Government of South Australia
Department of Planning, Transport and Infrastructure

In reply please quote 2019/02596/01
[redacted]

PEOPLE AND BUSINESS DIVISION

77 Grenfell Street
Adelaide SA 5000

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Adelaide SA 5001

Telephone: 08 8343 2222
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ABN 92 366 288 135

Hon John Darley MLC
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Mr Darley,

NOTICE OF DETERMINATION - REQUEST FOR ACCESS TO DOCUMENTS UNDER THE FREEDOM OF INFORMATION ACT 1991

I refer to your application made under the *Freedom of Information Act 1991* (the Act) which was received by the Department of Planning, Transport and Infrastructure on 19 February 2019.

You have requested access to:

> *"a copy of all directives issued by the Valuer-General from 1 January 2010 to present."*

There are 35 documents within the scope of your application. I have determined that access to all in scope information is granted and copies are enclosed.

In accordance with Premier and Cabinet Circular PC045, if you are given access to documents as a result of this FOI application, details of your application, and the documents to which access is given, will be published in the agency's disclosure log within 90 days from the date of this determination. Any private information will be removed. A copy of PC045 can be found at http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars. If you have any objection to this publication, please contact us within 30 days of receiving this determination.

Attached is an explanation of the provisions of the Act which details your rights to review this determination, and the process to be followed.

Should you have any enquiries concerning your application please contact [redacted] Freedom of Information Officer, on telephone [redacted]

Yours sincerely

Sam Rodrigues
Accredited Freedom of Information Officer

28 March 2019

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FREEDOM OF INFORMATION ACT 1991

YOUR RIGHTS TO REVIEW

INTERNAL REVIEW

If you are dissatisfied or concerned with the decision of this Agency regarding access to documents or the request for amendment to your personal records, you can apply for an Internal Review of that decision.

To apply for an Internal Review you must write a letter addressed to the Principal Officer or lodge an Internal Review application form with the Principal Officer of this Agency. The legislated application fee must accompany all applications, unless the fee was waived in the original Freedom of Information application, in which case there would be no fee payable for the application. The application must be lodged within 30 days after being notified of the decision.

The Agency will undertake the Internal Review and advise you of its decision within 14 days of receipt of the application.

Where the decision was made by the Minister or Principal Officer of the Agency, you are unable to request an Internal Review but you can apply for an External Review by the Ombudsman, or SACAT.

You are unable to apply for an Internal Review regarding a decision to extend the time limit for dealing with an application but you can apply for an External Review.

EXTERNAL REVIEW BY THE OMBUDSMAN

If the Agency does not deal with your Internal Review application within 14 calendar days (or you remain unhappy with the outcome of the Internal Review) you are entitled to an External Review by the Ombudsman SA.

You may also request an External Review by the Ombudsman if you have no right to an Internal Review.

The application for review by the Ombudsman should be lodged within 30 days after the date of a determination. The Ombudsman's Office, at their discretion, may extend this time limit.

Investigations by the Ombudsman are free. Further information is available from the Office of the Ombudsman by telephone on 8226 8699 or toll free 1800 182 150 (within SA).

REVIEW BY THE SOUTH AUSTRALIAN CIVIL AND ADMINISTRATIVE TRIBUNAL (SACAT)

If you are still dissatisfied with the decision made by this Agency after an Internal Review or after a review by the Ombudsman, you can request a review from SACAT.

You must exercise your right of review to SACAT within 30 calendar days after being advised of the determination or the results of any other Internal or Ombudsman Review. Any costs will be determined by SACAT, where applicable. For more information, contact;

South Australian Civil and Administrative Tribunal (SACAT)
Phone: 1800 723 767
Email: sacat@sacat.sa.gov.au

SCHEDULE OF DOCUMENTS - FREEDOM OF INFORMATION APPLICATION NUMBER					2019/02596/01
Document Number	Description of Document	Date of Document	Author	Determination Release / Refuse Access	Schedule Clause Applied
1	Amending Values due to Relativity - Procedural Guidelines	May 2010	DPTI	Release	N/A
2	Amending Valuations due to Relativity – Internal Directive	Sept 2010	DPTI	Release	
3	Valuation of Farming Land Adjoining Sensitive Land Uses Directive	Aug 2014	DPTI	Release	
4	Bulk Edit Directive 11	March 2015	DPTI	Release	
5	Valuation Components and Attributes Directive 2	April 2015	DPTI	Release	
6	Create and Maintain Valuation Record Directive 3	June 2015	DPTI	Release	
7	Evalue Directive 15	April 2015	DPTI	Release	
8	File Import Directive 9	March 2015	DPTI	Release	
9	Information Management Directive 16	March 2015	DPTI	Release	
10	Land Use, Improvement and Property Type Directive 14	March 2015	DPTI	Release	
11	Marina Berths Internal Directive	Feb 2011	DPTI	Release	
12	Valuation Mass Appraisal Directive 8	April 2015	DPTI	Release	
13	Notional Values and Reduced Values Directive 13	March 2015	DPTI	Release	
14	Occupancy Valuations Directive 7	April 2015	DPTI	Release	
15	Open Space Internal Directive	Sept 2010	DPTI	Release	
16	Complexity Levels of Valuation Review Internal Directive	Sept 2010	DPTI	Release	
17	Valuation Tenancies Internal Directive	Dec 2010	DPTI	Release	

SCHEDULE OF DOCUMENTS - FREEDOM OF INFORMATION APPLICATION NUMBER					2019/02596/01
Document Number	Description of Document	Date of Document	Author	Determination Release / Refuse Access	Schedule Clause Applied
18	Property Inspection Protocol Directive	July 2011	DPTI	Release	
19	Valuation Rate Table Directive 5	April 2015	DPTI	Release	
20	Sales Analysis Directive 12	March 2015	DPTI	Release	
21	Conflict of interest directive	June 2012	DPTI	Release	
22	Site Contamination Internal Directive	Oct 2010	DPTI	Release	
23	Site Contamination Directives	March 2011	DPTI	Release	
24	Site Contamination Directive	May 2013	DPTI	Release	
25	Site Contamination Directive	June 2013	DPTI	Release	
26	Strata Valuation, Administrative and Header Records Directive 6	April 2015	DPTI	Release	
27	Submarket Groups Directive 4	April 2015	DPTI	Release	
28	Heritage Site Notional Value Internal Directive	Oct 2010	DPTI	Release	
29	Notional Site Values Internal Directive	Oct 2010	DPTI	Release	
30	Strata Plans Internal Directive	Oct 2010	DPTI	Release	
31	Valuation Methodology Directive 1	April 2015	DPTI	Release	
32	Value Approval Directive 10	March 2015	DPTI	Release	
33	General Valuation Directive 8	April 2015	DPTI	Release	
34	Stamp Duty Opinions Directive	Nov 2012	DPTI	Release	
35	SVO Difficult, Aggressive or Potentially Violent Customers Directives	Nov 2010	DPTI	Release	

Departmental Directive

Subject/Title:	AMENDING VALUES DUE TO RELATIVITY DIRECTIVES
Issue Date:	MAY 2010
Review Date:	MAY 2012
Responsible Officer:	NEIL BRAY
Contact Officer:	CORALIE NORRIS

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

LAND SERVICE GROUP

AMENDING VALUES DUE TO RELATIVITY PROCEDURAL GUIDELINE

These directives accompany DTEI Policies/ LSG Directives: Nil

1. Purpose

The purpose of this Guideline is for the State Valuation Office (SVO) staff to utilise as a consistent approach to amending values due to relativity.

Section 19 of the *Valuation of Land Act 1971* Amendment to Valuation Roll states:

(1) *The Valuer-General must correct or amend a valuation or entry in a valuation roll if he or she discovers or receives notice of any error in the valuation or entry*

(2) *The Valuer-General must amend a valuation roll if he or she receives notice of a change in the ownership of the land to which it relates*

Section 19 (3) Amendment of *Valuation of Land Act 1971* states:

Amendment to valuation roll

The Valuer-General may amend a valuation and the valuation roll if he or she discovers or receives notice that the valuation is not consistent with other valuations in force under this Act (provided that this subsection only applies if the amended valuation will be less than the original valuation).

2. Scope

All SVO field staff

3. Roles and Responsibilities

3.1 Managers and Supervisors have direct responsibility for

- XXXX.

3.2 Employees have a responsibility to:

- XXX

4. Procedures

4.1. XXXXX
4.2. XXXXX.
4.3. XXXX
4.4. XXXX

5. References

XXXXXX

Approval by Executive Director / /

Quality Checked by Senior Policy Officer, Secretariat / /

Internal Directive:	
Subject/Title:	AMENDING VALUES DUE TO RELATIVITY
Issue Date:	17 / 09 /2010
Review Date:	17/ 09 /2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	Senior Advisor Policy & Professional Development
Knet No	

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE
STATE VALUATION OFFICE

AMENDING VALUATIONS DUE TO RELATIVITY INTERNAL DIRECTIVE

1.0 Purpose

This document outlines the directive, which applies to amending valuations due to relativity.

The relativity of valuations can vary depending upon many factors. An important function of the OVG is maintaining a fair and equitable relationship of property valuations, which are considered to be overall comparable in relation to their characteristics.

This directive relates to Section 19 of the *Valuation of Land Act 1971* and the amendment of the valuation roll.

Section 19 states:

Amendment to valuation roll

(1) *The Valuer-General must correct or amend a valuation or entry in a valuation roll if he or she discovers or receives notice of any error in the valuation or entry*

(2) *The Valuer-General must amend a valuation roll if he or she receives notice of a change in the ownership of the land to which it relates*

Section 19 (3) Amendment of *Valuation of Land Act 1971* states:

Amendment to valuation roll

The Valuer-General may amend a valuation and the valuation roll if he or she discovers or receives notice that the valuation is not consistent with other valuations in force under this Act (provided that this subsection only applies if the amended valuation will be less than the original valuation).

Relativity does not form the basis of an objection however the Valuer General may amend a valuation or entry in the valuation roll if he or she discovers or receives notice that the valuation is not consistent with other valuations in force under the Act, provided that this subsection only applies if the amended valuation will be less than the original valuation.

2.0 Definitions

"Relativity" The state or fact of being relative.

"Relative Value" Relative value is an equitable value whether by itself or in comparison with other comparable valuations under the act.

"Market Value" The consideration paid for a property when transferred between a willing buyer and a willing seller.

"Department" Department for Transport Energy and Infrastructure.

"OVG" Office of the Valuer General.

"SVO" State Valuation Office.

"In time objection" A formal written objection to a valuation that falls within the 60 day period from first notice or satisfies an exemption from the 60 day period from first notice.

"The Act" *Valuation of Land Act 1971*

3.0 Scope

This directive applies to all staff in the State Valuation Office.

4.0 Policy Statement

4.1 Amending Valuations Due to Relativity Within the Objection Period:

If the Valuation requires amendment due to relativity then the following procedures apply:

4.1.1 Formal Objections:

If the valuation is not relative with comparable valuations then the Valuer-General has the discretion to amend the valuation to reflect relativity with comparable valuations. This amended valuation should be advised for the **current financial year** assuming:

- No error of fact by the OVG
- A variance greater than 10% from Market Value

4.1.1.1 Error of Fact:

If the valuation is not relative with comparable valuations then the Valuer General has the discretion to amend the valuation to reflect relativity with comparable valuations. This amended valuation should be advised for the **current financial year** assuming:

- An error of fact
- A variance greater than 10% from Market Value
- Provided that the amended valuation is less than the original valuation

Any valuation amendment, which is greater than the current valuation, should be considered in relation to the **next financial year**.

4.1.1.2 No existing relativity:

If relativity cannot be established due to an unequal distribution of overall comparable valuations, then the following procedures apply:

- The valuation is to be considered having regards to market evidence and equity
- The area of concern flagged for attention at the next General Valuation

The amended valuation should be advised for the **current financial year** assuming:

- No error of fact by the OVG
- A variance greater than 10% from market value
- Provided that the amended valuation is less than the original valuation

This amended valuation should be advised for the **next financial year** assuming:

- An error of fact by the OVG
- A variance greater than 10% from Market value
- Provided that the amended valuation is greater than the original valuation

Rights of Appeal:
Review rights apply for valuations amended by the OVG within the objection period as detailed above.

4.1.1.3 Informal notification:
If the valuation is not relative with comparable valuations then the Valuer-General has the discretion to amend the valuation to reflect relativity with comparable valuations. This amended valuation should be advised for the **current financial year** assuming:

- No error of fact by the OVG
- A variance greater than 10% from Market Value
- Provided that the amended valuation is less than the original valuation

Rights of Appeal:
Objection rights apply for valuations amended by the OVG within the objection period as detailed above.

4.1.2 Outside the Objection Period:

4.1.2.1 Informal Notification

The Valuer-General may use his discretion to amend a due to relativity outside of the objection period. This includes but not limited to the following:

- Notification from a party with an interest in the property
- Amendment by the OVG
- Out of time objections

The following procedures apply to the before mention situations:

- If the value is not relative with comparable valuations then the Valuer General has the discretion to amend the value to reflect relativity with comparable valuations. This amended value should be advised for the **current financial year** assuming:
  - No error of fact by the OVG
  - A variance greater than 10% from Market Value
  - Provided that the amended valuation is less than the original valuation

- If the value is not relative with comparable valuations then the Valuer General has the discretion to amend the value to reflect relativity with comparable valuations. This amended value should be advised for the **next financial year** assuming:
  - An error of fact by the OVG
  - A variance greater than 10% from Market Value
  - Provided that the amended valuation is greater than the original valuation

Rights of Appeal:
Objection rights apply to the valuation in force for amended values outside of the objection period for valuations amended by the OVG.

4.1.3 When no relativity exists:

If relativity cannot be established due to an unequal distribution of values on overall comparable valuations, then the following procedures apply:

- The value is to be considered having regards to market evidence and equity
- The area of concern flagged for attention at the next General Valuation

The amended value should be advised for the **current financial year** assuming:

- No error of fact by the OVG
- A variance greater than 10% from Market Value
- Provided that the amended valuation is less than the original valuation

This amended value should be advised for the **next financial year** assuming:

- An error of fact by the OVG
- A variance greater than 10% from Market Value
- Provided that the amended valuation is greater than the original valuation

Rights of Appeal:
Objection rights apply to the current valuation in force for amended values for out of time objections amended by the OVG.

5.0 References

Valuation of Land Act 1971

Approval

DEPARTMENTAL POLICY APPROVAL *(ensure that relevant approvals are obtained as per DP002)*

Knet Number: ____________________

Endorsement by Section Manager (e.g. Section Head) / /

Endorsement by Executive Director / /

Quality Checked by Senior Advisor Policy & Professional Development / /

Approval by Chief Executive / /

Distribution by Corporate Records Manager / /

Government of South Australia
Department of Planning, Transport and Infrastructure

LAND SERVICES GROUP

STATE VALUATION OFFICE

VALUATION OF FARMING LAND ADJOINING SENSITIVE LAND USES DIRECTIVE

Issue Date: AUGUST 2014
Review Date: AUGUST 2016
Responsible Officer: VALUER-GENERAL
Contact Officer: MANAGER OPERATIONS AND VALUATION SERVICES

VALUATION OF FARMING LAND ADJOINING SENSITIVE LAND USES DIRECTIVE

1. Purpose

To ensure a consistent and sustainable practice in the determination of statutory valuations when calculating site and capital values of broadacre farming properties that adjoin sensitive land uses which may be adversely affected by chemical spray drift associated with normal farming practices.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties, ensuring accuracy and relativity in the value base.

2. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

3. Background

Instances may occur where portion of agricultural land may be immediately situated adjacent a sensitive land use that may reasonably be affected by chemical spray drift associated with the normal farming operations of that agricultural land.

The following list, while not exhaustive, provides an example of sensitive land uses that may be affected by chemical spray drift:

- Vineyards
- Residential
- Water Courses
- Nature Reserves
- Public Areas

The majority of chemicals used for weed and pest control in the normal course of broadacre farming operations carry warnings in relation to the spray drift that can be expected under normal conditions. The extent of potential spray drift can vary significantly dependant on the type of chemical being used.

The potential for spray to drift onto adjoining sensitive land uses can adversely affect the broadacre farming land in respect of:

- Inability to maximise full use of the land
- Potential of increased operational costs
- Potential of reduced yields

It is important to note that these issues (if they exist at all) are not common to all farming operations adjoining sensitive land uses and need to be considered on a case by case basis.

It is recognised that should such issues exist then the effect (if any) on the value of the broadacre farm needs to be quantified and consideration of a discount allowance be made.

4. Directive

Directly comparable sales evidence will always remain the most reliable information to consider when determining the valuation of farming land that is adjacent chemically sensitive land uses.

It is the obligation of the land-owner to provide adequate proof that the value of their property is potentially affected by the existence of adjoining sensitive land uses.

In instances where it can be proven that a broadacre farm is affected by the existence of an adjoining sensitive land use which restricts the ability to use chemicals under normal farming operations, an arbitrary “buffer zone” should be determined which recognises a suitable distance between the adjoining land use and the normal farming operations being undertaken on the subject property.

The extent of the “buffer zone” will be dependent on the type of farming operation being undertaken and the chemicals being used assuming average farming management practices.

Where a “buffer zone” has been identified, an allowance/discount of **up to 50%** should be made to the site value of that area of the land to adequately reflect the diminished potential use (and value) of the land. The valuer will need to apply his/her professional judgement in the determination of the actual discount factor to be applied.

To enable the ongoing recognition and maintenance of the value adjustment, the area of the “buffer zone” and the associated discount allowance should be defined as a separate land category in the build of the valuation for future reference.

5. Recommendation

This Staff Directive is effective immediately.

Endorsed by Manager Operations and Valuation Services August 2014

Approval by Valuer-General August 2014

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 11

BULK EDIT

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice for editing valuation records in BULK within SAILIS.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to updating attributes of valuation records in bulk.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

SAILIS provides the functionality to update multiple valuation records with the same attribute data simultaneously. The attributes that can be updated are:

- Property Type
- Submarket Group
- Comments
- Attachments

The use of the Bulk Edit function can only be used within SAILIS.

4 Directive

4.1 Submission of Bulk Edit Files

The following table identifies the roles within the business that are permitted to update attributes using the Bulk Edit process:

Bulk Edit File Types	Role
NRM Region	Auditor or as otherwise delegated
Property Type	ASO3 and Above or as otherwise delegated
Submarket Group	ASO3 and Above or as otherwise delegated
Comments	PO1 and Above or as otherwise delegated
Attachments	PO1 and Above or as otherwise delegated

4.2 Property Type

The allocation of a property type to a valuation record provides the ability to describe the type of property as opposed to its actual land use.

By way of example, a real estate agent located in a stand-alone single level office – this property would have a property type code of ‘Office Premises (single occupancy/single title/single stratum)” and opposed to the LUC of “2280 Real Estate Agencies”. The property type category provides a level of description that enables the effective grouping of similar buildings and properties.

At SAILIS implementation the Property Type will not be populated. From this date the Property Type field is to be populated on the creation of a new assessment.

The population of this field in existing records is only to occur in a coordinated manner and following the prior approval of the relevant supervisor.

It is recommended that the update of this field using the bulk edit function should occur when the number of valuation records requiring update exceeds twenty records - this however will be at the discretion of the valuation officer.

4.3 Submarket Group

The creation and updating of sub-market groups in bulk can be performed within SAILIS and also updated directly from PLB Pro.

It is envisaged that the bulk edit function will be used extensively in the update of sub-market group data.

Refer to "*Submarket Group Directive"* for protocols relating to the creation and update of SMG's.

4.4 Comments & Attachments

In instances where the same sets of comments and/or attachments are to be held against a group of records the officer must ensure that the contents are relevant to all records in the group.

It is recommended that the update of "comments" and "attachments" via bulk edit should occur when the number of affected valuation records exceeds ten records - this however will be at the discretion of the valuation officer.

For protocols relating to the use of the "Comments" and "Attachments" functions refer to the "*Information Management Directive".*

5 Endorement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 2

VALUATION COMPONENTS & ATTRIBUTES

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS & VALUATION SERVICES

1 Purpose

To ensure a consistent and sustainable practice in the creation and use of components within the valuation record in the SAILIS environment.

2 Scope

Applicable to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

This policy covers issues in relation to the components of valuation records and in particular the creation and ongoing maintenance of such components.

3 Background

A component is a building block of the valuation record. All records with the exception of Administrative records will have at least one component created within them.

Components can hold a series of attributes to enable identification and for grouping of like properties. Each component is assigned a value (substantive and/or notional).

Components are created to align with the calculation method set for the valuation record.

The two classes of components available are:

- Direct Value Component
- Rate table Component

The value of a component can be set by one of two methods:

- Direct Value – a value is recoded directly against a component
- Rate Table – a value is determined based on a set of attributes

Four categories of components exist at SAILIS implementation:

- Land
- Improvements
- Horticulture
- Improvement Income Cap

Included below is the component structure as at SAILIS implementation:

- Properties previous held within the former RCAVS application have multiple components which emulate the structure within RCAVS

- All improved properties having valuation records aligned with the Direct calculation method as at implementation, have a “Land” component and an “Improvements” component labelled “Improved/Improvements”

- All vacant properties aligned with the Direct calculation method have a single “Land” component

4 Directive

All components within a valuation record are to be created and maintained in accordance with these guidelines.

