records.
<b>Rating Assessments –</b>	unimproved value determinations by the Commissioner for inclusion on the valuation roll.

<b>Relevant Sales Period –</b>	the first day of September of the year preceding the base date to the last day of February in the year of the base date.
<b>Risk rating –</b>	refers to the numerical identification given to a property based on the categories of risk contained in the risk rating table in Section 8 of this Manual.
<b>Risk descriptor –</b>	refers to the categories of properties corresponding to each risk rating contained in the risk rating table in Chapter 8 of this Manual.
<b>Sales ratio –</b>	the land value for a sale property divided by the adjusted unimproved value of land at the base date analysed for that sale.
<b>Schedule of agreed dates –</b>	a schedule of dates for key project deliverables and other procedural requirements as agreed between the Commissioner and the ACTVO.
<b>Supplementary valuation –</b>	any valuation (other than the final valuation) made or required to be made by the ACT Valuation Office pursuant to the <i>Rates Act 2004</i> , the <i>Tax Administration Act</i> , or any other statute.
<b>Supplementary valuation recommendation –</b>	a valuation recommendation (other than an interim valuation recommendation or a final valuation recommendation) provided by the ACTVO to the Commissioner for the purpose of making a supplementary valuation.
<b>Supplementary valuation –</b>	the services specified in Chapter 9 of the Manual.
<b>Verification, component review and benchmarking services –</b>	the services specified in Chapter 6 of the Manual.
<b>Upload –</b>	the provision of an electronic file of unimproved values to the Commissioner.
<b>Valuations –</b>	valuations and supplementary valuations of unimproved value made by the ACTVO.
<b>Valuation analysis report –</b>	a report that details the quality assurance measures.
<b>Valuation authority –</b>	the section of the <i>Rates Act 2004</i> used to provide the authority to make the valuation.
<b>Valuation basis –</b>	the section of the <i>Rates Act 2004</i> or other acts that provide the statutory basis for making the valuation.
<b>Valuation inquiry services –</b>	the services specified in Chapter 10 of the Manual
<b>Verification –</b>	the systematic process of determining that all properties are correctly valued. All verifications must be made with an understanding of the physical and market factors that influence the value. Verification can be made with or without physical inspection, provided that the contractor has sufficient knowledge of the property to determine that the valuation is correct.

**Worksheet –**

Information, in any format, providing details of a property or properties, attributes and/or valuation calculations or rationale. This information must be capable of electronic delivery to the Commissioner.

## Appendix B – Example Project Plan

# ACT Valuation Office Project Plan 20xx

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## Program Information

### Aim of Plan

The aim of the Project Management Plan is to outline how the ACT Valuation Office (ACTVO) will undertake the required Valuation Services for Taxing and Rating Purposes within the ACT. An overview of the procedures and processes which the ACTVO follows, are outlined, to ensure that the required standards and timelines are met.

The following services are conducted by the ACTVO: Revaluation Program, Supplementary Valuations, Lease Variation Charge (LVC) Reviews, Objections, Land Rent Reviews, and other Ad Hoc valuations as required.

The ACT Revenue Office levies rates and land taxes based on the unimproved value (UV) of rateable and taxable land within the ACT.

Rateable land is defined under Section 8 of the *Rates Act 2004*.

Unimproved Values are assessed annually under Section 10 of the *Rates Act 2004* as at the base date of 1 January. Section 6 of the *Rates Act 2004* defines unimproved value.

A Revaluation Schedule of Agreed Dates is provided later in this report, as is a Verification/Regrading Schedule in which groups or sub-groups of properties are identified for review.

### Staff Allocation

The following staff will provide valuation services for the ACT Valuation Office:

- Principal Valuer
- Senior Valuers
- Valuers
- Admin Support

### Sales to be Analysed

The annual revaluation program commences each November, preceding the base date of 1 January, and is to be completed by the 1 March.

The ACTVO will undertake to perform sales analysis as from November to March each year in accordance with the rating program, and as dictated by market conditions.

The analysis of directly comparable unimproved site sales is the preferred valuation approach.

All relevant sales which assist in the establishing or verification of unimproved land values as at 1st January 20xx will be analysed. This will in general, include rural, industrial, commercial, mixed use, vacant land, residential and development site sales, to cover the breadth of the market and to provide more than sufficient market evidence.

Sales closer in time to 1 January are preferred, however it may be that due to a lack of recent market evidence, that the best evidence may be removed in time. Older sales should only be included where recent market evidence is lacking, with consideration of any market movement.

Emphasis will be placed on sales analysis of property types that have limited market transactions. This includes rural properties, commercial and industrial properties, special use properties and residential development sites.

Analysed sales will be recorded on a spreadsheet prepared for each suburb, in which land values will be deduced from the sales evidence. Sales which are out-of-line must include supporting evidence to explain why the sale is out-of-line.

The Valuer is required to have regard to the whole market and not just the vacant land sales. To fulfil this requirement, sales of improved properties will have to be analysed, particularly where the improvements are less than optimum and may be approaching demolition.

### **Verification/Regrading Program**

The individual verification of land values and the review of localities/areas/precincts will be carried out in accordance with the verification schedule as proposed for the 1 January 2020 rating year. Our main aim in undertaking verification is to ensure consistency as well as accuracy.

The principal objective of this process is to ensure that valuations used for rating and/or land tax are of as high a quality as is possible and can reasonably be supported on objection/appeal.

The verification program is a systematic risk-based process to periodically verify property data and unimproved land values to ensure that they are appropriately valued. There are four risk categories: extreme, high, moderate, and low risk. A risk rating of 1 or 2 refers to those properties which are deemed to be of extreme to high risk, whilst those with a risk rating of 3 are deemed to be of medium risk. A risk rating of 4 pertains to property with the lowest risk.

Properties grouped into risk rating 1 and 2 categories tend to be those which are more complex in nature. For example, there may be limited sales evidence or there may be a need for detailed valuation assumptions to assess unimproved value.

Such properties may also have relatively high values, or they may be those which have been subject to objections or ACAT mediations and/or hearings in the recent past. The focus of the verification exercise will be towards those properties deemed to be in the risk category of 1 and 2. Any value change more than 25% will need to be reviewed by the Principal Valuer.

The annual verification program will be carried out on a locality and property type basis. Regrading requirements may have been identified from the prior rating valuation exercise; because of general valuation activities carried out in a certain area; or because of an external public enquiry. General valuation activities may include ACAT mediations and hearings, objections, supplementary rating assessments, lease variation charge valuations and any other related activity.



The verification program will be based around the table below which outlines the risk rating of various property types/categories.

Verification risk descriptor	Risk rating	Verifiable
	1 - 4	p.a.
Successful objections/ACATs from previous year	1	100%
Primary benchmarks and all analysed sales	1	100%
Properties considered to be of high risk not already included in risk rating 1*	1	100%
Heritage restricted land (non-residential)	2	20.0%
Mixed use commercial land	2	20.0%
Rural land	3	10.0%
Single use commercial land	3	10.0%
Multi-unit residential use land	3	10.0%
Public recreation and similar land	4	5.0%
Single residential use land	4	5.0%

\*e.g.: some Lease Variation Charge Valuations, where there may be a significant difference between the 'Before' and 'After' valuations, or residential multi-unit site valuations where there may have been a significant increase in value due to a regrading exercise.

Commercial zoned land within the ACT is organized into a hierarchy of Districts as follows:

Central Business District.

- Town Centres - Belconnen, Gungahlin, Woden and Tuggeranong.
- Group Centres - these are designed to service a group of suburbs, e.g.: Dickson, Manuka.
- Local Centres - these are designed to service a particular suburb, e.g.: Charnwood.
- Neighborhood Centres - these are designed to service localities within a suburb.

Industrial zoned land within the ACT is located within the suburbs of:

- Fyshwick
- Mitchell
- Hume
- Beard and
- Symonston

The following table outlines the 5-year proposed verification program for the ACT. Regrading may also be carried out in other areas where required, or when certain issues arise. The ACTVO may also make changes on individual properties where values are found to be in error or out-of-line.

#### 2022

Category	Locality Description	No. Properties

#### 2023

Category	Locality Description	No. Properties

**2024**

Category	Locality Description	No. Properties

**2025**

Category	Locality Description	No. Properties

**2026**

Category	Locality Description	No. Properties

**Inquiries and Objection Reports**

The Commissioner for ACT Revenue receives inquiries from property owners relating to the determined unimproved value on their land. Depending on the substance of the inquiry the Commissioner will request the ACTVO to provide more information in a Limited Scope or Additional Information format. These are formal responses to an inquiry but are not valuation reports that might substantiate the value of a property.

A general revaluation program may give rise to objections following release of the determinations from July following the base date. The values are released in three (3) tranches and the objections are received from about late July through to early December each year. Once the objection has been assessed as valuation related, the Revenue Office will forward the formal objection to the ACTVO to address the issues raised by the rate payer in a full objection report.

The objection report will include commentary on the objector's point of contention and will include a schedule outlining the sales evidence which has been relied upon.

If the UV is required to be amended, further investigations are then carried out as to whether adjoining properties, localities or a particular class of property require their land values to also be amended. Localities, property types or individual properties which receive multiple objections will need to be monitored.

If the rate payer is not satisfied with the ACTVO's objection response, they can refer the objection to the ACT Civil and Administrative Tribunal (ACAT). Valuers may be required to appear at ACAT to defend their assessment either at mediation or hearing.

**Timeframes to Complete Valuation Jobs**

Supplementary Valuations	35 Days
Objections	35 Days
Market Value	60 Days
Broadacre	60 Days
LVC Review	60 Days
Land Rent Review	35 Days
Land Withdrawal	35 Days
Land Acquisition	Case by case
General Consultancy	Case by case
Mediation	Case by case

**Potential Risks to Project Plan and Mitigation Strategies**

Risk	Mitigation Strategy
The loss of a staff member for an extended period. e.g.: on leave, illness, etc	Additional assistance will be sought from other valuers within the ACTVO.  Developing a programme of succession planning should valuers retire or resign.
Delays in completing tasks as per project plan timelines.	To minimise this risk, we will be working closely with the Project Plan and will hold regular staff meetings to identify any issues before they become problems.
Delays due to ICT (Information, Communication Technology) system changes – for e.g., the move to Objective.	Ensure all staff are adequately prepared (e.g., via training) and that changes are not scheduled around important milestone dates.



## Valuation Information

### Quality Assurance Process:

All ACTVO valuers are qualified valuers. In addition, all ACTVO valuers are required to be members of the API and maintain all API standards, code of conduct and the CPD program. The ACTVO has a Rating and Taxing Procedures Manual detailing the QA Procedures. A brief overview is provided below.

### Supplementary Valuations:

The Revenue Office will regularly forward to the ACTVO lists of new properties requiring UV assessments, following the granting of new Crown leases or Crown lease variations to existing purpose clauses, resulting from Development Application approvals. This work is critical to the integrity of the Register of Land Values and must be completed to the highest standards using best practice.

The ACTVO run an in-house auditing program whereby all supplementary assessments are audited by senior valuers. To ensure the timely delivery of the supplementary assessments, our job tracking spreadsheet produces a Job Status Report and Due Date Report which documents the incomplete supplementary valuations, of which all valuers can access. As an additional check, ACTVO administration provides a list of jobs on-hand to the valuers weekly.

To allow the completion of the general revaluation program the provision of all but urgent supplementary valuations for the existing revaluation period will be closed off in February. Work on supplementaries will recommence once the final valuations have been uploaded to the Commissioners warehouse and these will include unimproved values for the current and prospective year. Once the Commissioner determines the new values for rating, then any new supplementary valuation request will only require a single assessment. Supplementaries existing before determination will still require two assessments.

### Sales Analysis:

The analysis of each sale must include the following:

- Description of the physical characteristics of the land
- information on zoning
- uses permitted by the Crown Lease purpose clause
- developmental details
- added value of improvements and whether these are representative of the market.

All analysed sales must provide a deduced UV, unless the sale is identified as a non-market sale. Analysed sales which are out-of-line with other sales must have comments stating why the sale is out-of-line. ACTVO also run a peer review auditing program, whereby a percentage of all sales analysed are audited by the Revaluation Program Manager and the Principal Valuer.

### Verification:

Each valuer maintains a verification/regrading spreadsheet which shows which individual or groups of properties have been verified. Each valuer must record which properties have had adjustments to respective unimproved values, the reason for the change and the percentage change.

Supplementary assessments conducted throughout the year also count towards verification requirements. Based on the verification risk assessment, the number of verifications required per year is noted in the following table for 2022:

Type	Total	Verification	No.
Heritage Restricted Land (non-residential)	155	20%	31
Mixed Use Commercial Land	218	20%	44
Rural Land	179	10%	18
Single Use Commercial Land	927	10%	93
Multi-Unit Residential Use Land	4,606	10%	461
Public Recreation and Similar Land	530	5%	27
Single Residential Use Land	110,080	5%	5,504
	<b>116,695</b>		<b>6,176</b>

Based on seven (7) revaluation districts, this shows approximately 900 verifications each are required.

#### **Revaluation:**

All benchmark valuations and factors are extensively reviewed by the project manager before the proposed factors are determined.

#### **Project Specifics:**

This Project Plan has outlined in detail how the ACTVO will provide the on-time delivery of high quality, accurate, and consistent services.

This will involve scrutiny being given to the sales analysis, added value of improvements and valuation of difficult or complex properties.

The ACTVO will utilize the component method of mass valuation along with the use of benchmark properties. To ensure the accuracy, consistency, and timeliness of the delivered services, the ACTVO will:

- Ensure that all valuers working in the ACTVO are suitably trained and experienced, have a working understanding of the Territory Plan and issues relevant to the ACT, and are aware of their requirements in relation to this Project Plan.
- Undertake a program of the verification of land values where required.
- Work closely with the Project Plan to ensure that all services are delivered on time.



## Revaluation Schedule of Agreed Dates 202x/202x

Annual Revaluation Task Description	
Preparation of folders to store hardcopy suburban locality maps and valuers file notes and set up sales analysis spreadsheets for each suburb by administration	October/November
Allocation of suburbs and valuation responsibilities to valuers	October/November
Valuers commence sales analysis and inspections	November – March
Review residential benchmarks. Check the benchmarks are within 5% of the median of the locality. Use analysed sales to individually value all benchmarks on the sales analysis spreadsheets	November – March
Check that all residential assessments have values, with correct locality and categorisations	February
Peer review of the analysed residential sales evidence	February
Review all commercial valuation worksheets. Where benchmarks are used check to establish whether these are within 5% of median of component	February
Interim residential benchmark property values to be entered into database. Handcrafting/regrading of values completed and entered by administration into VMS	End February
Deliver interim residential unimproved value data file to Revenue Office	March
Check all commercial assessments have values and are included in correct components with appropriate categorisations	March
Peer review of the analysed commercial sales evidence	
Review all commercial valuation worksheets. Where benchmarks are used, check whether these are within 5% of median of component	February-April
Deliver interim commercial unimproved value data file to Revenue Office	March
Review rural valuation worksheets. Where benchmarks are used, check whether these are within 5% of median of component	February
Work temporarily ceases on general supplementary valuation requests; urgent supplementary valuation requests are completed	
Check all rural and other assessments have values and are included in correct components with appropriate categorisations	March
Peer review of the analysed rural and other sales evidence	
Interim rural and other benchmark property values to be entered into database. Handcrafting/regrading of values completed and entered by administration into VMS	April
QA value relativities between locations	Jan-April
Final complete list of unimproved value data is delivered to Revenue Office	April
Work recommences on supplementary valuations	April
Review the exception report as supplied by Revenue. Check for any missing values or significant value changes	April
Final/Annual report supplied to Revenue Office	June

## Appendix C – Sales and market analysis

### a) Sales analysis records

Information common to all sales:

Property details:

- property type
- district
- benchmarking component code – is to be the component code relevant to the entire sale
- zoning – is to be the zone relevant to the entire sale
- address
- legal description (reference to lots, plans or other legal identifiers)
- Crown Lease purpose code(s)
- area – of entire sale
- Use codes

Sale details:

- contract date
- settlement date
- sale price

#### Information common to all market sales

*(Includes sales flagged with a market indicator and out of line sale indicator):*

In addition to the above.

- description of physical features of land
- valuation of contributions etc. paid and included in sale e.g. offsites works required in the contract of sale
- development application (state type of development and if approved or refused and if DA was included in sale)
- environmental constraints (contamination, endangered species, flood prone, water access etc.)
- photo(s) of property showing relevant features that were taken on inspection of the sale
- (Additional photos from other sources are acceptable to indicate features not visible or accessible on inspection.) An explanation is to be provided if a photo could not be taken by the inspecting valuer
- description of improvements
- added value of improvements in actual and rate/m<sup>2</sup>
- details of any adjustments to sale price
- location
- services
- access
- views
- surrounding development
- other features
- circumstances of the sale including the reason why:
  - the sale may be relied on if a genuine market sale
  - the sale is out of line including reference to other reliable market evidence
- analysed land value at contract date – for the entire sale



- analysis to be a rate per m<sup>2</sup>, rate per ha, rate per unit, per plot ratio or other suitable unit depending on purpose as appropriate
- valuation as at 1 January – for the entire sale
- adjusted unimproved value (if any) to valuation as at 1 January
- date of inspection by valuer and valuer's name

Sale details:

- GST paid (amount of GST included in sale price)
- terms and conditions
- inclusions in sale price

**Information common to all non-market sales and sales identified as market sales not suitable for analysis**

Circumstances of the sale including the reason why:

- the sale is a non-market sale
- the sale is not suitable to be analysed

An adjusted land value to valuation as at 1 January is not to be provided.

**Additional information required for commercial and rural sales**

If a property is subject to a sublease at the time of sale, capture all relevant details of that agreement and determine the yield. The need for any deductions in analysis, where appropriate, to reflect any premium paid for lease agreements in place at time of sale needs to be considered. It is especially important to note the details of ground leases for other work undertaken under Commissioner's instruction.

If the sale is subject to vacant possession, GST is likely to be a feature of the sale.

**Additional information required for rural sales**

Remarks, analysis, conclusions:

- topography, soil, and timber types
- water access license and works and use approval details
- added value of inclusions (stock, crops, plant, chattels) where these are not noted separately in the sale
- added value of buildings and structures
- added value of plantations orchards vineyards
- added value of fencing
- added value of irrigation plant, earthworks, and layout
- added value of water improvements
- added value contour banking, or other works of conservation
- added value of pasture improvements
- deduced unimproved value
- rate per ha, per estimated dry stock equivalent or per ACT Notifiable Instrument N12013-318 Stock Determination
- break-up of land classifications and relevant rates per hectare
- land rent details

**b) Commercial and industrial rental analysis (where applicable)**

The following will be maintained for both commercial and industrial properties, **where relied upon to establish a basis for valuation:**

- property details
- source of information
- lessor
- lessee
- commencement date
- term
- rent
- terms and conditions
- CPI
- GST
- outgoings – who pays what
- amount of rent on a gross and/or net basis
- rent expressed as rate per m<sup>2</sup> and/or rate per m frontage and/or weekly/monthly
- market movement indicated by rental analysis
- comment on whether rent can be relied on as a market rent

## Appendix D – Sales analysis by replacement cost

The replacement cost method avoids having to make a hypothetical adjustment for depreciation by allowing real costs for physical deterioration bringing the sale property to an as new condition. The costings are to be based on the same size, number of rooms and construction etc. as similar as possible to the existing building. Further allowances may be required to account for (1) design and functional obsolescence; and (2) external or economic obsolescence.

The replacement cost method is appropriate for sales analysis where there are limited vacant land sales and may be applied across the market. Sales of heavily improved properties should be treated with caution as the results will not be as reliable as under improved properties.

### Replacement cost methodology:

- reasonable allowance for refurbishment costs added to the sale price to bring the improvements to an as new replacement standard where the returns would be equivalent to as new
- an appropriate entrepreneurial profit and risk allowance
- allowance for interest on funds during the hypothetical construct to completion period. This is inclusive of holding charges and construction costs
- the adjusted sale price can now be analysed for land content by using industry accepted cost estimates for the as new building and development expenses. The residual amount following this exercise will show the adjusted land value at the valuation date
- allowance for acquisition costs in the analysis of single housing sites under the replacement methodology has not been made as the residential market for this category makes purchases on a comparative basis without regard to this item as a separate consideration.

### Costs are inclusive of the following:

- cost of building construction, including all professional fees
- costs of site works in preparation for building
- cost of stamp duty and legal charges on purchase of site
- costs of rates and taxes over development period
- loss of interest on capital outlaid on purchase of site
- loss of interest on capital outlaid on construction (av. 50 per cent of dev. period).
- reasonable profit required by developer
- legal costs and commission on sale for development sites.
- the depreciation allowance would be on all costs (incl. P and R).
- critical to the analysis is that the added value only is to be captured and taken from the sale price to show the residual land value
- the use of this method using new replacement costs plus land should not show an adjusted sale price that exceeds comparable market sales with new improvements
- the inclusion of entrepreneurial profit allowance will need to be supported
- allowance for acquisition and selling costs will be applicable on development sites.



<b>Example</b>				
	<b>Sale price</b>	\$		
	Time adjustment (+ or – x %)	x	% =	\$
+	Cost to renovate existing building as new			\$
	Adjusted purchase price on an as new replacement building			\$
	<b>Less replacement cost of new building</b>			
–	Improvements - size m <sup>2</sup> x rate/m <sup>2</sup> (comparable to existing bldg.)	\$		
–	Development application fee	\$		
–	Building application fee	\$		
–	Professional fees (architects fees, supervision etc.)	\$		
–	Landscaping (Ground improvements, landscaping, paths, driveways, plants, etc.)	\$		
–	Internal furnishings fixed	\$		
	<b>Total direct new replacement cost</b>	\$		
	<b>Less</b>			
	<b>INDIRECT COSTS</b>			
–	Entrepreneurial profit on construction say .....%	\$		
	<b>Less</b>			
	<b>Holding costs (charges)</b>			
–	Council rates (on construction period)	\$		
–	Land tax (on construction period)	\$		
–	Water rates (on construction period)	\$		
	<b>Less</b>			
	<b>Loss of interest</b>			
–	On replacement cost x ½ construction period	\$		
–	On holding costs (R/T) for whole construction period	\$		
–	On land cost for whole construction period	\$		
	<b>DIRECT AND INDIRECT NEW REPLACEMENT COSTS</b>			\$
	<b>Deducted adjusted residual land value (Sale price – less added value of improvements)</b>		=	\$

## Appendix E – Feasibility study method to assess unimproved value

The aim of the feasibility study is to establish land worth by calculating the residual land value based on the sales projection of the completed hypothetical development.

Allowances for profit and risk, development expenses, incentive costs, carrying charges are subtracted from the estimated proceeds of sale; and the net income or sales projection is discounted over the estimated development and sales period required for market absorption of the developed sites.

Land cost should include ancillary costs such as purchase fees, stamp duty, etc. If the development is to be carried out in stages, the implications for the cash flow and the various categories of cost should be considered. Analysis that should include interest rate calculations based on a 100 per cent funded basis.