4.1 Create Components - Land

Newly created valuation records comprising separately saleable allotments are to have “Land” components created for each allotment and the associated substantive site value to represent the highest and best use of the property.

In respect of existing valuation records at SAILIS implementation, the build of the site value through the use of multiple land components is available. This is to only be applied in instances where more than one allotment is contained within the valuation record and each are considered separately saleable. This however is to only occur in a structured approach following full consultation with the respective supervisor.

In instances where multiple occupancies exist on a property, separate components are to be created for each and will hold the attribute data of the respective occupant. *Refer to the Occupancy Valuations Directive.*

4.2 Create Components - Improvements

In respect of valuation records which have a calculation method of “Direct”, at SAILIS implementation components were created for each record within the heading types of “Land” and “Improved/Improvements”.

While SAILIS provides the ability to create additional components for each improvement on a property, in the short to medium term or until advised by the Valuer-General this is not to occur unless the calculation method is set to “Rate Table”.

The creation of separate components for each improvement in valuation records set as “Direct (Excluding SV)” will result in inaccurate added component values over time due to the manner in which SAILIS applies mass appraisal value changes to the components. While the itemisation of the improvements can occur in those records set to “Direct (Including SV)”, this is not to occur in the short term until advised by the Valuer-General.

Components which align with the rate table calculation method hold attributes which enable the value of the component to be determined via a link to the specific rate table. The link between the component and the rate table is created by the attributes of the component matching those within the rate table. Separate components are to be created for each improvement on valuation records set with a “Rate Table” calculation method.

4.3 Revisits / New Improvements

When undertaking the revisit process or valuing a new improvement for the first time, the following should be considered:

- Rate Table Components – a new component is to be created for each new improvement constructed. Each of these components will hold the relevant attributes and value of the new improvement.

- Direct Components *(where an “Improvement” component already exists)* – no additional component is to be created but instead only the attribute data and value are to be updated against the existing “Improved/Improvements” component.

- Direct Components *(where no "Improvement" component exists)* – a <u>single</u> new Improved/Improvements" component is to be created for the new building work(s) and will hold the associated attributes and value.

4.4 Identifier

When creating an "Improvement" component, and if required, an "Identifier" field is available to assist in its description. The "Identifier" is a free text field and is <u>only</u> to be used to describe a building or its physical location on a property (eg. Warehouse 2, North side).

This field is not to be used to capture specific attributes of a property but instead identify the building and/or its location.

4.5 Primary Component

Where multiple "Improvement" components exist against a valuation record, the user must identify one of the components as the primary component. Attributes which are held against the primary component appear against the main valuation record and are available to the wider public and clients. While attributes held against non-primary components appear within the valuation record for valuation purposes, they will not appear on any reports or files that are accessed by clients and the public.

In determining the primary improvement component on a valuation record, the following should be considered:

- Residential and Rural
  - Main dwelling on the property

- Commercial and Industrial
  - Building which comprise the main activity
  - Size and relevance of the building
  - Main income (rental) producing component

4.6 Area - Equivalent Main Area

The Equivalent Main Area (EMA) calculator within the "Components" tab in SAILIS is to be used for the auto calculation of the area of <u>residential</u> related buildings (metropolitan and rural) only. The size of all other improvements is to be captured using the main area of the improvement itself.

The EMA uses the gross building area as the basis of common measurement. The gross building area is the area of the building measured between the normal outside face of any enclosing walls (or the centre line of common walls between different properties), balustrades and supports. The main building is counted as 100% of the gross building area, with the other components of the building counted at lower percentages in accordance with their associated added value – refer to table below.

Detached Improvements including rooms, studios, garages, carports, swimming pools and other improvements are <u>not</u> included in the EMA.

An EMA calculator is available within SAILIS however instances will arise where the standard percentage weightings will require adjustment. Such adjustments may be necessary dependant on construction type and specific component area. The table below summarises the percentage allowances to be adopted in the determination of an EMA. This table has been developed having regard to the industry recognised EMA percentage allowances as detailed in the *Australia and New Zealand Valuation and Property Standards Guidance Note 4.*

All new dwellings constructed post SAILIS implementation must have an EMA calculated and captured utilising the calculator in the “Components” tab. All dwellings built prior to implementation have had their EMA migrated from the former LOTS environment.

Component of Structure	Percentage Adjustment
Main Construction – Brick, Stone or Rendered Masonry	100%
Addition – under main roof	
• Brick, Stone or Rendered Masonry	100%
• Timber, Cement sheet, Iron or Glass wall.	75%
Addition – skillion roof	
• Brick, Stone or Rendered Masonry	75%
• Timber, Cement sheet, Iron or Glass wall.	66%
• Timber, Cement sheet or Iron (Unlined)	33%
Main Construction - Timber, Iron or Cement Sheet	100%
Addition – under main roof	
• Timber, Iron or Cement sheet	100%
• Brick, Stone or Rendered Masonry	100%
Addition – skillion roof	
• Brick, Stone or Rendered Masonry	100%
• Timber, Cement sheet, Iron or Glass wall.	75%
Garage	
• Under main roof	66%
• Basement garage and under main roof	66%
Carport – Under main roof	
• Parapet wall	50%
• Brick Pillars or Timber Posts	33%
• Skillion galvanised iron or timber post carport attached to dwelling	0%
• Space under elevated house	0%
Porch - Under main roof	33%
Balcony	33%
Verandah	
• Under main roof	33%
• Extensive (Area being >25% of main living area)	25%
• Extensive (Area being >50% of main living area)	20%
• Not under main roof but true to style	25%
• Galvanised iron verandah attached to dwelling	0%

4.7 Component 'Detail Attributes' – Improvements

Detail Attributes relating to an improvement on a property are an essential dataset used extensively in the mass appraisal valuation process.

4.7.1 Year Built

To reflect the year the improvement was constructed and available for occupation. In instances where an old dwelling has been fully renovated and still resembles its original style, the year built is to reflect the actual year of construction and not that of the renovation. The extent of the renovations will instead be reflected in the condition code. Where however the renovations have significantly altered the appearance and design of the dwelling to the extent that all that remains of the original building is very minor, the year built should be amended to reflect the date of the renovation.

4.7.2 Style

The house style attribute is to represent the overall style of the dwelling. Publications such as '*House Styles in Adelaide – A Pictorial History*' by JN Persse and DM Rose, provides an excellent reference point.

- Only true transportable homes (generally single lift) are to be referenced as *'Transportable'*. Many homes are manufactured off site (ie in a factory or builders yard) and then shifted/transported to sites. These houses are designed and constructed to be a transportable house. Houses that are built on a site, that are capable of being moved (although not easily), should be coded to their true style.

- Recent homes that are true reproductions as far as visual street front appearance of earlier styles should be coded as that style but with the correct age. (eg. Bay window Villa 2013). Obviously the floor plans in these instances will not be authentic but it is the exterior appearance that is to referenced as the style.

- The house style of '*Reproduction*' is to be used for those reproductions where they incorporate features from a number of different styles.

- The house style of *'Louvre Roof'* should <u>not be used.</u> This is not actually a house style but a venting system of louvered gabled roofs. Many house styles can have a louvre roof including Symmetrical Cottages, Villas, Queen Anne's and Bungalows.

4.7.3 Number of Storeys

The number of storeys in a dwelling is the number of main floors above ground level including the ground floor. Therefore, a dwelling with both a ground floor and upper storey is to have a number of storeys attribute set to "2".

4.7.4 Wall Type

Generally the predominant wall material of the building should be used as the wall construction. However a prominent and saleable feature such as a bluestone facade may best describe the property.

Examples:

- Dwellings with fibro-cement sheet front and back walls and brick ends are be best described as composite construction.
- A home that is predominantly brick with a single upper storey room of another wall construction should be classified as brick.

4.7.5 Roof Type

The type of roof cladding that covers the main area of the building is to be reflected in this attribute.

Materials such as 'Colorbond' are to be coded as Galvanised Iron and or Steel Decking where appropriate.

4.7.6 Number of Rooms

All main rooms under the main roof are to be counted including bedrooms, studies, offices, sewing rooms dining rooms, meals areas etc. No wet service areas (bathroom, ensuite, laundry) are counted as rooms and likewise entry foyers, hallways, porticos and pantries are also not to be counted as rooms.

Open plan areas without full walls to ceiling height, even though they may be marked for multiple use such as dining and lounge areas or family and rumpus areas, are to be treated as one large area and counted as one room. Therefore L-shaped areas usually comprising a dining area and lounge is counted as one room.

Cellars without windows are not to be counted as rooms.

Refer to 'Appendix A' for examples.

4.7.7 Number of Bedrooms

Generally bedrooms are numbered and easily identified on house plans, however many studies and/or offices are in fact defacto bedrooms and if large enough should be counted as a bedroom.

4.7.8 Bathrooms

A bathroom is defined as a room in a dwelling comprising a bath and/or shower, basin and toilet.

An ensuite is similar to a bathroom in respect of the facilities it offers, however it is usually accessed from a bedroom. Ensuites are to be counted as a bathroom in the component attribute data. Therefore, a dwelling which has a bathroom and an ensuite is to have the bathroom attribute set to "2".

A bathroom or ensuite for the purpose of attribute identification must have a minimum of a toilet, hand-basin and shower or bath. A toilet by itself is not considered a bathroom.

Many modern dwellings feature a bathroom which is comprised of three adjoining sub-sections (vanity area, separate toilet and separate shower/bath area). In these instances, even though three small area exist, it is to be counted as one bathroom.

4.7.9 Condition

The condition attribute should reflect the current state of the dwelling. The following table outlines the condition types and a brief description of the elements to be considered in their application.

OLDER DWELLINGS	MOST RECENT DWELLINGS (ie built in the last twenty years)
EXCELLENT Totally renovated and upgraded house. High-grade materials, quality workmanship and design. Expensive and excellent external presentation. Will have outstanding features. Very few houses will get this code.	**EXCELLENT** Architecturally designed house. High-grade materials, quality workmanship and design. Expensive and excellent external presentation. Will have outstanding features. Very few houses will get this code.
VERY GOOD Renovated and upgraded to a very good standard. Will generally have new kitchen and bathroom, and will have some superior features. External presentation well above average.	**VERY GOOD** A better quality house with superior features, very well maintained. External presentation well above average.
GOOD Some renovation has occurred, rest of the house in good condition. External presentation well-kept but not necessarily expensive.	**GOOD** A good quality house with good features in good condition. External presentation well-kept but not necessarily expensive. Many new houses will get this code.
BASIC House in original condition with no upgrades or upgrades now dated and in reasonable condition. External features fairly basic.	**BASIC** New houses of basic construction. External features fairly basic
BELOW AVERAGE House in original condition and requiring maintenance work such as needing some paint, or interior finishes requiring replacement. External appearance might also be run-down.	**BELOW AVERAGE** House requiring some maintenance work such as needing some paint, or house has cracks, or interior finishes requiring replacement etc. External appearance might also be run-down.
POOR House requiring significant maintenance eg larger cracks, poor roof etc External features poor.	**POOR** Neglected, some structural damage External features poor
VERY POOR Evidence of bad structural damage. External features poor.	**VERY POOR** Use of this classification for houses of this era will be very rare
JUST HABITABLE Needs immediate attention. Poor structure that can only just be lived in.	
RUIN	

4.7.10 Clearance

Primarily used for industrial related properties. This attribute captures the internal working height (floor to structural beams) measured in metres.

4.7.11 Car Parks

Primarily used for commercial and industrial properties. This attribute is used to identify the number of established carpark spaces that exist on a property.

4.7.12 Study

Primarily used for residential properties. An area in a dwelling by which its design, dimensions and layout would render it not suitable for easy conversion to a bedroom. A study is generally an area within a dwelling set aside for uses including reading, computer work and home-office. A study is generally smaller than a bedroom.

4.8 Component Attributes – Income Cap

"Income Capitalisation" is the preferred calculation method to adopt in the valuation of commercial, industrial and income producing properties. This section outlines the key data attributes associated with this method.

4.8.1 Building Area

Guidance Note 4 in the *Australia and New Zealand Valuation and Property Standards* provides the following recommendation in respect of the type of area to be captured for commercial and industrial related buildings.

Area Definition	Building Type
GLAR (Gross Lettable Area Retail)	Retail buildings
GLA (Gross Lettable Area) or GBA (Gross Building Area)	Warehouses, industrial buildings, freestanding supermarkets and showrooms
NLA (Net Lettable Area)	Office buildings, offices and business parks

SAILIS provides the ability to capture gross lettable (GLA), gross building (GBA) or net lettable (NLA) areas.

Where possible the building areas captured should be in accordance with the above table.

It is recognised that undertaking mass appraisal valuation requires the re-valuation of large volumes of properties and the difficulties in obtaining a net lettable area for all properties can be time consuming and in some instances unviable. In these cases it will be necessary to capture the GLA or GBA for office buildings albeit as a temporary measure until the NLA can be accuracy determined.

4.9 Generic Multiplier

This field enables the valuation of a property to be determined by applying a rate per specific unit of comparison. The table below provides some examples of the property types and the corresponding units of comparison that would be suited to this function. This method is only to be used in the absence of specific market rental evidence:

Property Type	Unit of Comparison/Valuation
Hospitals	Beds
Nursing Homes	High and Low care Beds
Child Care Centres	Licensed Spaces
Motel	Units/Rooms
Block of Flats (non strata)	Flat

The use of the function is not to occur in the short term or until advised by the Valuer-General. The proposed use of the Generic Multiplier will be developed over time and will be implemented in a controlled and consistent approach.

4.10 Vacancy Allowance

In determining capital values using the "Rate Table Income Cap" calculation method, it is possible to include a vacancy allowance factor in the Component Details (Value) screen. This field is only to be used in those circumstances where a level of vacancy is expected on an ongoing basis and where it is not already reflected in the capitalisation rate. Care must be taken not to apply a vacancy allowance and also apply a conservative capitalisation rate.

The factors to consider in determining a suitable vacancy allowance are detailed in the publication "*Land Valuation and Compensation in Australia, RO Rost & HG Collins, 1984*" -

"The age and general utility of the building, its condition, and the competition it faces or may have to face in the future from more modern structures are significant factors which must be carefully considered."

It is important to remember that the application of a vacancy allowance assumes that the level of vacancy will exist into the future, and that it should not be applied if the vacancy is short term in nature.

4.11 Enhancements and Detriments

As at SAILIS implementation, the only enhancement and detriment factors that will be used are those that migrated from the former RCAV application.

In respect of the wider use of enhancements and detriment factors, this is not to occur until the appropriate direction of Valuer-General is made. The use of these factors will be introduced in a coordinated manner and initially undertaken as a pilot.

4.11.1 Definition

The ability to adjust values via the application of a factor to reflect a specific enhancement or determent to a property's value is an effective method in ensuring the level of the value base of a sub market group remains relative. Such adjustments can apply to reflect enhancements such as views and location, and detriments including contamination and sensitive land uses. The method involves an enhancement/detriment factor (expressed as a percentage) being set against a component(s) within a valuation record. The factor is then applied to the value of that component and the adjusted value is then used in the calculation of the site and/or capital value.

By way of example,

Standard/benchmark allotment in a particular SMG assumes regular shape, size, topography, available services and outlook.

Benchmark value $140,000

The subject property is similar to the standard allotment in most aspects except it is elevated and offers views over the surrounding area. The parcel's elevation and views are considered to provide an enhancement of 5% over that of the standard allotment.

The site value of the subject is therefore calculated on the basis of $140,000 plus 5% resulting in a value of $147,000.

An enhancement/detriment factor can be applied to either a Direct Method Component or a Rate Table Method Component.

4.11.2 Determination

The establishment of adjustments factors must have regard to market factors and will primarily be determined from sales evidence. Additionally, the setting of a standard (base) value(s) for an area or SMG will be performed with reference to benchmark values. It will be to this standard value that the adjustment factors will be applied to result in the value of the component.

The determination of standards and the level of the individual adjustment factors applied is to be undertaken in consultation with the valuation officer's respective supervisor and maintained on a schedule for each Local Government area to ensure relativity.

4.11.3 Specific Application

Prior to implementation the value standards and factors for the area must be approved and signed off by the relevant supervisor.

To ensure relativity of the database the application of adjustment factors is to be performed in a systematic and coordinated manner, and maintained on a schedule for future reference.

The value standards and level of factors utilised are to be reviewed periodically - at least once per annum and prior to the commencement of the mass appraisal process.

4.12 Components and Value Changes

Provided for reference

The changing/amending of values to the individual land and improvement components will have different effects on the capital value depending on the calculation method adopted. Below is an illustrated example.

Example 1. Direct Method (Including Site Value)

Component Category	Component Type	Site Value	Capital Value
Land	Land	$100,000	$100,000
Improvement	Improved/Improvements		$200,000
		$100,000	$300,000

Example 2. Direct Method (Excluding Site Value)

Component Category	Component Type	Site Value	Capital Value
Land	Land	$100,000	
Improvement	Improved/Improvements		$300,000
		$100,000	$300,000

In both the above examples the site value is determined by the sum of the land components. It is however in the calculation of the capital value that the situation is different. *Example 1* is based on the summation valuation approach where the "Land" component is added to the "Improvement" component (representing the added value of the improvements) to calculate the capital value. In *Example 2* the "Improvement" component represents the total capital value of the valuation record.

Therefore in *Example 1* any change to the land component will have a flow on effect to the capital value, whereas in *Example 2* the land and improvement components can be adjusted independently of each other.

Please note that the application of each method to specific property types is to be determined in accordance with the instructions outlined in the *"Valuation Methodology Directive".*

4.13 Administration of Component Types

The addition/creation of new component types will be coordinated and actioned by the administrator in the audit division of SVO.

This approach will also be applicable to the creation of additional enhancement and detriment types and will ensure a consistent state-wide approach.

5 Endorsement

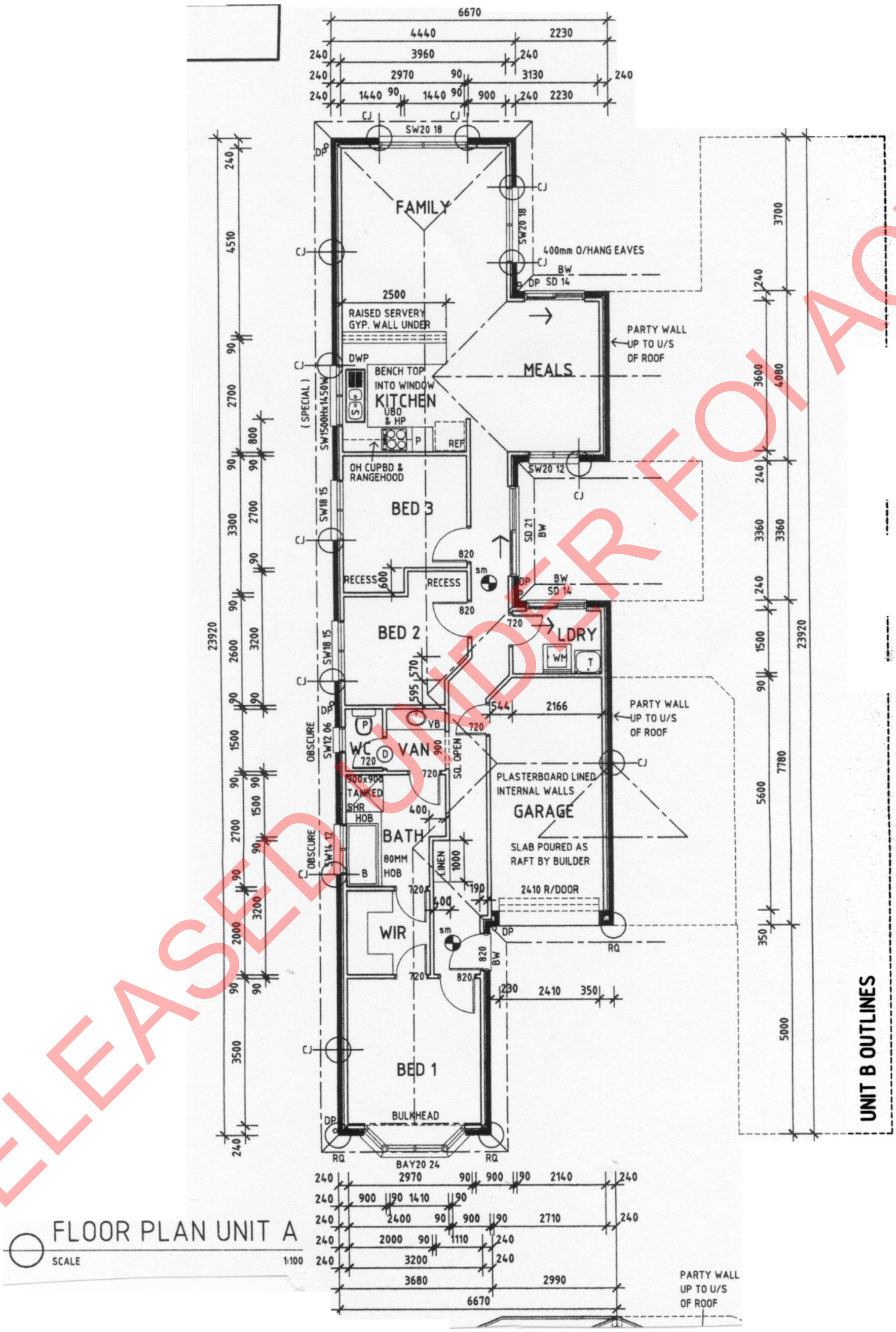
This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

APPENDIX A

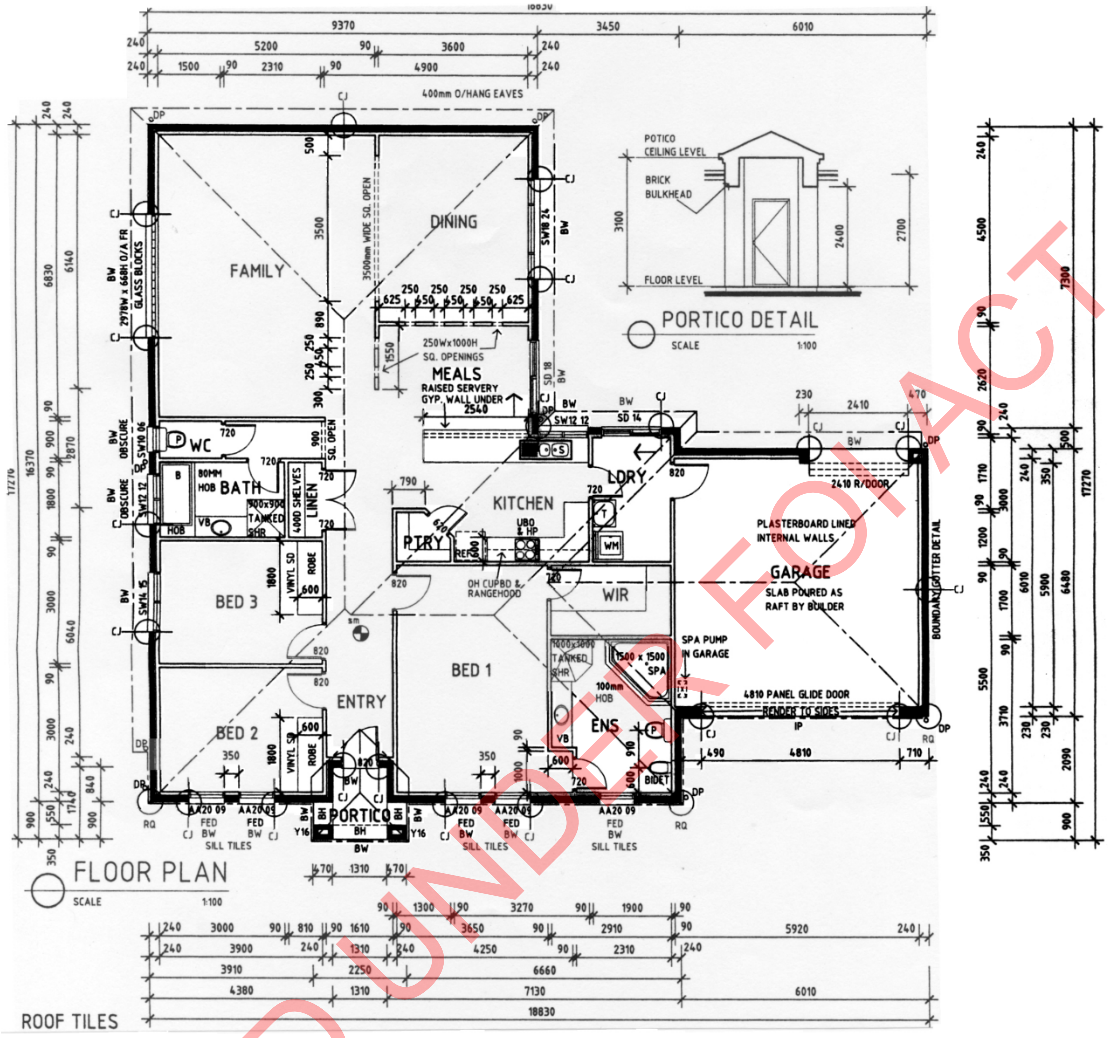
Number of Rooms in a Dwelling

Example One



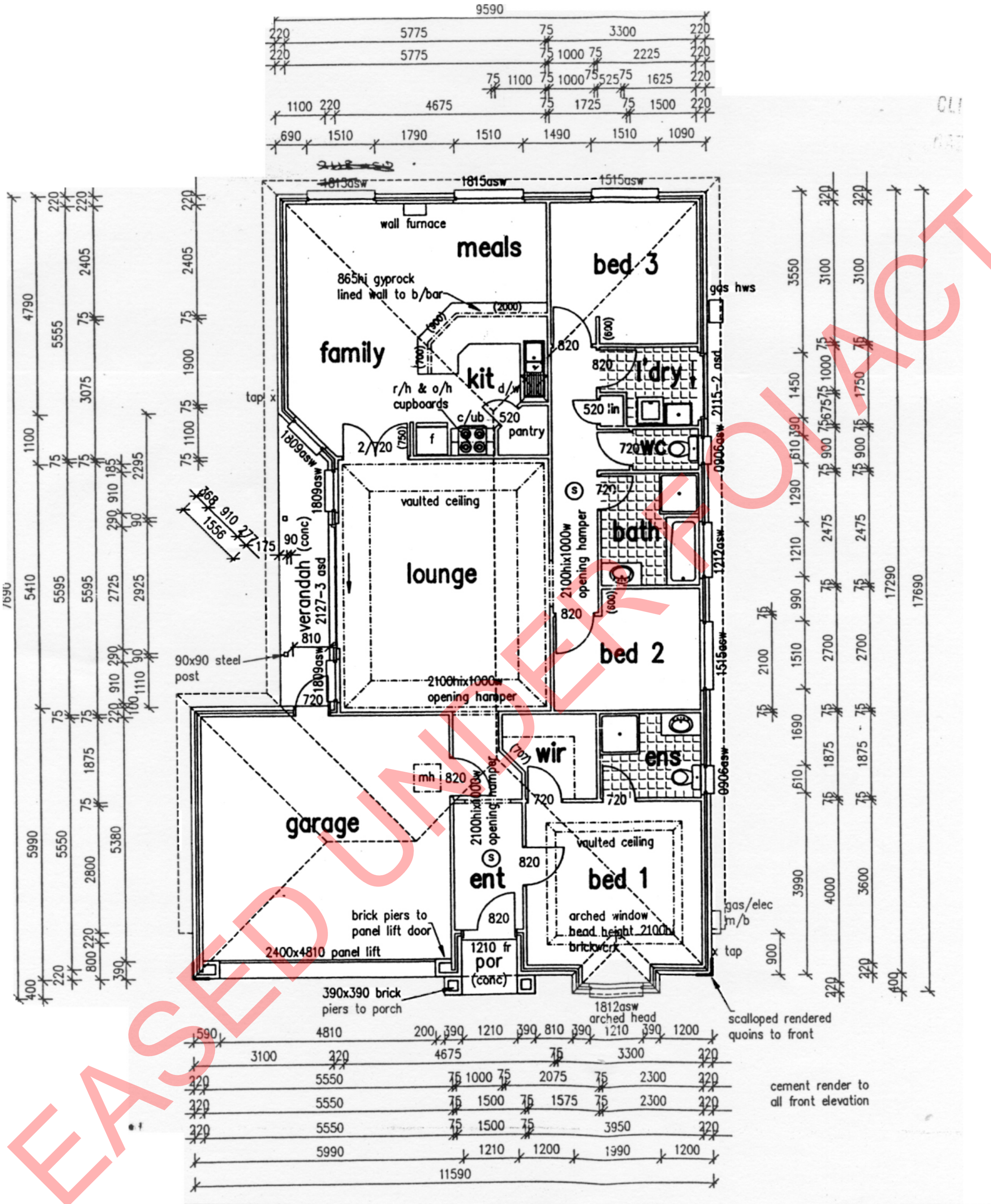
Total Number of Rooms: <u>Five </u> *(three bedrooms, kitchen and family/meals area)*

Example Two



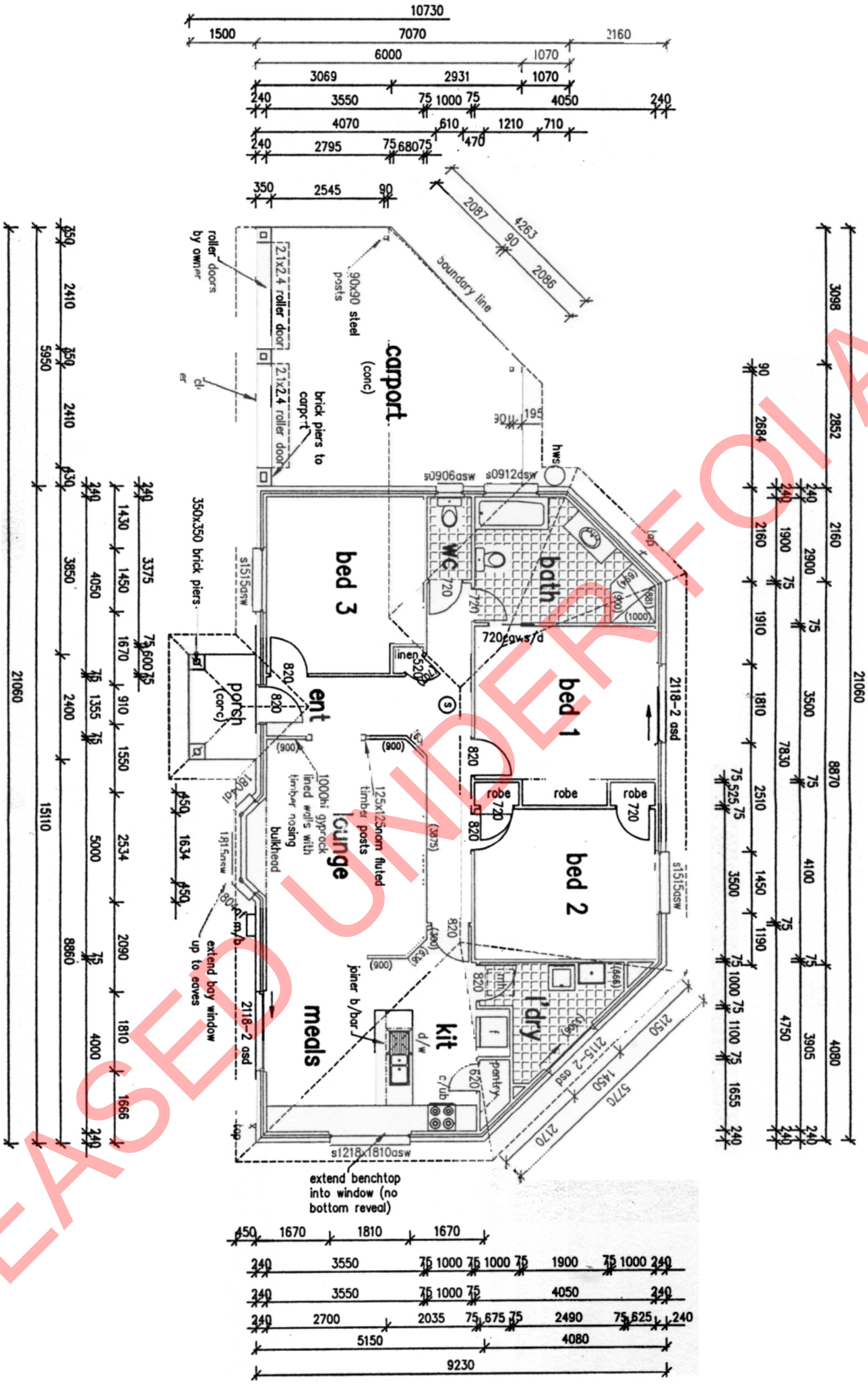
Total Number of Rooms: <u>Six </u> *(three bedrooms, kitchen/meals area, family and dining room)*

Example Three



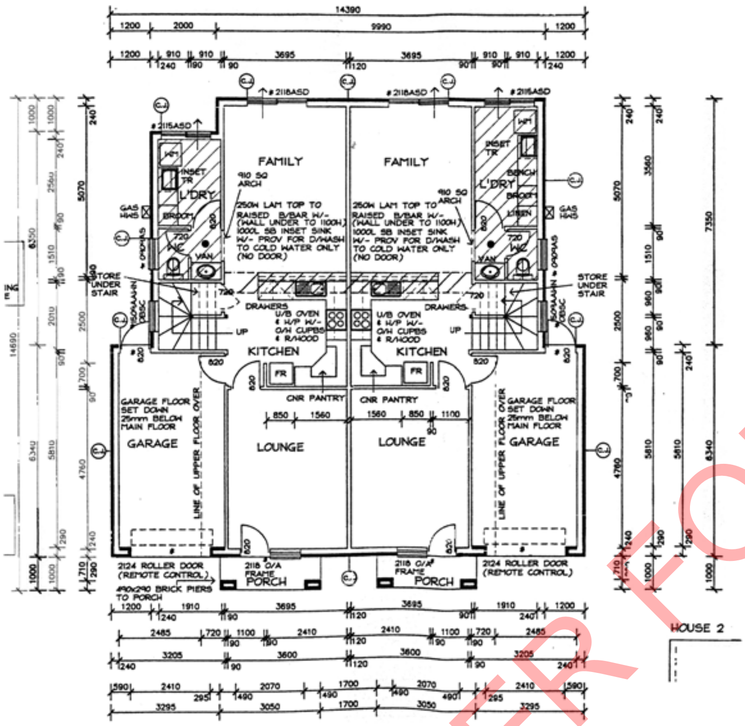
Total Number of Rooms: <u>Six </u> *(three bedrooms, lounge, kitchen and family/meals area)*

Example Four

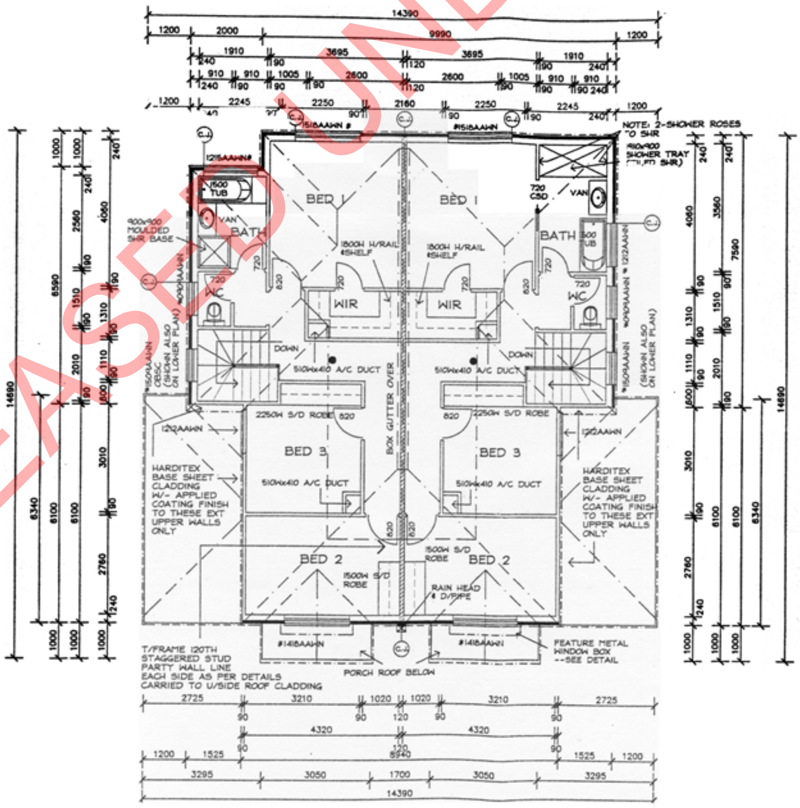


Total Number of Rooms: <u>Five</u> *(three bedrooms, kitchen and lounge/meals area)*

Example Five



Ground Floor



First Floor

Total Number of Rooms: Six per unit *(three bedrooms, lounge, kitchen and family room)*

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 3

CREATE AND MAINTAIN VALUATION RECORD

Issue Date: JUNE 2015
Review Date: JUNE 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

1 Purpose

To ensure a consistent, accurate and sustainable practice in the creation and maintenance of valuation records.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach for the creation and maintenance of valuation records.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

In accordance with the Act the Valuer-General must maintain a valuation roll containing particulars in respect of land subject to a general valuation.

All information pertaining to a property is maintained within a valuation record. Each record requires the collection of titling, land description and property attributes to facilitate the determination of site and capital values.

The majority of triggers for the creation of new valuation records are generated via an approved plan of division being deposited at the Lands Titles Office.

Alterations to the configuration of valuation records can also be the result of requests from other sources including registered proprietors and both local and state government rating authorities.

Additionally, s 16 of the Act enables the Valuer-General to create a separate valuation of any land, or may value any land conjointly with other land, where the valuation is required by law or that portion of land is under separate physical occupation.

Section 16 is considered to be a general provision of legislation and the requirements of a specific provision, where it is inconsistent with a general provision, will prevail. Meaning that in some circumstances rating authorities with specific provisions in their Statutes may make it the duty of the Valuer-General to create the valuation records they require to levy their rates and taxes[1].

4 Directive

The valuation record configuration, creation and maintenance process must be undertaken in accordance with the principals contained in this directive.

[1] For example under the *Local Government Act 1999* Council can request the Valuer-General to create separate occupancy valuations where they believe separate occupations exist on a property (refer Sec 148 (1) of the *Local Government Act 1999*).

4.1 Overview of Record Creation Principles

As the starting principle for record creation a separate valuation record is required for each discrete parcel of land (i.e. an allotment, strata title unit or community lot) that is legally capable of being marketed and transferred in the form in which it stands at the relevant date of valuation, and where a separate certificate of title would be issued on request, provided that in the opinion of the valuer, the allotment would be "readily saleable".

For the purpose of this direction "readily saleable" means that the parcel of land forming the valuation record can reasonably be expected to be sold for the price contemplated by the assessed valuation (site or capital value) in a sale which can reasonably be expected to be completed within the time frame of the relevant valuation assessment, which is currently annually. Whether or not the real estate market is such that the subject parcels are "readily saleable" during the period the valuation assessment is in force is a matter of judgement by the valuer.

Some rates and taxes on land, however, may be levied on smaller parcels of land that are subject to separate physical occupation (such as a tenant) or required by law. This can be achieved through the use of:

- occupancy valuations[2] (Directive 7), or
- the creation of a valuation record reflecting the separate physical occupation itself[3], or
- the creation of a valuation record that addresses the valuation that is required by law[4]

Further, there are instances that the Valuer-General may wish to exercise her discretion to make a separate valuation of a portion of land under separate physical occupation for a valuation reason, and not at the request of a Council (or other rating authority) who wish to rate a particular occupation. The valuation reasons in this case are in line with facilitating the expectation of the Valuer-General to undertake her valuations on a fair basis, with an emphasis on accuracy of valuations, consistency in approach, and like being valued with like

In some cases, while parcels of land may be legally capable of being separately dealt with, their use and manner of occupation may be such that it would be unlikely, as a practical matter, that they could advantageously be dealt with separately from other parcels held in conjunction with them. This may be the case with a number of contiguous sections or other allotments that form part of a primary production enterprise, or where substantial buildings or other improvements that are in common use and occupation extend over two or more allotments.

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[2] Occupancy valuations (previously referred to as tenancy apportionments) are an apportionment of the valuation records assessment to which the occupant forms part of. It is the preferred approach where the assessment for the valuation record can be reliably determined, and likewise reliably apportioned to each of its occupants on a basis where the resultant values are defendable for each occupation.

It is not appropriate to arrive at each occupancy valuation within a valuation record on the basis that it is separately saleable and then conclude that the assessment for the valuation record itself is the sum of such occupancy valuations.

[3] The choice to create a valuation record for a separate physical occupation is primarily made to facilitate more reliable valuations that can be supported by market evidence, where the approach to use occupancy valuations is not reliable, or the separate valuation record has been requested by a rating authority with the relevant discretion as discussed below.

[4] As a matter of course separate valuation records are not to be created for portions of land parcels that have a different land use but the same occupation. However, at law a separate valuation of land uses on a property under the same physical occupation maybe required by a relevant rating authority to administer exemptions that maybe not applicable to all the uses on the property.

In such instances it would be practical to value the parcels of land conjointly.

The Valuer-Generals discretion to make a separate valuation of any portion of land forming part of a larger parcel or allotment or to value any land conjointly with other land (commonly referred to as amalgamation of land) is outlined under s 16 of the *Valuation of Land Act 1971*.

The discretion is not limited in its terms so that the Valuer-General can only value land 'conjointly' with other land if it is in the same ownership or occupation, or if the land concerned is 'contiguous'.

However, the exercise of what appears to be on the surface a wide ranging discretion is constrained by the following two principles:

1. **The relationship between powers and functions of rating and taxing authorities acting under revenue legislation with 'specific provisions' and valuations under the Valuation of Land Act 1971 relying on the 'general provision' of s 16(1).**

   It is a basic principle of statutory interpretation that where there is a conflict or inconsistency between a 'specific provision' and a 'general provision', the 'specific provision' will prevail. In the case of the *Local Government Act 1999 (LGA)*, and the *Emergency Services Funding Act 1998 (ESL)* there are specific provisions that prevail with regards to what a valuation record can comprise, over what the Valuer-General may otherwise desire to do using their discretion under s 16(1).

   Therefore with regards to these two Statutes the decision as to whether or not discrete parcels of land capable of separate ownership and occupation are separately rated or levied or are amalgamated for that purpose depends upon the exercise of a power or discretion by the Council or Revenue SA, in a manner which they choose to or are directed by Statute to make its assessment of the rate or levy concerned.