The hypothetical development model generally relies on comparison of unit costs and rates from similar development schemes which are then applied to the particular development to be analysed. Assumptions made should be clearly stated with reference to evidence, research and reasoning.

There are three main types of hypothetical development models (further guidance is available within API Professional Practice Guidance Notes or equivalent):

- **Static analysis** – methodology is suitable for calculating profit and risk or land value. A 'static analysis' assumes no change in prices or costs during the period of development. Costs and income are assessed as at the date of completion of the project and with allowances for vacancies and letting up periods.
- **Dynamic analysis** – allows for potential feasibility study. Is defined as the process of undertaking an assessment to identify the opportunities and risks of a property development project and to estimate the projected costs, revenues and profit potential of the project.
- **Discounted cash flow method** - With this approach, both costs and income are assessed over an appropriate term and then discounted back to present value, generally being the date of the commencement of the project. This is the more complex financial analysis that should include interest rate calculations based on a 100 per cent (%) funded basis. This method is subjective and relies heavily on future estimates.

Example of a hypothetical development calculation

Office Site		Residual Value Technique			
<b>Gross income</b>		Rent/m <sup>2</sup> PA	Area m <sup>2</sup>		Annual rent
Offices		\$500	4,600		\$2,300,000
Shops		\$450	360		\$162,000
Tenancies		\$0	250		\$0
Tenancies		\$0	350		\$0
Cars	Rent	\$5,400	No.	11	\$59,400
Building Naming Rights		\$0	Per Annum		\$0
Building Roof Signage		\$0	Per Annum		\$0
					<b>Total Gross Rent</b>
					= \$2,521,400
<b>Outgoings</b>			Rate per \$		
Rates	Council (L V)	\$2,000,000	1.44		\$28,800
	Water (M2)	40-60	\$5.0	Per/m <sup>2</sup>	\$248
	Land Tax (L V)	\$2,985,000	1.85		\$55,223
	Management	2.0%			\$63,035
	Other				\$0
		<b>Shows rate per m<sup>2</sup></b>	<b>\$30</b>	<b>Total</b>	<b>\$147,308</b>
	Repairs				
	Insurance				
	Power				
	Cleaning				
	Adopt O/A Rate m <sup>2</sup>		563		\$312,480
					<b>Total Outgoings</b>
					<b>\$450,788</b>
Vacancies		3.0%			\$126,070
					<b>Outgoings incl. Allowance for Vacancies</b>
					<b>\$565,858</b>
<b>Total O/G Excl. Vacancies</b>		<b>\$93</b>	<b>M2</b>		<b>\$585,856</b>
					<b>Net Income</b>
					<b>\$1,935,545</b>
Net Capitalisation Rate		7.25%			
<b>Analysis</b>		<b>Gross Return</b>	<b>9%</b>		<b>Capital Value</b>
					<b>\$26,667,166</b>
<b>Less</b>					
Selling Commission		2.0%			\$533,943
Leasing Commission		3.0%			\$75,642
Legal on Sale		3.0%			\$800,915
Marketing Costs		0.5%			\$133,486
					<b>\$1,543,986</b>
					<b>\$25,153,179</b>
<b>Developers Profit and Risk Factor</b>		<b>20</b>	<b>%</b>		
					<b>Allowance for Profit &amp; Risk</b>
					<b>\$4,192,197</b>
					<b>\$20,960,983</b>
<b>Development Expenses</b>					
Bldg. size	6120	Rate M/2 @	\$1,750	Shops	= \$10,710,000
Bldg. size	9	Rate M/2 @	\$0	Offices	= \$0
		Other		Car Parking	= \$25,000
<b>SITE WORKS</b>					
Carparking Cost	0	Cubic M/2	Rate @	\$0	= \$0
		11	Spaces	\$25,000	Coat = \$275,000
Development Application Expenses					= \$8,750
Building Application Expenses					= \$15,345
Section 94 Fees					= \$110,000
<b>Professional fees on Total Building Expenses</b>					
Architect		3.0%			
Engineer		2.0%			
Quantity surveyor		2.0%			
Consultant		2.0%			
Contingencies		1.0%			
Miscellaneous					
10.00	% on	\$11,140,005			= \$1,114,010
Council Levy Per Car Space - Rate			\$0	Car Space	0 = \$0
Miscellaneous					= \$15,000
<b>Holding Costs</b>					
Council Rates	Land Val	Levy	2.00	Yrs	= \$70,650
	\$2,950,000				
Water Rates	Amount		2.00	Yrs	= \$2,000
	\$1,000				
Land Tax	Land Val		1.85%	2.00	Yrs = \$109,150
	\$2,950,000				
<b>Acquisition Costs</b>					
Legal on Purchase	Land Val		3.00%		= \$88,500
	\$2,950,000				
Stamp Duty on Purchase	Land Val		4.50%		= \$132,750
	\$2,950,000				
					<b>Total Development Expenses</b>
					<b>\$12,881,155</b>
<b>Loss of Interest (Compound)</b>					
Development Expenses	9.00	Months @	0.71%	(1/2 Period)	= \$831,309
[Building Period - Until Sale]					
Land Acquisition	24.00	Months @	0.71%	(full Period)	= \$1,163,198
[Total Development Period]					
					<b>Development Expenses Plus Interest</b>
					<b>Total = \$14,675,659</b>
					<b>Site Value of Land</b>
					<b>= \$6,285,324</b>
<b>Analysis</b>					
		Site Area	550	M2	Rate Per M2 = \$11,305
		F S R	5,500	M2	Rate Per M2 = \$1,130
<b>F S R</b>		<b>Ratio</b>	<b>10.00</b>	<b>ACHIEVED</b>	
Building Cost	\$2,246	M2			



## Appendix F – Grouping methodology

### a) Overview

The grouping by locality or component method of valuation is an indexing system of mass valuation based on the principle of identifying groups of comparable properties then extrapolating an individual valuation decision for a typical property within the group across the range of the component. The results of the mass valuation process are then reviewed to ensure that the final valuations are consistent with each other and with the market evidence.

### b) Structure of groups (localities and components)

The structure of groups is central to the success of the mass appraisal method.

All properties within a district should belong to a particular group. Localities are residential groups of like properties that are in a suburb. Components are groups of property that may extend across the boundary of a suburb, but within a district. Components are used in two ways:

- To group like properties that have similar characteristics and similar value movements. These characteristics then allow like properties to be updated by a single component factor. Components do not have to contain only adjoining properties. The important point is that like properties all have similar value movements
- To isolate properties that are unlike most properties in the same district e.g. regional shopping centres and freestanding fast-food outlets. Unimproved values for these types of properties may need to be individually verified.

All properties within a component generally should be in the same zone with similar Crown Lease permitted uses and must have the same component code. Each code may only be used for one component in each District. Note where there are insufficient properties in a zone to create a component then these can be combined with properties in a different zone but with similar uses e.g. properties purposed only for single residential use in a CZ5: Mixed Use zone (e.g. Gungahlin).

It is important that the properties are categorised correctly in VMS. The categorisation orthodoxy includes the use of the following three (3) attributes:

- Primary Use - the existing use of the property
- Sub Use - the actual use of the property if the primary use is the highest and best use
- Secondary Use – the highest and best of the property if the primary use does not reflect highest and best use

If the sub-use value is entered, then VMS will not allow a secondary use value to be entered. Conversely If a secondary use value is entered, then a sub use value cannot also be entered. A primary use value must be entered into the system.

### c) Valuation of benchmarks

Where the groups relate to property with similar characteristics and value movements, then a single primary benchmark will be used to calculate the component factor to be applied for the mass valuation process. The primary benchmark is to be selected in accordance with the guidelines in this manual. In valuing the component, the issued unimproved value for the primary benchmark property must reflect the component factor.

Generally suburbs with larger numbers of properties or greater variability between properties will require more groups. For single residential property in suburban areas the group size (locality) should range between 500 to 700 properties. The unimproved value of the benchmark should be broadly representative of the value ranges within the component.

Following the market analysis, each benchmark property in each group is to be valued based on the market evidence. A separate worksheet detailing the basis of valuation and calculations for the benchmark must be completed with inspections of the benchmarks undertaken every 3 years.

#### d) Component (Locality) factor

Component percent changes are necessary to determine new unimproved values. The component percentage change for each locality will be equal to the primary benchmark change. Following the valuation of the primary benchmark, the primary benchmark change is determined by dividing the new value of the primary benchmark by the prior value of the primary benchmark (to 3 decimal places).

Example – Revaluation Barton 2021

<i>New value (2021) for primary benchmark A</i>	<i>\$1,300,000</i>
<i>Divided by Prior value (2020) of primary benchmark A</i>	<i>\$1,225,000</i>
<i>Primary benchmark change (to 3 decimal places)</i>	<i>= 1.061 Percentage Change</i>
<i>Component factor</i>	<i>= 6.1% (0.061)</i>

The Benchmark change MUST equal the VMS Percentage Change. The component percentage change must be advised in the upload file described in the 'Valuation File Specifications'.

#### e) Determining valuations

The previous year's unimproved value for each property within the group is firstly multiplied by the component factor to produce a new unimproved value for each property.

Adequate resources must be committed to testing the results of the mass valuation process to ensure that unimproved values are correct.

##### Individual regrading of values

Individual regrading of valuations may be needed to smooth variations within or between groups of properties. Re-grading of unimproved values may occur without the need to undertake a full 'verification' of the unimproved value of land.

Properties must be identified in separate worksheets that have been re-graded by use of the valuation methodology 'RGI' in the future values upload file, along with the most relevant benchmark property.

##### Verification of unimproved values

Individual verification of unimproved values is required as per the requirements of Section 8.2.1 of this manual 100% of risk rating 1 properties, 20% of risk rating 2 properties, 10% of risk rating 3 properties and 5% of risk rating 4 properties are to be verified annually.

All analysed sales and properties subject to having unimproved values amended on objection in the previous year, must have their unimproved values verified as risk rating 1 in the final values upload file for that valuation year. Care must be taken as these properties may, by definition, be subject to a change in risk rating category for that year only.



It follows that as all analysed sales and all allowed objections to the previous year are to be verified, where a sales analysis or changed value on objection indicates that similar properties unimproved values are to be individually determined at a value that would not be derived by the application the component factor and the properties affected are insufficient in number, then those properties are also to be verified in that valuation year.

All verified properties shall be recorded in the values upload file with the valuation methodology of 'VNI' or 'VII'. These codes must also be lodged via the supplementary assessment advice.

## Appendix G – Report disclaimer

Reports provided for the purposes of rating and taxing valuations are to be disclaimed as follows:

### **Purpose of this report**

The purpose of this report is to describe the process and considerations for the 1 January [Year] valuation of the Territory. The report has been produced on behalf of the ACT Valuation Office.

The unimproved values have been specifically provided for rating and taxing purposes. Unimproved values produced as part of this process should not be used for any other purpose without the express agreement of the ACT Valuation Office.

Unimproved values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations are likely to vary from market levels.

The unimproved values have been derived using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The manual permits mass valuation methodologies that involve assessing large numbers of properties as a group, to be utilised where appropriate. Mass valuation methodologies are by their nature likely to be less accurate than individually assessed valuations, however, are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The ACT Valuation Office disclaims any liability to any person who acts or omits to act based on the information contained in this report.

More information on the valuation process is available from the ACT Revenue Office website at [www.revenue.act.gov.au](http://www.revenue.act.gov.au).



## Appendix H – Mass valuation statistical checks

The ACT Valuation Office has introduced a range of quality control measures that are widely used in other countries and states of Australia.

The examples below provide a demonstration of how statistical analysis is to be carried out. It is important to be aware that these statistics are calculated using the results of analysis rather than raw sales prices.

### a) Coefficient of dispersion (COD)

$COD = \text{average absolute deviation} / \text{median sales ratio} \times 100$

The COD is used to measure the uniformity of unimproved values relative to prices (sales). The COD is a measure of the accuracy of the grading within a zone, component/locality (or group of properties). Therefore, if value levels are inconsistent the variation between those values and the sales evidence used will be outside the required parameter.

The COD measures the consistency of deviation from the median (middle point). A result above the parameter may indicate that the grading is inconsistent or that the properties within the zone or group are not similar enough in character and value and the entries need to be investigated.

The COD is firstly a measure of uniformity since it is calculated from the differences between individual ratios and the median ratio. Thus a collection of identical individual ratios (*land value divided by adjusted land value at the valuation date*) of 80 per cent would yield a COD of 0, even though the valuations may not be correct.

If for example, the unimproved values were all doubled, the same variation would be achieved and the same COD, that is 0. If the unimproved values were all increased by 10 per cent to give a variation of 90 per cent the COD would again be 0. However, in practice the ratios will not all be the same and by measuring from the median point the uniformity of the group is measured and the accuracy of the values or grading.

The steps include:

- 1) Calculate the sales ratio to unimproved values of each property sold that is *unimproved land value divided by adjusted unimproved land value at the valuation date*.
- 2) These sales are then arranged in ascending order of the ratios to identify the median ratio (middle entry). This is a standard function in most spreadsheet and many database packages.
- 3) The 'absolute deviation' from the median ratio is then calculated for all sales ratios. The absolute deviation is the amount by which each individual sales ratio varies from the median sales ratio but disregarding positives or negatives.
- 4) The absolute deviations established above are totaled and divided by the number of analysed sales to give the average absolute deviation.
- 5) The average is then multiplied by 100 and divided by the median ratio to give the final answer or COD.

A result within the parameters indicates that the unimproved values being reviewed are acceptably consistent. A result outside the parameter indicates that there is substantial variation within the group. This may indicate that the grading of the unimproved values requires further review as there are large discrepancies between the value relativities of some of the parcels.

If a COD is recorded outside the acceptable parameters, the value levels will need to be reviewed. This can be done by looking at the entries with the highest deviation and decide if there is a pattern or a reason for their variations being so high. Remember that the test is only of properties that have been sold, however, it may represent an issue that requires a more comprehensive component or zone review.

#### Example of COD calculation

Land Value 1/7/04	Analysed land Value	Sales Ratio	Absolute Deviation
48,000	110,000	0.44	0.55
91,000	160,000	0.57	0.41
114,000	120,000	0.95	0.03
55,000	56,000	0.98	0.00
99,000	100,000	0.99	0.01
60,000	58,000	1.03	0.05
85,000	80,000	1.06	0.08
			<b>1.13</b>
<b>Median Sales Ratio</b>	(middle sale)	0.98	
<b>Number of sales</b>		7	
<b>Average deviation</b>	sum/number	0.162	
<b>COD</b>	(average deviation x 100)/median	16.46	

Sum of deviations

Sum of deviations/  
number of sales i.e.  
1.13/7

The example above gives a COD of 16.46. The median ratio in this case is 0.98, suggesting that at least most sales are close to the land value. By looking at the ratios we can see that the first two sales (\$110,000 and \$160,000) stand out with large deviations from the median sales ratio. These two sales would need to be investigated to establish if they are out of line or symptomatic of a problem in the grading e.g. the sales may simply be battle-axe blocks, suggesting that the unimproved values of these types of blocks need to be increased.

#### Exercise

If, in the example above, the problem is found to be with sales of battle-axe blocks and these properties can be individually verified, the compliance requirements can be met by increasing the unimproved values by a further 25 per cent. The values would then be \$60,000 (sale 1) and \$114,000 (sale 2). The COD would recalculate to 12.79.

The conclusions and remedy will not be that easy to derive, however the problem sales are easy to identify because of the large deviations. Therefore, if the COD is outside the parameter:

- check the component still consists of properties of a similar value range
- make sure all sales that are not arm's length are removed from the list of analysed sales
- review sales with a large variation. Should they still be in this component, or do they represent a particular type of property that is being under or overvalued?

#### b) Mean value price ratio (MVP)

MVP = sum of all sales ratios/number of all sales (expressed as %)  
(Sales ratio = land value/adjusted land value at the base date).

The MVP measures the accuracy of values relative to sales price. It is calculated by dividing, in each instance where there is a deduced unimproved value analysed from a sale, the unimproved value by the deduced unimproved value at the valuation date, aggregating the results and dividing the total by the number of analysed sales, then expressing the result as a percentage.



The MVP is the relationship between the unimproved values and the analysed sales. It gives a single metric that indicates how close the unimproved values are to the sales used. Careful consideration of the analysis of improved sales is required to ensure that amendments to the evidence has not been undertaken only to improve the outcome of the MVP.

#### Example of COD calculation

Land Value 17/04	ADJ LV	Ratio	
110000	120000	0.916667	
190000	200000	0.95	
115000	120000	0.958333	
55000	56000	0.982143	
99000	100000	0.99	
60000	58000	1.034483	
80000	80000	1	
<b>709000</b>	<b>734000</b>	<b>6.831626</b>	
<b>Number of Sales</b>	7		
<b>MVP</b>	98%		

Ratio = Land Value / Adjusted Land Value at the Base Date

Sum of all Ratios

MVP = Sum of all Ratios / Number of sales x 100/1

#### Ratio of values to sales

By charting the result it is easy to see that although the MVP meets the standard, the properties with lower unimproved values are valued higher than the properties with higher values, compared to the sales evidence. It is important therefore, to consider the MVP in conjunction with other statistical analysis such as the COD and PRD.

#### When the MVP does not meet the standard.

MVP is a measure of accuracy. It is a direct comparison between the deduced unimproved value at the base date and the statutory unimproved value. Therefore if the unimproved values are too low in comparison to the sales, the results will be outside the standard. The best individual ratio result is obviously 1 (one), so if sales give a figure much greater or less than 1, they need to be investigated.

A low ratio e.g. 0.60 may indicate that a certain area or classes of property need re-grading or that the benchmark factors are too low. If there is a high ratio, above 1, the unimproved values are higher than the sales evidence.

The MVP is an average. Therefore, several sales need to be included to give an accurate measure. If only a few vacant land sales were used in a built-up area such as the ACT's inner northern and southern suburbs, a false result may be achieved. As per the 'Maurici' case, the broader market must be considered; therefore sales of analysed improved properties also need to be included to reduce the impact of supply scarcity in the market.

#### c) Price related differential (PRD)

PRD = average sales ratio/weighted average

(Sales ratio = unimproved value/deduced unimproved value at base date)

(Weighted average = the sum of the unimproved values for the sale properties divided by the sum of the deduced unimproved value at the base date for those properties)

The PRD measures the vertical equity of valuations i.e. the extent to which high and low valued properties are assessed uniformly relative to the sales data. A low PRD indicates the valuations are progressive, that is high valued properties, are over-valued in relation to low valued properties, whereas a high PRD indicates the values are regressive, that is high valued properties are under-valued relative to low valued properties.

Where the PRD is outside the parameters the unimproved values should be analysed to identify and address the cause. Possible causes may be the inclusion of outliers in the analysis, individual properties with unusual characteristics, inappropriate component composition or grading errors.

In the following example the data is sorted in ascending order of unimproved values showing the ratios of the lowest unimproved values being close to 1 that is 96–97 per cent, while the highest unimproved values have ratios between 70–81 per cent. The resultant PRD of 1.05 is outside the standard.

Just as with the sales used in the MVP example the result is regressive, that is high value properties are undervalued relative to low value properties in this component. This is only a small sample, but it shows what the test is trying to highlight. To meet the standard an adjustment will need to be made to the higher value properties.

#### **Exercise**

If, for example, the higher value properties were increased in value by a further 20 per cent, the two sales with the highest unimproved values would be increased to \$119,000 and \$137,000 respectively. The result would now read 1.02, which is within the standard.

What to do if the PRD is outside the standard? If the PRD is outside the standard, to bring it into line, the unimproved values will need adjusting:

- if the PRD is below the standard the unimproved values of the lower valued properties must be increased or the values of the higher valued properties must be decreased
- if the PRD is above the standard the high valued properties' unimproved values must be increased or the lower value properties must be decreased.

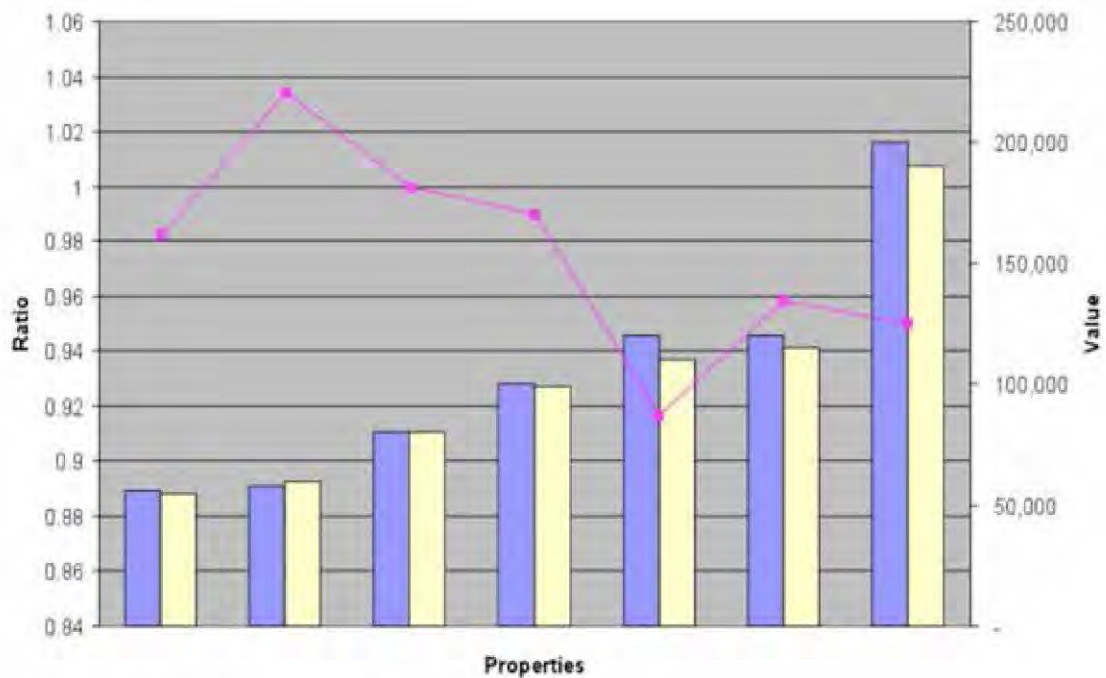
The test is a measure of uniformity of the grading, not the value level. Therefore if the unimproved values were all 50 per cent below the sales, the PRD would be 1 and the result neutral.

#### **Example of PRD calculation**



Land Value	ADJ LV	Sales Ratio
48,000	50,000	0.96
55,000	57,000	0.96
60,000	62,000	0.97
85,000	85,000	1.00
91,000	130,000	0.70
99,000	135,000	0.73
114,000	140,000	0.81
<b>552,000</b>	<b>659,000</b>	<b>6.14</b>
Average Sales Ratio = Sum of Sales Ratios / Number of sales		
<b>Number of Sales</b>	<b>7</b>	
<b>Average Sales Ratio</b>	<b>0.87718</b>	Weighted Average = Sum of Land Values / Sum of Adjusted Land Values for Sales
<b>Weighted Average</b>	<b>0.83763</b>	PRD = Average Sales Ratio / Weighted Average
<b>PRD</b>	<b>1.05</b>	

**Price related differential**



**d) Comparison of average value changes**

The comparison of average value changes can be measured at either zone or group level. The comparison of average value changes measures the difference in average value changes between analysed sale properties and the average value change for all other properties within the component.