   It is meeting the requirements of the relevant authority for the above two Statutes that has led to the rules outlined in this direction, especially around what parcels of land can be amalgamated. For example:

   - Under the LGA and ESL the authorities can only levy rates and taxes on the aggregation of land subject to the same ownership or occupation. Therefore land held in different ownership cannot be amalgamated.

   - Under the LGA and ESL parcels of land can only be aggregated if it also meets the physical test of contiguity. Therefore only contiguous land can be amalgamated.

   In contrast to the LGA and ESL parcels of land that are subject to separate assessments of land tax (*Land Tax Act 1936*) or sewerage rates (authorisations issued under the *Sewerage Act 1929*, repealed 1.1.2013, continue to apply) are directly picked up from the Valuer-General's valuations in force at their outset, and therefore coincide with the valuation records that are created and valued as part of the general valuation.

2. **The discretion must be exercised within the subject matter, scope and purpose of the *Valuation of Land Act 1971*, and it cannot be exercised for a purposes that is not consistent with a purpose that may be expressed in or implied by the Act.**

   With regards to this principle the effect on the tax liability of the landowner (or occupier) is not a relevant consideration for the exercising of the Valuer-General's discretion under s 16(1), and the exercise of this discretion for the sole reason to relieve the property owner of their tax liability will be exercising the Valuer-General's power for an improper purpose.

Further, an exercise of this discretion in a manner that is "manifestly unreasonable" would not be lawful and therefore invalid.

Therefore if the discretion under s 16(1) is applied for any other reason than meeting the requirements of the rating and taxing authorities under the first principle, it has to be for a valuation based reason, and the use of the discretion has to be applied consistently across the same subject matter.

There is no right of appeal against the merits of the Valuer-General's decision to value parcels of land conjointly, or to value portions of land separately.

It is therefore not appropriate to refer to any property owners request or query in relation to record creation and configuration as an objection under s 24 of the *Valuation of Land Act 1971*. An objection to valuation is about the quantum of value for the valuation record, and not the reason behind the configuration of the valuation record (the identity of the land valued).

Anyone seeking to challenge the Valuer-General's decision to value parcels of land conjointly, or to value portions of land separately would have to persuade the Supreme Court as part of a Judicial review that the Valuer-General has exercised the power of s 16 unlawfully, and not merely that the decision was wrong, and in the case of a request for amalgamation of parcels of land in common ownership, that were contiguous, they would have to persuade the Court that it was manifestly unreasonable in the circumstances for the Valuer-General to have refrained from exercising the discretion to value them conjointly.

However, where the request to value parcels of land conjointly, or to value portions of land separately, was made by a rating authority with the power or discretion to make it the duty of the Valuer-General to make or adopt the valuation that is necessary, then any action is against the requesting authority.

4.2 Basis for Record Creation

The creation of a valuation record will be initiated by either a system generated trigger or a manual request.

A system trigger will result from the deposit of a new plan for division, or where a title is transferred to a new owner and that title was part of a valuation record which comprised multiple titles.

A manual request for a new valuation record may be initiated by any valuation, administrative and/or audit officer, so far as it complies with any other relevant policy in force at the time. As all staff will not have the system privileges to create new valuation records, the request for a new record must be undertaken via a system request using the "Request Valuation Record Creation' function in SAILIS. On initiating a request it is important that adequate instructions and detail are provided. These details are to also be attached to the newly created records once they have been created.

Any request from a party external to the business (eg. landowner or government authority) is required to be in writing and must be attached to the 'Valuation Record Request' and to each newly created record resulting from that request.

Such requests may be to create, split or amalgamate current or proposed current records.

Some examples of manual requests include:

- Portion of a property is required for valuation purposes (eg shack sites). As described at Section 4.1 of this directive, both the *Local Government Act 1999* and the *Emergency Services Funding Act 1998* provide for any piece or section of land under separate ownership or occupancy to be assessed. Such requests may originate either internal or external to the business.

- Requests from Revenue SA to separately assess two or more contiguous parcels in the same ownership. This situation may arise where the ownership is being held on behalf of differing trusts and the beneficiaries of each separate trust are different. In these circumstances Revenue SA may asses Land Tax on a single holding basis (Sec 13 (3) (b) of the *Land Tax Act 1936*). In such instances if the improvements upon the parcels cannot be separately assessed the records will constitute separate site value only records and a single capital value only record.

- An owner has requested two or more contiguous allotments be amalgamated on a single valuation record as the parcels are being used together.

- Identification of an un-assessed parcel

- Amendment to a Water District Boundary

Details of a request to re-configure a valuation record either from an internal or external party are to be noted in the comments field or saved as an attachment to the newly created records.

The decision to re-configure a valuation record upon request is in accordance with the principles outlined under 4.1.

4.3 Valuation Records Types

Valuation records can be either “site value only”, “capital value only” or both site and capital included, with the latter being representative of the majority of records.

“Site value only” and “capital value only” records should only be created in exceptional circumstances.

A “site value only” record will be created where:

- Contiguous allotments in differing ownerships that due to the location of the improvements thereon would render the allotments not readily saleable (eg. a shopping centre that is constructed over 2 or more allotments in different ownerships). In this case a separate “site value only” record would be created for each allotment in a different ownership.

- Where separate “capital value only” records are required for a multi-level apartment development because one or more of the records does not have an attachment to the land. In these instances a “site value only” record will be created to represent the land under the development. This will occur where the records are <u>not</u> covered under the provisions of s 5 (2) of the Act in relation to land in a strata scheme under the *Community Titles Act 1996* or the *Strata Titles Act 1988*.

A “capital value only” record will be created where

- Multiple "site value only" records exist due to allotments being in different ownerships, and due to the improvements on the land being built across the allotment boundaries renders the improvements not separately saleable.

- Separate "capital value only" records are required in accordance with s 16 of the Act and one or more of the required records does not have an attachment to the site (eg. a multi-level apartment development that is not covered under the provisions of s 5 (2) of the Act in relation to land in a strata scheme under the *Community Titles Act 1996* or the *Strata Titles Act 1988*).

- Multiple water meters exist on a property and a request has been received from SA Water to create separate records to represent the portions of the property serviced by each meter.

Where multiple titles exist for a single allotment, the valuation record is to remain as a single site and capital value record.

4.3.1 Administrative Record

Administrative records are created for SA Water billing purposes in relation to properties that share a water meter and also where water is supplied to traffic islands, road reserves and public toilets etc. These records are also regarded a common supply and supply by measure.

These records contain limited data in comparison to a valuation record and are not to contain either a site or capital value.

4.4 Year Operative

A valuation record can be created for either the current or next financial year, these records are regarded as current and proposed current respectively.

The year for which a record will be effective is determined in accordance with the following:

- The deposited date on a plan of division - a record will be created for the current year if the deposited date is prior to 1 July. If the date is post 1 July the record will be made effective for the next financial year.

- In circumstances where a plan is not yet deposited and a change of ownership has occurred against one or more of the allotments within the plan, the date of ownership change will dictate the relevant year operative for the assessment(s). A date of ownership change is to be determined from the date of sale as it appears on the transfer document. A change of ownership post 1 July will result in the record being created for the next financial year.

- A change of ownership where no new plan of division exists. A record will be created for the current year if the change of ownership occurs prior to 1 July, and will be created for next financial year if it occurs after this date.

- A date of ownership change is to be determined from the date of sale as it appears on the transfer document.

- A request from a rating authority has determined the creation should be for the current year.

- In all other instances the record will be created for the next financial year.

4.5 Record Configuration

Valuation records are to be parcel based and therefore where possible records should comprise entire allotments.

Circumstances will arise however where a record will need to be created for portion of an allotment. Such instances will include:

- Where multiple occupancies exist on an allotment and in accordance with s 16 of the Act, separate records may be established.

- Where a parcel is divided by a legal boundary such as Local Government or Water District boundary.

Parcels in different ownerships must not be amalgamated within the single valuation record.

The only circumstance, in which a valuation record can be cancelled and no new record created, is when all the land within that record becomes vested as public road. In this instance all that is required is to cancel the valuation record and add the title to the common road record. There is no requirement to separately assess public roads.

Record configuration will initially be the responsibility of the Administration Officer in consultation with a Valuation Officer, with the Valuation Officer being responsible for the review of the record for correctness.

4.5.1 Metropolitan and Township Record Configuration

A separate valuation record should be created for each parcel unless multiple contiguous parcels are being used together. The following scenarios outline instances in which multiple parcels can be assesses in the single valuation record:

- A residential property comprising two allotments where the dwelling is constructed on one of the parcels and the other is used in conjunction

- A property comprising multiple allotments and the buildings thereon are built over the boundaries

A separate valuation record is to be created for each vacant allotment having a separate certificate of title, or where a separate title would be issued on request, and that in the opinion of the Valuation Officer the allotment would be separately saleable.

Where allotments are not considered to be readily saleable, then these may be amalgamated on a single record, however only at the approval of the officer's supervisor.

A separate valuation record is to be created for each unit in a strata plan and lot within a community plan. No separate record is to be made for the common property – the system will auto generate an Administrative Record (refer to "*Strata Valuation Administrative & Header Record Directive*").

In accordance with Section 16 of the Act, portions of a parcel which are under separate physical occupation may be separately assessed (eg. leased shack sites).

4.5.2 Rural Record Configuration

Rural parcels may be assessed on the single valuation record provided it is not separated by land in another ownership. Where rural parcels are separated by a road or railway, it is considered to be contiguous provided it is outside of a Water District (refer Section 5.9 of this document).

4.6 Allocation of Valuation Number

Each valuation record will have a unique ten digit number. Selection of a new number(s) should, where possible, maintain a logical and orderly walking/driving sequence whilst also allowing adequate numbers for any proposed or foreseen "infill" development.

4.6.1 Renumbering of Valuation Record

Circumstances may arise where the valuation number assigned to a valuation record will require amendment. Such circumstances would include:

- Records being out of sequence
- Additional development occurring and limited valuation numbers available

The renumbering of records can cause administrative issues for clients and therefore where possible, the allocation of a valuation number to a new record (or the renumbering of an existing record) must be undertaken in a fully informed manner with reference to Section 5.5 above.

4.6 Record Addressing

All record addressing (both urban and rural) is the responsibility of the Surveyor General and is controlled by the Manager of Roads and Crown Support via a central repository.

The only instance in which officers are able to update the property address field is within the record creation process. Outside of this process all changes to property addresses must be directed through the Manager of Roads and Crown Support.

Properties with multiple street frontages will be assigned the street name affording the most practical frontage for an existing or proposed development.

4.7 Ownership

All new records are to be created in the same ownership to that of the parent record. This will ensure that all sale details are retained and provide a clear sequence of ownership transfers.

While this document stipulates that titles under separate ownership are not to be assessed on the single valuation record, some circumstances may arise where this needs to occur and a common ownership reference is required. A common ownership number (also referred to as an untitled ownership number), is an administrative reference that enables all owners appearing on the individual titles within an assessment to be grouped together – it is important to note that this is for administrative purposes only and has no bearing on the legal ownership of the individual titles. The instances in which common ownership may be required to be created include:

- A property comprising multiple separately owned titles which are all being used together for a single purpose – in this case separate "site value only" records for each separately owned title would be created in each of the respective ownerships, and a single "capital value only" would be created with the common ownership.

- Two moiety titles exist for the single allotment – in this instance a single valuation record would be created with a common ownership.

4.8 Property Frontage

A property street frontage must be entered in all new records expect for those held under a community, strata or community strata plan.

The frontage must represent the total linear distance a property has to the street/road from which actual access in gained. In instances where a property has multiple frontages, the street to which the dwelling faces is to be used.

A traditional corner cut-off should be ignored for the purpose of calculating the frontage.

Where a record is comprised of multiple allotments, the measurement of the frontage is to reflect the total linear length of the property's' frontage as opposed to that of the individual allotments.

Where a frontage has multiple angles and measurements the default description will be "irregular".

4.9 Water District Boundary

SA Water has defined areas known as water districts. Properties within these districts comprise the metropolitan area and regional townships and have access to mains supplied water. Land outside theses districts have different infrastructure and where applicable a different rating base.

Valuation records are to be created having regard to the water district boundaries and will be created either inside or outside the district.

If however the boundary of a water district dissects an allotment(s), separate records will be created to reflect those portions being inside and outside the water district. The values being applied will equal the value of the property had the boundary not been in place.

Full details and maps of water districts are available from SA Water – refer to your Administrative Officer or Supervisor for contact details.

4.10 Natural Resources Management (NRM) Region

The *Natural Resources Management Act 2004* enables the integration of catchment water management, soil conservation and animal and plant control to ensure effective management of natural resources.

NRM projects are funded through a levy on all rateable properties which is administered by Local Government on behalf of the MRM Board.

The levy is based on NRM regions and the inclusion of the respective regions on the valuation records is essential in the administration of the levy.

4.11 Zoning

The zoning details head against a valuation record must be in accordance with those defined in the respective Development Plan for each Local Government Area.

Where multiple zones exist for a single valuation record, the individual parcels within the record are to have to relevant zone details (or part thereof) advised against each. The main record however will display the zone code that is indicative of the majority of the record in terms of site area.

4.12 Land Use and Description

The population of both the 'Land Use' and 'Description' is mandatory for each new valuation record..

4.13 Site Area

The area to be attributed to a valuation record must reflect the total land area of all parcels or part parcels described within the record. The following table outlines the unit of measurements to be used in the record:

Site Area	Unit of Measurement
Less than 1 hectare	Square metres (m^2)
1 hectare to 9,999 hectares	Hectares (ha)
Greater than 9,999 hectares	Square Kilometres (km^2)

4.14 Sub Market Group

A submarket group is a group of properties within a Local Government Area that share similar attributes and uniform value movements in the real estate market.

Each new valuation record must be allocated an appropriate submarket group.

4.15 Detail Attributes

For direction in relation to the content of these fields refer to the "*Valuation Components & Attributes Directive*".

4.16 Calculation Method

The selection of a calculation method for a valuation record must be done in accordance with the *"Valuation Methodology Directive".*

4.17 Assigning Values

The determination of the site and/or capital values is to be undertaken using the build of components within the record – refer to the following documents:

- *Valuation Methodology Directive*
- *Valuation Component & Attribute Directive*
- *Valuation Rate Table Directive*

4.18 Reinstatement of Record

A proposed cancelled valuation record should only be reinstated if an error has been made in the creation of the child record. The process requires the child records to be cancelled and the parent record re-created for the relevant financial year. Care however must be taken to ensure that all new record creation is undertaken in a manner to minimise any errors occurring.

4.19 Attachments and Comments

Any comments or attachments pertaining to the property are to be maintained in the respective valuation record(s).

4.20 Revisits

The advice of proposed development/building data (revisit) against a valuation record is essential in ensuring the database remains as up to date and relevant as possible.

The revisit process entails the update of data attributes and capital value, if required, of a valuation record in response to new building work being undertaken.

On receipt of development approval advice from Local Government Authorities, a revisit will be advised to file within **28 days of receipt of such advice,** and will include the following information:

- Type – Minor improvement; Residential addition; Residential new; Commercial & Industrial; Rural; Demolition and Audit
- Date Raised
- Cost of building work (if available)
- Description of building work including development application number

Any revisit pertaining to a parent record will be transferred to the relevant child record(s).

Any change to value as a consequence of a revisit will be made in accordance with s 15 of the Act, and will be at a level commensurate with the level of proposed current values prevailing as at the date of the latest valuation.

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General — 30 June 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 15

EVALUE

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To clarify roles and responsibility, identify business rules, and provide guidelines that will ensure a consistent approach to undertaking tasks within the eValue application.

2 Scope

This directive applies to all State Valuation Office (SVO) staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

The eValue application provides the valuation business with an electronic method of delivering documents and correspondence to staff for their action. It enables the efficient handling and monitoring of correspondence received by the SVO, Central Operations including:

- Objections to property value
- Enquiries in relation to land use
- Notional value applications
- Requests for division/amalgamation of valuation records
- Error of fact
- Ministerial correspondence
- Reviews
- Court
- Correction of valuation data
- Value relativity issues
- Stamp Duty value requests
- Housing SA Rentals

It provides the following key benefits to the business:

- Effective and timely delivery of correspondence
- Automation of correspondence
- Ability to track and archive documents and correspondence for audit purposes

The application was originally developed in 1999 and has been upgraded overtime to meet the changing needs of the business, with the most recent modification occurring in 2014 to align with the introduction of SAILIS.

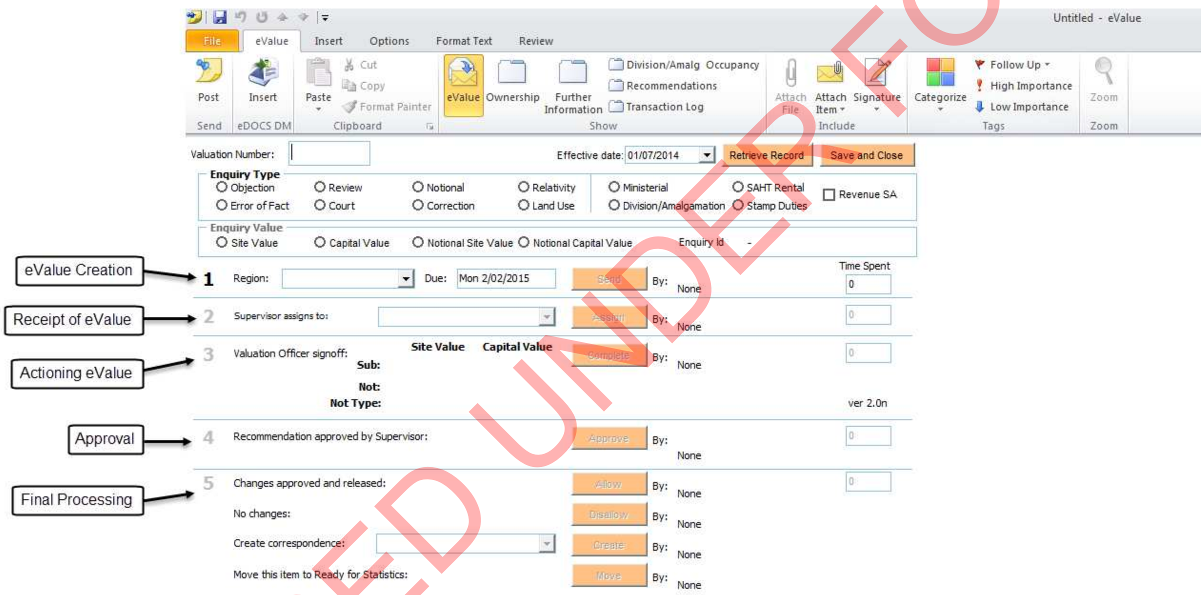
4 Directive

4.1 Workflow and Responsibilities

The eValue application has five distinct workflow stages, each with associated responsibilities. The stages are:

- eValue Creation
- Receipt of eValue
- Actioning eValue
- Approval
- Final Processing

The diagram below shows the front screen of an eValue where each stage is clearly numbered 1 to 5.



Each stage of the workflow and the associated business rules are detailed in this directive.

4.2 <u>Stage 1</u> - eValue Creation

This initial stage occurs primarily within Central Operations.

4.2.1 Receipt of Correspondence

Incoming correspondence is received - this can be in hard copy, facsimile, e-mail and on-line format. Central Operations staff will read the correspondence and will establish the type of enquiry and request being made. In relation to an objection to value the following needs to be clarified:

- that the grounds for objection have been satisfied
- that the author has authority to act
- that legislated timeframes have been met
- that appropriate information has been provided

Business Rules

1. *Correspondence must be opened and date stamped on the day received.*
2. *If Central Operations need to request further information such as a letter of authority or grounds of objection, this outgoing correspondence should occur within 3 business days of receipt of the incoming correspondence.*

4.2.2 Document Preparation

Once correspondence has been accepted a new eValue is created. Creation of an eValue includes:

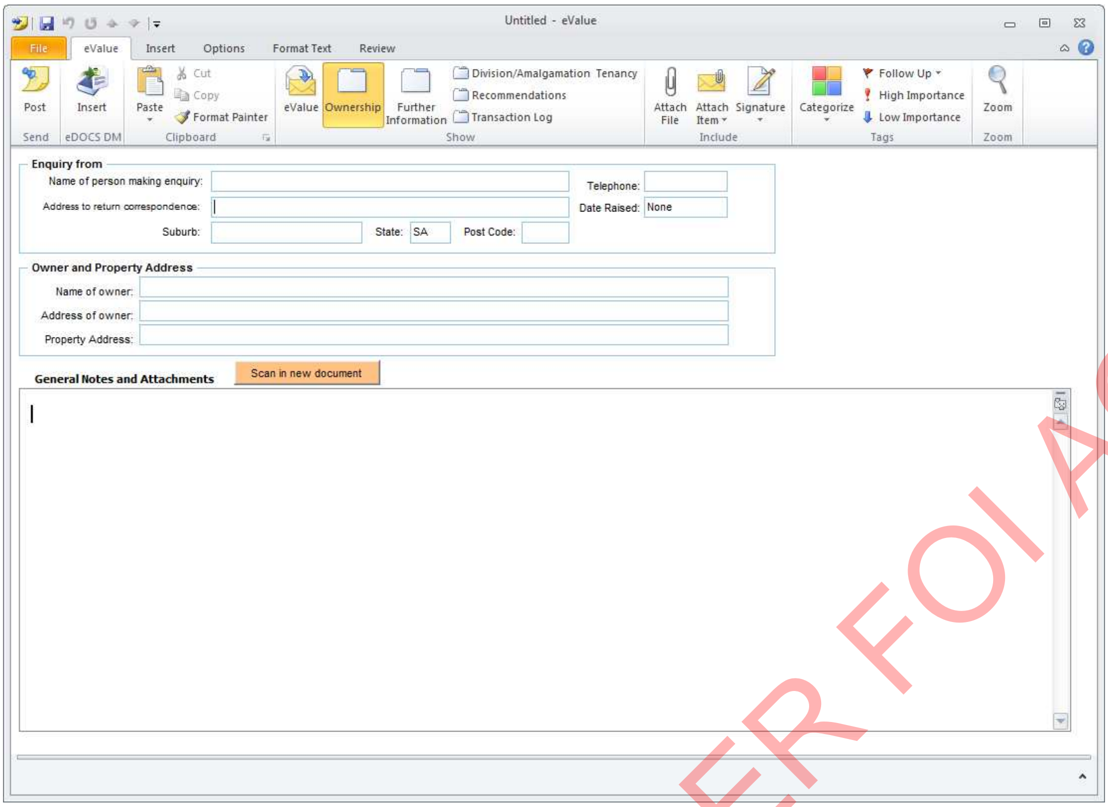
- assigning an appropriate 'Enquiry Type'
- provision of instructions where appropriate to staff
- advice of due date
- attachment of scanned documents/e-mail etc.