It addresses whether the analysed sale properties have been valued the same way as the others, if so, all values should have been changed by a similar amount. The difference between the average value changes of analysed sales and other properties is to be less than five (5) per cent (%).

This measure is used to check that those properties that have been sold, have not had their unimproved values amended to a greater degree than the other properties within the component/zone. It would for instance, not be appropriate to individually verify parcels of

land (either up or down) to reflect a sale price while not adjusting similar properties within the component.

If the whole component including all sales was increased or decreased by the same factor, the difference will of course be 0 per cent.

**To calculate this measure:**

- Calculate the percentage variation from the previous unimproved value to the new unimproved value for each analysed sale in the component
- Sum the percentage change
- Divide by the number of analysed sales in the component
- Calculate the percentage variation from the previous land value to the new land value for each property in the component that is not an analysed sale
- Sum the percentage change



- Divide the sum of percentage changes by the number of properties in the component that are not analysed sales
- Subtract the result from point 6 above from the result at point 3 above. The result should be in the range from -5 to 5 inclusive

#### e) **Improvement to Sale Price Ratio (IMPSP)**

This measure is used to check that the proportion of the added value of improvements as a percentage of the sale price is consistent with the type and condition of structures on the land. The metric is an approximate of the added value of improvements and assists in checking that whether the analysis is likely to represent a misstatement of the expected value of improvements and warrants further review.

As an example typical newer residential estates of up to 10 years old is expected to approximate a ratio of about 50% whereas estates older than 50 years is likely to approximate a ratio of 30%. Sites with houses that are ripe for redevelopment are likely to generate a ratio ranging in the order of 5 to 15%.

#### **Summary of quality control measures**

**Coefficient of dispersion (COD)** - Measures uniformity of values relative to adjusted unimproved values at the base date.  $COD = \text{average absolute deviation} / \text{median sales ratio} \times 100$

**Mean value price ratio (MVP)** - Measures accuracy of values relative to adjusted unimproved values at the base date.  $MVP = \text{Sum of all sales ratios} / \text{number of sales (expressed as \%)}$   
(Sales ratio = land value/adjusted land value at the base date)

**Price related differential (PRD)** - Measures the extent to which high and low valued properties are assessed uniformly relative to the sales data.

$PRD = \text{average sales ratio} / \text{weighted average}$  - (Weighted average = sum of unimproved values on sale properties/sum of adjusted unimproved values at the base date for sale properties).

**IMPSP = Added value of improvements/sale price** – indicates the added value of improvements as a percentage of the sale price.

## Appendix I – Grouping data table [Refer Section 6]

The locality/component data table is to contain for each district the following for each component:

- Locality/component
- zone
- number of entries
- non-homogeneous component flag (indicating if component appropriate for mass appraisal or requires further verification).

In addition a row is to be included for each benchmark in the component showing:

- benchmark valuation(s)
- benchmark id(s)
- benchmark classification
- actual benchmark valuation(s) at base date
- variation from benchmark valuation(s) to actual benchmark valuation(s) as a percentage
- variation from actual benchmark valuation(s) from median value as a percentage. Note that there is no upper limit on the number of benchmarks.

## Appendix J – Example of risk rating matrix

The following table is an example of a risk matrix that could be used for the identification of high-risk properties in accordance of Section 8 of this manual. In this example, all properties with high and extreme risk results should be considered as high-risk properties and included for verification purposes as risk rating 1.

		Level of valuation change				
		Insignificant	Minor	Moderate	Major	Severe
Risk of potential valuation change due to difficulty of determining and defending the valuation.	Highly Likely	M	H	H	E	E
	Likely	M	M	H	H	E
	Possible	L	M	M	H	E
	Unlikely	L	M	M	M	H
	Rare	L	L	M	M	H

## Appendix K – Consolidated ACT Valuation Office’s policies

The ACT Valuation Office (ACTVO) is an inhouse valuation office that is part of the Revenue Management Division. Its purpose is to support the Commissioner of ACT Revenues valuation requirements as authorised valuers defined by the *Tax Administration Act 1999 (TAA) Part 9 Division 9.2A Authorised Valuers Section 90C*.

The ACTVO does not have a mandate to determine assessments for statutory rating purposes for use in the Average Unimproved Value (AUV). The primary requirement of the ACT Valuation Office is to provide professional valuation advice upon which the Commissioner of ACT Revenue may rely in determining rating assessments.

The ACTVO adheres to technical standards that are employed in the provision of the valuation advice to the Commissioner. It may also create valuation policies based on valuation best practice and will consult where an approach is required to be specifically created for the ACT. These are referred to as ACT Valuation Office’s Policies.

The Principal Valuer is responsible for ensuring that the policies are in alignment with general valuation practice, however the Commissioner is not beholden to adopt the recommendations of the Principal Valuer either in part or full.

Where there is a significant variation to the Principal Valuers valuation policy recommendation then the Commissioner will issue an Appendix L memorandum to the ACTVO.

All current ACT Valuation Office Policies may be viewed at [www.revenue.act.gov.au](http://www.revenue.act.gov.au).

ACT Valuation Office Policies are to be read in conjunction with the Rating and Taxing Valuation Procedures Manual and are included in Appendix M: Consolidated technical instructions.



## Appendix L – Commissioners Valuation Memoranda

The *Rates Act (ACT) 2004* is silent on the many technical valuation matters that are commonly addressed in valuation legislation across Australia. This means that on occasion the Commissioner is required to clarify policy to ensure that ACTVO's approach is consistent with the legislation and requirements of the Territory. The Principal Valuer will support the Commissioner by advising on best practice valuation approaches.

The memoranda will be issued periodically to confirm new or amended procedures and requirements between versions of this manual. Once the memoranda are issued, it will become standard rating valuation practice in the Territory.



## Appendix M – Consolidated technical instructions

### a) Valuation bases and authorities

Note: The following list is provided as a reference only.

<b><i>Rates Act 2004 - sections relating to the basis of valuations</i></b>	
Section 6(1)	Unimproved value
Section 6(1) (a)	Improvements included in unimproved value
Section 6(1) (b)	Circumstances that existed on prescribed date assumed to exist on base date
Section 6 (1) (c)	Unexpired term
Section 6 (1) (d)	Nominal rent
Section 6 (2)	Statutory market value
Section 6 (3)	Prescribed date
Section 7	Development leases

<b><i>Rates Act 2004 – sections relating to the Commissioner of ACT Revenue authority to make valuations</i></b>	
Section 6 (2)	Unimproved value is the fee simple capital amount based on market evidence excluding all improvements other than those defined in s6 (1)(a)
Section 8 (1)	Rateable lands exclusions
Section 9	First determination of unimproved value by the commissioner in a financial year must be made as at 1 January of the preceding financial
Section 10	Annual redetermination date is the 1 January
Section 11	Redetermination by commissioner because of error
Section 11A	Redetermination by commissioner because of change in circumstances but not because of a formal chargeable variation of the Crown Lease
Section 11B	Redetermination by commissioner because of a formal chargeable variation of the Crown Lease

<b><i>Tax Administration Act 1994 Division 9.2A - Authorised valuers</i></b>	
Section 90B	Appointment of authorised valuers by the commissioner.
Section 90C	Function of authorised valuers to conduct valuations for the Rates Act 2004 and other Acts as required.
Section 90D	Formal identification.
Section 90E	Power to enter upon premises in order to carry out a valuation.
Section 90F	Circumstances when required to show identification.
Section 90H	General powers on entry to the premises, including right to request documents to support the valuation.

## b) Unimproved value

Sections 6(1), 6(2), 6(3), *Rates Act 2004*

The term 'unimproved value' has a specific statutory meaning and is only to be used in connection with rating and taxing valuations.

The main assumptions to be made under Section 6 are:

- the valuation to be made is of a Crown Lease of a full term of 99 years OR as fee simple, being not encumbered or subject to any other conditions
- the actual ownership of the land is irrelevant and therefore any undertakings or benefits, which are attributed to the owner, rather than attach to the land, are to be ignored
- a sale of the land must be assumed
- unimproved values must relate to both 1 January [Section 6 (2) - market at that date] and the date the valuation was made (physical condition of property and surroundings, zoning and permitted uses)
- the land to be valued is assumed to be vacant i.e. improvements have been notionally removed
- although the improvements are notionally removed, the existing use of the land must be considered in determining the 'highest and best use'
- the land is, however, to be valued on the assumption that there is no actual consent to a particular development
- any right or condition which is dependent on the actual type of improvements on the site does not remain with the land when the improvements are notionally removed (e.g. liquor licenses, stratum)
- the term 'improvements' does not include 'land improvements' other than those defined under section 6 (1) (a) e.g. excavations for basements and the leveling of sites for buildings undertaken by the Crown Lessee under a market Crown Lease are land improvements that are not part of unimproved value.

## c) Highest and best use

The land, assumed to be vacant, is to be valued on its 'highest and best permitted use'. This use is one that can be readily obtainable through the planning process and not one that may be obtained by extensive negotiations with the planning and lease administration authorities or action through the Administrative Civil Appeals Tribunal.

It is the market value [section 6 (2)] that is required to be established and the concept is set out in *Spencer's<sup>2</sup>* case (willing seller, willing buyer principle). The assumption of a sale must be made even though, at the valuation date, there is an absence of transactions that provide a guide to value.

<sup>2</sup> *Spencer v Commonwealth* [1907] 5 CLR 418, 39:227; cited in *The Australian Property Journal* 11:174-5, 410



This assumption is to be made whether or not the land in question can legally be sold. If there is some lawful impediment to the sale, then this cannot be allowed to be factored into the assessment of value. It is irrelevant that there is no single person or group of persons who can at the valuation date effectively transfer the fee simple of the land (Gollan<sup>3</sup>).

Market value is to be measured on the basis that a purchaser accepts all the inherent risks of purchase without prior consent for land use. It is to be assumed that land is sold unconditionally and a sale subject to conditions (for example conditions as to development consent) does not meet the statutory requirement.

Sales in the area may indicate that land is being purchased with some form of future potential in mind indicating that the property is not currently being used for its highest and best use. Purchasers may assume that at some time in the future the land is likely to be rezoned. Such sales indicate the market for that land in that area at that time.

The fee simple of the land requires the notion of vacant possession (Robertson<sup>4</sup>). This notion makes no provision for a reversionary interest or an interest subject to tenancy, or the existence of private covenants or arrangements in contracts between parties to be considered. The ownership is to contain the complete bundle of rights (Gollan), including the fact that statutory restrictions relating to the sale or transfer of the land are to be ignored.

The land is assumed to be vacant and, in this respect, the Privy Council (Tetzner<sup>5</sup>) saw no particular significance in the phrase 'as if they had never existed' as used in Tooheys<sup>6</sup> case and noticed that the words used in the definition of NSW Valuation of Land Act Section 6A are 'had not been made'.

In Peelmont<sup>7</sup> the Court, noting the views expressed in Tetzner's case, held that the valuer was not required to assume that the land always had been bare land for the purpose of deciding the probable lawful use of it at the date of valuation. The probability of use is to be assessed on the assumption that as at the date of valuation the land was vacant. However, the fact that it had been used for a particular purpose is part of the land's history, which may indicate the suitability or the special adaptability of land for some particular purpose.

Statutory restrictions on the use of land, which are applied regardless of title and ownership, are to be considered when assessing the probabilities of lawful use of land for the purpose of Section 6 of the Act (Royal Sydney Golf Club<sup>8</sup>). Such restrictions include Crown Lease purpose clauses, planning schemes and building ordinances.

In valuing 'land' under the Act it is not necessary to assume that it should be of unlimited vertical extent or have a discernible association with the surface. The Privy Council case of Commissioner for Railways<sup>9</sup>, established that, for valuation purposes, 'land' could include a layer defined by horizontal boundaries above or below the surface.

<sup>3</sup> Gollan, Hon. W H v Randwick Municipal council [Privy Council] 1960; cited in *The Australian Property Journal* 17:620 22:102, 327

<sup>4</sup> Robertson v Commissioner for Main Roads 9-9 87; cited in *The Australian Property Journal* 30:213

<sup>5</sup> Tetzner, S.A. v CSR Co Pty Ltd [Privy Council] 1-7-57; cited in *The Australian Property Journal* 14:477

<sup>6</sup> Tooheys Ltd v Valuer General 12-12-23; cited in *The Australian Property Journal* 4:117

<sup>7</sup> Peelmont Pty Ltd v Valuer General 4-9-61; cited in *The Australian Property Journal* 19:384

<sup>8</sup> Royal Sydney Golf Club v Commissioner of Taxation (High Court) 22-5-57; cited in *The Australian Property Journal* 14:448

<sup>9</sup> Commissioner of Railways and Sydney City Council v Valuer General and Wynyard Holdings Ltd 14-5-69 29-1-73 [Privy council]; cited in *The Australian Property Journal* 21:229 21:292

But 'land' does not include space in a building, structure or work where the whole of that space is itself part of an improvement; such space will be valued as a stratum. Consequently, the subject matter of valuation may include, for example, only so much of 'land' as the Crown has seen fit to alienate at the time of valuation.

The presence of improvements and any consequential existing use rights are to be ignored for the purpose of Section 6 (1). After the notional removal of improvements the full range of permissions, restrictions and prohibitions apply, as if the land was in fact bare land (Sonnerdale<sup>10</sup>) and (Wunderlich<sup>11</sup>).

In *Mc Kee*<sup>12</sup>, Turner J. stated in circumstances where a provision like the above applied:

*'It may of course possibly happen that the valuation is made at a stage where consent to conditional use has been obtained, but the buildings have not actually been commenced. In such case, depending possibly on terms of the consent, it may be that the owner is in a position virtually to assign the benefit of the consent with a transfer of the land. If this is possible, no doubt the price that he receives will reflect the value to the purchaser of the consent. But this still does not mean that the value of the consent is to be ascertained and included in the unimproved value. Nor on the other hand does it mean that the consent is an 'improvement'. The consent already obtained is something not to be included at all in assessing the land value. The valuer must put the consent on one side, as if it had not been obtained; and assess the value of the land without it but with the chance of obtaining another similar one'*

Offsite works are part of unimproved value and not a development cost. This approach is premised on the understanding that a price paid of a site that requires offsite works would be less than a site that is fully serviced.

The existence of a license held by the owner or occupant of land is not to be reflected in land value. Whilst the possession of such licenses may be advantageous to the owner, these arrangements are personal to that owner or occupier and are not attributable to the land.

When determining the lands highest and best use and that use can proceed without approval or where particular uses of land are prohibited, no real difficulty should arise. However, where land may be used only with prior development consent there could be conjecture as to likely future use. It will be necessary to examine the history of approvals for similar lands.

Due to the Crown Lease tenure system, the zoning of land does not guarantee that all uses listed for that zone would be permitted on any parcel of land.

However, if a valuer contends a use of land that is neither the present use nor a use for which the land could have been put to without consent of some authority, there will be a requirement to bear the onus of proof of what is asserted if the basis of the valuation is challenged in Court (Sonnerdale).

<sup>10</sup> *Sonnerdale Ltd v Valuer General* 22-12-53; cited in *The Australian Property Journal* 13:204

<sup>11</sup> *Wunderlich Ltd v Valuer General* 17-9-59; cited in *The Australian Property Journal* 16:53

<sup>12</sup> *McKee v Valuer General; Comesky v Valuer-General* [1971]; cited in *New Zealand Law Review* 436



### Current use

Under Highest and Best approach, when the improvements are notionally removed from the land, the full range of permitted uses are to be considered. There may be instances where the actual (current) use of the land is of a higher value than that uses permitted by the Crown Lease or potential uses offered by the current Town Plan. In those instances, the value of the current use is to prevail. It is to be assumed that the current use may continue provided it is or was a lawful use (Ritchie<sup>13</sup>).

The lawful continuation of use is to be assessed having regard to the statutory rights conferred resulting from that use. These rights generally relate to preservation of use rather than the conferring of new rights. The likelihood of any extension of the present use must be assessed keeping this fact firmly in mind i.e. it is the nature and character of the present use which is to predominate. (Bragg<sup>14</sup>) (Pye & Anor<sup>15</sup>) (Illawarra Meat<sup>16</sup>).

The approach to be adopted in all valuations where existing use rights are evident is to measure the value for the land as being the site for the current use. In determining the unimproved value of current use the valuer is to have regard to the actual use made of the land and buildings and the extent of such a use.

Examples:

- Residential multi-unit site with an existing six (6) unit development where now only 4 units can be developed – valued as a six (6) unit site;
- Existing residential dual occupancy development that is unit titled on land less than the required land area for unitisation – valued as a dual occupancy site capable of separate titles;
- Commercial site with an approved (but unconstructed) eight (8) level office development that now has a height limit of six (6) levels – valued as an eight (8) level office development;
- Existing high-rise commercial building with associated parking that is significantly less than the current planning parking requirements for the development – valued as a site purposed for an office without needing to meet the requisite carparking requirements.

As an example in NSW, the Burns Philip Trustee<sup>17</sup> judgment Assessor Davies supported the decision in Pye & Anor and stated:

*‘Concerning (his) approach, I can see no grounds, in terms of an interpretation of Section 6A(2), for an obsolescence factor to be introduced. The subsection clearly refers to ‘use’, not building structure or particular building structure and specification refers to the prospects of replacing or maintaining that use. Indeed, having regard to the realities, notwithstanding the provisions of Section 6A(2) (which is a hypothesis), no one would fail to recognise the substantial added value, reflecting in existing use, which is in the order of 50 per cent above the floor space ratio if it was vacant, in terms of potential for development. In addition, no prudent vendor could overlook the legislation applying to*

<sup>13</sup> Ritchie v Valuer General 21-8-61; cited in The Australian Property Journal 18:399

<sup>14</sup> Bragg v Hurstville Municipal Council [1971] LGRA 292

<sup>15</sup> Pye & Anor v Valuer General 30-11-73; cited in The Australian Property Journal 23:150

<sup>16</sup> Illawarra Meat (Developments) Pty Limited v Valuer General (Rath J, Land and Valuation Court, 10 March 1978, unreported)

<sup>17</sup> Burns Philip Trustee v Valuer General – LEC 30237 of 1990



*existing use rights; particularly the prospect of an additional 10 per cent of space. Again no prudent purchaser or vendor could fail to have regard to SEPP 1, which has been referred to on a number of occasions by planning authorities, developers and this Court in the resolution of disputes concerning development applications. Accordingly, then it is clear that any calculation before this Court on the basis of Section 6A(1) of the Valuation of Land Act is of no assistance. This is a case where Section 6A(2) must apply.'*

Assessors Davies and Nott further supported the same approach in the matter Burns Philp Trustee Company Ltd; and Perpetual Trustee Company Ltd<sup>18</sup>. In considering the Section 6A(2) of the NSW Valuation of Land Act, Assessor Nott stated:

*'First, as envisaged by Section 6A(2) the existing building was regarded as continuing on the stage 1 land (which accords with what a hypothetical purchase in this land would intend), not in order that the building itself should be valued, but in order that the present intensity of use of the land may be continued, and taken into account in determining a land value'.*

To summarise, the process for determining the unimproved value of land on a highest and best use basis where the current use is no longer permitted is:

- firstly, assess the unimproved value of the land based on the sites highest and best use as a vacant site
- secondly, assess the unimproved value of the land on the basis that the present intensity of use of the land may be lawfully continued
- if the value by the second method is higher, then that value should be adopted as the unimproved value of land

#### **d) Crown Leases**

Rateable land in the ACT is generally subject to a Crown Lease. Therefore the valuation of the land must consider the disposition and purpose clause of the lease. As all valuations are made on an unimproved value basis, the restrictions are confined to the effect on the unimproved value of the use contained in the lease document.

##### **Limitation on Disposition**

Firstly the restriction on disposition is the effect on the unimproved value caused by a restriction on transfer with a requirement for Minister's consent before a transfer can be actioned.

Secondly, the manner of use relates to the provisions of the Crown Lease purpose clause which limit the use of the land to less than that obtainable under the zone.

There are no set rules on the dollar effect of the restriction of disposition within a Crown Lease. The effect of restriction of disposition will be minor in most cases but could be significant if it is a contentious use or lease holding. The effect of any restriction on disposition must be carefully considered and assessed having regard to the nature of the lease, particularly where there may be a limitation on the transfer of the land to another party.

In this instance the allowance for disposition should have regard to the cost and time involved in obtaining the approval for transfer, including any additional legal or application fees that may apply to complete the process. The disposition allowance adopted should be rationalised and explained within the worksheet associated with the property, particularly if it is a significant amount.

<sup>18</sup> Burns Philp Trustee Co. Ltd and Perpetual Trustee Co. Ltd v Valuer General and Sydney City Council – LEC 30229 of 1990

The purpose clause conditions are far more significant to the unimproved value if it confines the land to a particular level of use which may be well below the highest and best use for the land as zoned. Where the clause is limited to a purpose that is less valuable than a highest and best use as permitted by the zone, then the valuation must primarily rest on the Crown Lease purpose clause. The value should be based, where possible, on market evidence that is relevant to the restricted use.

#### **Crown Leases made on a concessional basis**

Crown Leases granted on a concessional basis generally refers to arrangements where a part interest in the land is retained by the Territory. Nevertheless, if the land is deemed rateable by the Commissioner, then accordingly, the valuer is to assess the unimproved value in accordance with the Rates Act 2004 i.e. ignoring the concessional status of the land.

#### **Crown Lease restricted to grazing purposes**

A Crown Lease for grazing purposes confines the use of the land to the grazing of animals and does not allow any residential, cultivation, subdivisions, or commercial uses. Therefore the value of the land can only be for grazing purposes and cannot contain any value for any higher use.

Where rural sales evidence is used it must be analysed to only reflect the grazing rural land value excluding any dwelling element or development potential. An alternative methodology would include the capitalisation of private agistment rates.

#### **Crown leasehold contiguous lands (rural)**

Multiple Crown leases of lands used for rural purposes worked as one holding are to be valued separately, irrespective of whether the parcels are contiguous or not.

#### **Holding/Development Leases**

These are Crown Lease where the purpose clause provides the Crown Lessee only with the right to subdivide. These leases invariably include a Development Agreement between the Territory and Crown Lessee which will provide detail on what is able to be developed on the land, including conditions upon which those development rights become available. The conditions usually include an array of offsite works that need to be completed before development of the actual land can commence.

For unimproved value purposes, Holding Leases are valued as In Globo parcels. When the Crown Lessee completes any offsite works and issues consequential (market) Crown Leases, then the land is assessed in accordance with the new Crown Lease purpose clause, which should also reflect any value uplift associated with the completion of the offsite works.

#### **Golf courses and clubs**

Golf courses and clubs are generally developed on restricted zoned land with a Crown Lease purpose clause that is limited to Golf course and/or club use. However, it should be recognised that the uses are a commercial activity, and the value must have regard to the benefits of the allowed use(s).

Appropriate sales evidence would include sales of similarly used property, public and private recreation zone sales.