To create an eValue the following is to be undertaken:

1. Enter the valuation record number in the '*Valuation Number'* field
2. Select the relevant financial year from the '*Effective Date'* drop down list
3. Choose the relevant '*Enquiry Type'* by selecting the appropriate radio button
4. Choose the relevant '*Enquiry Value'* by selecting the appropriate radio button
5. Click the '*Retrieve Record'* button – the system will retrieve data and auto-populate the respective fields within the eValue *(NB. The user may be prompted to log into SAILIS if they have not already done so).*

   Note. The 'Region' field will be auto-populated with the SVO regional team that is responsible for the LGA in which the valuation record is located. If the eValue however is to be allocated to another region, this can be achieved by selecting the appropriate region from the drop-down list.
6. The relevant due date will be auto-populated in the '*Due Date'* field in accordance with the standard turn-around times as indicated in Section 4.2.3 of this directive. This due date can be changed if required.
7. If the auto-populated details in the '*Enquiry From'* fields are incorrect, these are to be over-written with the correct information – also include the telephone contact details of the person making the enquiry.
8. The '*Date Raised'* field is to reflect the actual date the correspondence was received.
9. To include a copy of any correspondence, press the '*Scan in New Document'* button on the 'Ownership' screen. The file will be added in the '*General Notes and Attachments'* section.
10. Any other information or notes for the actioning officer to consider should be included in the '*General Notes and Attachments'* section.
11. Return to the '*eValue*' screen and enter the actual time spent on the creation of the eValue in the '*Time Spent'* field.
12. If flagging or categorising of the eValue is required refer to Section 4.2.4 of this directive.
13. On completion of entering all relevant information the eValue is to be sent to the relevant region by clicking the 'Send' button. At this point an '*Enquiry Snapshot'* of the record is created in SAILIS as at the date the eValue is created.

'Ownership' Screen



Business Rules
3. The new eValue should be created and sent to field staff within 2 business days of receipt of the incoming correspondence.
4. Where notes/instructions are required – these are to be included in the 'General Notes and Attachments' area of the Ownership screen (please include date of the note and place at top of this section).

4.2.3 Turn Around Times

The following table outlines the recommended timeframe in which the main eValue types are to be completed:

eValue Type	Timeframe
Objection – Metropolitan Area	4 weeks
Objection – Non Metropolitan	6 weeks
Land Use Enquiry – Metropolitan Area	4 weeks
Land Use Enquiry – Non Metropolitan	6 weeks
Notional Value Application – Metropolitan Area	4 weeks
Notional Value Application – Non Metropolitan	6 weeks
Division/Amalgamation Request – Metropolitan Area	4 weeks
Division/Amalgamation Request – Non Metropolitan	6 weeks
Error of Fact – Metropolitan Area	4 weeks
Error of Fact – Non Metropolitan	6 weeks
Stamp Duty Requests	48 hours

4.2.4 Flagging / Categorising of eValue

With the use of Outlook categories staff have the ability to flag/categorise selected eValues. A flag is a way of ensuring that appropriate eValues are drawn to the attention of Central Operations staff when returned. Generally Central Operations and eValue approvers will flag eValues that are considered to be sensitive or of high importance.

In relation to objections, if one or more of the following criteria exist then it should be flagged accordingly:

- contentious issue raised
- objections to prominent/significant properties (eg. Football Park)
- occupancy value objections

To flag an objection the operator should:

- Where appropriate add a note in '*General Notes and Attachments*' section of the '*Ownership*' screen (including date)
- Click on *'Categories'* in the top tool bar and select from the list (NB. The Category names will need to be created in each individuals Outlook application in the first instance)

4.3 <u>Stage 2</u> – Receipt of eValue by Staff

4.3.1 'New Documents' Folder

Each new eValue is sent to the '*New Documents*' folder in the respective valuation team. Should the supervisor have a query concerning matters such as insufficient grounds for objection, the eValue should be returned to Central Operations with an appropriate note attached. An e-mail should also be sent to the address below advising the objection has been returned requesting clarification.

Business Rules	
5	*eValues requiring Central Operations attention at this stage should be returned within 2 business days of receipt of the incoming correspondence.*
6	*Where it is necessary to return an eValue at this stage, an advisory e-mail must be sent immediately to Central Operations at the following address:* ***LSGObjections@sa.gov.au***

4.3.2 Assignment to Field Staff

A designated supervisor will read the attached correspondence and any Central Operations notes, and then assign the eValue to the relevant staff member. A note can be attached at this stage if necessary.

To assign an eValue the following steps are to occur:

1. Select the appropriate actioning officer from the '*Supervisor assigns to'* drop down list on the '*eValue*' screen.
2. Enter the actual time spent on the reading and considering the eValue in the "Time Spent' field
3. Click the *'Assign'* button to send the eValue to the required officer

An e-mail notification notifies staff when a new eValue has been sent to their respective folder.

Business Rules	
7	*A Supervising or Senior Valuer must undertake the assigning of objections.*
8	*eValues must be viewed and cleared within 2 business days of receipt.*

4.4 Stage 3 – Undertaking and Actioning eValue

4.4.1 Receipt of E-Value

Personal folders must be checked on a daily basis for the receipt of eValues. The staff member is to have regard to all attached correspondence, Central Operations notes and the due date.

4.4.2 Objection

Consider objector correspondence, collect sufficient information, make relevant inquiries and inspect subject/sales where necessary.

Business Rules

9 All objections to be completed by the due date.

10 A phone call to objector is mandatory where they request contact.

11 On-site inspection mandatory if requested by objector.

12 On-site inspection mandatory if reference is made by objector to structural improvement defects.

13 If key property/valuation data is deficient and not able to ascertain from a kerbside inspection, an on-site inspection must be undertaken.

14 Kerbside inspection of residential objections mandatory where on-site inspection is not required, by Business Rules 11-12 above.

4.4.2.1 Compile Report Utilising Template and Determine Value

A report is to be completed to specified standards, utilising the relevant templates available on the shared drive. There is a separate template for the following categories:

- Residential
- Vacant land
- Commercial/Industrial
- Rural

The report must include a valuation rationale that adequately justifies the recommendation being made.

The report should also contain advice in response to specific questions raised in the objection and whether they have been addressed verbally with the objector, or if they need to be addressed as an inclusion in the return correspondence.

To insert the completed template into the *'Ownership'* screen use the '*Insert*' function on the toolbar in the 'Ownership'.

Business Rules

15 The issue of relativity must be addressed where raised by the owner and in some cases will result in a value change for the current financial year even though sales support value

16 The completed template should be inserted to the 'Ownership' tab with a brief summary of the recommendation.

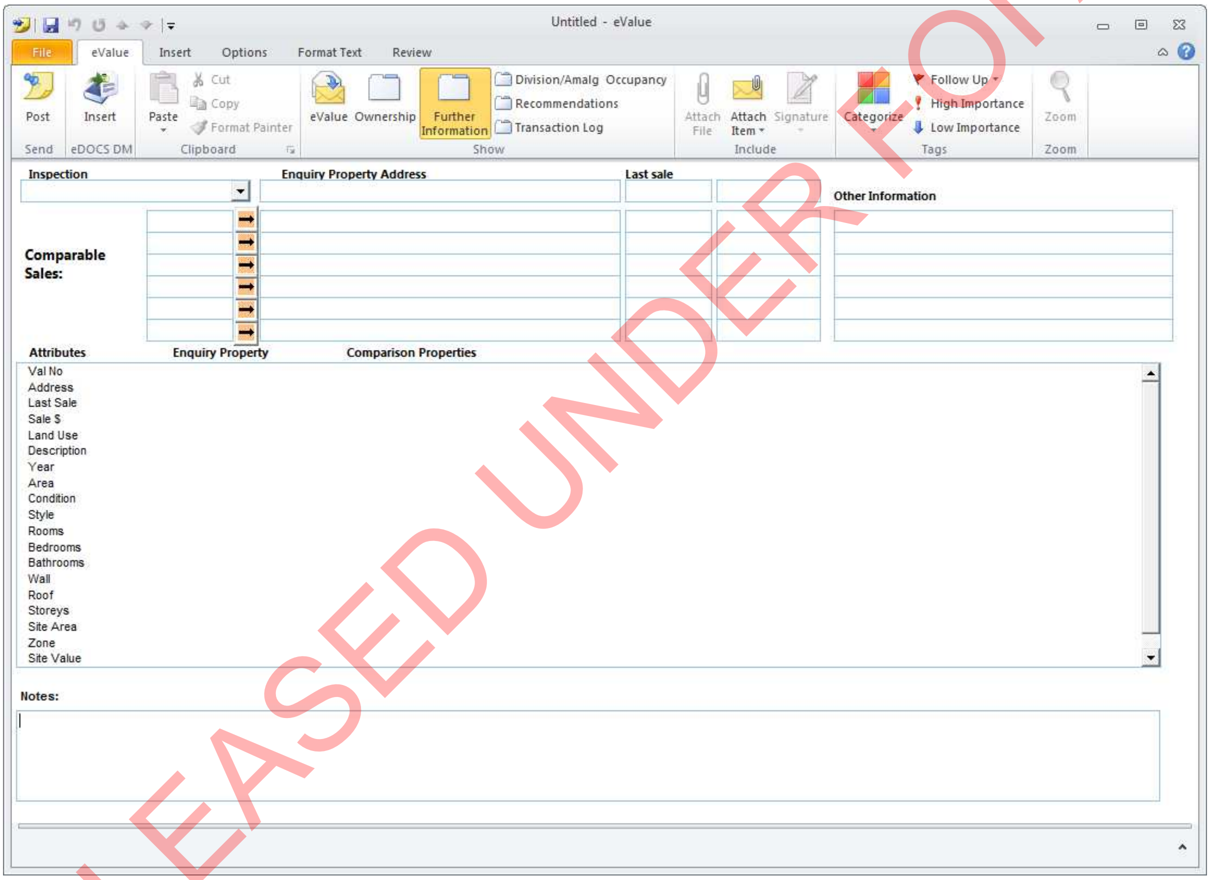
17 In instances where a template is not used, all details and rationale etc. are to be included in the 'Notes' field of the 'Further Information' screen.

4.4.2.2 Update '*Further Information'* Screen

To update the '*Further Information'* screen undertake the following steps:

1. Select the appropriate type of inspection undertaken from the *'Inspection'* drop down list
2. Insert the relevant valuation numbers of the comparable sales (ideally from the same sub-market group as the subject) in the 'Comparable Sales' fields
3. Click the arrows adjacent the valuation numbers to enable the auto-population of the sales information and attributes of the comparable properties.
4. Insert any relevant comments in the *'Notes'* field. (refer Business Rule 17).

'Further Information' Screen



Business Rules

18 *The following number of sales must be identified, as per table attached:*

Objection Category	*Number of comparable sales*[1]
Residential (SV and CV)	*Minimum 3*
C and I (SV and CV)	*Minimum 2*
Rural (SV and CV)	*Minimum 2*
Other (SV and CV)	*Up to 2*

19 *The following sale date criteria should be met:*

Market	*Sale Date*
Broad requirement	*12 months prior to 1 January and 3 months post 1 January*
If numerous sales	*3-6 months prior to 1 January and 2 months post 1 January*
Lack of sales	*24 months prior to 1 January and 3 months post 1 January*
Moving Market	*3-6 months prior to 1 January and 2 months post 1 January*

20 *In a disallowance of objection letter the following sale price versus current value criteria should be met.*

PROPERTY TYPE	*SALE PRICE RANGE COMPARED TO CV*
Residential (CV)	*At least 1 sale greater than subject CV (or if 4 or more sales chosen, at least 2)*
Residential (SV), for Site Value rating LGA's	*At least 1 sale greater than subject SV (or if 4 or more sales chosen, at least 2)*

21 *Sales selected for inclusion in letters of disallowance must:*

- *Have key elements that are comparable with the subject*
- *Have sale prices and CV's that are in line with the subject*

22 *If number of sales criteria or sale price range criteria cannot be met, then an explanatory paragraph is required for all cases where the objection is to be disallowed.*

[1] *These are ideal numbers. If less sales are available it will be necessary to provide a paragraph relating to sales/market evidence.*

4.4.2.3 Update Recommendation Screen

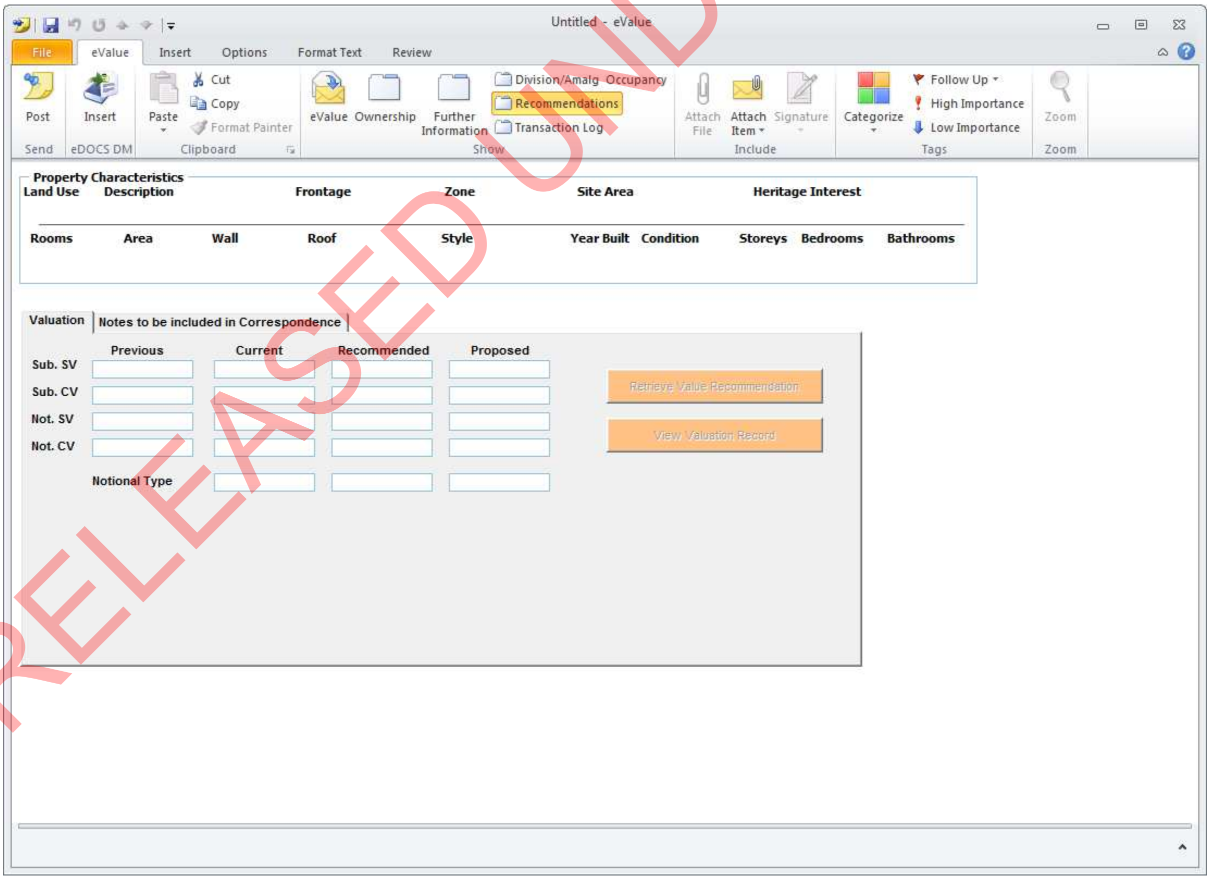
To update this screen undertake the following:

1. Click the '*View Valuation Record'* button - this will access the main valuation record in SAILIS *(NB. The user may be prompted to log into SAILIS if they have not already done so)*
2. Click the '*Enquiry'* tab toward the bottom of the valuation record - this will display the enquiry history of the record
3. Select the active enquiry to open the '*Enquiry Snapshot*' – ensure the '*Enquiry ID'* aligns with the identification in the eValue.

   It is within the '*Enquiry Snapshot'* that any changes required to the valuation record (resulting from an enquiry outcome) are made. To ensure changes are only made on the '*Enquiry Snapshot'* and not on the valuation record at this point, the user should refer to the 'As At' field in the 'Record Details' section, this field should display the text 'Enquiry' followed by the date of the eValue.

   Where necessary update property attributes, land use information and value changes as needed in the '*Enquiry Snapshot'*.
4. On completion of all changes in the '*Enquiry Snapshot'*, return to the eValue application on the '*Recommendations*' screen and click the '*Retrieve Value Recommendation*' button, the data fields will be auto-populated with the changes made on the '*Enquiry Snapshot'*.

'Recommendations' Screen

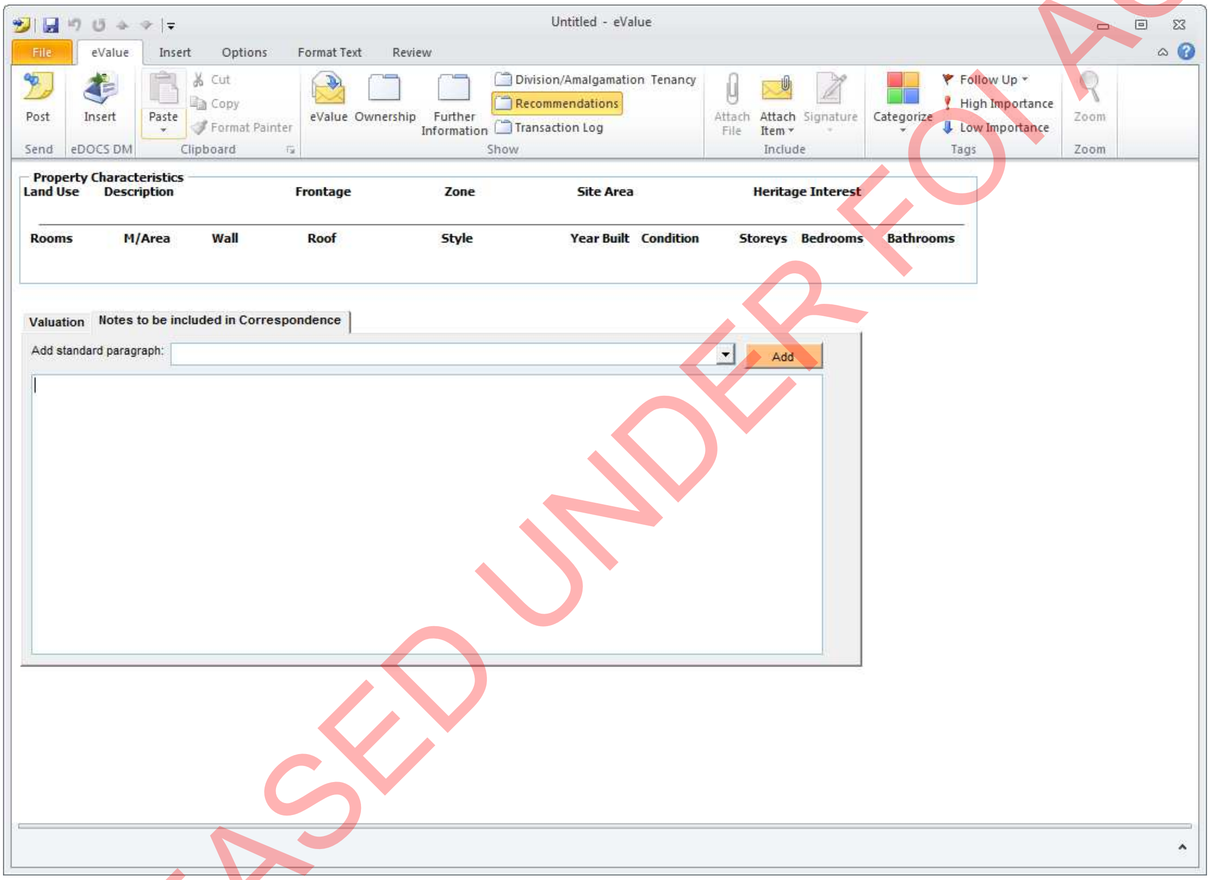


Draft paragraphs for inclusion in outgoing correspondence also need to be developed where needed. Paragraphs are predominantly inserted to address issues raised by the objector, however can also be used by staff to address a particular matter.

To insert draft paragraphs click the '*Notes to be included in Correspondence'* button and the following screen will appear:

1. Select the relevant paragraph from the '*Add standard paragraph'* drop down list
2. Click the '*Add*' button to insert it in the notes area. Alternatively the notes area can be used to include any other relevant information to be included in the return correspondence to the person making the objection/enquiry.

'Recommendations – Notes to be included in Correspondence' Screen



Business Rules
23 *When required, draft paragraphs for correspondence must be completed and inserted ('Notes to be included in Correspondence' section)*
24 *Under no circumstances should any information apart from draft paragraphs be entered into the 'Notes to be included in Correspondence' section*

4.4.3 Occupancy Value Objection

In reviewing an occupancy valuation resulting from an objection, the following details should be included in the '*Further Information'* screen:

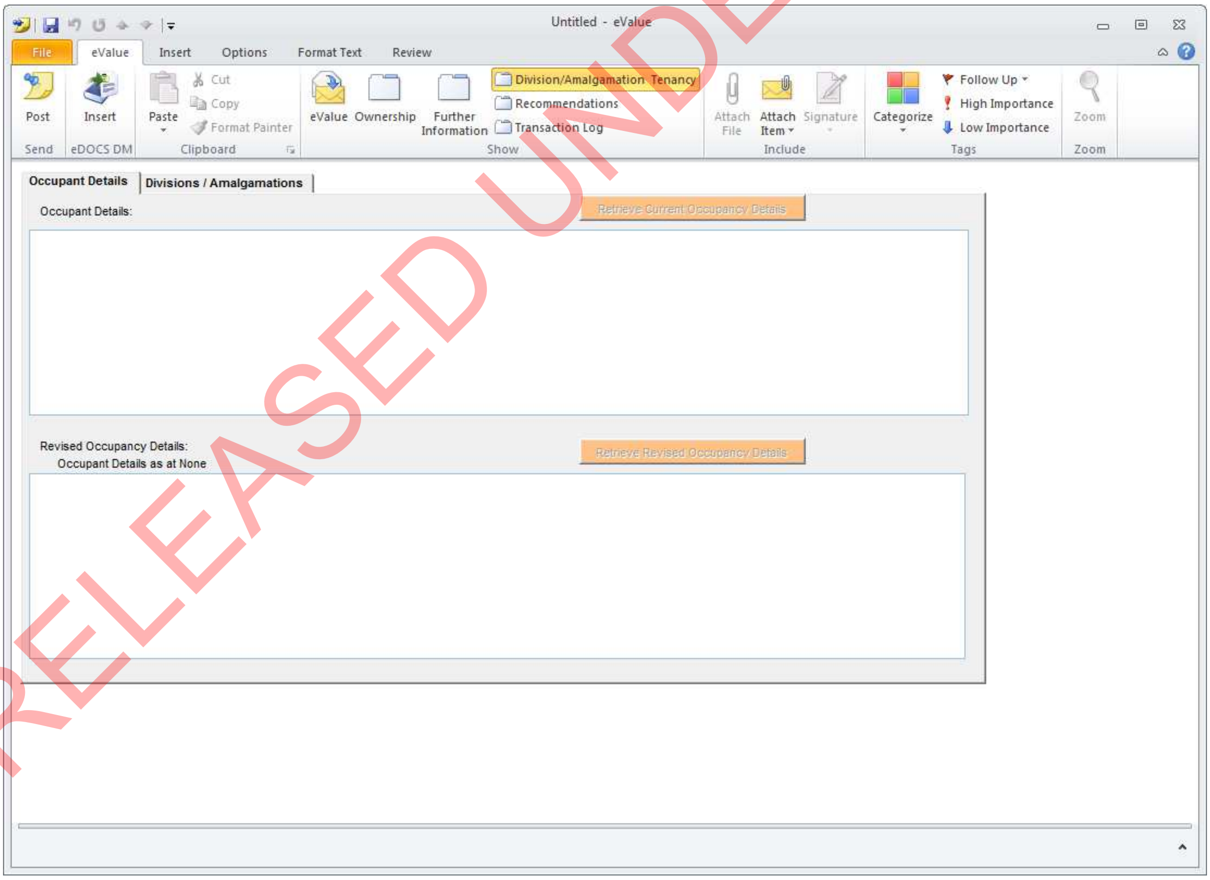
- Broad details of the whole property and its value level
- Specific details of the subject occupancy
- Details of the value attributed to the subject occupant and the basis on which it is based (eg. area of tenancy, rental rate/m²)
- A justification for the value being amended or remaining at its existing level

4.4.3.1 Occupancy Value Objection

To capture the occupancy details undertake the following:

1. In the '*Division/Amalg/Occupancy*' screen click the '*Retrieve Current Occupancy Details*' button to populate the '*Occupant details'* field.
2. Changes to occupancy valuations are to be made via the '*Enquiry Snapshot'* screen (refer to Section 4.4.2.3). Following the update of the '*Enquiry Snapshot*' it is necessary to update the '*Revised Occupancy Details*' field of the '*Division/Amalg/Occupancy*' screen, by clicking the '*Retrieve Revised Occupancy Details'* button – this will populate the field with the updated occupancy details.

'Division/Amalg Occupancy – Occupancy Details' Screen



4.4.4 Land Use Enquiry

Refer to '*Land Use, Improvement & Property Type Directive'* for specific details to consider in undertaking this type of enquiry.

Provide a brief summary of the findings and recommendations in the '*Ownership*' screen and update the relevant fields via the "*Enquiry Snapshot'* screen – refer to Section 4.4.2.3.

4.4.5 Notional Value Application

Refer to '*Notional Values & Reduced Values Directive'* for specific details to consider in undertaking this type of enquiry.

The eligibility and basis of the notional value needs to be fully addressed and included in the 'Further Information' screen. The level of notional value and the rationale in its determination also needs to be outlined. Sales evidence should be included to justify the value level where possible.

The new notional values or changes to existing values are to be updated via the "Enquiry Snap-shot' screen – refer to Section 4.4.2.3. *(Note: changes on an 'Enquiry Snapshot' are only effective for the current financial year)*.

4.4.6 Division/Amalgamation

Refer to '*Create and Maintain Valuation Record Directive'* for specific details to consider in undertaking this type of enquiry.

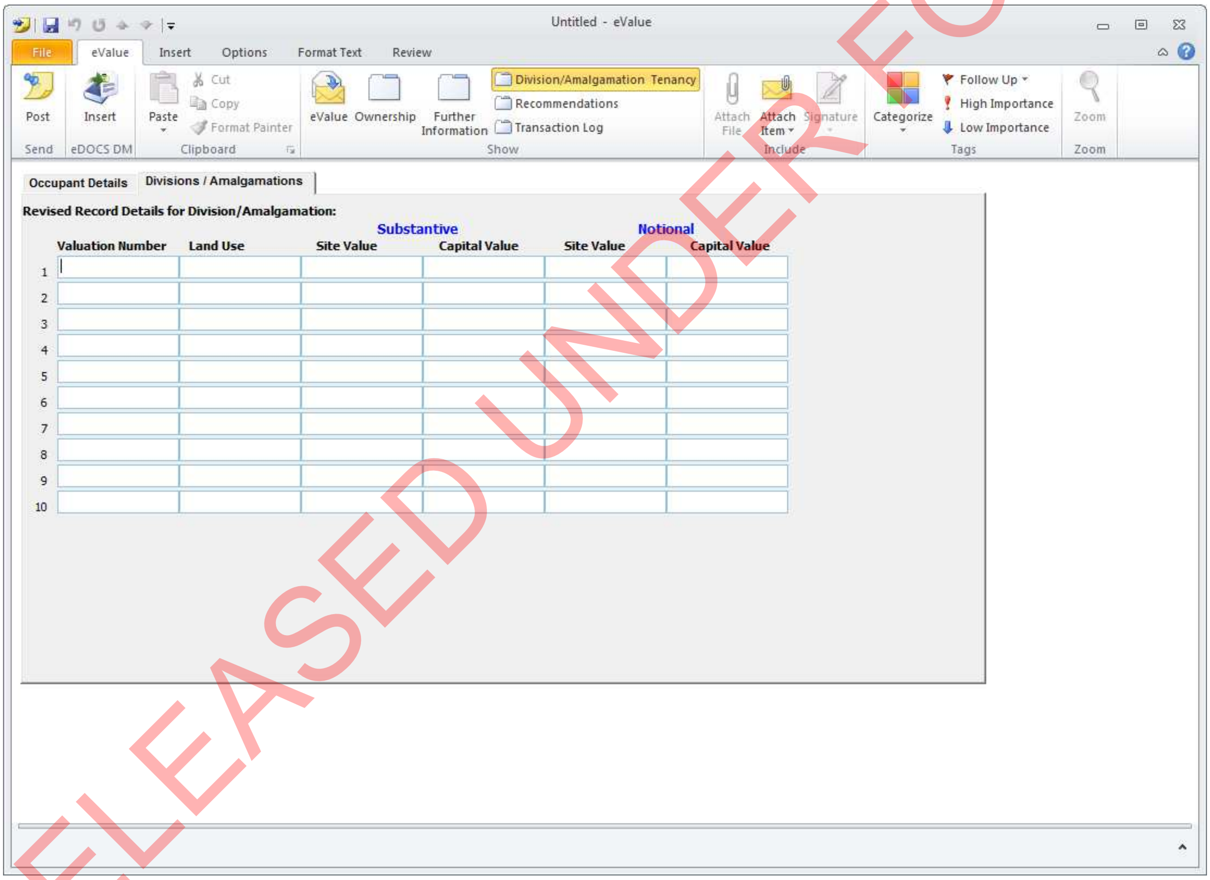
Provide a brief justification for the division/amalgamation in the '*Ownership'* screen and also include the financial year for which the action was made effective. Include an overview of the assessments that have been cancelled.

Specific details of the new assessment(s) must be included in the '*Division/Amalg/Occupancy'* screen via the 'Division/Amalg' tab. Details required are:

- Valuation Number
- Land Use Code
- Value – no need to include '$' sign or the comma separator

These details are to be included in the appropriate fields as shown on the screen shot below.

'Division/Amalg Occupancy – Division / Amalgations' Screen



4.4.7 Error of Fact

An '*Error of Fact'* is commonly initiated where the Valuer-General observes an error in the valuation linked to an error of information or fact. On occasions '*Errors of Facts'* are raised/identified by field staff during the normal course of business i.e. sales analysis, manual inspections etc .

Frequent examples include error in the calculated site area; data entry error dwelling assessed on the wrong allotment; incorrect land use code etc.

Such matters are processed via an '*Error of Fact'* eValue.

On processing an eValue flagged as an *'Error of Fact'*, it is recommended that it is processed similar to an objection and include the following details where applicable;

- Brief statement detailing the nature of the error
- Brief statement detailing the impact of the correction on the Site and/or Capital Value
- Sales and associated discussion/rationale
- Re-calculation (if applicable)

Corrections to errors discovered in the valuations are made pursuant to Section 19 of the *Valuation of Land Act 1971*:

In instances where an 'Error of Fact' relates to a valuation currently in-force, the value is to be amended via the 'Enquiry Snapshot' (refer to Section 4.4.2.3). The relevant rating and taxing authorities adopting the valuation will be notified accordingly.

Note: It is possible for a landowner to lodge an objection to the amended value as a new valuation notice is issued.

The rating authorities will be advised that the assessment was incorrectly valued for the respective financial year; however it is at their discretion if they adopt the recommendation for the current financial year.

Likewise where an amendment relates to a valuation that is no longer in force, the Valuer-General is unable to make a change to a historical valuation roll in a manner that places an obligation on the relevant rating authorities to accept the change. The rating authority's decision to adopt such amendments is at their discretion.

4.4.8 Stamp Duty Request

Refer to '*Stamp Duty Directive'* for specific details to consider in undertaking this type of enquiry.

The completed template and a summary of the stamp duty advice are to be included in the 'Ownership' screen.

A brief summary of the subject property, a valuation rationale and the associated sales evidence, are to be included in the '*Further Information'* screen.

4.4.9 Completing E-Value

On completion of the eValue the officer must include the total time spent in undertaking the eValue on the '*eValue'* screen - time is to be input in decimal form (ie 1 hour 45 minutes = 1.75).

Should the officer have any notes/issues to raise with the approver or to request that they flag the objection for the attention of Central Operations, these are to be included in the blank field toward the bottom of the front '*eValue*' screen in Section 5.

To send the eValue for approval click the 'Complete' button in Section 3 of the main '*eValue'* screen.

4.5 Stage 4 – Approval by Supervisor

It is the responsibility of the approver to ensure the recommendations within the eValue comply with all business rules as this is the final review stage of the process.

Unless the eValue is flagged to alert Central Operations staff to specific issues, the responsibility for compliance with business rules remains with the approver.

When the approver is satisfied with the eValue contents and recommendations they are to enter the time spent in their review and click the 'Approve' button. This will return the eValue to Central Operations for their action/final approval.

The primary role of Central Operations will be to ensure the quality of outgoing correspondence, and to ensure that appropriate turnaround times for final processing are achieved.

Business Rules

25 The approver must:

- read the objector correspondence

- ensure compliance of relevant business rules by the assignee

- ensure issues raised by the objector have been addressed

- review draft paragraphs and finalise for Central Operations correspondence

4.5.1 Flagging of E-Values Requiring Central Operations Review

If the approving valuer considers a Central Operations review/clarification is required or one of the following criteria is met then the eValue must be flagged:

- *contentious issue raised*
- *significant reduction to value*
- *increase to value*
- *inserted paragraph requires scrutiny*
- *occupancy value objections*
- *objections on prominent/significant properties eg. Football Park*
- *where it is considered that Central Operations need to add a paragraph eg a policy matter*

4.6 <u>Stage 5</u> – Final Processing

4.6.1 Processing of Un-Flagged eValues

Central Operations will generate the appropriate correspondence and undertake a 'quality' review encompassing:

- Spell-check
- Format/layout
- Address details

Business Rules	
26	*Non-Flagged eValues in the objection category to be processed within 5 business days of return from the approver.*

4.6.2 Processing of Flagged eValues

A senior officer will investigate and resolve any flagged issues and finalise the eValue.

Business Rules	
27	*Flagged eValues to be the responsibility of the Senior Adviser, Central Operations*
28	*Flagged eValues to be opened and assessed within 2 business days.*
29	*Flagged eValues to be processed within 10 business days of return from the approver.*

4.6.3 Central Operations Approval

To finalise the eValue the following actions are required:

1. Enter the time taken in the final review in the '*Time Spent'* field
2. If the recommended value changes have been approved and are to be finalised, click the *'Allow'* button – this will release all changes made on the *'Enquiry Snapshot'* to the main record effective for the current financial year.
3. If no value changes are required, click the '*Disallow'* button
4. To enable correspondence to be generated, select the relevant correspondence reply from the '*Create Correspondence'* drop down list and click the '*Create'* button – this will place a copy of the correspondence in the '*General Notes and Attachments'* field in the '*Ownership*' screen.
5. To complete the eValue and move to statistics click the '*Move*' button.

4.6.4 Subsequent Enquiry by Objector

Business Rules	
_30_	_Upon request of Central Operations, matters concerning valuation decision and sales evidence need to be addressed by field staff. Where a return phone-call to an objector is required, this must be within 2 business days._
_31_	_Matters concerning the objection process need to be addressed by Central Operations._

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 9

FILE IMPORT

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS & VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice for data file creation and reporting requirements around the file import process.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the monitoring and the standardised approach for managing the file import process.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

SAILIS provides the functionality to import bulk data into the system via the file upload of the following data types:

- Renumbering - each valuation record is assigned an individual number for identification purposes – instances can arise when a groups of these records will require a number reallocation
- Building Approvals – local councils provides the business with a regular list of recently approved building applications
- General Valuation (GV) Manual Value Updates – changes to site and capital values that supplement the mass appraisal valuation program

4 Directive

4.1 Submission of File Import Files

The following table identifies the roles within the business that are permitted to submit File Import related files.

File Import Type	Role
Renumber (Renumbering)	AS02 and Above or as otherwise delegated
Revisits (Building Approvals)	AS02 and Above or as otherwise delegated
Bulk Values (GV Manual)	ASO3 and Above or as otherwise delegated

All File Import files must only contain records that have a status of current or proposed current and must <u>not</u> include any administrative records.

4.2 Renumbering

The decision to use the file import process for renumber is dependent on the number of valuation records to be amended. It is recommended that if the file contains more than 50 valuation records the file import process should be utilised, however it is at the discretion of the officer.

Smaller batches are to be updated directly in SAILIS on a record by record basis.

4.3 Revisits / Building Approvals

All electronic versions of building approvals received from councils are to be input to SAILIS via the File Import function.

Hardcopies of building approvals should be entered onto an excel spreadsheet and loaded to SAILIS via the File Import function.

4.4 Bulk Values (GV Manual)

The use of the File Import function for value updates is dependent on the number of valuation records being updated. It is recommended that any value updates using this functionality should only occur when the associated file contains more than twenty valuation records.

Any value changes using this function can <u>only</u> be submitted during the General Valuation time frame.

Smaller batches are to be updated directly in SAILIS on a record by record basis.

4.5 Unique File Identifier

The content of all imported files must be in the format as detailed in the *"File Import User Guide"* and must be saved as **CSV (comma delimited)** files.

All imported files must have a header row that uniquely identifies the file.

In all cases the header row must be set in accordance with the following:

- *Cell A1* must contain the name of the file type –
  - Renumber
  - Revisits
  - Bulk Values

- *Cell B1* must contain the unique identifier being date and time of file import in the format of **"Date_Time"**

- *Cell C1* must contain the system user name of the officer importing the file

By way of example, Tom Smith who has a system username of "SmithTo" would like to File Import a file of 300 values on 15 February 2014 at 1.30pm. In the instance the unique file identifier would be as follows:

	A	B	C	D	E	F	G
1	Bulk Values	20140215_13.30	smithto			Unique Identifier	
2	3140634009	$150,000	$500,000	$100,000	$400,000		
3	3140006651	$100,000		$80,000			
4	3140413257		$250,000				
5	314148900*		$500,000		$300,000		
6							
7							
8	Valuation Number	Sub Site Value	Sub Capital Value	Notional Site Value	Notional Capital Value		
9							
10							
11							

All File Import files must comply with this unique identifier format.

4.6 File Structure and File Save

To ensure the consistency of saved files and the efficiency in retrieving the files they must be saved in a consistent format and location.

All files that contain the calculation and workings of values should be saved as Excel "XLS" files for future reference and audit purposes. These files However, to enable the file to be successfully imported it must be correctly formatted and saved as a "CSV (comma delimited)" file.

4.6.1 File Structure

File Import files are to be saved in the relevant LGA folder in the "SALIS File Import" folder at the following location:

Insert link to Q drive file structure TBA

4.6.2 File Save

All File Import files (XLS and CSV) are to be saved in accordance with the following naming convention:

"File Type_Date_Time_ User Name"

Eg. Bulk Values_20140215_13.30_smithto

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 16

INFORMATION MANAGEMENT

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice in the management of information within SAILIS.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the type of information that can be held against the valuation record.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

SAILIS provides the functionality to hold essential information relating to a property directly against the valuation record. Such information can include:

- Written data – user input text
- Hard copy data – copies of documents, files, photography etc

The ability to add text to a record is performed within the “Comments” field, with hard copy data being attached using the “Attachments” function.

This policy has been developed to provide structure and direction regarding the types of comments and data that can be held against a valuation record.

4 Directive

4.1 Comments

The “Comments” tab is a free text field and is <u>only</u> to be used to capture information relating to the property and issues affecting valuation.

This field, or any other free text field within SAILIS, must <u>not</u> hold derogatory comments of any kind.

Comments are to be kept as succinct as possible, and must be relevant in respect of advising any <u>additional</u> information regarding the property that cannot be captured elsewhere within the valuation record.

Once a comment has been captured within the record, only the valuation officer who created the comment and the auditor are able to edit or delete it.

4.2 Notes

The “Notes” field within the “Occupancy” tab is to be used to capture relevant information relating to the particular tenancy and the associated rental data. Notes are to be kept as succinct as possible and should only be used to advise additional information that cannot be captured elsewhere within the Occupant screen.

4.3 Attachments

The attachment function within SAILIS enables the valuation officer to upload a file to be attached to the valuation record.

The purpose of the attachments function is to capture any document that is directly pertinent to the valuation of the property.