Specifically, in relation to golf courses, the improvements for golf purposes have generally been constructed by the Crown. Where this is the case, the improvements should be treated as part of unimproved value under the *Rates Act 2004*.

*“The land improvements mean that the course is largely already constructed - and constructed to a level of championship standard. That is, it must be regarded as having its present form, complete with tees, fairways (including introduced grasses), roughs, bunkers and greens, all in their present condition”<sup>19</sup>.*

<sup>19</sup> New South Wales Golf Club v Valuer General [2012] NSWLEC 137



**Capitalisation of rent**

The capitalisation of the rental for commercial leases is an approach to be considered where there is limited other evidence to support a valuation. However, the existing rent may not be at a current market level and care should be taken to ensure that it is at a current market rate or has been determined to be at the current market from other evidence before adopting an existing rental as a basis of value.

Capitalisation rates vary depending on the type of property and use. For land, capitalisation rates are mostly at the lower end of the rate band. This is because capitalisation rates for improved properties have an inbuilt factor for the economic and functional depreciation of the improvements whereas capitalisation rates relevant for land reflect a lower risk and capital input profile.

**e) Rateable land with no Crown Lease**

In some circumstances there are rateable property that do not include a Crown Lease. This may occur where an occupant has an interest in the land that is prescribed by some other arrangement or tenure that the Commissioner deems rateable e.g. license.

The valuation approach is to assume that the highest and best use is restricted to the current (existing) use, even if the land could be put to a higher use due to the underlying zoning or position of the site.

The best evidence would be of sites that were restricted to a similar use; however the analysis of those sales must consider whether the price reflected potential that would not be appropriate to apply to land without a Crown Lease.

The valuation of these lands must be captured in a dedicated component.

**f) Unimproved value – easements**

An easement is an acquired legal right, enjoyed by the owner of land over the land of another. Easements confer specific rights to use land, or to restrict its use, for specified purposes. The rights conferred are at the expense of the owner of that land in favour of the owner of the other land who enjoys the easement.

Unimproved value (Section 6) must be based on fee simple. Accordingly, rating, and taxing valuations are made on the hypothetical basis that the land is free of impediments to title.

The physical effect of any exercise of an easement's rights will, however, be reflected in the determination of unimproved value. Works such as transmission lines, access roads, pipes laid for drainage or services are physical effects of the existence of easements; accordingly, their presence is to be considered for the purposes of Section 6.

'Physical effects' are only considered when they exist at the date of valuation and their effect can be measured. When the rights of an easement have not given rise to a physical effect on the land there can be no effect to measure. (Examples include easements for transmission lines that have not been constructed or easements for access where no works were constructed at the date of valuation).

In assessing the unimproved value of land, which has the benefit of an easement, that benefit shall be captured in the value i.e. the hypothetical fee simple includes all rights attaching to that land (including rights granted by the easement).

It is necessary to carefully examine the detriments or benefits that may accrue to land because of the physical effects of rights granted by easements. In some cases, rights may have no substantial effect on value and valuation changes are not necessary unless they prevent (or enhance) or seriously impede (or improve) the development potential of the land e.g. common sewer easements along the rear of the property.

The proper measure of these effects on value is by reference to sales. Comparisons with sales of land similarly affected, or comparisons between, sales of affected and unaffected lands are both appropriate methods of determination.

**g) Land and stratum**

There are distinctions the concepts of 'land' and of 'stratum'. These distinctions establish two separate codes for the valuation of 'land' and 'stratum'. It is necessary to understand the differences and their application to valuation tasks.

Land is not defined in the Act; it retains its common law definition (i.e. land and any improvements either attaching to the surface and extending either above or below the surface of the land). For the purposes of the Act, land may consist of a layer only.

Stratum is also not defined for in the Act and does not have a common law definition. However, for the purposes of valuation, a stratum must be:

- a) rateable or taxable under any Act
- b) a layer below, on, or above the surface of land with an area defined or definable by reference to improvements or otherwise, whether some of the dimensions of the space or layer are unlimited or whether all dimensions are limited
- c) served with physical means of access.

All parcels that are not stratum (as defined) are land and are to be valued in accordance with the appropriate provisions of the Act (Section 6).

Unimproved values of land and stratum are assessed without taking account of private covenants or easements, i.e. '... land held in fee simple is the capital amount that might be expected to have been offered for the parcel at a genuine sale...'

Consequently, land held by the proprietors of a strata plan is valued as land, not stratum, because the strata plan is an arrangement for the management and use of the land.

Conversely, the approach to assessing the unimproved values of a stratum is not defined in the Act. Therefore the current approach to assessing the unimproved value is to adopt the concept that stratum land may be land in its common law meaning and that exclusions and, reservations that give rise to horizontal divisions of land are for stratum to be considered in the assessment of the unimproved value of the land so divided.

The concepts involved in distinguishing between land and stratum for the purposes of the Act have been tested in the Privy Council. The decision establishes that land may be land in its common law meaning or part of such land as would, for example, be the case if a stratum or strata had been taken from land in its common law definition.

The above principle shall apply in the assessment of land subject to a stratum i.e. there may be a valuation of stratum and valuation(s) of the remainder of the land(s) forming part of the whole parcel. Valuations of the stratum and of the whole of the land, which would lead to a duplication of elements of the value, shall not be made.

**Valuation process**

The valuation of the stratum parcels is not calculated individually but rather assessed by apportionment of the value of the whole site to the separate parcels. The land must be valued as if the separate parcels comprised a single site and all the improvements on it were owned by a single owner.

This valuation is unimproved value in accordance with the normal provisions of Section 6 and is based on the value of the property having regard to the zoning and permitted uses on the totality of the lots contained in the subdivision.

The notional single site is valued under the provisions of Section 6, so the land value is either the highest and best use if vacant or subject to its current use, whichever is the higher value.

Comprehensive worksheets shall be maintained to demonstrate the process undertaken to determine the site value of the whole site and the proportions adopted from consideration of the individual stratum parcels.



**h) Community land development – modified unimproved values**

This section provides for the assessment of community titled lands.

Subdivisions under the community titles legislation are to be treated in the same manner as conventional subdivisions. By definition, a subdivision is defined by a deposited plan.

Following the sale of a lot within the development or registration of a DP, separate valuations will be made for individual lots other than lots designated as association (common use) property.

Association property (as defined) is not to be valued unless the ACT Valuation Office is specifically instructed by Commissioner. However, if association property is being used for commercial purposes, then the Commissioner must be advised.

Community title provides for the subdivision of land and the shared use of common facilities (association property). Association property may include roads, swimming pools, parks, golf courses etc. The costs of maintaining association property are normally shared by the owners through unit entitlements.

In determining the unimproved value of a lot, the valuer will consider the benefits and detriments involved in the association property. Sales within the development will provide the best evidence of value for each lot and its facilities.

Where the land is included in one title and used for the same purpose (that is, house and garage) then a single valuation will apply.

Development may proceed by way of a staged scheme, and it is possible that the development may take several years to complete. During that time events beyond the control of the developer may affect the viability of the project and may necessitate changes to the scheme.

Whilst provision is made for a developer to create a binding development contract for the whole scheme, it is expected that for the above reasons, development contracts will only be for each stage, (i.e. the style of the development will only be guaranteed for each stage).

Comparable sales provide the best evidence of value, and the transactions will reflect the markets interpretation of the likelihood of remaining stages being developed in accordance with the schemes original proposal.

In schemes where sales are scarce or non-existent, it cannot be assumed that all surrounding stages will be developed in accordance with the schemes original proposals. Caution should therefore be exercised when comparing sales from other developed schemes.

Community developments can vary from several blocks to entire suburbs, and the type and extent of the benefits and responsibilities attaching to each block will vary considerably. If those benefits etc. are sufficiently different from those attached to normal blocks in a conventional sub-division, then the community title subdivision should form a separate component.

**i) Valuations in one line**

Valuations for single titled property that contain multiple residential dwellings or units are made in one-line. The approach includes assessment of the unimproved value of the whole land reflecting the multiple occupancy potential where this is the highest and best use e.g. a group of flats. Separate valuations reflecting occupancy should not be generated

**Contiguous and non-contiguous Crown Leases**

This refers to land that may be adjoining (or close by) that are owned by the same lessee. The ACT do not amalgamate contiguous sites for rating purposes as is common the other rating jurisdictions. This means that a valuation of these parcels of land are based primarily on a Crown Lease. The Crown Lease may include multiple blocks.

**Telecommunication Towers, Utility Sites**

Where land is purposed for a telecommunication tower, battery, recharging station or utility site, a separate valuation may be required depending on whether the property is rateable. The Commissioner will determine whether these sites require a rating valuation.

In the event a valuation is required the access and services corridor to the site will form part of the land if the owner has sole use.

Where the access/service corridor is an easement or right of way or agreement over adjoining land, that does not confer an exclusive use for the owner, then it should not be included in the valuation of the land.

In these circumstances, the effect of the corridor is still to be considered in the valuations of both the dominant and servient blocks. The valuation approach is the same as with rights of way and easements for any other property.

#### **Land or stratum in two or more districts**

If different parts of any land or stratum in respect of which one valuation would otherwise be made are situated in different districts, the value of the land or stratum is to be included in the district that contains the largest site area. The parcel is not to be apportioned between the districts.

#### **Rateable land within non rateable parcel**

The parcel in this instance will be valued having regard to Section 6.

### **j) Treatment of GST**

There is a strong argument to include GST in the analysis of all sales where it occurs. The approach initiated from a decision of the NSW Land Environment Court to include GST for the purposes of the Valuation of Land (NSW) Act. The decision related to the concept that GST is embedded in the sale price of a property. It also rests on the interpretation of elements within s6A(1) of the Valuation of Land (NSW) Act.

Nevertheless, the adoption of a GST inclusive approach in the statutory valuation process is not universal across Australia and New Zealand. Nor is the inclusive approach entirely supported by International Valuation Standards (IVS) which is the basis of API's policy on valuation matters; AASB being the Australian authority on accounting standards for financial reporting purposes, and the ATO which administers GST on behalf of the Federal Government. The primary explanation for the differing GST treatments stems from whether GST is embedded in a sale price or not.

Transactions that include a GST input credit for the purchaser means that the cost of GST can be claimed back by the purchaser and therefore the prudent purchaser would know that the market value is the sale price net of GST i.e. GST is not embedded in the price paid for the property. *This would be standard for transactions involving vacant In Globo, multi-unit, commercial and industrial properties.*

However, where a GST input credit is not available to the purchaser to offset any GST paid, then the prudent purchaser would be aware that the sale price paid is the same as market value as no credits were available to offset GST i.e. embedded in the sale price. *This is generally the case for the sale transactions of going concern, rural and residential property.*

#### **Margin scheme**

If the margin scheme is used, GST is calculated by obtaining the difference between the gross realisation from the sale of all lots less the purchase price of the development land, which is divided by 11. The margin scheme will generally result in a lower GST payment on the sale price of the developed land.



However, when using the margin scheme, purchasers of land are not entitled to a GST credit on the purchase price from the ATO. The margin scheme is most used where purchasers of the developed land would not be able to claim GST as a tax credit, as typical in residential subdivisions or residential multi-unit development. In these circumstances, GST is regarded as embedded in the sale price.

Therefore, the current approach in undertaking a sales analysis is that GST must be deducted from the sale price where it is not embedded in the sale price. This approach supports consistency in the analysis and application of sales evidence.

#### **k) Identification and valuation of contaminated land**

Throughout the ACT there are many sites that have been, or are being, used in a manner that has created contamination to the land. Many sites may now be vacant and the contamination or the operations that led to the contamination may not be obvious. Other sites may be contaminated from adjoining operations or from the placement or use of hazardous materials.

The identification and management of contaminated sites comes under the Environmental Protection Authority (EPA). The licensing of certain land uses known to pollute also comes under the Environmental Protection Authority, which administers the *Environment Protection Act 1997*. The EPA maintains a register of contaminated sites in the Territory.

##### **Valuation approach for contaminated lands**

The *Rates Act 2004* is silent on the issue of contamination, but standard rules of valuation, Grattan are considered to apply in most instances.

In general, contamination is a fact and cannot be excluded from a statutory valuation made under Section 6. A valuation under Section 6 is made having regard to the assumption that the land is vacant and there are no improvements on the land. This cannot be taken to exclude the detrimental effects that the construction and operation of those improvements had on the land by way of contaminants left in the land. This is supported by AAT decisions such as AAT 78/5145 Grattan:

*“It follows that in a situation in which it is suggested that the land in question is detrimentally affected by one factor or another, that suggestion will be nothing to the point so far as the problem of establishing value is concerned unless it can be shown that such detrimental affection will have come to the prospective purchaser’s attention and having done so will play a part in the formulation of the amount of the offer that he is prepared to make.”*

Land, although vacant or notionally vacant, must still be valued in the condition that it is in at the date the valuation is made. Therefore the effects of contamination that is present in the land must be reflected in the value of land. Whilst responsibility for remediation generally lies with the polluter, there is considerable risk faced, by both a potential purchaser and any party with a financial interest, that the polluter is not able to meet the commitment for remediation.

A purchaser cannot always be certain of the financial position of the responsible person and would attribute substantial risk to the possibility the order may default to them as the subsequent owner. Financiers may also be reluctant to invest in such a property.

Given the high degree of uncertainty, the statutory valuer must resolve all doubt, in favour of the owner. The valuation must consider the obligation that the polluter is required to fund remediation and that a hypothetical sale does not include the current owner.

The valuation must also include the risk that a polluter will not clean up the site for an extended period or may go bankrupt or find other means to avoid payment. These risks are significant and may have a material effect in the calculation of market value. Consequently, the full extent of contamination in the land must be considered in any valuation regardless of the source or responsibility for the contamination.

The approach to valuation will need to be tailored to account for the use of the land at the date the valuation is made. The valuation of un-remediated sites must consider whether the current use is the highest and best use and that such improvements as currently exist on the land can be made to continue that use e.g. heavy industrial uses.

Regard must also be had to any remediation that is required to enable continued use. Where a building is so contaminated that there are orders preventing its use, the building is not to be considered an improvement and its contamination must be considered when determining the unimproved value.

### **Identification of contaminated and potentially contaminated land**

Lands which are subject to contamination are not suitable for mass valuation processes as such lands require regular individual consideration to determine the correct valuation basis and rationale.

Contamination is not always obvious and can be the result of historical activity and so is hidden from view. The Environmental Protection Authority as of the date of this manual, maintains a public register [ACT Register of Contaminated Sites](#) which should be monitored on a regular basis.

Land will only become the subject of remediation orders where it is considered the contamination has become significant. It does not follow that all land not subject to orders is not contaminated or significantly contaminated.

It is crucial that to be aware of sites that are not only known to be contaminated but also those potentially contaminated, to ensure the correct valuation is applied based on the use and circumstances of the land.

Sites may also be subject to voluntary remediation agreements, so investigation should not be restricted to these registers. Additional investigation may include:

- interviewing owners
- review of prior objections
- review of contaminations registers and discussion with officers.
- interviewing local identities such as local agents
- investigation as required by the verification process
- visual site inspection
- review of sites with industries known to be pollution causing such as dry cleaners, tanneries etc.

For each site it is important to understand the type of contamination, the extent of contamination and the type of remediation required to properly assess the valuation.

### **Mr Fluffy Properties**

These properties were mostly single residential properties that had asbestos loose fill insulation installed in the roof cavity of the home, several decades ago. The properties are generally located in older established residential areas. The type of asbestos used in the loose fill has been linked to serious respiratory illnesses and though some decontamination works were undertaken, the



Territory Government issued an edict to purchase all properties for full remediation with a view to resell the sites as vacant land once the works were complete.

Most of these properties have been remediated since and resold with a special planning provision DV343. The provision permits the subdivision of RZ1 zoned properties with a minimum of 700 square metres of up to two dwellings if permitted by other development conditions of the zone. RZ1 zoned land generally does not permit subdivision of sites less than 1,400 square metres.

For rating purposes, the valuation must have regard to the likely development on the remediated site. In some instances the site may permit two dwellings and in others only one dwelling. If the site is a corner site or in a higher density zone, then the development opportunity and hence value may be enhanced. At all times the sales selected should reflect the highest and best use of the site as permitted by DV343

If the property is un-remediated, then the standard approach for the valuation of contaminated sites should apply.

#### **Valuation methodology**

Land affected by contamination may be considered to fall into one of the following scenarios:

- sites with an ongoing use with known and ongoing contamination
- sites with an ongoing use subject to a management order
- former sites with remediation work proposed or in progress
- land that is contaminated from adjacent sites,
- remediated sites.

#### **Establishing remediation costs**

Remediation costs are difficult to assess and may be difficult to obtain from owners or any other sources. Some cost information is available from development applications, industry sites or within the industry.

These may provide a general guide to the cost but may not be specific to each site. Until specific information is available or supplied for a site, the valuation must be based on the best available industry costings or estimates. The source and information used must be well documented and retained as part of the worksheet information.

Where inquiries have been made and been unsuccessful, with no reasonable way to estimate the extent of contamination or cost to remediate, the valuation is to be made **disregarding** the impact of contamination on the site until such information is provided by the owner. Any future advice provided by the owner will only be applied for the rating and taxing unimproved values current at the time such advice is made.

Due to the nature of remediation on large sites and the prolonged and extensive work required there are many instances where the remediation cost will exceed the highest and best use land value.

Until remediation is well under way and is identified as having a cost less than the alternate land value, the value shall continue to be nominal.

The correct valuation approach to be undertaken for each scenario is described below.

Sites with an ongoing use with known and ongoing contamination	<p>If the land is an operating site, you must assume that the current use may continue in perpetuity and thus the cost of remediation is not considered.</p> <p>In most cases it will be found the contamination is a result of the existing use and does not inhibit value on a highest and best use basis. Typical examples of these types of sites are service stations and industrial operations.</p>
Sites with an ongoing use subject to a management order	<p>Management orders may require a range of works to be carried out in relation to the land or improvements and may require the operator to stop operating on the site for a period. You must obtain a copy of the management order and determine the effect of that order on the unimproved value of the site.</p> <p>Where the land is an operating site at the date the valuation is made, and the management order does not require the site to be closed immediately, then you must assume that the current use can continue. However, the impact of complying with the order must be considered.</p> <p>Where the impact of the order prevents the continuing use of the site and the entire site is to be closed for the foreseeable future (and the site has closed at the date the valuation is made) the land is valued as contaminated until such time as remediation is completed. Therefore a full account of the contamination is to be considered when determining the value.</p> <p>Where orders require only part of the site to cease use, and part of the site has closed at the date of valuation, then the site is valued considering Highest and Best Use.</p>
Former sites with remediation work proposed or in progress	<p>Where the land is unused but subject to contamination, the land should be valued reflecting highest and best use. The costs of remediation, including the length of time to remediate the land, must be considered in the valuation.</p> <p><b>Where the time and cost to remediate exceeds the unimproved value, the value should be recorded as one dollar.</b></p>
Land that is contaminated from adjacent sites	<p>You must consider the effect of contamination when valuing land, regardless of the source of the contamination. However, contamination from adjacent sites, such as the contamination to ground water, may have little impact on the development potential of land. In cases such as this the impact on the land value will be restricted to the stigma associated with the site. The level of the impact will need to be considered on a case-by-case basis.</p>
Remediated sites	<p>There is some evidence that there is reluctance in the market to purchase sites that have been remediated. This reluctance appears to be associated with the risk of further contamination being discovered that would require remediation by the current owner (or where the remediation is the responsibility of the former owner, cause disruption). This may reduce the market value of some sites.</p> <p>The likelihood of this stigma will be dependent on the nature and extent of the contamination and how recently the remediation was done.</p>

## I) Heritage valuations

In determining what land is heritage restricted, regard must be made to the heritage listing to determine the nature of the heritage items and what land is subject to the requirements of that heritage listing. EPSDD, as of the date of this manual, maintains a public register at [ACT Heritage Register](#).



Where not specifically stated in the heritage register, the heritage restricted land is to be determined as that area required to reasonably and adequately provide a curtilage that preserves the heritage item in the manner that the planning requirements would permit, whilst allowing development on the remaining parts of the land that is sympathetic to the protection of the heritage item.

Where it is reasonable to consider that the heritage restriction would apply to only part of the parcel and unreasonable that it applies to another part, then the valuation of that part where it is reasonable shall be valued as heritage restricted and the valuation of any other part of the parcel shall not have regard to the heritage assumptions.

Where reasonable doubt exists as to the heritage effect on possible development, the valuation should be determined in favour of applying the effect to the whole parcel.

Where only part of a parcel is heritage restricted, some guidance in defining that part may be found in the heritage listing, which may include reference to a specific area or curtilage.

**Matters to be considered:**

- the current use
- the current improvements may be continued and maintained or restored
- the nature of the existing improvements including obsolescence of design, the location of the improvements on the land, the size of the improvements and other features that are not attractive in the market

Any allowance for these factors should be supported by market evidence in the form of vacant land or improved sales (or rentals) reflecting the nature of the improvements and their use.

**Matters that should not be considered:**

- the underlying zoning, highest and best use or any potential for a higher use (except as a base for determining any heritage allowance)
- the age, state of repair and cost of the improvements

If at the date the valuation is made, steps have been taken to develop the site for a higher or more intensive use, these steps may be considered when determining the use of the land. However, when considering the use, the restriction or limitation of the existing improvements must be considered.

The purpose should be viewed through the actual use. If the property is used as a residential building, then the use and purpose is restricted to that use. Where the building is an office building the use and purpose is restricted to office. Similarly, if the land is vacant, the purpose and use is as vacant land that may be for development, or only as open space.

**Considerations in relation to the existing improvements:**

When determining the value of the land for heritage purposes it must be assumed that:

- the land is vacant
- the use of the land is restricted to the current purpose, confined to the nature of the existing improvements
- any improvements to be built on the site must be new but with no additional costs for construction in the heritage restricted form

- although new, any obsolescence and lack of utility due to the heritage design or materials is considered
- the 'new' heritage building is of the same size and footprint as the current buildings that have been notionally removed
- no other improvements can be built on the land occupied or affected by the listing.

These assumptions require consideration of what a hypothetical purchaser would pay for the land knowing that any development of the heritage affected site (or part or) is restricted to improvements of the same size, design, functional obsolescence and within the same building envelope as the existing improvements.

*Having regard to the above, Court precedent has found that a reasonable valuation approach is to determine the unaffected land value and deduct an allowance for the heritage restrictions to determine the heritage land value.*

For office buildings, the proportional difference between the new modern rent for the lettable area of a modern building and the rent for the building with the heritage building obsolescence may be applied to obtain a heritage land value proportion of an unrestricted site.

In residential sites the difference between a full residential site that has unrestricted redevelopment potential and a restricted site that can only be developed to the extent as the heritage property must be determined.

Sales evidence may not properly reflect the restricted nature of a heritage site unless the sales are also affected by the same heritage overlay. In that event those sales should be adjusted to take out any redevelopment potential for other uses, where it is a factor in the market e.g. where a heritage cottage on a waterfront property was constructed within an unfavourable envelope and the design of the cottage was such that it did not take advantage of the water views, then that restriction would need to be considered.

The component factor approach will rarely be appropriate for heritage valuations except in circumstances such as heritage listed single residential areas (e.g. Blandfordia 4 Precinct - Forrest) where the market is well defined, and heritage restrictions have limited impact on highest and best use.

#### **m) Valuation of quarries and large voids**

Any mining operation that extracts non-proclaimed minerals, generally construction materials such as sand, gravel, and stone, is not a mine for the purposes of unimproved value.

The general principle of valuation is the same as for all land. Where there is no sales evidence a discounted royalty return basis can be applied. The royalty rates for these materials can be obtained from market transactions of other Crown leases.

The royalty should be based on the type of material and the method and difficulty of extraction. The amount of the resource can be obtained from information shown in DA information or information from the operator.

The valuation must have regard to the remaining amount of valuable extract, the demand for the product, and the likely variations in the market and production. The valuation must be the unimproved value of the resource in its current state and not the owner's interest of the property having regard to the operations of the current mine operator.



Resources of quarry material that are not being mined and do not have a DA or any other approvals should be treated with caution and a value should only be placed on the resource where there is sales activity to demonstrate that a value exists.

**Valuation of voids**

Open cut or extractive operations frequently leave voids (unfilled holes) at the end of the mining operation. The value of the void will depend on the ability to find an alternate use. Areas close to main centres may have substantial value for landfill sites.

The potential of land once the mining operation has ceased must be considered. Where there is no demonstrated potential, the void has little value and is a detriment to the site. A **\$1** nominal value should be applied in these cases.

## Appendix N– Example templates and worksheets

An example of an individual dwelling sales analysis template as required per section 5.5

Residential Sales Analysis						
	Loc		Block		Section	
Sale Price			Site Area [sqm]		UV 2021	
Adjusted Sale Price		<input type="checkbox"/>	House Plans	<input type="checkbox"/>	Out of Line	<input type="checkbox"/>
Sale Date			Vacant Land	<input type="checkbox"/>	Redevelopment Site	<input type="checkbox"/>
Zoning			Non Market	<input type="checkbox"/>	Ex Component	<input type="checkbox"/>
Site Description :						
Description of Improvements:						
Adjusted Sale Price Rationale:						
Improvement Type	Year Built	Area	Rate			Added Value
Original building						\$ -
Renovations/Additions:						\$ -
<b>Other Structures</b>				<b>Comments</b>		
Garage						
<b>Other Improvements</b>				<b>Comments</b>		
Landscaping, Fencing, Paving						
Paved Pergola						
Covered Deck						
Pool						
Other Improvements						
Total Improvement Value as at date of sale.						\$ -
Or:						
	\$/wk gross	[wks]	Units	Vacancy		
Estimated Rental						\$ -
<b>Adopted Improvement Value</b>						\$ -
Analysed Land Value						\$ -
Change from 2021 UV						\$ -

**Attachments (where relevant):**

- photographs of subject property
- house plans

An example of an individual single rural sale analysis as required per section 5.5

Example Template for Rural Sales Analysis						
<b>Address:</b>	Locality		Block		Section	
	Sale Price		Site Area (ha)		UV	
	Adj Sale Price		Zone		Lease Term (yrs)	
	Sale Date		DSE (ACTG)		Purpose	
	Sale Type		DSE (ACTVO)		Commenced	
	No. Dwellings		LMA		Other	
<b>Site Description :</b>						
<b>Structural Description:</b>						
<b>Inspection:</b>						
<b>Adjustment Rationale: (Base date, chattels, licenses, stock etc)</b>						
<b>Improvement Type</b>	<b>Year Built</b>	<b>Area</b>	<b>Rate</b>		<b>Added Value</b>	
Main House					\$ -	
Veranda/Porch					\$ -	
Pergola					\$ -	
Annex					\$ -	
Implement Shed					\$ -	
Cottage					\$ -	
Carport/Annex					\$ -	
Tennis Court					\$ -	
Implement Shed					\$ -	
Pumphouse/workshop					\$ -	
Woolshed + yards					\$ -	
Stables					\$ -	
Yards					\$ -	
Shed					\$ -	
Irrigation (ha)					\$ -	
Tanks (#)					\$ -	
Concrete Drive (m)					\$ -	
Fencing (ha)					\$ -	
Dams (#)					\$ -	
Water Licence		megs			\$ -	
Total Improvement Value as at date of sale						-
<b>Adopted Improvement Value</b>						-
<b>Reason for difference between adopted Improvement Value and DRG:</b> No comment required if only rounding less than 5%						
Deduced Land Value (DLV)						\$ -
						SAY \$ -
DLV as:						
	DSE	ha		\$/ha		
Valleys Grazing					\$ -	
Undulating Hills Scrub/Grazing					\$ -	
Rocky outcrops, heavy timber etc					\$ -	
Change from						UV
Valuer Analysis						
Valuer Review						
Valuer Review						
Valuer Review						
Valuer Review						

**Attachments (where relevant):**

- photographs of subject property
- deposited and building plans
- planning information
- maps indicating flood liability etc.





**Appendix O – Example Valuation Analysis Report**

**ACT Valuation Office**  
**Valuation Analysis Report**

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## 1 January 20xx Quality Statement

Quality Check	Yes/No
All properties have been valued.	
The unimproved values are consistent with each other.	
All land value apportionments have been provided and calculations are correct.	
Unimproved values for those properties that have considerably higher values in relation to the average for a land use and unimproved values of high-risk properties have been reviewed and are correct. For example, regional shopping centres, large scale industrial and unit developments, large rural properties etc. The review procedures are to be provided if requested.	
Unimproved values that result in substantial changes in valuation parities or unusually large value variations from the last valuations issued for either land tax or council rating have been checked and are correct.	
A broad range of market evidence has been analysed and provided in the market report as required by the contract.	
Adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.	
Analysed sale properties where the sales ratio does not lie within the range 0.85 to 1.00 have been reviewed and an explanation provided as to why the current land value should be adopted.	
A Crown Lease purpose code check has been made.	
The current and proposed planning controls that affect the valuations have been considered.	
Where the land value of a property has been amended on objection or re ascertainment, the alignment of values with surrounding properties, or properties of a similar property type, has been checked.	
Statistical checks and component data tables have been prepared, reviewed and anomalies or results outside the specified parameters have been rationalised and reported.	
All unimproved values can be supported by market evidence	
Worksheets have been maintained on all properties where calculations were required.	
The annual verification program requirements, including percentages of properties verified per risk rating, has been completed and correct risk codes have been applied.	

I certify that the above information is an accurate account of the activities undertaken, reviews completed, and quality control checks undertaken.

\_\_\_\_\_  
Project Manager

\_\_\_\_\_  
Principal Valuer

## Annual values statistical checks – componentized property

1. Is the MVP between 90 per cent and 100 per cent? Yes/No  
 If 'No' note anomalies identified and reasons for variations.
2. Is the PRD between 0.98 and 1.03? Yes/No  
 If 'No' note anomalies identified and reasons for variations.
3. Is the Comparison of Average Value Changes variation of analysed sale properties compared to other property less than or equal to 5 per cent? Yes/No  
 If 'No' detail properties that do not comply and reasons why.

## Annual values component data checks

4. Is the primary benchmark within 5 per cent of the median value? Yes/No  
 If 'No' record commentary on the following:
  - reasons why each benchmark is outside the range
  - the accuracy of the factor
  - what checks if any have been undertaken, including reference benchmarks
5. Does the primary benchmark factor (the variation from the benchmark prior value to current value) equals the component factor? Yes/No  
 If 'No' component factor should be amended and the following commentary reasons why the primary benchmark is still the most appropriate representative property of the component.

## Annual values quality assurance checks

6. Is the median factor derived from sale properties in a component within 10 per cent of the component factor? Yes/No  
 If 'No' provide details giving reasons.
7. Is the IQR median within 10 per cent of the component median? Yes/No  
 If 'No' provide details giving reasons and future actions.
8. Do all benchmark properties have a minimum of three sales linked to the valuation of the property? Yes/No  
 If 'No' please provide commentary on the following:
  - were there 3 sales available to value each benchmark?
  - if there were at least 3 sales available, what is the reason for not using these?



9. Do all components have a calculated factor within a 20 per cent range of the component factor? Yes/No
- If 'No' detail properties that do not comply and a reason why.
10. Do all properties have a calculated factor within a 40 per cent range of the component factor? Yes/No
- If 'No' detail properties that do not comply and a reason why.
11. Do all components with a component factor less than 0.70 or greater than 1.30 have adequate explanation to address reasons for the value movement? Yes/No
- If 'No' provide commentary about the rationale for the valuation of the component, how the values have been updated, commentary on the accuracy of the result after the methodology is applied and the extent and location of individually verified values.
12. Do any properties have a component factor of less than 0.5 or greater than 2? Yes/No
- If 'Yes', please detail properties and reason for the large factor. If the factor has been applied to the whole component provide rationale for the increase/decrease.
13. Has an explanation been provided for all properties with a significant value movement in excess of market trends been provided? Yes/No
- If 'No' provide explanations.
14. Has there been significant factor changes (<0.5 and >2.0) since the last Revaluation? Yes/No
- If 'Yes', has the unimproved value factor change check identified any significant factor changes since the last general valuation?
15. Are any land values below \$10? Yes/No
- If 'Yes' provide details giving reasons.
16. Where properties have been amended on objection, is the variation between the estimated new value (prior land value x component factor) and applied unimproved value greater than or equal to 5 per cent? Yes/No
- If 'Yes' provide details of properties and reasons for variations. A rationale should be available to support large variations.
17. Have sufficient sales been analysed in accordance with the ACT Rating and Taxing Valuation Procedures Manual Requirements? Yes/No
- If 'No' advise why.
18. Do all sales identified as ex-component have an appropriate comment to identify why the sales have been used? Yes/No
- If 'No' add comments accordingly.

19. Do all sales identified as out of line sales have an appropriate comment in the sales summary field to identify why the sales is out of line, including reference to other market sales that demonstrate the sale is out of line? Yes/No

If 'No' amend sales summary comments accordingly.

20. Do all sale properties have an unimproved value less than the sale price where the property has contracted for sale between 1 July of the prior year and the current date? Yes/No

If 'No' provide details of the properties and a rationale as to why they do not comply.

21. Provide details of high value properties for each land type.

## **Appendix P – Limited Scope and Additional Information Request**

Interim reports provided prior to the completion of a formal objection report.

## LIMITED SCOPE TEMPLATE


**ACT**  
Government

ACT Valuation Office

## LIMITED SCOPE REVIEW FOR OBJECTIONS



LEGAL DESCRIPTION	Block Section District
PROPERTY ADDRESS	
CROWN LEASE AREA	m <sup>2</sup>
PURPOSE CLAUSE	
BENCHMARK ZONING	
LOCALITY	
CHANGE OVER PRIOR UV	2020UV - \$,000 2021UV - \$,000 %
IN LINE WITH BENCHMARK	Y/N. The variation in the UV <i>accords / does not accord</i> with the variation of the UV for the relevant benchmark property.
IN LINE WITH SURROUNDING UVS	Y/N
LAST SALE OVER SUBJECT	

## SUPPORTING SALES EVIDENCE

Sale No.	Locality	Block	Section	Address	Sale Date	Sale Price	Area	Zoning	Analysed Land Value
						\$			\$
						\$			\$

## COMMENTS

Brief rationale (if applicable)

## CONCLUSION

After consideration of the request we advise that the issued unimproved value appears to *be / not to be* supported based on the limited scope review (delete applicable text).

Signature:

Valuer:

Date:



## ADDITIONAL INFORMATION TEMPLATE



**ACT**  
Government

**ACT Revenue Office**  
02 6207 0028 | [www.revenue.act.gov.au](http://www.revenue.act.gov.au)

Your reference:  
Our reference:

## COMMERCIAL LAND VALUATION – ADDITIONAL PROPERTY INFORMATION

### Information request details

Property address: XX XXXXXXXXXXXX XX, XXXXXXXXX  
 SSBU: XXX-XXX-XX-X  
 Requested by:  
 Request date:

### Intro/Outline:

- How is land valued?


The 'unimproved value' of land is used in the ACT as a basis for determining land-based taxes, such as annual rates charges and land tax. The *Rates Act 2004* (the Act) defines unimproved value as the capital amount that might be expected to have been achieved if sold as vacant land on a date, for the lease of the parcel, assuming that there are no lessee improvements on the land such as buildings, landscaping, paths and fences.

Unimproved value incorporates the concept of the 'highest and best' use. This recognises the highest value derived from some or all of the permitted use of the land (even when this differs from the existing use of the land). Highest and best use is a fundamental principle in land valuation practice in Australia and is regularly applied by the courts.

Further detail on the property valuation process is available from the ACT Revenue Office website, [www.revenue.act.gov.au](http://www.revenue.act.gov.au).

- What does this additional property information report include?

The report includes a brief description of your property in addition to the sales of properties that were used in determining the unimproved value of commercial properties as at 1 January 2021.

 **Subject property details**

Address: XX XXXXXXXXXX XX, XXXXXXXXX	
SSBU: XXX-XXX-XX-X	Rating factor: Commercial
Site area: XXX m2	Zoning:
Lease purpose:	
Notes: <ul style="list-style-type: none"> <li>▪ Site</li> <li>▪ Improvements</li> <li>▪ Special features</li> </ul>	
Last sale date:	Last sale price:
Unimproved value (1 January XXXX):	

**Sales**

Address: XX XXXXXXXXXX XX, XXXXXXXXX	
SSBU: XXX-XXX-XX-X	Rating type: Commercial
Site area: XXXm2	Zoning:
Primary use:	Secondary use:
Notes: <ul style="list-style-type: none"> <li>▪ Site</li> <li>▪ Improvements</li> <li>▪ Special features</li> </ul>	
Sale date:	Sale price:
Analysed land value (1 January XXXX):	

Address: XX XXXXXXXXXX XX, XXXXXXXXX	
SSBU: XXX-XXX-XX-X	Rating type: Commercial
Site area: XXXm2	Zoning:
Primary use:	Secondary use:
Notes: <ul style="list-style-type: none"> <li>▪ Site</li> <li>▪ Improvements</li> <li>▪ Special features</li> </ul>	
Sale date:	Sale price:
Analysed land value (1 January XXXX):	

Address: XX XXXXXXXXXX XX, XXXXXXXXX	
SSBU: XXX-XXX-XX-X	Rating type: Commercial
Site area: XXXm2	Zoning:
Primary use:	Secondary use:
Notes: <ul style="list-style-type: none"> <li>▪ Site</li> <li>▪ Improvements</li> <li>▪ Special features</li> </ul>	
Sale date:	Sale price:
Analysed land value (1 January XXXX):	

[Repeat 'Sales' table as needed]

- How do I object to my unimproved value?

You will need to lodge your objection within 60 days of receiving this report. Under law, objections cannot be accepted after that time.

Objections should be lodged with the Commissioner for ACT Revenue with our [www.revenue.act.gov.au/contact-us](http://www.revenue.act.gov.au/contact-us) form or send your request by post to:

ACT Revenue Office  
PO Box 293  
CIVIC SQUARE ACT 2608

It is important that you consider including relevant information (such as, sales of property that are similar to your property) to support an objection to your unimproved value. It is less likely that an objection that is not based on relevant sales evidence would be supported.

Further detail regarding the objection process is available from the ACT Revenue Office website, [www.revenue.act.gov.au](http://www.revenue.act.gov.au).

[INSERT Date]

## Appendix Q – Purpose Codes and Components



A full list of purpose (categorisation) codes and component descriptions are included in the attached objects.



Categorisation  
Codes



Component Codes



**Summary Sheet**

Adjusted Sale Price	Where a sale price has been adjusted to reflect passage of time demolition etc
Out of Line	A comparable sale that does not reflect general trends established by other sales
Vacant Land	A sale of vacant land ready to build
Redevelopment Site	A sale of a property that includes improvements of limited value
Private Sale	A sale of a property without the use of Real Estate Agency services
Ex-Component	A transaction used as evidence that is situated outside the benchmark locality
New BM	See Benchmark Worksheets
Roadside Inspection	Advises the date of last inspection/photo, and whether a new inspection is required
2021UV/Median Ratio	Calculates the ratio between the previous UV and the median of the component

**Mass Appraisal Statistics**

COD	Coefficient of Dispersion measures the consistency of UV's in a suburb. It is the average deviation of sale price from the median sale ratio <15
MVP	Mean Value Price ratio measures on average how close the UV is to the deduced UV <+/- 5%
PRD	Price Related Differential measures the consistency of UV's at the low and high end of a range of values in a locality <+/- 5%
IMPSR	Improvement to Sales Ratio measures the allowance made for improvements in the analysis of a sale. Typically new suburbs 40-60%, old suburbs 15-25%, development sites <15%
IQR/Comp	The ratio between the approximate median of the middle 50% of values and the median of the entire component

**Benchmark Worksheets**

Photo	A photo has been taken of the property to validate inspection of the benchmark
Date	Date of inspection of the benchmark
Likely State at Sale	The state that the property was at potential sale (not compulsory field) - see Drop Down Menus
New BM	A new BM for the component has been selected
Heritage	The BM is subject to heritage overlays
Reserve	The BM backs a reserve
Busy Road	The BM is situated to a busy road
Component Median	Is the UV that is at or near the middle of all component values
IQR	Is the UV that is at the centre of the middle 50% of all component values
R	Is the IQ range i.e. from the bottom 25% to the upper 75%

**Sale Worksheets**

Adjusted Sale Price	Refer Summary Sheet
House Plans	Where lodged house plans have been obtained to establish the areas of the structures
Out of Line	Refer Summary Sheet
Vacant Land	Refer Summary Sheet
Redevelopment Site	Refer Summary Sheet
Private Sale	Refer Summary Sheet
Ex-Component	Refer Summary Sheet
Adjusted Sale Price Rationale	A section that includes the orthodoxy used to adjust the contract price
Rent Approach	A section that includes the orthodoxy used to establish the added value of improvements for redevelopment sites

**Drop Down Menus**

<i>Likely State at Sale</i>	
Improved	BM property was sold with improvements that added value
Redevelop	BM property was sold with improvements that limited value
Vacant	BM property was sold as vacant land
N/A	Sale of BM property is not suitable for analysis
<i>Comparison</i>	
Superior	Sale property is superior to BM
Comparable	Sale property is comparable to BM
Inferior	Sale property is inferior to BM
N/A	Sale property is not comparable to BM

**Disclaimer**

The ACTVO may have used imagery and information provided by Rawlinsons, Allhomes, Corelogic, ACTMapl or other sources to support the valuation exercise, most of which has been accessed via paid licenses. It does not assume ownership of the imagery and will not publish or produce the artefacts unless required to do so through an action of law.

Saturday, 1 January 2022  
 RATING VALUATIONS - ACTVO SALES ANALYSIS SUMMARY

SUBURB: Suburb

Sale No	Loc	Blk	Sec	Address	Sale Date	Sale Price	Adjusted SP	Site Area	Zoning	Out of Line	Vacant Land	Development	Private Sale	Ex-Component	PROPOSED UV CALCULATIONS			ANALYSIS				
															Analysed UV	2021	2022	% Variance	UV \$/m²	Imps Ratio	Sales Ratio	Abs Dev
1	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
2	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
3	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
4	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
5	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
6	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
7	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
8	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
9	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
10	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
11	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
12	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
13	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
14	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
15	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
16	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
17	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
18	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
19	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
20	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
21	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
22	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
23	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
24	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
25	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
26	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
27	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
28	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
29	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					
30	0	0	0	0	00/01/1900	\$ -			00-Jan-00						\$ -	\$ -	#N/A					

New BM	Loc	Blk	Sec	Address	Size	Zoning	Roadside Inspection	UV 2018	UV 2019	UV 2020	UV 2021	2021UV/Median Ratio	Adopted UV 2022	Change	\$/m²	Component Median	IQR	Lower Quartile Range	Upper Quartile Range
	A	#CALC!	#CALC!	#CALC!	#CALC!	#CALC!	Required	#CALC!	#CALC!	#CALC!	#CALC!	#CALC!	\$ -	#CALC!		#CALC!	#CALC!	#CALC!	#CALC!
	B						Required												
	C						Required												
	D						Required												
	E						Required												
	F						Required												
	G						Required												
	H						Required												

STATS	
COD	#DIV/0!
MVP	#DIV/0!
PRD	#DIV/0!
IMPSR	#DIV/0!
IQR/Comp	
A	#CALC!
B	#DIV/0!
C	#DIV/0!
D	#DIV/0!
E	#DIV/0!
F	#DIV/0!
G	#DIV/0!
H	#DIV/0!



2. Blank Template 2022

Residential Sales Analysis					
	Loc	Block	Section		
Sale Price		Site Area [sqm]	UV 2021		
Adjusted Sale Price	<input type="checkbox"/>	House Plans	<input type="checkbox"/>	Out of Line	<input type="checkbox"/>
Sale Date		Vacant Land	<input type="checkbox"/>	Redevelopment Site	<input type="checkbox"/>
Zoning		Private Sale	<input type="checkbox"/>	Ex-Component	<input type="checkbox"/>
<b>Site Description :</b>					
<b>Description of Improvements:</b>					
<b>Adjusted Sale Price Rationale:</b>					
<b>Improvement Type</b>	<b>Year Built</b>	<b>Area</b>	<b>Rate</b>	<b>Added Value</b>	
Original building				\$	-
Renovations/Additions:				\$	-
<b>Other Structures</b>			<b>Comments</b>		
Garage					
Carport					
Shed					
<b>Other Improvements</b>			<b>Comments</b>		
Landscaping, Fencing, Paving					
Paved Pergola					
Covered Deck					
Pool					
Other Improvements					
Total Improvement Value as at date of sale.				\$	-
<b>Or Rent Approach:</b>	<b>\$/wk</b>	<b>Dev Weeks</b>	<b>Units</b>	<b>Vacancy</b>	
Estimated Rental					\$ -
<b>Adopted Improvement Value</b>				\$	-
Analysed Land Value				\$	-
Change from UV 2021 UV				\$	-

Benchmarked Property Analysis Sheet					
#CALC!	Photo	<input type="checkbox"/>	Last Inspected		
BM Component	A	Block	#CALC!	Section	#CALC!
Sale Price		Sale Date		Site Area [sqm]	#CALC!
Likely State at Sale		Zoning	#CALC!	UV 2021	#CALC!
New BM	<input type="checkbox"/>	Heritage	<input type="checkbox"/>	Component Median	#CALC!
Reserve	<input type="checkbox"/>	Busy Road	<input type="checkbox"/>	IQR	#CALC!
				R	#CALC! #CALC!

Site Description

---

Description of Improvements:

---

Value of Improvements	Not Required				
Main Structural Improvements	Year Built	Area	Rate	Added Value	Adopted Value
Original building					
Additions:					
Other Improvements (Added)					
Landscaping, Fencing, Paving					
Paved Pergola					
Deck					
Pool					
Other Improvements					
Total					
				SAY	

Sales - Deduced Land Value					
Property	DLV	Site Area	\$/sqm	Comparison	
#CALC!	#CALC!	#CALC!			
Average Subject					
	#CALC!	#CALC!	#DIV/0!	#CALC!	
			Change from	UV 2021	#CALC!
				Adopt	

Estimated Market Value Not Required \$ -

Sales - Improved		
Property	Sale Date	Sale Price
#CALC!	#CALC!	#CALC!