Each attachment must be allocated an attachment category, these include:

- Building Plan – Relevant elevation diagrams of buildings
- Correspondence – Requests and enquiries received from clients or landowners
- Floor Plan – Diagrams showing building layout and dimensions
- Land Owner Return – Formalised response from landowner(s) detailing the use of the property and if relevant any associated rental information
- Lease Document – Any relevant lease documentation not already held within the database
- Mud Map – Diagram outlining the boundaries of a valuation record in instances where they do not align with the legal parcel (or title) boundaries
- Objection – Any additional data relating to an objection that is not held within the Evalue application
- Other Correspondence – Any other information that is considered pertinent to the valuation of the property
- Photo – Any photographic evidence identifying the property and the improvements thereon
- Pre-Settlement Sale – Details of a property sale that has not yet been registered but is required for the general valuation program
- Report – Any report that has been undertaken for the property and the valuation thereof (eg. external valuation report, contamination report)
- Sale Ad – Any advertisements from agents, internet and newspaper that relate directly to the property
- Sale Analysis – In instances where a full analysis has been undertaken it should be attached
- Site Plan – Diagram indicating site characteristics of a parcel, location of services and buildings
- Tenancy Schedule – Details of lease information relating to a tenancy(s)

Prior to importing an attachment the following must be considered:

- **The relevancy of the attachment**
- **Ensure the information is not a duplication of data captured elsewhere within the record or in an external repository (eg, RP data)**
- **Ensure the file size of the attachment is an minimal as possible – particularly relevant to photographs and scanned documents**
- **Any inappropriate documents and/or comments must not be attached**

Once an attachment has been added to the record, only the valuation officer who created the attachment and the auditor are able to delete it.

5 Endorement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 14

LAND USE, IMPROVEMENT & PROPERTY TYPE

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS & VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice in the allocation of land use and property type classifications to a valuation record within the SAILIS environment.

2 Scope

Applicable to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

This policy covers issues in relation to land use and property type classifications held in a valuation record and in particular the determination and maintenance of these attributes.

3 Background

Land Use Codes are used widely within the South Australian property industry to identify the actual land use of a property. The description enables the grouping of properties with similar land uses for research, comparison and analysis purposes.

Land Use Codes are also used by the following rating authorities for the purpose in the levying of rates and taxes:

- Local Government
- SA Water
- Revenue SA – Emergency Services Levy
- Revenue SA – Land Tax

Each Valuation Record and Occupancy Record is required to have a Land Use Code attributed against it.

Whenever a Land Use description is applied for the first time, a description of the improvements on the property is also required.

Property Types are numerical codes held within the Australian Valuation Property Classification Codes (AVPCC) which are assigned to properties in other Australian jurisdictions for the purpose of rate levying and are also determined by land use. While these codes are not currently used within South Australia, it is an initiative of the Valuer-General to allocate property types to valuation records to enable alignment with nationally recognised property classifications.

4 Directive

The determination and maintenance of Land Use, Improvement Details and Property Types is to be undertaken within the parameters outlined in this directive.

4.1 Land Use Codes

The first digit of the Land Use Code (LUC) is the primary code and identifies the ten major property groupings. These primary groups are further divided into sub-groups (second digit) and then categories (detailed codes).

A full list of all codes can be accessed by the following link:

http://cms.dpti.sa.gov.au/__data/assets/pdf_file/0006/111678/land_use_codes_20070601.pdf

It is a requirement of the business to apply a LUC to each valuation record. A LUC is to be determined having consideration of the actual use of the property as at midnight 30 June. Therefore, if the use of a property changes after 1 July in a particular year the LUC should only be amended for the following financial year.

The correct LUC for any financial year is the one applicable to 30 June of the preceding financial year.

The LUC should represent the actual use to which the property is being used and should not be influenced by the status of the ownership or operator.

The LUC is to reflect the predominant activity on site and not on the basis of the principal business of the occupier.

Below are some examples for reference:

- The owner provides concessional residential accommodation to disadvantaged people – the actual use of the property is residential and therefore a residential LUC should be applied as opposed to a social welfare related code
- An office/warehouse owned by a charitable organisation and used for light industrial purposes should have a LUC representing the actual use of industrial as opposed to one of charitable nature
- Centrelink occupy commercial space to provide general government administrative services as opposed to a welfare function and/or community service – the LUC should reflect a commercial/office use

4.1.1 Mixed Use Properties

In instances where multiple uses exist on a property the LUC is to reflect the main or predominant activity/use.

In determining predominant use, the predominance of the use must be of such a degree that it imparts a character to the land as a whole.

The predominant use exerts influence on the land based on the character of the use, the intensity needed to maintain it, the character it adds to the land, its historic past and also the implied future potential for that use.

While no single set of guidelines can provide a definitive predominant use determination, the following factors should be considered:

- Site area occupied by each use
- Value attributed to each use
- Physical appearance (ie. what does the property appear to be?)
- How would the property be marketed (ie, what would be the primary use advertised in marketing campaigns etc) – care must be taken not to confuse the actual use with that of its potential

It is important that each of these factors not be considered in isolation of each other but examined on a broader all-encompassing basis.

4.1.2 Occupancies

Land Use Codes for occupancy valuations should also represent the actual use of the land attributed to the individual occupancy. The LUC of the primary record for the whole property should represent the predominant use of the entire parcel, regardless of the value of the individual tenancies (eg. the added value of a wind farm on a 40 hectare grazing property may exceed the value of the grazing land – in this instance the primary record would have a LUC reflecting grazing 92XX and in respect of the occupancies a LUC of 61XX for the wind-farm and 92XX for the grazing component).

4.1.3 Specific LUC Guidelines

Below are guidelines for the determination of some specific LUC's issues *(NB. This list is not exhaustive and will be regularly reviewed and expanded as needed)*.

4.1.3.1 Rural Living versus Residential

The application of improved residential related land use codes to a valuation record should be limited to residential properties within residential related zones as defined in the South Australian Development Plan. Small properties located outside these zones should be coded within the rural living LUC range (199X – 1999) or have a rural-residential code (1912) applied.

Similarly in regard to vacant residential related land, a vacant allotment within residential zoned areas should be coded vacant land (4100) and vacant parcels outside these areas be coded 4150 (where no primary production exists).

4.1.3.2 Car Parks

- **LUC 6532 (Car parking lot)**
  This LUC refers to a car parking space which is an area no larger than what is required to park one vehicle – it may be either an allotment or a unit that has its own title, or an assessment that is an aggregation of such titles. NB. For such an amalgamation to occur the following must exist:

    - The units and/or allotments must be contiguous (as defined in the *Emergency Services Funding Act 1998*)
    - All must be in the same ownership
    - Must not be separated by intervening common property
    - Must exist on the same floor when dealing with a multi-storey car parking facility

- **LUC 6531 (Car parking station)**
  An assessment, which is either a unit or allotment, with sufficient area for two or more car parking spaces on the title, or an assessment that is an aggregation of such titles comprising a car parking facility (or part thereof) where the general public has to pay to park in that facility.

  A good example of this is a multi-storey car park for the public, where you use a pre-paid ticket to exit via a boom gate.

- **LUC 6530 (Car park)**
  An assessment, which is either a unit or allotment, with sufficient area for two or more car parking spaces on the title, or an assessment that is an aggregation of such titles comprising a car parking facility (or part thereof) where the general public **does not** pay to park in that facility. This LUC is essentially used to code all car parking that does not fall into the 6532 LUC in the first instance, or 6531 LUC in the second instance.

  A good example of this is the typical shopping centre or hotel car park.

4.2 Improvement Description

The improvement description field comprises a maximum of fifteen (15) characters and is to provide an abbreviated description of the improvements on the property. A full list of the abbreviated improvement codes can be accessed via the following link:

DPTI Intranet - Quick Links *("Construction Codes" sub-folder within "Coding Tables")*

Only alpha and numeric characters are to be used in the improvements field. The ampersand (&) is not to be used.

The numeric character appearing before H (House) in the improvements field indicates the number of main rooms in the dwelling (eg. a dwelling comprising six main rooms would be described as 6H).

A numeric character appearing before any other improvement signifies the number of those improvements on the property (eg. two iron garages would be shown as 2IG).

The alpha character "D" appearing before any improvement code signifies double (eg. a double carport would be shown as DCP).

Given the limited number of characters available in this field (fifteen characters including spaces) the following protocols should be considered:

- All components of a dwelling which are under the main roof (UMR) are to be described having no space between each component (eg. an eight roomed dwelling having a double garage UMR should be shown as 8HDG)

- A space will generally be used between characters to signify stand-alone structures/improvements (eg. a five roomed dwelling having a carport UMR and a stand-alone double iron garage would be shown as 5HCP DIG) – *this is subject to enough spaces being available*

- A six roomed dwelling with a carport UMR and two double iron garages with a carport attached would be shown as 6HCP 2DIGCP

- A seven roomed dwelling with a garage UMR, two stand-alone double iron garages and a stand-alone carport would be shown as 7HG 2DIG CP

- The description of a group of flats should be reflected as per the following –

  Number of flats *FLATS x* *(Average number of rooms per flat)*

  Therefore, a block of four three bedroomed flats would be shown as 4 FLATS x (3)

- The actual size of improvements is not to be recorded in the improvements field but instead such detail is to be captured within the detail attributes of the record or in the comments field.

4.3 Amending Land Use Codes and the Associated Capital Value

4.3.1 Current Financial Year

Where a ratepayer objects to the Valuer-General on the basis that the land use is incorrect, either directly or via a rating authority, both the land use code and the capital value should be changed to reflect the land use and value applicable as at 30 June of the preceding financial year. In instances where the value increases, the value change should be advised as a "correction" in-lieu of "objection".

Such value changes to the valuation roll can be undertaken in accordance with Section 19 of the *Valuation of Land Act 1971* which states:

"19 (1) The Valuer-General must correct or amend a valuation or entry in a valuation roll if he or she discovers or receives notice of any error in the valuation or entry"

4.3.2 Next Financial Year

Where a land use changes during a financial year, the LUC and value should only be amended for the next financial year.

In instances where this may cause hardship (ie. in the case of fire damage) the individual landowners should be advised to apply directly to each of the rating authorities for a rebate or remission on hardship grounds.

4.4 Property Type

The allocation of a property type to a valuation record provides the ability to describe the type of property as opposed to its actual land use.

By way of example, a real estate agent located in a stand-alone single level office – this property would have a property type code of 'Office Premises (single occupancy/single title/single stratum)" and opposed to the LUC of "2280 Real Estate Agencies". The property type category provides a level of description that enables the effective grouping of similar buildings and properties.

At SAILIS implementation the Property Type will not be populated. It is recommended in the short term that staff do not use this field until further advised by the Valuer-General.

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Internal Directive
Subject/Title: MARINA BERTHS
Issue Date: 25 FEBRUARY 2011
Review Date: 25 FEBRUARY 2012
Responsible Officer: VALUER-GENERAL
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

RATING AND TAXING MARINA VALUATIONS

STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose
To provide a consistent and sustainable practice for the determination of statutory rating and taxing valuations of marinas and single title berths.

2. Background
Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

3. Definitions
Breakwater – a retaining wall type structure erected to protect against tidal erosion and prevailing weather particularly in exposed locations.

Crown Land – any land including sea bed and coastal or river reserves in the ownership of the Crown.

Dredging – digging, gathering, or pulling out material to deepen waterways, create harbours, channels, locks, docks and berths, de-silt lakes and to keep river entrances and approaches to boat ramps clear.

Marina – a boat basin that provides dockage and services. They provide yacht and commercial fishing boat moorings as well as smaller pleasure craft; the latter particularly in shallow water areas. Services may include restaurants, bait and tackle shops, restrooms and boat cleaning and repair facilities. In terms of planning a marina is land used to store boats either above or on the water.

Moorings/Wet Berths – boats are moored either on buoys or on fixed floating walkways that are tied to an anchoring piling by a roller or ring mechanism (floating docks or pontoons). Swing moorings (anchored buoys) are cheaper to rent as access is via a small boat or dinghy.

Wet Berths – slips are the water spaces between two fins or piers. Each Slip usually comprises two berths. The length and minimum draft will determine the size of the boats that can be moored.

Slipway – a ramp on the shore where boats can be moved to and from the water for repairs or launching. The capacity or tonnage that the winch can hold or pull determines what size vessel can make use of the facility. Some new developments now use mobile cranes rather than slipways.

Open Dry Stack – storage of boats on land, usually adjoining a slipway or launch ramp. Generally for smaller boats up to 10 metres in length but can be larger.

Internal Dry Stack – dry stack storage in an enclosed building such as a warehouse.

Launching Ramp – a ramp usually of concrete construction to launch or retrieve boats from land to water and vice versa. Generally used in conjunction with a towing vehicle.

4. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement

The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied.

6. Methodology

6.1 **Site Value** as per definition *VOLA;* based on highest and best use; zoning and on the assumption that all planning requirements for the development have been granted.

6.1.1 Land above Mean High Water Mark: based on land values of similar zoned land. In the absence of sales look at the zoning of land surrounding the subject property (preferably with water frontage) and apply levels of value of surrounding zoned land with an appropriate allowance for rezoning if required.

6.1.2 Land below Mean High Water Mark: for sea and or riverbed that has a commercial marina; crown rents may apply. If the rental is at market value then a capitalisation approach may be used to establish the site value. As a guide, the sea/river bed will generally be in the range of 30-40% of adjoining hard standing land. Includes Marinas, Yacht Clubs and Associations berthing facilities (not Clubhouses) where they generally are held as a single title; rather than as individual berths.

6.1.3 Single Title Wet Berths; Strata and Community Strata Plans: Site Value to be determined as per *VOLA.* The Site Value of the full Strata Plan to be assessed and calculated on the basis of the gross realisation of sales less development costs including profit and risk. To be treated the same as a development site and on a per berth undeveloped basis. The Site Value per berth will be in the same proportion as the berth's Capital Value bears to the aggregate Capital Value of all the lots or units on the plan.

6.1.4 Single Leasehold Berths with infrastructure in the lease area: Site Value to be determined as if Freehold.

6.1.5 Single Title Wet Berths; Community Plans: the Common Property will not normally be separately rated. The interest in the Common Property that attaches to each lot will be regarded for the purposes of valuation as part of the lot. If the Common Property is under a separate occupation and/or used for commercial gain, the Valuer-General will separately assess those portions of the Common Property and ensure that the value of this parcel(s) is excluded from the value of the Community Lots. To be treated like a Community Title land subdivision. The Site Value of the individual Community Lots is to be based on sales evidence of comparable berth sales.

6.2 **Capital Value:** as per definition *VOLA;* based on highest and best use; zoning and on the assumption that all planning requirements for the development have been granted.

6.2.1 Includes Marinas, Yacht Clubs and Associations wet berths and dry stack facilities; (excluding clubhouses) where generally are held as a single title; rather than as individual berths.

The following need to be considered:

- wet berths, number, length, depth and vacancy rates
- slipways- annual rental income
- launching ramps – annual rental income
- rental rates
- water frontages and water depth
- protection from wakes and waves
- location

Primary approach is direct comparison with marinas with similar berthing, capacity and facilities. Sales however may be hard to find so capitalisation of market rents generally apply. Net rents based on gross income.

6.2.2 Single Title Wet Berths; Strata and Community Strata Plans: Capital Value to be determined as per the *VOLA.* The individual Capital Values to be based on sales evidence of comparable berth sales. The aggregate of the Capital Values within the plan is then used to apportion the Site Values.

6.2.3 Single Leasehold Berths with infrastructure in the lease area: Capital Value to be determined as if Freehold. Based on comparable sales and or lease transfers with allowances made for leasehold transactions.

6.2.4 Single Title Wet Berths; Community Plans: the Common Property will not normally be separately rated. The interest in the Common Property that attaches to each lot will be regarded for the purposes of valuation as part of the lot. If the Common Property is under a separate occupation and/or used for commercial gain then the Valuer-General will separately assess those portions of the common property and ensure that the value of this parcel(s) is excluded from the value of the Community Lots. To be treated like a Community Title land subdivision. The Capital Value of the individual Community Lots is to be based on sales evidence of comparable berth sales. For Community Lots the Site Value and Capital Value are one and the same.

7. Legislation

All SA unless stated otherwise

Valuation of Land Act 1971

Rating and Taxing Acts:

- *Land Tax Act 1936*
- *Local Government Act 1934*
- *Emergency Services funding act 1998*
- *Waterworks Act 1932*
- *Water Conservation Act 1936*
- *Sewerage Act 1929*

Strata Titles Act 1988

Community Titles Act 1996

Coast Protection Act 1972

Maritime Services (Access) Act 2000
Maritime Services (Access) Regs 2001

Native Vegetation Act 1991

Native Title Act 1994
Native Title Act 1993 (C/wlth)

River Murray Act 2003

REFERENCES:

Valuer-General Victoria, Guidelines on Valuation Methodology for Marinas August 2009: .
http://www.dse.vic.gov.au/CA256F310024B628/0/8FCDEAEFAD96642ECA257618001B2917/$File/VGV_MGV_Marinas_Final.pdf

Australian Marinas Guide:
http://www.marinasguide.com.au/marinas/marina-sa.htm

Marinas in South Australia:
http://www.boatweb.com.au/south-australia-marinas/

South Australian Marinas Map:
http://maps.redlid.com.au/marinas/map-sa.htm

Portbooker:
http://www.portbooker.com/en/marinas/australia/south-australia

Planning SA:
http://www.planning.sa.gov.au/index.cfm?objectid=4610F05E-F203-0D46-AC65E65356EFC8DC

Lincoln Cove Recreational Marina:
http://www.saringroup.com.au/property/berths/gallery.asp

Copper Cove Marina Wallaroo:
http://www.coppercove.com.au/intro/index.php

Marina St Vincent:
http://marinastvincent.com.au/

The following spreadsheet contains the current list of Marina Berth assessments in SA


LUC6681_20110210.xls

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 8

VALUATION MASS APPRAISAL

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

VALUATION MASS APPRAISAL DIRECTIVE

1 Purpose

The aim of this document is to provide guidance through the revaluation process of rating and taxing values in order to ensure:

- a consistent, efficient and effective process is adopted by all valuation officers through effective planning and project management

- there is a high degree of confidence in the resultant values through the adoption of good practice and an accountable process supported by auditable documentation

2 Scope

This document establishes best practice policy to be complied with when undertaken general valuations made in accordance with Section 11 of the *Valuation of Land Act 1971 (*the Act). It defines in mandated stages the various events associated with the revaluation of the valuation roll.

This document primarily focuses on mass appraisal as the means of determining values for multiple properties. While single property appraisals made under Section 11 of the Act should generally conform to this policy they are not specifically addressed.

Policy relating to values changes made under other sections of the Act are not contained in this document.

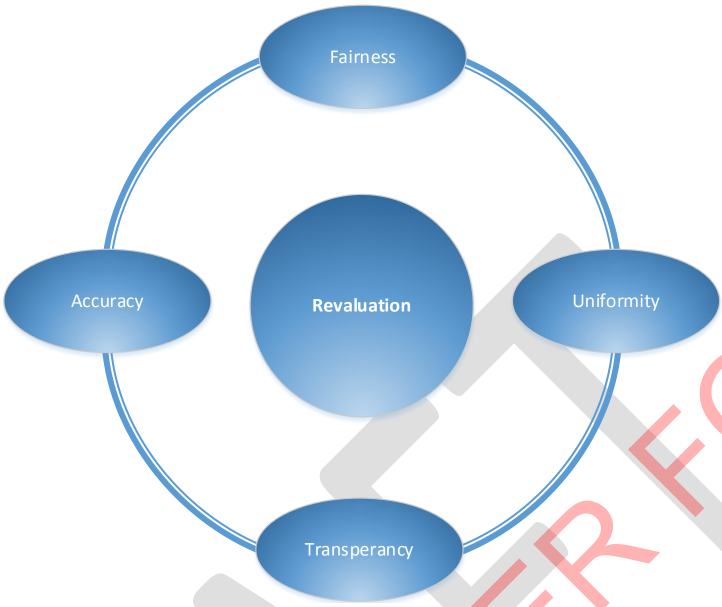
3 Background

Mass appraisal is the process of valuing large numbers of properties at the same time using standardised procedures.

Mass appraisal is defined in the *Standard on Mass Appraisal of Real Property – IAAO 2013 as:*

> *"Market value for assessment purposes is generally determined through the application of mass appraisal techniques. Mass appraisal is the process of valuing a group of properties as at a given date and using common data, standardised methods and statistical testing. To determine a parcels value, assessing officers must rely upon valuation equations, tables, and schedules developed through mathematical analysis of market data.*
>
> *Values for individual parcels should not be based solely on the sale price of a property; rather valuation schedules and models should be consistently applied to property data that are correct, complete and up-to-date".*

The key principles of revaluation are accuracy, uniformity, fairness and transparency.



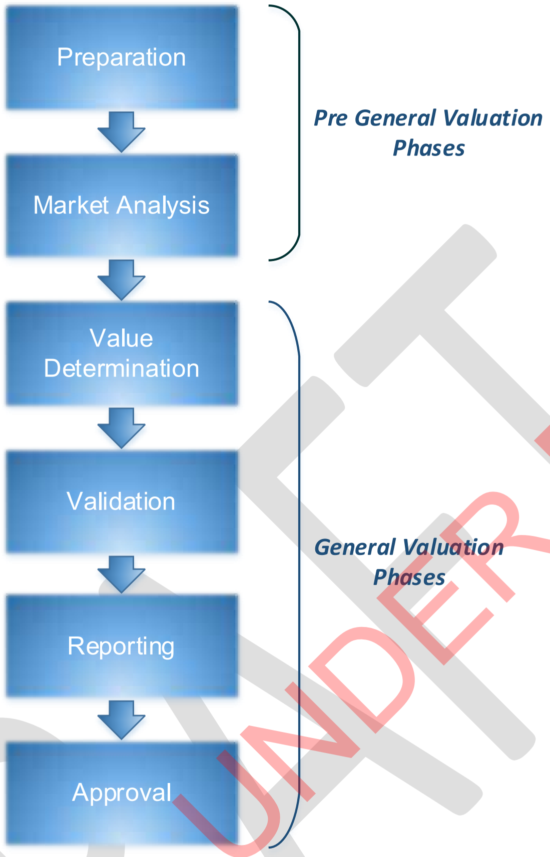
These principles underpin the key expectation of the Valuer-General which is to deliver a valuation roll that provides a fair basis for determining rates and taxes.