Primary Code		Sub Code	Sub Code	Residential	Description	COMMENTS
<b>10</b>				<b>Residential Use Development Land</b>		
		100		Vacant Residential Dwelling Site/Surveyed Lot	Vacant land suitable for the erection of a detached or semi-detached dwelling.	All residential codes
		101		Residential Development Site	Vacant land with a permit approved or capable of being developed for high density residential purposes.	
		102		Vacant In globo Residential Subdivisional Land	Vacant land zoned for future residential subdivision.	
			102.1	<i>Unspecified</i>		
			102.2	<i>Subdivisional Land (Multi Lot)</i>		
			102.3	<i>Subdivisional Land (In globo/Potential)</i>		
		103		Vacant Residential Rural/Rural Lifestyle	Vacant land in a rural, semi-rural or bushland setting capable of being developed with a single residential dwelling.	
		104		Residential Land (with uses that include commercial)	Development land that allows predominantly residential uses in addition to commercial uses.	
		109		Residential Airspace	Airspace capable of being developed for residential purposes, usually above a rooftop, roadway or railway.	
<b>11</b>				<b>Single Residential Accommodation</b>		
0	Private Residential	110		Detached Dwelling	Freestanding dwelling on residential land.	
			110.1	<i>Unspecified</i>		
			110.2	<i>Detached Dwelling (new)</i>		
			110.3	<i>Detached Dwelling (existing)</i>		
			110.4	<i>Detached Dwelling Non-Conforming Use-Commercial</i>	Detached dwelling used for residential purposes on commercial land.	
			110.5	<i>Detached Dwelling Non-Conforming Use-Industrial</i>	Detached dwelling used for residential purposes on industrial land.	
		111		Separate Dwelling and Curtilage	Freestanding dwelling on defined curtilage, being part of a larger holding of varying use, e.g. caretaker's dwelling on industrial site, second dwelling on farm.	
		112		Semi-Detached/Terrace/Row House	Attached or semi-detached dwelling that does not share common land.	
			112.1	<i>Unspecified</i>		
			112.2	<i>Semi-detached</i>		
			112.3	<i>Terrace</i>		
			112.4	<i>Row House</i>		
			112.5	<i>Half Pair or Duplex</i>		
		113		Granny Flat/Studio	Dwelling either detached or adjoined to a principal dwelling that is self-contained, connected to services but not subdivided in the present form.	
		114		Dwelling and Dependant Unit	Dwelling and dependant unit not permitted to be separately occupied either detached or adjoined, each self-contained, connected to services but not subdivided in the present form.	
		115		Shack/Hut/Donga	Basic structure with limited services and amenities, providing basic, short-term accommodation.	
		116		Cabin/Accommodation (rental/leased individual residential site)	A dwelling subject to a site agreement within a larger complex, e.g. caravan park or lifestyle village. The basis of valuation may vary according to legislation.	
		117		Residential Rural/Rural Lifestyle	A single residential dwelling on land in a rural, semi-rural or bushland setting. Primary production uses and associated improvements are secondary to the residential use.	
		118		Residential Land (with buildings that add no value)	Residential land on which the benefit of works (structures erected) upon the land is exhausted.	
<b>12</b>				<b>Multiple Occupation (within residential development)</b>		
<b>13</b>				<b>Investment Residential (Single Title)</b>		
		130		Boarding House	Land with a building that is registered to provide long term single room accommodation with shared facilities.	
		131		Residential Investment Flats	A flat that forms part of a complex of two or more flats on land not subdivided.	Single title unit development
		133		Short Term Holiday Accommodation	A residential property used exclusively for short term holiday accommodation for persons away from their normal place of residence.	
		135		Dormitory Accommodation/University Residential College	Residential accommodation for students usually with shared facilities which is controlled or operated by a registered educational provider.	
<b>14</b>				<b>Retirement/Aged Care Accommodation/Special Accommodation</b>		
16	Homes For The Aged	140		Retirement Village Unit	Individual unit with self-contained facilities that forms part of retirement village.	
		141		Retirement Village Complex	Land on which a retirement village complex which provides accommodation with shared facilities, amenities and services is erected.	



		142		Aged Care Complex	Land developed with a registered care facility that provides residential accommodation and care services for people, particularly the elderly who can no longer live independently.	
		143		Special Accommodation	Land with residential accommodation provided by registered providers for people with defined medical, social or special support needs.	
		144		Disability Housing	Land on which purpose built housing accommodation for people with disabilities is erected.	
	<b>15</b>			<b>Ancillary Buildings</b>		
		150		Miscellaneous Improvements on Residential Land	Residential land, on which miscellaneous improvements only are erected, e.g. garages and sheds.	
		151		Miscellaneous Improvements on Rural Living Land	Land within a rural, semi-rural or bushland setting and capable of being developed with a single residential dwelling on which miscellaneous improvements only are erected, e.g. garages and sheds.	
			151.1	Unspecified		
			151.2	Storage Area		
			151.3	Garage/Outbuilding		
			151.4	Site Improvements		
	<b>16</b>			<b>Government Housing</b>	Land owned, developed and maintained by the government for social housing purposes.	
1	Government House	161		Single Residential Accommodation	Single Residence	
2	Temporary Government House	162		Low Density Development up to 10 units	Block of flats upto 10 units	
4 & 5	Government Unit			Medium Density Development 11 to 50 units		
		163		High Density Development over 50 units		
		164		Other Unspecified		
	<b>17</b>			<b>Investment Residential (Multiple Title)</b>		
108	DUAL OCCUPANCY - UNIT TITLED	171		Dual Occupancy		
8	Common Property - Residential	172		Low Density Development up to 10 units		
12	Flats	173		Medium Density Development 11 to 50 units		
		174		High Density Development over 50 units		
		175		Company Title		
		176		Unspecified		
	<b>Code</b>		<b>Sub Code</b>	<b>Commercial</b>	<b>Description</b>	
68	Light Industry & Commercial	<b>20</b>		<b>Commercial Use Development Land</b>		
			200	Commercial Development Site	Vacant land with a permit approved or capable of being developed for commercial or mixed use purposes.	
			201	Vacant In globo Commercial Land	Land which is zoned for future commercial subdivision/development.	
			202	Commercial Land (with buildings that add no value)	Commercial land on which the benefit of works (structures erected) upon it is exhausted.	
			203	Commercial Land (with uses that include residential)	Development land that allows predominantly commercial uses in addition to residential uses.	
			209	Commercial Airspace	Airspace capable of being developed for commercial purposes, usually above a rooftop, roadway, railway.	
	<b>21</b>			<b>Retail</b>		
31	Single Shop Only	210		Retail Premises (single occupancy)	Land with retail premises used for the sale of goods or services.	
34	Shop/Bank/Office-Professional Suite	211		Retail Premises (multiple occupancies)	Land with more than one retail premises used for the sale of goods or services, regarded as a complex and not subdivided.	
30	Shops		211.1	Unspecified		
32	Shop/Bank		211.2	Shop and Dwelling (single occupancy)		
33	Shop/Office-Professional Suite		211.3	Office and Dwelling (single occupancy)		
40	Office/Commercial Purposes	212		Mixed Use Occupation	Land that includes mixed occupancies, including shops and offices regarded as a complex and not subdivided.	
42	Shop/Amusement		212.1	Unspecified		
			212.2	Office		
			212.3	Shop		
			212.4	Studio		
			212.5	Workroom		
			212.6			
		213		Shopping Centre	Land developed with a significant retail complex comprising a number of unsubdivided retail premises, parking and associated infrastructure.	
			213.1	Unspecified		
			213.2	Super Regional		Canberra Centre
			213.3	Major Regional		Belconnen/Woden
			213.4	Regional		Kippax
			213.5	Sub Regional		
			213.6	Neighbourhood		Higgins
		214		National Company Retail	Land developed with a purpose built structure and normally occupied by a national company, e.g. supermarket, hardware and home wares.	Woolworths/Supabarn/Bunnings



			214.1	Unspecified	
			214.2	Supermarket	
			214.3	Department/Discount Department Store	
			214.4	Bulky Goods	
50	Service Station NO Car Sales		215	Fuel Outlet/Garage/Service Station	Land used predominantly for fuel sales (multiple pumps) may include car repair and servicing facilities.
			216	Multi-Purpose Fuel Outlet (fuel/food/groceries)	Land used as a service centre usually including fuel sales, retail, restaurant and takeaway food facilities.
			217	Bottle Shop/Licensed Liquor Outlet	Land developed with a purpose built structure and normally occupied by a national company licensed for the sale of packaged alcohol.
			218	Licensed Retail Premises	Retail premises licensed to sell packaged alcohol.
			219	Market Stall	A stall within a market used for the sale of goods and services, e.g. stall at Queen Victoria Market.
		<b>22</b>		<b>Office</b>	
39	Office Only		220	Office Premises	Land used predominantly as an office for administration, technical, professional or other like business activity.
38	Office-Professional Suite		222	Low Rise Office Building	Land developed with a 1-3 level office building and used for administration, technical, professional or other like business activity.
				Multi-Level Office Building	Land developed with a 4+ level office building and used for administration, technical, professional or other like business activity.
			222.1	Unspecified	
			222.2	Medium rise (4 to 50 levels)	
			222.3	High Rise (50+ levels)	
			223	Special Purpose (built-in technology)	Land developed as a purpose-built facility with a high technology component, e.g. call centre.
		<b>23</b>		<b>Short Term Business and Tourist Accommodation</b>	
19	Hotels		230	Residential Hotel/Motel/Apartment Hotel Complex	Land used to provide accommodation in serviced rooms for persons away from their normal place of residence.
21	Motel			230.1	Unspecified
				230.2	Residential Hotel
				230.3	Motel
				230.4	Apartment Hotel Complex
				230.5	Tourist Resort Complex
				230.6	Hotel
				230.7	Private Hotel
			231	Residential Hotel/Motel/Apartment Hotel Units	Subdivided units forming part of a single complex operated as a hotel/motel.
			232	Serviced Apartments/Holiday Units	Unit/s within a development used to provide short term accommodation as serviced apartments.
				232.1	Unspecified
				232.2	Holiday Units
				232.3	Serviced Apartments
			233	Bed and Breakfast	Land developed with short-term accommodation, permitted in serviced rooms for persons away from their normal place of residence.
			234	Tourist Park/Caravan Park/Camping Ground	Land registered as a caravan park and developed with cabins, caravan and camping sites, administration/ablution amenities and recreational facilities.
11	Guest House		235	Guest Lodge/Back Packers/Bunkhouse/Hostel	Land providing basic, short-term residential accommodation usually with shared bathroom and self-service catering facilities.
15	Hostel			235.1	Unspecified
14	Guesthouse/Flats			235.2	Guest Lodge
				235.3	Back Packers/ Hostel
				235.4	Bunkhouse
			236	Ski lodge/ Member facility	Land developed with short term accommodation for members or guests of a ski lodge/club.
			237	Recreation Camp	Land developed with accommodation used by persons or groups for holiday or recreational purposes provided by a commercial operator, e.g. student, youth or family groups.
		<b>24</b>		<b>Hospitality</b>	
			240	Pub/Tavern/Hotel/Licensed Club/Restaurant/Licensed Restaurant/Nightclub	Land licensed to sell liquor but is not permitted to provide gaming facilities. May provide meals, limited accommodation, and/or entertainment.
			241	Hotel-Gaming	Land licensed to sell liquor and is permitted to provide gaming facilities. May provide meals, limited accommodation, and/or entertainment.
					No hotels with pokies in the ACT



41	T.A.B.	242	Club-Gaming – stand alone	Land permitted to provide gaming facilities associated with a special purpose organisation, e.g. ethnic club, RSL. Access is normally subject to entry conditions.	
		243	Member Club Facility	Land upon which the use of the facilities are restricted by membership requirements. Entry is not available to non-members. May contain any combination of liquor sales, meals and limited accommodation, e.g. RACV member club, The Australian Club.	
		244	Casino	Land with special operating permit for a large gaming facility.	
		245	Franchised Fast Food Restaurants	Land occupied by a national company and used as a fast food outlet, e.g. KFC, McDonalds.	
22	Reception Centre	246	Kiosk	Land developed with a small retail facility commonly found in public areas, e.g. parks, transport hubs.	
20	Hotel-Convention Centre	247	Conference/Convention centre	Land developed with purpose built facilities used for conference or convention centre purposes.	
		<b>25</b>	<b>Entertainment – Cinema, Live Theatre and Amusements (non-sporting)</b>		
44	Amusement	250	Live Entertainment – Major Multi-Purpose Complex	Land developed with a large purpose-built venue used for a wide variety of live entertainment, e.g. Melbourne Arts Centre.	
		251	Cinema Complex	Land developed as a cinema complex incorporating theatres, either stand alone or within a larger complex.	
		252	Playhouse/Traditional Theatre	Land developed as a theatre, either stand alone or within a larger complex.	
		253	Drive-In	Land with an outdoor movie theatre with drive-in parking facilities.	
		<b>26</b>	<b>Tourism Facilities/Infrastructure</b>		
		260	Large Theme Attraction/Park	Land developed as a high profile theme park with attractions, e.g. Sovereign Hill, Ballarat.	
		261	Amusement Park	Land developed as purpose built amusement park with limited rides and attractions, e.g. Luna Park, Melbourne.	
		262	Major Infrastructure Attractions (often associated with a major historic or feature natural location).	Land associated with a major tourist attraction destination.	
		263	Tourism Infrastructure – Local Attractions	Land associated with a local tourist attraction, e.g. cable cars, water slides, chair lifts, tourist railways.	Corin Forest
		<b>27</b>	<b>Personal Services</b>		
		270	Health Surgery	Land used by a health practitioner in a stand-alone practice.	
		271	Health Clinic	Land used as consulting suites by health practitioners within an unsubdivided complex, e.g. doctor, chiropractor, dentist, radiologist.	
			271.1 Unspecified		
			271.2 Diagnostic Centre/X-Ray		
			271.3 Medical Centre/Surgery		
			271.4 Dental Clinic		
			271.5 Super Clinic		
		272	Brothel	Land permitted to be used for the business of providing prostitution services.	
73	Funeral Parlour	273	Crematorium/Funeral Services	Land that is purpose built for undertaking funeral services.	
		274	Automatic Teller Machine	An ATM facility that is not within or attached to banking premises. Can be standalone or separately occupied.	
		275	Veterinary Clinic	Land used by a veterinary practitioner to treat animals. It may include keeping animals on the premises for treatment or adoption.	
		<b>28</b>	<b>Vehicle Car Parking, Washing and Sales</b>		
		280	Ground Level Parking	Land used for ground level parking.	
		281	Multi-Storey Car Park	Land developed as a multi-storey car parking facility.	
		282	Individual Car Park Site	A subdivided car park within a commercial property. Can be leased individually or as part of a single complex by a car park operator.	
			282.1 Unspecified		
			282.2 Car park – Under Cover		
			282.3 Car park – Open Air		
		283	Car Wash	Land developed as a purpose built car wash facility. Can be stand alone or part of a larger property.	Belconnen car wash.
51	Service Station Car Sales	284	Vehicle Sales Centre	Land used for the preparation and display of new or second hand vehicles for sale.	
		285	Vehicle Rental Centre	Land used for the preparation, storage and display of vehicles available for hire.	
		<b>29</b>	<b>Advertising or Public Information Screens</b>		
		290	Advertising Sign	Land upon which an advertising sign is erected may be stand alone or form part of a larger property.	
			290.1 Unspecified		
			290.2 Self-Standing Pole		



			290.3	Bridge Fixed	
			290.4	Roof Mounted	
			290.5	Wall Fixed	
		293		Electronic Stadium/Street TV Relay Screen/Scoreboard	Land upon which electronic screen or scoreboard used for the display of live media and information. May be stand alone or form part of a larger property.
	<b>Code</b>	<b>Sub Code</b>	<b>Industrial</b>	<b>Description</b>	
	<b>30</b>		<b>Industrial Use Development Land</b>		
		300	Industrial Development Site	Vacant land with a permit approved or capable of being developed for industrial use.	
		301	Vacant Industrial In globo Land	Land which is zoned for future industrial subdivision/development.	
		302	Industrial Airspace	Airspace capable of being developed for industrial purposes, usually above a rooftop, roadway, railway.	
		303	Industrial Land (with buildings which add no value)	Industrial land on which the benefit of works (structures erected) upon it is exhausted.	
	<b>31</b>		<b>Manufacturing</b>		
59	Minor Industrial	310	General Purpose Factory	Land used for manufacturing, assembly or repairs. May have specialised/purpose built structures.	
62	Industry & Subsidiary Shop		310.1	Unspecified	
63	Industry		310.2	Factory Unit	
68	Light Industry & Commercial		310.3	Factory	
			310.4	Garage/Motor Vehicle Repairs	
			310.5	Office/Factory	
			310.6	Workshop	
		311	Food Processing Factory	Land developed with purpose built food processing facilities, e.g. cannery, milk production plant.	
			311.1	Unspecified	
			311.2	Processing Plant	
69	Milk Treatment Depot		311.3	Dairy	
67	Structural Mechanical Engineering	312	Major Industrial Complex – Special Purpose Improvements	Land developed with purpose built facilities for large scale industrial use, e.g. car plant, paper mills.	
	<b>32</b>		<b>Warehouse/Distribution/Storage</b>		
60	Manufacturing/Distribution/Storage	320	General Purpose Warehouse	Land used for the storage of goods.	
61	Wholesale Distribution		320.1	Unspecified	
64	Transport-Storage		320.2	Warehouse	
65	Storage/Distribution		320.3	Warehouse/Office	
66	Storage/Distribution/Mechanical		320.4	Warehouse/Factory	
			320.5	Warehouse/Showroom	
			320.6	Depot	
			320.7	Store	
		321	Open Area Storage	Land with extensive hardstand area used for the storage of goods and equipment.	
			321.1	Unspecified	
			321.2	Hardstand/Storage Yard	
			321.3	Wrecking Yard	
			321.4	Concrete Batching Plant	
			321.5	Container storage	
		322	Bulk Grain Storage (structures)	Land developed with silos used for the storage of grain.	
		323	Bulk Grain Storage (earthen walls and flooring - pit bunker)	Land developed with bunkers used for the storage of grain.	
70	Oil Bulk Storage	324	Bulk Liquid Storage Fuel Depot/Tank Farm	Land developed with tanks for the storage and distribution of bulk liquids, e.g. tank farms, fuel depot	
		325	Coolstore/Coldstore	Land with a purpose built structure used for the cold storage of perishable products.	
		326	Works Depot	Land developed as a works depot used in conjunction with infrastructure maintenance, e.g. municipal depot.	
	<b>33</b>		<b>Noxious/Offensive/Dangerous Industry</b>		
		332	Stock sales yards	Land developed with purpose built structures used for the yarding and selling of stock.	
		336	Sawmill	Land developed with purpose built structures used for the milling and curing of timber.	
	<b>Code</b>	<b>Sub Code</b>	<b>Extractive Industries</b>	<b>Description</b>	
	<b>40</b>		<b>Extractive industry site with permit or reserve not in use</b>		
	<b>41</b>		<b>Quarry (in use)</b>		
74	Quarrying	410	Sand	Land from which sand is being extracted by a licensed operator.	
		411	Gravel/Stone	Land from which stone and gravel are being extracted by a licensed operator.	
		412	Manufacturing Materials	Land from which manufacturing materials, such as clay (paper and pottery), limestone, dolomite (fertiliser) and cement/gypsum (cement), are being extracted by a licensed operator.	
		413	Soil	Land from which soil is being extracted for by a licensed operator.	



48		Other Unspecified		
		482	Vacant Land mining unspecified	Land from which material has been extracted in the past, that is decommissioned, is vacant land and not otherwise specified.
Code	Sub Code	Primary production	Description	
50	Native Vegetation			
	500	Vacant Land - Native Vegetation/Bushland	Vacant land that is not cleared with native vegetation coverage typical of the district that is not covered by a covenant or other formal agreement to preserve the vegetation.	
	501	Vacant Land - Native Vegetation/Bushland with Covenant/Agreement	Vacant land that is not cleared with native vegetation coverage typical of the district, covered by a covenant or other formal agreement to preserve the vegetation.	
51	Agriculture Cropping			
52	Livestock Grazing			
75 Agriculture & Grazing	520	Domestic Livestock Grazing	Land used for the grazing of domestic livestock.	
	521	Non-Native Animals	Land used for the grazing of specialist/exotic animals.	
	522	Native Animals	Land used for the grazing of native animals.	
	523	Livestock Production – Sheep	Land developed with specialist infrastructure and used for the farming of sheep.	
	524	Livestock Production – Beef Cattle	Land developed with specialist infrastructure and used for the farming of beef cattle.	
	525	Livestock Production – Dairy Cattle	Land developed with specialist infrastructure and used for the farming of dairy cattle.	
53	Mixed Farming and Grazing			
54	Livestock – special purpose fencing, pens, cages, yards or shedding, stables			
71 Board Kennels/Vet Hospital	540	Cattle Feed Lot	Land developed with specialist infrastructure used for intensive feeding of cattle.	
	541	Poultry – Open Range	Land used for poultry run as free range.	
	542	Poultry (egg production)	Land developed with specialist infrastructure used for egg production.	
	543	Poultry (broiler production)	Land developed with specialist infrastructure used for broiler production.	
	544	Horse Stud/Training Facilities/Stables	Land developed with specialist infrastructure used as a horse stud farm or horse training facility.	
	545	Piggery	Land developed with specialist infrastructure for use as a piggery.	
	546	Kennel/Cattery	Land developed with specialist infrastructure for use as a kennel and/or cattery.	
55	Horticulture Fruit and Vegetable Crops			
	550	Market Garden – Vegetables	Land used for the planting of vegetable crops.	
	551	Orchards, Groves and Plantations	Land used for the planting of trees for the production of fruit and nuts, e.g. olives, stone fruits, tropical fruits, citrus.	
56	Horticulture – Special Purpose Structural Improvements			
	561	Vineyard	Land developed with specialist infrastructure to facilitate the growing of grapes.	
	562	Plant/Tree Nursery	Land used for the propagation, growing and storage of plants.	
	563	Commercial Flower and Plant Growing – (outdoor)	Land used for the propagation, growing and storage of flowers and plants.	
	564	Glasshouse Plant/Vegetable Production	Land developed with specialist infrastructure for the indoor propagation and growing of plants and plant crops.	
57	Forestry – Commercial Timber Production			
Code	Sub Code	Infrastructure and utilities (industrial)	Description	
60	Vacant			
	600	Vacant Land	Vacant land reserved or capable of being developed for infrastructure purposes.	
	601	Unspecified – Transport, Storage, Utilities and Communication	Vacant land reserved or capable of being developed for transportation, storage, utilities and communication uses.	
	612	Storage	Land developed with specialist infrastructure used for the storage of gas or fuel.	
	613	Transmission Pipeline (through easements, freehold and public land)	Land developed with specialist infrastructure used for the transmission of gas or fuel including pipelines and pressure control facilities.	
	614	Distribution/Reticulation Pipelines (through easements, freehold and public land)	Land developed with specialist infrastructure used for the reticulation of gas or fuel for domestic/commercial purposes.	
62	Electricity			
	622	Wind Farm Electricity Generation	Land developed with specialist infrastructure used in the generation of wind powered electricity.	
	623	Electricity Substation/Terminal	Land developed with specialist infrastructure associated with the reticulation of electricity.	



		624	Electricity Transmission Lines (through easements, freehold and public land)	Land developed with transmission lines used for electricity transmission.
		625	Electricity Distribution/Reticulation Lines (through easements, freehold and public land)	Land developed with specialist infrastructure with a transmission line used for domestic/commercial reticulation.
		626	Solar Electricity Generation	Land developed with specialist infrastructure used in the generation of solar electricity.
	<b>63</b>		<b>Waste Disposal, Treatment and Recycling</b>	
		630	Refuse Incinerator	Land developed with specialist infrastructure used for the incineration of refuse.
		631	Refuse Transfer Station	Land developed with specialist infrastructure used in the storage and transfer of refuse.
		636	Sewerage/Stormwater Treatment Plant Site	Land developed with specialist infrastructure used in the treatment of sewerage and stormwater.
		637	Sewerage/Stormwater Pump Stations	Land developed with specialist infrastructure used in the pumping of sewerage and stormwater.
		638	Sewerage/Stormwater Pipelines (through easements, freehold and public land)	Land developed with pipelines or channels used for domestic sewerage or stormwater reticulation.
	<b>64</b>		<b>Water Supply</b>	
		640	Water Catchment Area	Land used for the purpose of water catchment within a designated water catchment area.
		641	Water Catchment Dam/Reservoir	Land developed with specialist infrastructure and used as a dam, weir, storage basin or reservoir for water catchment.
		642	Water Storage Dam/Reservoir (Non-Catchment)	Land developed with specialist infrastructure and used as a dam, weir, storage basin or reservoir for water storage.
		643	Water Treatment Plant	Land developed with specialist infrastructure used for the treatment of water, e.g. desalination plant.
		644	Water Storage Tanks, Pressure Control Towers and Pumping Stations.	Land developed with water storage tanks, pressure control towers and pumping stations used for water supply.
		645	Major Water Conduits	Land developed with canals, flumes, pipes to carry water to power stations, treatment plants and irrigation supply channels used for the supply of water.
		646	Water – Urban Distribution Network (through easements, freehold and public land)	Land developed with infrastructure for the domestic reticulation of water.
	<b>65</b>		<b>Transport – Road Systems</b>	
		651	Main Highways (including national routes)	Land that forms part of a main highway.
		652	Secondary Roads	Land that forms part of a secondary road.
		653	Suburban and Rural Roads	Land that forms part of a suburban or rural road.
		654	Closed Roads	Land that forms part of a road that is now closed.
		655	Reserved Roads	Land reserved for future roads.
		656	Bus Maintenance Depot	Land developed for the parking and maintenance of passenger buses.
		657	Bus Interchange Centre/Bus Terminal	Land developed as a bus interchange centre/bus terminal.
		658	Designated Bus/Taxi Stops/Stands/Shelters	Land developed as a bus/taxi stop. Includes designated areas, stands and shelters.
		659	Weighbridge	Land developed with a weighbridge.
	<b>66</b>		<b>Transport – Rail and Tramway Systems</b>	
		660	Railway Line in use	Land developed and used as an operating railway line and associated infrastructure.
		665	Tramway/Light Rail Right of Way and Associated Track Infrastructure	Land developed and used as an operating tram or light rail service and associated infrastructure.
		666	Tramway Maintenance /Terminal Storage	Land developed and used for tramway maintenance and terminal facilities.
		667	Tram Stopping Facilities	Land developed and used for a tram stop. Includes shelters and platforms.
		668	Railway/Tramway Line Closed/Unused	Land developed and no longer used for tramways or other related facilities.
	<b>67</b>		<b>Transport – Air</b>	
	<b>68</b>		<b>Transport – Marine</b>	
		685	Piers, Storages and Slipways	Land developed and used for the maintenance and launching of boats.
		686	Ramps and Jetties	Land developed with limited infrastructure used for recreational boating purposes.
		687	Marinas and Yacht Clubs	Land developed with specialist infrastructure used for the wet and dry storage of leisure boats.
	<b>69</b>		<b>Communications, including Print, Post, Telecommunications and Airwave Facilities</b>	
		690	Post Offices	Land used for the collection/ distribution of mail and the sale of products associated with that use.
		691	Postal Exchange/Mail Sorting Centres	Land developed and used for the sorting of mail.
		692	Post Boxes	Land developed with a single receptacle for the posting of mail.



		693		Telecommunication Buildings/Maintenance Depots	Land developed and used for the maintenance of telecommunication installations.	
		694		Telecommunication Towers and Aerials	Land developed with specialist infrastructure used for the transmission of telecommunication signals. Maybe be stand alone or affixed to buildings.	
		695		Cable Lines, Conduits and Special Purpose Below Street Level Communication Line Tunnels – not being sewers (through easements, freehold and public land)	Land developed with cable lines, conduits and special purpose, below street level and communication line tunnels used for telecommunication purposes.	
		696		Television/Radio Station – Purpose Built	Land developed with specialist infrastructure used for the production/ recording of television and radio programs.	
		698		Telephone Exchange – Purpose Built	Land developed with specialist infrastructure used to facilitate the transmission of telephonics.	
			<b>Code</b>	<b>Sub Code</b>	<b>Community Services</b>	<b>Description</b>
			<b>70</b>		<b>Vacant or Disused Community Services Site</b>	
		700		Vacant Health Services Development Site	Vacant land with a permit approved or capable of being developed for health purposes, e.g. hospital site.	
		701		Vacant Education and Research Development Site	Vacant land with a permit approved or capable of being developed for education purposes, e.g. school/university site.	
		702		Vacant Justice and Community Protection Development Site	Vacant land with a permit approved or capable of being developed for justice and community protection purposes, e.g. police station, court house.	
		703		Vacant Religious Purposes Development Site	Vacant land with a permit approved or capable of being developed for religious purposes, e.g. church, temple, synagogue site.	
		704		Vacant Community Services Development Site	Vacant land with a permit approved or capable of being developed for community services, e.g. clubrooms.	
		705		Vacant Government Administration Development Site	Vacant land with a permit approved or capable of being developed for government administration purposes, e.g. civic purposes.	
		706		Vacant Defence Services Development Site	Vacant land with a permit approved or capable of being developed for defence purposes, e.g. barracks.	
		707		Cemetery	Land permitted to be used as a cemetery.	
			<b>71</b>		<b>Health</b>	
78	Hospital	710		Public Hospital	Land developed and used as a hospital funded by the government for public patients.	
		711		Private Hospital	Land developed and used as a non-government funded hospital for private patients.	
		712		Welfare Centre	Land developed and used for the purposes of providing welfare services to the community.	
		713		Community Health Centre	Land developed and used as consulting facilities, for a range of public health issues to the wider community.	
		714		Centre for the Mentally ill	Land developed with specialist facilities and used for the treatment of the mentally ill. Includes rehabilitation clinics.	
72	Day Nurseries/Creches	715		Day Care Centre for Children	Land developed and permitted to be used as a day care centre of children by a licensed operator.	
			<b>72</b>		<b>Education and Research</b>	
		720		Early Childhood Development Centre – Kindergarten	Land developed and permitted to be used as a funded early education centre for children 3-5 year olds.	
		721		Government School	Land developed and used in the education of students in a government school operated by the state.	
81	Church/School	722		School Camps	Land developed and used as a camp exclusively for the education of students by a registered education provider.	
82	Other Religious Schools	723		Non-Government School	Land developed and used in the education of students in a non-government school operated by a registered education provider.	
		724		Special Needs School	Land developed and used in the education of pupils with special needs by a registered education provider.	
		725		University	Land developed and used in undergraduate and post graduate studies at degree, masters and PhD levels by a registered university.	
		726		Technical and Further Education	Land developed and used for post-secondary school education and training by a registered education provider. Usually aimed at developing specific job core competencies.	
90	Scientific Laboratory	727		Research Institute – Public	Land developed and used as a research facility by the government.	
		728		Observatory	Land developed with purpose-built infrastructure associated with astronomy and of national scientific importance.	Mt Stromlo
		729		Residential College/Quarters - Defence forces	Residential accommodation/quarters for the defence forces.	
			<b>73</b>		<b>Justice and Community Protection</b>	
		730		Police Facility	Land developed and used as a policing facility, at district/regional/state level.	
		731		Court Facility	Land developed and used as a judicial facility for either a Court or tribunal.	



		732	Prison/Detention Centre/Gaol Complex/ Corrective Institution	Land developed and used for custodial purposes.	
		733	Fire Station Facility	Land developed and used for the storage of vehicles and equipment for the fighting of fires.	
		734	Ambulance Station Facility	Land developed and used as an ambulance station.	
		735	Emergency Services Complex	Land developed and used for state emergency services facilities.	
		736	Community Protection and Services Training Facility	Land developed and used as a specialist facility for the training of fire, police, ambulance, SES and prison personnel.	
	<b>74</b>		<b>Religious</b>		
80	Church	740	Place of Worship	Land developed and used as a place of worship.	
		741	Religious Hall	Land developed and used for the social interaction of people by a religious organisation.	
79	Religious Residential	742	Religious Residence	Land developed and used as a dwelling by an ordained member/members of a religious order, as part of administering their religious duties.	
		743	Religious Study Centre	Land developed and used as a religious study centre.	
	<b>75</b>		<b>Community Service and Sporting Clubrooms and Halls</b>		
		750	Halls and Service Clubrooms	Land developed and used as an occasional meeting place by community based groups or clubs.	Scouts Hall etc
		751	Rural and Community Camps	Land developed with accommodation used by persons or groups for short term recreation/training/education purposes by a community service provider e.g. scout camp.	Outward Bound
		752	Community Facility	Land developed and used as a meeting place by groups involved in community interests, e.g. neighbour centre.	
	<b>76</b>		<b>Government Administration</b>		
91	Government Property	760	Parliament House	Land developed and used by government as a house of parliament.	Parliament House
		761	Government House	Land developed and used as a residence by a governor of a state or the Commonwealth.	
		762	Local Government	Land developed and used for the administration of local government.	
		763	Civic Buildings	Land developed and used by local government for civic purposes.	Legislative Assembly
	<b>77</b>		<b>Defence Services/Military Base</b>		
	<b>78</b>		<b>Other Community service facilities</b>		
		780	Public Conveniences	Land developed and used as a public convenience, e.g. public toilet block.	
		781	Unspecified – Public, Education and Health Improved	Land developed and used for the provision of education and health to the public by community service groups.	
		782	Unspecified – Public, Education and Health vacant	Vacant land with a permit approved or capable of being developed for public education and health services.	
		783	Animal shelter	Land developed and used as an animal welfare shelter by a community service group. May include keeping the animals on the premises for treatment or adoption	
	<b>79</b>		<b>Diplomatic and Consulate Services</b>	Land developed for the formal use by countries for diplomatic functions and services.	
		791	Residences used for embassy services	Land developed as a residential property and also used for embassy purposes.	
		792	Offices used for embassy services	Land developed specifically for consulate administrative purposes.	
		793	All purpose building used for embassy services	Combined consulate, administrative, residential and other premises.	
	<b>Code</b>	<b>Sub Code</b>	<b>Sport, Heritage and Culture</b>	<b>Description</b>	
	<b>80</b>		<b>Vacant Land</b>		
		800	Vacant Site – Sporting Use	Vacant land with a permit approved or capable of being developed for sporting use.	
		801	Vacant Site – Heritage Application	Vacant land designated and zoned for heritage purposes, e.g. historic precinct, heritage landscape.	
		802	Vacant Site – Cultural Use	Vacant land designated and zoned for cultural purposes.	
	<b>81</b>		<b>National Sports Complex</b>		
88	Sport/Club Facility with Licence	810	Major Sports Complex	Land developed with specialised infrastructure used as a major sporting facility for commercial purposes.	Bruce Stadium
89	Sport/Club Facility NO Licence	811	Major Indoor Sports Complex	Land developed with specialised infrastructure used as an indoor sporting facility for commercial purposes.	
		812	Outdoor\Indoor Sports Complex - non major	Land developed and used as a state or regional sports facility with limited commercial application, e.g. Velodrome, Netball Hockey centre.	Lynham Tennis Centre
		813	Outdoor Sports – Extended Areas/Cross Country	Land developed with specialist infrastructure over extended open areas used for recreational/sporting activities, e.g. member facility golf course, polo fields.	Defence rugby grounds
		814	Aquatic Complex	Land developed with specialised infrastructure used as an aquatic complex for water sports.	AIS



		815		Water Sports – Outdoor	Land developed with specialised infrastructure used for open air water sports, e.g. rowing.	
		816		Motor Racing Tracks/Speedways	Land developed with specialised infrastructure used for motor sports.	EPIC Racecourse
		817		Racecourse/Tracks	Land developed with specialised infrastructure used for horse, greyhound, or harness racing, e.g. Flemington, Randwick.	
	<b>82</b>			<b>Regional Sporting Facilities</b>		
		820		Indoor Sports Centre	Land developed and used as a local indoor recreational facility.	Fadden Tennis Centre
			820.1	Unspecified		
			820.2	Squash Courts		
			820.3	Gymnasium/Health Club		
			820.4	Indoor Sports Complex		
			820.5	Bowling Alley		
		821		Outdoor Sports Grounds town or suburban facilities	Land developed and used as a local outdoor recreation facility.	
			821.1	Unspecified		
			821.2	Tennis Club		Charwood Netball Centre
			821.3	Bowling Club		
			821.4	Outdoor Park and Facilities		
		822		Outdoor Sports – Extended Areas/Cross Country	Land developed with specialist infrastructure over extended open areas used for local recreational/sporting activities, e.g. municipal golf course.	Red Hill Golf Course
		823		Swimming Pools/Aquatic Centres	Land developed with specialised infrastructure used as a local aquatic complex for water sports, e.g. municipal swimming centre.	
		824		Water Sports – Outdoor	Land developed with specialised infrastructure used for local open air water sports, e.g. rowing.	
		825		Motor Race Tracks/Speedways	Land developed with specialised infrastructure used for local motor sports.	
		826		Aero Club Facility	Land used by aero clubs for flying pursuits. May include aircraft hangers.	
		827		Ski Fields	Land developed with limited infrastructure and used for recreational alpine pursuits. Limited commercial application.	
		828		Equestrian Centre	Land developed with specialised infrastructure used for the grooming and showing of horses.	
		829		Bike Track/Walking Trails	Land designated as a bike track/walking trail.	
	<b>83</b>			<b>National Cultural Heritage Centres</b>		
		830		Library/Archives	Land developed and used as a library or archival facility with state or national significance.	
		831		Museum/Art Gallery	Land developed and used as a Museum/Art Gallery with state or national significance.	
		832		Cultural Heritage Centre	Land developed and used as a cultural heritage centre with state or national significance.	
		833		Wildlife Zoo	Land developed and used as zoological gardens with state or national significance.	
		834		Aquarium	Land developed and used as an aquarium with state or national significance.	
		835		Botanical Gardens	Land developed and used as botanical gardens with state or national significance.	
		836		Monument/Memorial	Land developed and used as a monument/memorial with state or national significance, e.g. Shrine of Remembrance.	
		837		Culture, recreation and sport	Land developed and used as a culture, recreation and sport centre with state or national significance.	
	<b>84</b>			<b>Regional Cultural Heritage Sites, Memorials and Monuments</b>		
		840		Library/Archives	Land developed and used as a library or archival facility with local significance.	
45	Museum(Amusement)	841		Museum/Art Gallery	Land developed and used as a Museum/Art Gallery with local significance.	
		842		Cultural Heritage Centre	Land developed and used as a cultural heritage centre with local significance.	
		843		Wildlife Zoo/Park/Aquarium	Land developed and used as a wildlife zoo/aquarium with local significance.	
		844		Parks and Gardens	Land developed and used as parks and gardens with local significance.	
		845		Monument/Memorial	Land developed and used as a monument/memorial with local significance.	
	<b>85</b>			<b>Local Recreation</b>		
		851		Boat Sheds	Land developed on the foreshore and used as a boat shed for recreational purposes.	
	<b>Code</b>	<b>Secondary Code</b>	<b>Tertiary Code</b>	<b>National parks, conservation areas, forest reserves and natural water reserves</b>	<b>Description</b>	



	90			<b>Reserved Land</b>	Vacant land with special conservation values designated but not proclaimed as a reserve.
	91			<b>Nature Reserve</b>	Land designated and proclaimed as a nature reserve.
	92			<b>Wilderness Area</b>	Land designated and recognised as a wilderness area.
	93			<b>National Park</b>	Land designated and proclaimed as a national park.
	94			<b>Natural Monument/Feature</b>	Land recognised for its renowned features/scenic/natural/cultural values
	95			<b>Natural Forests and Forest Reserves</b>	Land reserved for the preservation or protection of aesthetic, scientific, flora or fauna values.
	96			<b>Conservation Area</b>	Land predominantly in a natural state designated as a conservation area.
	97			<b>Protected Landscape</b>	Land designated as a protected landscape recognised for its natural and cultural values.
	98			<b>Wetlands</b>	
		980		River Reserve (fresh water)	Land designated as a freshwater river reserve, usually with all year round flows.
		981		Creek Reserve (fresh water)	Land designated as a fresh water creek reserve with intermittent flows.
		982		River Reserve (salt water)	Land designated as a salt water river reserve, usually with all year round flows.
		983		Creek Reserve (salt water)	Land designated as a salt water creek reserve with intermittent flows and tides.
		984		Floodway Reserve	Land designated as a floodway reserve.
		985		Fresh Water Lake Reserve	Land designated as a fresh water lake reserve that usually holds water all year round.
		986		Salt Water Lake Reserve	Land designated as a salt water lake reserve and is not used for commercial salt extraction.
		987		Inland Low Lying Tidal Estuary Wetlands Reserve	Land designated as a wetlands reserve associated with enclosed bays/salt water river estuary.
		988		Seabed – Open Sea/Ocean/Bays	Open sea below high water mark, not being a marine park.
	99			<b>Game/Fauna Reserves</b>	
		990		Game Reserve – Public	Public land designated as a game reserve. Hunting of game may be permitted.
		991		Game Reserve – Private	Private land designated as a game reserve. Hunting of game may be permitted.
	<b>Code</b>	<b>Sub Code</b>		<b>Non-active assessments and header records</b>	<b>Description</b>
	1			<b>Cancelled/Historic/Non-Active Assessments</b>	Land not requiring an active assessment or record for rate, tax or levy purposes.
		10		Cancelled Assessment/Historic	
		11		Unspecified – Cancelled or Non-Active Assessment	
		12		Department of Housing transfer	
		13		Time Share	
		14		Nils and wills	
		15		Non Assessed Inappropriate subdivision/ abandoned Land	Vacant lot/s or remnant land that cannot be legally used, occupied and developed due to the effect of any Act or planning control/s. Lot/s are usually subject to restructuring through planning mechanisms, or a buy back scheme.
	2			<b>Mastercard/Header/Parent Assessment</b>	An assessment created for apportionment purposes. Not subject to a valuation notice.

# **ACT Valuation Office Project Plan 2022**

## **General Revaluation**

DRAFT

## Foreword

*The full scope of valuation processes, as required by the new ACTVO Rating and Taxing Procedures Manual, will not be met for the 2022 General Revaluation. This is due to several factors that include limited access to office facilities over a significant portion of the project (increasing dependence on remote systems), lack of analytical tools to support compliance, surges in supplementary valuation work associated with new land releases, end of year job clearance practices and increased complexity associated with Lease Variation Charge assessments.*

*In addition, as per current ACTPS policy associated with the relaxation of Covid-19 travel protocols, ACTVO members have been strongly encouraged to take leave. Most officers have already lodged leave within the project timeframe.*

*The factors above have effectively delayed an early start on the project and present a material risk to timely delivery.*

*Once information systems are modernised, valuation quality improved via regrading and verification and resource capacity stabilised, then work efficiencies should be realised and specified procedural and assurance requirements in the procedures manual can be met. The assurance requirements have been designed to support valuation quality into the future.*

*There is current work to improve systems and quality such as a business case for additional resources and the procurement and development of a new valuation system. In addition, access to better sales data-sources have been approved and will be deployed for the project.*

*Nevertheless, a new valuation system will not be available for the 2022 General Revaluation program.*

Revisions			
Author	Date	Description	Circulation
C King	13.11.21	Draft Plan	26.11.21
C King	15.12.21	Final Draft Plan	15.12.21
C King	18.03.22	Updated Schedule [page 10]	18.03.22



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- Manager Commercial – Stephen Protopopoff

The commercial manager will be responsible for the development of worksheets, delivery of commercial and mixed-use assessments and including quality assurance.

- Manager Administration – Gerard King

Administration will be responsible for Valuer to CAVS input of approved valuation extracts and customised templates and coordination and QA of valuer extracts and templates. Other duties include the bulk uploads to the Commissioners Data Warehouse and coordination and QA of uploads to the Warehouse including attending to responses regarding missing or anomalous valuations.

*Priority will be given to the administrative support requirements of the Project Management team. Other revaluation related demands on administrative support must be approved by the Project Team.*

### Work Area Allocations

All valuers will be required to manage all *single residential, multi-unit residential (includes ACT Housing properties) and local centre valuations* for districts in addition to responsibilities as specified in the following:

- Carlo King:  
Inner South District  
Canberra Town Centre  
Braddon Services Precinct  
Rural 2022  
Rural Valuer Procurement for 2023
- Stephen Protopopoff  
Inner North District including Oaks Estate  
Woden and Tuggeranong Town Centres  
Phillip and Tuggeranong Service Precincts  
Fyshwick and support from Abdul Latif on other Industrial Precincts
- Geoff McInerney  
Woden and Weston Districts  
Gungahlin and Belconnen Town Centres  
Group Centres (ex-Dickson)
- Karen Hill  
Gungahlin District  
Dickson Group Centre and shadow Geoff McInerney on other Group Centres
- Mirek Pilat  
Tuggeranong District as well as Strathnairn, Uriarra Village and Tharwa Office Precincts – Acton, Canberra City fringes, Barton, Bruce, Deakin, Forrest, Kingston etc
- Abdul Latif  
Belconnen, Molongo Valley as well as Hall  
Shadow Stephen Protopopoff on Industrial Precincts

**There will be an expectation of collaboration across the team, including support to those with significant revaluation responsibilities.**



### Meetings with the Commissioner

The Commissioner will hold meetings with the Project Team to review, discuss and record issues relating to the current rating valuation exercise that are outside the reportable scope of the above meeting. Generally, these will be held once monthly during the General Revaluation and as required by the Commissioner. The following issues should be discussed **where appropriate**:

- review of property value risk assessments
- level and breadth of analysis undertaken
- significant or unusual sales
- results of paired sales analysis and added value of improvement studies undertaken
- adjustments to valuation date
- significant development approvals and approvals for demolition and redevelopment
- verification undertaken and impact on values
- proposed market movement across property types
- proposed value changes outside the market range
- matters discussed with the ACTVO “out of meeting”
- issues raised through any audits or monthly progress reports
- all Ministerials
- findings from objections or ACAT, project performance etc.
- outcomes of any parallel valuation reviews undertaken by the Commissioner
- technical valuation issues
- tribunal or court matters
- staff issues

### Sales to be Analysed

The annual revaluation program commences each November, preceding the base date of 1 January, and is to be completed by the 1 June. The ACTVO will undertake to perform sales analysis in accordance with the rating program, and as dictated by market and operational conditions. The analysis of directly comparable unimproved site sales is the preferred valuation approach.

All relevant sales which assist in the establishing or verification of unimproved land values as of 1 January 2022 will be analysed. This will in general, include rural, industrial, commercial, mixed use, vacant land, residential and development site sales, to cover the breadth of the market and to provide more than sufficient market evidence.

Sales closer in time to 1 January are preferred, however it may be that due to a lack of recent market evidence, that the best evidence may be removed in time. Older sales should only be included where recent market evidence is lacking, with consideration of any market movement noted in the worksheets. Emphasis will be placed on sales analysis of property types that have limited market transactions. This includes rural properties, commercial and industrial properties, special use properties and residential development sites.

Analysed sales will be recorded on a spreadsheet prepared for each suburb, in which land values will be deduced from the sales evidence. Sales which are out-of-line must include supporting evidence to explain why the sale is out-of-line.

The valuer is required to have regard to the whole market and not just the vacant land sales. To fulfil this requirement, sales of improved properties will have to be analysed, particularly where the improvements are less than optimum and may be approaching redevelopment.

### Priority Reviews

- ACT Housing Properties

There are a several ACT Housing properties situated across the Territory. These properties are subject to rates and therefore require an unimproved value.

As with other similar use properties, these are to be valued in accordance with the Crown Lease. In instances where a Crown Lease does not exist or there is a limit on disposition, then the property's current use is regarded as the highest and best use for rating valuation purposes.

It is important that the value relativities of surrounding properties are considered by valuers when valuing these properties. The assessed unimproved values should be consistent with the 2022 level of unimproved values established for similar properties in the surrounding area/component.

- Properties under \$150,000

It was noted during the 2021 General Revaluation that a significant number of properties within a residential benchmark locality had values of less than \$150,000. The ACT mass appraisal system is premised on residential blocks within a locality having common attributes.

Properties with unimproved values less than \$150,000 are unlikely to be typical for the locality. This means that the appraisal system employed for benchmark localities is unlikely to produce consistent values.

Accordingly, these properties are to be reviewed by valuers when valuing the locality benchmarks. The general approach is that these properties should be extracted from the residential locality, valued separately, and placed into a separate District wide component(s).

Properties of small land areas that are primarily designed to service an adjoining block should be valued at \$1 e.g. roadways, nature strips etc. If the valuer decides that the property(s) is to be left in the locality; or the review results in an unimproved value of greater than \$1 (e.g. large road reserve not yet developed) then a comment must accompany the record(s).

A list of the properties that require review will be placed in the Rating 1-1-2022 folder.

### Future Reviews

- Club Use Properties

Club or community use sites include properties that are restricted to uses that are community or hobby based. These include churches, tennis clubs, bowling clubs, rifle ranges, speedways etc. These properties generally have low income generating capability but are located in high value areas.

The sites have not been revalued as a group for a significant period. This is a major body of valuation work and has been earmarked for review at the next 2023 revaluation cycle.

- Rural Properties

An internal review of all rural properties was completed in 2021. This indicated significant increases over the base year of 2020. The variations were not reflected of value movements since 2020, but more indicative of value movements since the properties were previously valued. Rural properties had not been valued as a single component before 2021.

Accordingly, a rural valuation expert will be procured to review the valuations in 2022. The valuations will be used to support the Commissioners 2023 rating determinations.

## Componentisation

Componentisation is critical to the support of the annual delivery of Unimproved Value (UV) appraisals for consideration by the Commissioner. So it is important that the suitability of existing benchmarks and localities are reviewed. Accordingly, a set of new metrics (medians and ranges) have been generated within the Benchmark Templates to identify whether the unimproved value of the selected property is a reasonable example of unimproved values in the locality.

The ratio of the:

- Benchmark UV and the Component Median UV and
- IQR UV and the Component Median UV

should be within the range of 95% to 105% inclusive.

The calculations are based on the previous year unimproved values, which are automatically generated in the Summary Worksheet of each Benchmark Workbook. If the metric it is not within that range but within +/- 10% (90% to 110%), then the valuer should review the benchmark to ascertain whether another Benchmark property should be selected or deferred for a future review, with a comment advising the adopted approach. If the metric is outside the 10% range (<90% and >110%) then the benchmark property should be amended and/or the project team notified.

Eventually, it is expected that componentisation will be fully deployed across most rateable properties in the ACT. However, for the 2022 General Revaluation, componentisation will be limited to any single residential property not in a locality, residential multi-unit development properties, and local centres within the valuer's respective districts. The new component designations must be listed against valuer extracts of those properties. The classifications are included as a link in Appendix B.

Karen will control the use and naming of multi-residential components. Stephen will control the use and naming of local centre components.

## Verification/Regrading Program

The individual verification of land values and the review of localities/areas/precincts will be carried out in accordance with the verification schedule as proposed for the 1 January 2022 rating year. Our main aim in undertaking verification is to ensure consistency as well as accuracy.

The principal objective of this process is to ensure that valuations used for rating and/or land tax are of as high a quality as is possible and can reasonably be supported on objection/appeal. Verification includes any supplementary valuation work conducted throughout the year.

The verification program is a systematic risk-based process to periodically verify property data and unimproved land values to ensure that they are appropriately valued. There are four risk categories: extreme, high, moderate, and low risk. A risk rating of 1 or 2 refers to those properties which are deemed to be of extreme to high risk, whilst those with a risk rating of 3 are deemed to be of medium risk. A risk rating of 4 pertains to property with the lowest risk.

Properties grouped into risk rating 1 and 2 categories tend to be those which are more complex in nature. For example, there may be limited sales evidence or there may be a need for detailed valuation assumptions to assess unimproved value.



Such properties may also have relatively high values, or they may be those which have been subject to objections or ACAT mediations and/or hearings in the recent past. The focus of the verification exercise will be towards those properties deemed to be in the risk category of 1 and 2. Any value change more than 25% will need to be reviewed by the Project Manager.

The annual verification program will be carried out on a locality and property type basis. Regrading requirements may have been identified from the prior rating valuation exercise; because of general valuation activities carried out in a certain area; or because of an external public enquiry.

General valuation activities may include ACAT mediations and hearings, objections, supplementary rating assessments, lease variation charge valuations and any other related activity.

The following table outlines the 2-year proposed verification/regrading program for the ACT, until the systems are refreshed. Regrading may also be carried out in other areas where required, or when certain issues arise and form part of the verification program. The ACTVO may also make changes on individual properties where values are found to be in error or out-of-line.

#### 2022

Risk Category	Description	No. Properties
1	All Objections/ACAT	100 approximately
1	All benchmarks and sales	1,000 approximately
1	Lease Variation Charge	100 approximately
1	Special (high/low value assessments)	300 approximately
3	Multi-unit residential use	100 approximately
3	Commercial (Fyshwick Industrial)	500 approximately
3	Commercial (Canberra Town Centre)	300 approximately
3	Commercial (Dickson Group Centre)	300 approximately
3	Commercial (All Local Centres)	300 approximately
3	Rural	20 approximately
4	Single residential use	500 approximately
		<b>Total 3,520 approximately</b>

#### 2023

Risk Category	Locality Description	No. Properties
1	All Objections/ACAT	100 approximately
1	All benchmarks and sales	1,000 approximately
1	Lease Variation Charge	100 approximately
1	Special (high/low value assessments)	300 approximately
3	Multi-unit residential use	100 approximately
3	Commercial (Mitchell Industrial)	500 approximately
3	Commercial (Northern Town Centres)	500 approximately
3	Commercial (Southern Group Centres)	500 approximately
3	Commercial (All Local Centres)	50 approximately
3	Rural	250 approximately
4	Single residential use	500 approximately
		<b>Total 3,900 approximately</b>

Not all property categories are able to be reviewed annually. In many circumstances there is limited market evidence to substantiate a change review, in which case previous unimproved value is returned. This is the default position at the start of a revaluation program.

Benchmark values are added to CAVS as these are completed. This will overwrite any existing unimproved values in the system. This means that all valuation worksheets and ad hoc amendments should be uploaded following this exercise.



## Inquiries and Objection Reports

A general revaluation program may give rise to objections following release of the determinations from July following the base date. The values are released in three (3) tranches and inquiries and or objections from property owners relating to the determined unimproved value on their land are received from about late July through to early December each year.

Depending on the substance of the inquiry/objection the Commissioner for ACT Revenue may request the ACTVO to provide an initial response either in a limited scope report format for residential property or additional information format for commercial properties. Although these are formal responses by the Commissioner, these are not valuation reports that might substantiate the unimproved value of a property.

If the responses do not resolve the property owner's contentions or the objection was regarded as too complex to be managed by an initial response approach, then the Revenue Office may issue a formal request to the ACTVO to provide a full valuation report. The full valuation report will include commentary on the objector's point(s) of contention as well as a schedule of sales which has been relied upon.

Subsequently, if the UV was amended on objection in the above exercise, then a review must be undertaken to assure that the UV of adjoining properties and localities are consistent relative to amended UV. Localities, property types or individual properties which receive multiple objections will need to be monitored.

If the property owner is not satisfied with the ACTVO's objection response, they can refer the objection to the ACT Civil and Administrative Tribunal (ACAT). Valuers may be required to appear at ACAT as an expert witness for the ACT Government Solicitors Office.

The Commissioner will provide regular updates regarding UV objections on the register on the 15 February and 15 March. The information will be retained in the Worksheets/Objection Reports Folder.

## Timeframes to Complete Valuation Cases

Type	Time
Supplementary Valuations	35 Days
Objections	35 Days
Market Value	60 Days
Broadacre	60 Days
LVC Review	60 Days
Land Rent Review	35 Days
Land Withdrawal	35 Days
Land Acquisition	Case by case
General Consultancy	Case by case
Mediation	Case by case

## Potential Risks to Project Plan and Mitigation Strategies

Risk	Mitigation Strategy
The loss of a staff member for an extended period. e.g.: on leave, illness, etc.	Additional assistance will be sought from other valuers within the ACTVO. Developing a program of succession planning should valuers retire or resign.
Delays in completing tasks as per project plan timelines.	To minimise this risk, we will be working closely to the Project Plan and will hold regular staff meetings to identify any issues before they become problems.
Delays due to ICT (Information, Communication Technology) system changes – for e.g., the move to Objective.	Ensure all staff are adequately prepared (e.g., via training) and that changes are not scheduled around important milestone dates.

## Valuation Information

### Quality Assurance Process:

All ACTVO valuers are certified practicing valuers. In addition, all ACTVO valuers are required to be members of the API and maintain all API standards, including adherence to the code of conduct and the learning requirements of the CPD program. The ACTVO has a Rating and Taxing Procedures Manual detailing the QA Procedures. A brief overview is provided below.

### Supplementary Valuations:

The Revenue Office will regularly forward to the ACTVO lists of new properties requiring UV assessments, following the granting of new Crown leases or Crown lease variations to existing purpose clauses, resulting from Development Application approvals. This work is critical to the integrity of the register of unimproved values and must be completed to the highest standards using best practice.

The ACTVO run an in-house auditing program whereby all supplementary assessments are audited by senior valuers. To ensure the timely delivery of the supplementary assessments, our job tracking spreadsheet produces a Job Status Report and Due Date Report which documents the incomplete supplementary valuations, of which all valuers can access. As an additional check, ACTVO administration provides a list of jobs on-hand to the valuers weekly.

To allow the completion of the general revaluation program the provision of all but urgent supplementary valuations for the existing revaluation period will be closed off in February. Work on supplementaries will recommence once the final valuations have been uploaded to the Commissioners warehouse and these will include unimproved values for the current and prospective year. Once the Commissioner determines the new values for rating, then any new supplementary valuation request will only require a single assessment. For clarification, supplementary requests issued after close-off and before determination will always require two assessments.

### Sales Analysis:

The analysis of each sale must include the following:

- description of the physical characteristics of the land
- information on zoning
- uses permitted by the Crown Lease purpose clause
- developmental details
- added value of improvements and whether these are representative of the market.

All analysed sales must provide a deduced UV, unless the sale is identified as a non-market sale. Analysed sales which are out-of-line with other sales must have comments stating why the sale is out-of-line. ACTVO also run a peer review auditing program, whereby a percentage of all sales analysed are audited by the Revaluation Program Manager and the Principal Valuer.

### Verification:

Each valuer maintains a verification/regrading spreadsheet which shows which individual or groups of properties have been verified. Each valuer must record which properties have had adjustments to respective unimproved values, the reason for the change and the percentage change.

### Revaluation:

All benchmark valuations and factors are extensively reviewed by the project manager before the proposed factors are determined.



**Project Specifics:**

This Project Plan has outlined in detail how the ACTVO will provide the on-time delivery of high quality, accurate, and consistent services.

This will involve scrutiny being given to the sales analysis, added value of improvements and valuation of difficult or complex properties.

The ACTVO will utilize the component method of mass valuation along with the use of benchmark properties. To ensure the accuracy, consistency, and timeliness of the delivered services, the ACTVO will:

- Ensure that all valuers working in the ACTVO are suitably trained and experienced, have a working understanding of the Territory Plan and issues relevant to the ACT, and are aware of their requirements in relation to this Project Plan.
- Undertake a program of the verification of land values where required.
- Adhere closely to the Project Plan to ensure that services are delivered on time.

## Revaluation Schedule of Agreed Dates 2021/2022

Annual Revaluation Task Description		Revised 16/03/22	Revised 11/5/22	Complete
Deploy default unimproved values for review	30 Nov			✓
Allocation of suburbs and valuation responsibilities to valuers	30 Nov			✓
Preparation of folders to store hardcopy suburban locality maps and valuers file notes and set up sales analysis spreadsheets for each suburb by administration	Dec/Jan			✓
Valuers commence sales analysis and inspections	Dec – Apr			✓
Review residential benchmarks. Check the benchmarks are within 5% of the median of the locality. Use analysed sales to individually value all benchmarks on the sales analysis spreadsheets	Dec – Apr			✓
<b>Deploy previous years UV's as Proposed UV's for current year</b>	<b>18 Jan</b>	<b>21 Mar</b>		✓
Receive 2021 objections register for review	15 Feb			✓
Peer review of the analysed residential sales evidence	18 Feb	31 Mar		✓
Check that all residential assessments have values, with correct locality and categorisations	25 Feb	15 Apr		✓
<b>Work temporarily ceases on general supplementary valuation requests; urgent supplementary valuation requests are completed</b>	<b>25 Feb</b>			✓
QA value relativities between locations	Feb-Apr			✓
Interim residential benchmark property values to be entered into database. Handcrafting/regrading of values completed and entered by administration into CAVS	15 Mar	30 Mar		✓
<b>Align Territory Housing values with residential component values and audit residential valuation returns</b>		<b>22 Apr</b>	<b>18 May</b>	
Receive 2021 objections register update for review	15 Mar			✓
Review all commercial valuation worksheets	1 Apr	29 Apr		N/A
<b>Deliver all interim residential unimproved value data file to Revenue Office</b>	<b>1 Apr</b>	<b>22 Apr</b>	<b>18 May</b>	
Check all commercial assessments have values and are included in correct components (where applicable) with appropriate categorisations	15 Apr	29 Apr	12 May	
Review rural valuation worksheet.	22 Apr	13 May		N/A
Peer review of the analysed commercial sales evidence	22 Apr	13 May		N/A
Deliver interim commercial unimproved value data file to Revenue Office	29 Apr	27 May	19 May	
Check all rural and other assessments have values and are included in correct components with appropriate categorisations	29 Apr	13 May		N/A
Peer review of the analysed rural and other sales evidence	6 May	13 May		N/A

Annual Revaluation Task Description	Revised 11/05/22		Complete
Interim rural and other benchmark property values to be entered into database.	13 May	27 May	✓
<b>Final complete list of unimproved value data is delivered to Revenue Office</b>	20 May	1 Jun	
Review the exception report as supplied by Revenue. Check for any missing values or significant value changes	27 May	15 Jun	
<b>Work recommences on supplementary valuations</b>	1 Jun	30 Jun	
Valuation Analysis Report supplied to Revenue Office	30 Jun		



## Authorisation of the Project Plan 2022

Kim Salisbury  
Commissioner for ACT Revenue

Carlo King  
Project Manager

Date

## APPENDIX A: Final Report

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# **ACT Valuation Office**

## **Valuation Analysis Report**



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## 1 January 2022 Quality Statement

Quality Check	Yes/No
All properties have been valued.	
The unimproved values are consistent with each other.	
All land value apportionments have been provided and calculations are correct.	
Unimproved values for those properties that have considerably higher values in relation to the average for a land use and unimproved values of high-risk properties have been reviewed and are correct. For example, regional shopping centres, large scale industrial and unit developments, large rural properties etc. The review procedures are to be provided if requested.	
Unimproved values that result in substantial changes in valuation parities or unusually large value variations from the last valuations issued for either land tax or council rating have been checked and are correct.	
A broad range of market evidence has been analysed and provided in the market report as required by the contract.	
Adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.	
Analysed sale properties where the sales ratio does not lie within the range 0.85 to 1.00 have been reviewed and an explanation provided as to why the current land value should be adopted.	
A Crown Lease purpose code check has been made.	
The current and proposed planning controls that affect the valuations have been considered.	
Where the land value of a property has been amended on objection or re ascertainment, the alignment of values with surrounding properties, or properties of a similar property type, has been checked.	
Statistical checks and component data tables have been prepared, reviewed and anomalies or results outside the specified parameters have been rationalised and reported.	
All unimproved values can be supported by market evidence	
Worksheets have been maintained on all properties where calculations were required.	
The annual verification program requirements, including percentages of properties verified per risk rating, has been completed and correct risk codes have been applied.	

I certify that the above information is an accurate account of the activities undertaken, reviews completed, and quality control checks undertaken.

\_\_\_\_\_  
Project Manager

Date

## Annual values statistical checks – componentized property

1. Is the MVP between 90 per cent and 100 per cent? Yes/No  
 If 'No' note anomalies identified and reasons for variations.
2. Is the PRD between 0.98 and 1.03? Yes/No  
 If 'No' note anomalies identified and reasons for variations.
3. Is the Comparison of Average Value Changes variation of analysed sale properties compared to other property less than or equal to 5 per cent? Yes/No  
 If 'No' detail properties that do not comply and reasons why.

## Annual values component data checks

4. Is the primary benchmark within 5 per cent of the median value? Yes/No  
 If 'No' record commentary on the following:
  - reasons why each benchmark is outside the range
  - the accuracy of the factor
  - what checks if any have been undertaken, including reference benchmarks
5. Does the primary benchmark factor (the variation from the benchmark prior value to current value) equals the component factor? Yes/No  
 If 'No' component factor should be amended and the following commentary reasons why the primary benchmark is still the most appropriate representative property of the component.

## Annual values quality assurance checks

6. Is the median factor derived from sale properties in a component within 10 per cent of the component factor? Yes/No  
 If 'No' provide details giving reasons.
7. Is the IQR median within 10 per cent of the component median? Yes/No  
 If 'No' provide details giving reasons and future actions.
8. Do all benchmark properties have a minimum of three sales linked to the valuation of the property? Yes/No  
 If 'No' please provide commentary on the following:
  - were there 3 sales available to value each benchmark?
  - if there were at least 3 sales available, what is the reason for not using these?



9. Do all components have a calculated factor within a 20 per cent range of the component factor? Yes/No

If 'No' detail properties that do not comply and a reason why.

10. Do all properties have a calculated factor within a 40 per cent range of the component factor? Yes/No

If 'No' detail properties that do not comply and a reason why.

11. Do all components with a component factor less than 0.70 or greater than 1.30 have adequate explanation to address reasons for the value movement? Yes/No

If 'No' provide commentary about the rationale for the valuation of the component, how the values have been updated, commentary on the accuracy of the result after the methodology is applied and the extent and location of individually verified values.

12. Do any properties have a component factor of less than 0.5 or greater than 2? Yes/No

If 'Yes', please detail properties and reason for the large factor. If the factor has been applied to the whole component provide rationale for the increase/decrease.

13. Has an explanation been provided for all properties with a significant value movement in excess of market trends been provided? Yes/No

If 'No' provide explanations.

14. Has there been significant factor changes (<0.5 and >2.0) since the last Revaluation? Yes/No

If 'Yes', has the unimproved value factor change check identified any significant factor changes since the last general valuation?

15. Are any land values below \$150,000? Yes/No

If 'Yes' provide details giving reasons.

16. Where properties have been amended on objection, is the variation between the estimated new value (prior land value x locality or component factor) and applied unimproved value greater than or equal to 5 per cent? Yes/No

If 'Yes' provide details of properties and reasons for variations. A rationale should be available to support large variations.

17. Have sufficient sales been analysed in accordance with the ACT Rating and Taxing Valuation Procedures Manual Requirements? Yes/No

If 'No' advise why.

18. Do all sales identified as ex-component have an appropriate comment to identify why the sales have been used? Yes/No

If 'No' add comments accordingly.

19. Do all sales identified as out of line sales have an appropriate comment in the sales summary field to identify why the sales is out of line, including reference to other market sales that demonstrate the sale is out of line? Yes/No

If 'No' amend sales summary comments accordingly.

20. Do all sale properties have an unimproved value less than the sale price where the property has contracted for sale between 1 July of the prior year and the current date? Yes/No

If 'No' provide details of the properties and a rationale as to why they do not comply.

21. Provide details of high value properties for each land type.

## APPENDIX B: Classifications

### [Categorisation and Component Codes](#)



**AUSTRALIAN CAPITAL TERRITORY*****RATES ACT 2004*****REDETERMINATION**

Under section 10 of the *Rates Act 2004*, I redetermine as at 1 January 2022 the unimproved value of each of the parcels of rateable land specified in the Schedule to this Instrument to be the amount specified in the Determined 2022 Unimproved Value Column (Column T) of the Schedule opposite to the reference to that parcel of land (Column A).

Date: 30 June 2022



Kim Salisbury  
Commissioner for  
Australian Capital Territory Revenue

## OBJECTIONS TO UNIMPROVED VALUES (UV)

### UV Objections Received

Tax Type	2019-20	2020-21	2021-22
UV	85	84	63

### UV Objections Decided\*

Outcome	2019-20	2020-21	2021-22
Allowed	1	2	5
Partly Allowed	28	14	8
Disallowed	59	60	51

\*Note the number of objections decided within a period may not match the number received within the period.