The quality control measures that support the revaluation process include the following:

- A transparent and comprehensive process
- Guidelines and policy
- Self-audit Progressive Assurance gateways
- A approval stage incorporating audit compliance

4 Directive Overview

The mass appraisal process is to be undertaken in accordance with the principles and practices outlined in this directive. The process comprises the following main stages:



In order to facilitate transparency and ensure that evidence, outputs and decision making is able to be audited as part of certification, completion and documentation of each stage is mandatory for each LGA revaluation.

5 Pre General Valuation

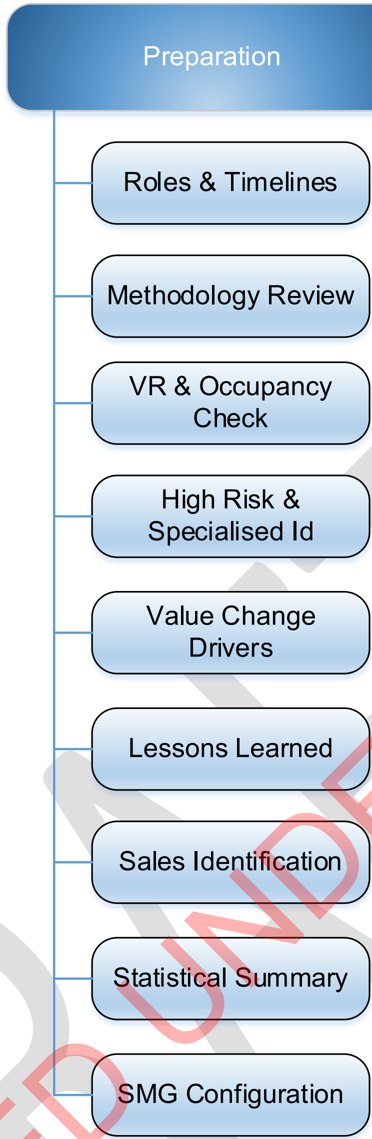
"Preparation" and "Market Analysis" are key stages of the *Pre General Valuation* phase.

5.1 Preparation

Planning and preparation is a key element of the revaluation process and is critical to achieving the best possible valuation roll outcomes. Planning for each LGA should be detailed enough to provide guidance to current and new staff whilst ensuring consistency and accountability.

The plans may be reviewed during a general valuation process to account for changed priorities or the discovery of inconsistencies.

The main elements of a plan are depicted in the following diagram:



5.1.1 Roles and Timelines

Supervising Valuers together with senior management are to formalise the roles and responsibilities of staff undertaking the revaluation of an LGA. This includes identifying responsibilities for the various property categories and a schedule outlining authorities.

Potential conflicts of interest should be noted and acted on where necessary to comply with "Conflict of Interest" policy.

Conflict of Interest Policy

A commencement date, completion dates of revaluation milestones, and a delivery date for the revaluation are to be agreed with senior management. This will be used to monitor the progress of the revaluation.

Variation of the timelines can occur following authorisation by senior management.

5.1.2 Methodology Review

The current valuation approaches and calculation methods used for the various property groups are to be recorded.

If the calculation method or combination thereof for a group of properties has changed since the last revaluation, the changes must be identified and documented.

Consideration must be given to the dependencies and issues that may result from the mass appraisal of the various calculation method combinations. Strategies to mitigate identified issues are to be recorded.

5.1.3 Valuation Record and Occupancy Check

The number and type of valuation records and occupancies within the LGA being revalued are to be identified and recorded.

An update of occupancy details is part of the revaluation process and must be completed prior to the valuation being finalised.

5.1.4 High Risk and Specialised Properties

Not all properties are suited to revaluation by mass appraisal. In any LGA there will be properties that are atypical and will require varying degrees of special attention.

Properties with high values, particularly those with limited sales evidence, present the biggest risk to the Valuer-General. The impact on stakeholders of reductions resulting from challenges can be significant and potentially undermine confidence in the valuation roll.

A schedule of such high risk and specialised properties is to be maintained for each LGA. A brief description and the strategy for the revaluation of each of these properties are to be recorded.

5.1.5 Value Change Drivers

It is important to identify potential major value change drivers or significant changes in market dynamics since the last revaluation. The change may be the result of a one-off event or a new market trend.

Examples of events and market trends which may drive significant changes include:

- Legislative change
- Zoning changes
- Land banking in anticipation of zoning changes
- Conversion from low intensity to high intensity agricultural use
- Water use
- Changes to pedestrian counts of traffic flows
- New bulk retail areas where land was previously low level commercial, industrial, or residential
- Impacts of new public infrastructure such as new express way or intuitional building
- Expansion or closure of a significant employer or business
- Natural disaster such as bush fire, flood, or drought
- A situation where supply significantly exceeds demand

A schedule containing a brief description of potential major value change drivers in an LGA, together with an outline of the research and analysis to be undertaken as part of the revaluation process, is to be recorded on the standardised template.

5.1.6 Lessons Learnt, Audit and Objections

It is important to have regard to the previous revaluation of an LGA when planning a new revaluation. A review of the previous LGA revaluation report is required with particular attention being paid to the lessons learnt and future revaluation considerations. From these considerations strategies that lead to improved processes or valuation outcomes should be established and documented.

Audit outcomes associated with the previous revaluation should be reviewed and any relevant issues identified are to be captured in the planning document.

Objection distribution patterns can be an indicator of issues associated with a previous revaluation. They may assist in identifying areas where values are consistently high, low or where uniformity issues exist. Spatial representations of objection distribution and outcome patterns must be produced and considered.

Refer to SAILIS Reports: V008 – Enquiry Statistics
V009 – Valuation Record by Enquiry

An LGA Issues Log for each LGA should be maintained and referenced as part of the Planning and Preparation stage of the revaluation.

5.1.7 Sales Identification

Market evidence is used in a number of ways during the revaluation process. For example, sale ratios are used to confirm or change a SMG configuration and to provide an overview of market movement within the SMG.

Sales ratios, analysed sales and non-sales evidence are also used to calibrate models through direct adjustment of values or rates in rate tables.

At this stage of the revaluation process it is important to identify the types of market evidence that will be required for each phase of the process for each property category.

5.1.8 Sales Statistical Summary

A high level summary of relevant statistics is to be captured. Where this information is statistically valid it will be used to provide the Valuer-General and senior management with an understanding of the broad direction and magnitude of value changes that might be expected at the completion of the revaluation process.

Refer to SAILIS Reports: V002 – Quarterly Sales Statistics
V021 – Sales Tracking
V017 – Sales Ratio Study & Adhoc Sales Extract

5.1.9 SMG Configuration

A key element of the revaluation phase is the confirmation of the existing SMG configuration and to establish whether they remain valid. Overtime market changes may occur which consequently will render SMG boundaries obsolete and in need of a review. Any changes to SMG configuration are to be documented.

Refer to SAILIS Reports: V025 – Sales Profile
V044 – Zone Profile

5.2 Market Analysis

Market analysis which comprises the analysis of both sales and non-sales data is fundamental to the operations of the SVO. This analysis includes:

This stage of the revaluation process focuses on the collation of sales and non-sales evidence associated with the mass appraisal process and the determination of preliminary values.

It is important to recognise that market evidence used to determine adjustments factors as part of mass appraisal will often also be used in the Validation and Approval stages of a revaluation. For this reason it is essential that the various forms of market evidence are captured in appropriate formats and in sufficient detail so that reuse can occur.

The valuation methodology adopted will dictate the level of market analysis required. Where values are determined using enhancement and detriment factors or by generic multipliers, the level of analysis must be to an extent so as to ensure an accurate assessment of such factors and their impact on individual valuation records.

5.2.1 Sales Evidence

This section will provide details on the timing and extent of sale analysis associated with a revaluation – it is not intended to provide instruction on how to analyse sales. For specific guidance on the analysis of sales refer to the "*Sales Analysis Directive*".

The level and type of sales analysis required for use in a revaluation will depend on both the category of property and the calculation method to which the mass appraisal process is being applied.

Sales are the most important evidence used in the revaluation process. It is important therefore that prior to collating sales evidence for use in mass appraisal the following is completed:

- Distinguish market from non-market evidence
- The correction of property attributes and LUC's on sales properties where these are found to be inaccurate

Maintenance of the sales data base is to be undertaken on an ongoing basis throughout the year.

Prior to the use of ratios or the completion of a ratio study, it is important to ensure that all outliers have been appropriately dealt with. Outliers are those sales with ratios outside an acceptable range from the median or target ratio. The range or target may vary across the year in a rising or falling market.

Guidelines on the various levels and types of analysis follow.

5.2.1.1 Sales - Ratio Analysis

The Assessment to Sale Price (A/S) ratio is used throughout the revaluation for a variety of purposes. At this stage of the revaluation process schedules containing sales and their respective ratios are compiled for groups of properties where A/S ratios are directly used to determine adjustment factors or equations. This will include all groups where simple regression is used to derive equations and will generally include those SMG's with a high numbers of sales.

These schedules form the basis for both simple regression and ratio studies, and are generally used for the majority of residential value changes across the state where indexation is used to update values.

It is preferable that equations or indexation factors derived directly from sales ratios, or through simple regression, are applied at a macro level rather than a micro level. It is therefore best to create a sales schedule at a high level in the first instance.

Refer to SAILIS Report: V017 – Sales Ratio Study & Adhoc Sales Extract

Sales that have occurred close to the date of valuation provide the best evidence of the level of the market, therefore sales up to two months either side of the date of valuation should be considered in the first instance.

In order to ensure valid statistical conclusions a minimum of **25 sales** is the recommended sample size.

Where sale numbers in a SMG, or group of SMG's, fall below the recommended sample size, care is to be taken in the interpretation of the statistical data.

5.2.1.2 Sales – Rate Tables (Summation)

By way of background there are two primary calculation methods within SAILIS that rely on the summation of components to determine values.

1. The *Rate Table - Summation* calculation method is the preferred method for determining the site and capital value of rural and rural living properties. It is expected that over time it will also become the preferred approach for selected groups of residential and other property types. Under this calculation method the value of various components are held in common sets of rate tables which can be individually adjusted to enable the mass appraisal of a group of properties.

2. The *Direct – (Site Value Included)* calculation method is the method initially assigned property types which contain relatively minor improvements including vacant residential land. Under this method direct adjustments to both site values and the total added value improvements assigned to a group of properties can be made. *(While no rate tables are held it is expected that values will be based on a schedule of values or standards).*

In areas where the two calculation methods above are utilised, sales need to be analysed in a way that allow for the direct comparison of assessed value and sale price at a component level.

This analysis occurs outside of Sailis on the appropriate sales analysis templates in accordance with the "*Sales Analysis Directive*".

Where the *Rate Table - Summation* calculation method is employed, analysis should apportion a value to the various land types and each other improvements on a sale property.

Where the *Direct – (Site Value Included)* calculation method is employed analysis should apportion separate values to the land and to total added value of improvements of a sale property as a minimum.

5.2.1.3 Sales – Rate Tables (Capitalisation)

The *Rate Table – Capitalisation* calculation method is best suited to those properties which produce an income. In order for mass appraisal to occur the three key elements of the capitalisation approach namely, market rent, outgoings and capitalisation rate are maintained in separate rate tables. During the revaluation process adjustments are made to each of the tables in order to derive the new capital values.

From a mass appraisal perspective the aim of analysing sales of properties that produce an income is to derive a rate of return. Sales analysis together with other market analysis is then used to make decisions about the adjustments that should occur to capitalisation rates held in the related rate table.

Evidence as to the level of outgoings is also likely to assist in determining the required adjustment to the related outgoings table. However, care needs to be taken to ensure a like with like comparison occurs.

Analysis should also have regard to the capture of data for reuse where generic multiplier calculations or Rate table summation calculation methods are used for these property groups.

5.2.1.4 Adjustments to Sale Price for Time

When adding sales from a period where market conditions were different from those close to the date of valuation, an adjustment to sale prices for time may be required.

Adjustments should be derived from the analysis of resales or sales ratio trend analysis.

Refer to SAILIS Report: V021 – Sales Tracking

5.2.1.5 Corrections to Sale Properties

It is expected that sale prices will be analysed and adjusted to remove the impact of any elements that are not typical of the prevailing market conditions for that type of property as at the date of sale.

For example, sales of properties with a rental above market levels should be adjusted down and the sale price of properties sold with rentals below market should be adjusted up.

Care and consistency is required when amending values and attributes as changes may negatively impact the revaluation in a number of ways. Any change therefore must be done in accordance with the guidelines contained in the "*Sale Analysis Dorective*".

5.2.2 Listings

Where there are not enough sales to meet minimum requirements identified above, adjusted asking prices around the date of valuation may be used to supplement sales data.

Primary sources of asking prices include RP Data, Realestate.com.au and real estate agency advertisements. In time data harvesting including the capture of asking prices will be investigated by the business.

Where asking prices are used as part of the analysis, a separate schedule needs to be prepared to ensure they are readily identifiable from the actual sales evidence.

Deductions for a realistic negotiation margin between asking price and likely selling price must be applied as part of the schedule preparation. Evidence of the appropriate adjustment factors may be determined from sales analysis, local agents or real-estate industry site such as RP Data. All adjustment factors need to be documented.

5.2.3 Rental Evidence

Rental evidence schedules are fundamental to the use of mass appraisal techniques where the Rate Table - Capitalisation calculation method is used to determine capital values.

Care must be taken in the interpretation of rental data information because in some instances agreements may be in place between the landlord and lessee which result in the level of rent paid being either above or below market levels. In these instances adjustments should be made to align the rent with that of the market level.

5.2.3.1 Registered Leases

The primary means of collating market rental evidence is through the lodgements of new leases with the Land Titles Office.

Details associated with each recently registered lease are required to be recorded against the relevant occupant on the valuation record.

Analysis of recently registered leases should occur throughout the year.

Refer to SAILIS Reports: V043 – Occupant Rental Details
V046 – Registered Leases

5.2.3.2 Unregistered Leases

Bona-fide rental data associated with unregistered leases should be recorded against the occupant on a valuation record.

5.2.3.3 Land Owner Returns

The information contained in Land Owner Returns is another important source of rental data and assists in determining the level of rents being achieved over a wide range of properties.

Bona-fide rental data obtained from Land Owner Returns should be recorded against the occupant on a valuation record.

5.2.4 Industry Reports

Most major valuation real estate and valuation firms regularly publish reports in relation to the various sectors of the property market. These reports contain broad analysis of each property sector and generally provide overall market shifts. Information obtained from these reports should be used to compliment other market analysis data in the consideration of market movements.

5.2.5 Feasibility Studies

Where feasibility studies are used to establish values in an LGA, schedules detailing the updated inputs and supporting evidence are to be completed. For example, where it has been identified that software programs such as Estate Master will be used to value englobo residential land, a schedule detailing development costs, profit and risk, and interest rate levels should be prepared together with supporting evidence.

5.2.6 Market Movement Data

Sources of market movement data include:

- Median House Price
- Statistical Data
- “Re-sale” evidence

Where appropriate this data should be summarised and documented.

5.2.7 Benchmarking

In SMG's where limited or nil sales evidence exists from which to make an informed judgement as to the market movement, it is recommended that benchmark values be established. In creating benchmark values the following should be considered:

- Identify a property(s) that is indicative of similar types of properties in the SMG *(NB. a benchmark property should be representative of the SMG).* A benchmark is a key representative property within a group that has a known value and confirmed property details. A group may contain a number of benchmark properties

- The benchmark property does not need to have recently been sold

- The benchmark property is to be valued using all available evidence – it is recognised that this process may involve the consideration of sales evidence from areas outside the SMG and making the appropriate allowances for location etc

- The benchmark property(s) should be valued every year, with a date of valuation of 1 January, to enable an accurate gauge of the market movement within the SMG

- The process in determining the value for a benchmark property is different to that of the rating value – the benchmark value is determined on an individual basis (similar to that of an objection or a special valuation) whereas the rating value is derived via mass appraisal valuation techniques

- The benchmark value is to be determined independent of the rating valuation

- In the case of site value benchmarks in built up areas, the analysis of lightly improved properties or sales in comparable SMG's are likely to provide the best evidence

6 General Valuation

The “Value Determination”, “Validation”, “Reporting” and “Approval” stages represent the *General Valuation* phase.

6.1 Draft Value Determination

Once market evidence has been analysed the appropriate value conclusions and draft (or preliminary) values need to be produced. The value conclusions derived from the market analysis stage will become the basis for justifying the proposed values.

While the order in which site and capital values are determined is critical for some calculation methods e.g. Direct CV - (SV Included) and less important for others e.g. Rate Table - Capitalisation, **as a general rule site values should be the starting point for any revaluation**.

The mass appraisal of substantive values should be undertaken before changes to notional values are performed.

Mass appraisals are required to be undertaken on a sub-market group level basis. If two or more sub-markets are found to have similar value movements as at the date of valuation, these groups can be included on the single mass appraisal.

6.1.1 Site Values

Within SAILIS the mass appraisal of site values can be performed by one of two ways depending on the calculation method used. These are outlined below.

Mass Appraisal Technique	Calculation Method	Description
Direct Value Adjustment	Direct	Adjustment to a group of SV’s in one or more SMG’s via a factor or equation
Summation	Rate Table	The individual components of the value are changed independent of each other. The SV is the sum of all land components

Adjustment of values using mass appraisal techniques is also able to be undertaken external to the system. While this may be appropriate in some circumstances it is not the preferred environment and should only occur with prior approval from the appropriate supervisor.

6.1.2 Capital Values

The specific process of the mass appraisal of capital values is dependent on the calculation method of the valuation record. Refer to the "*Valuation Methodology Directive*" for the recommended calculation methods to be adopted. The table below details the mass appraisal technique that is to be applied to the different calculation methods.

Mass Appraisal Technique	Calculation Method	Description
Direct Value Adjustment	Direct CV (SV Excluded)	Direct adjustment to a group of CV's in one or more SMG's via a factor or equation where due to the calculation method changes to SV have no impact on CV
	Direct CV (Direct SV Included)	Direct adjustment to a group of CV's in one or more SMG's via a factor or equation where due to the calculation method Direct changes to a SV have a flow-on affect to the CV
Rate Table Adjustment	Rate Table - Summation	In addition to changes made to land tables in SV calculation, adjustments to values in Improvement and Horticultural tables which are linked to a group of properties in one or more SMG's are made
	Rate Table - Income Cap	Changes to Gross Rental, Cap Rate and Outgoings rate tables result in adjustment to the CV of linked properties in one or more SMG's

6.1.3 Direct Value Adjustment

Direct Value Adjustment, or direct indexing of existing values, is the technique used to adjust the majority of residential, commercial and industrial site values. It is the simplest technique and in the absence of rate tables is the default technique.

Site values can be adjusted by a percentage or dollar amount (adjustment factor), or a combination of a percentage and dollar amount (equation).

Adjustment factors and equations can be derived in a number of ways including the use of simple regression techniques. It is recommended that market evidence be fully analysed before deciding the level of adjustment to be applied.

6.1.3.1 Simple Regression

Linear regression is a statistical measure that determines the strength of the relationship between a dependent variable and a changing variable (known as the independent variable). The sale price or benchmark values are regarded as dependant variables whereas the on file site and capital values are the independent variables.

Regression analysis is best utilised when dealing with sub market groups that contain large numbers of sales, or sales supplemented with listings and/or benchmarks. Where these numbers fall below twenty-five (25) the statistical outputs become unreliable and of limited value.

Regression analysis is undertaken on the sales schedules prepared in the Market Analysis stage of the revaluation.

Regression analysis will need to be undertaken with data regression tools available in applications such as Microsoft Excel. A summary of the analysis is to be documented on the "SVO Regression" template.

It is important to ensure that the sample set is representative of the group of properties being revalued. It is particularly important when dealing with a SMG where sales in the area may be limited and do not provide a good cross-section to the whole group being revalued.

Refer to Section 6.2 of this document for the statistical tolerances that need to be considered.

In addition to these tolerances it is important to consider the equation that is generated through the regression process. Equations that contain large percentage changes and/or large value changes should be avoided as they can have negative impact values on the lower and upper end of the range.

6.1.4 Rate Table Adjustment

Adjusting values within a rate table, whether summation or income capitalisation, is a key component in the mass appraisal process. In undertaking any changes to rate tables care must be taken to ensure that such changes only affect the valuation records intended. In determining the changes required to values within a rate table, consideration must be given to both market evidence and the records that are linked to the individual values/cells.

To assist in determining the extent of change to be applied to the individual values –

Refer to SAILIS Reports: V051 – Rate Table Analysis

To assist in determining the valuation records linked to a specific value within a rate table -

Refer to SAILIS Reports: V039 – Rate Table Linkage

6.1.5 Mass Appraisal Based on Calculation Method

As detailed in Sections 6.1.1 to 6.1.4 above, different calculation methods can be applied to valuation records depending on the type of property. It is recommended that a mass appraisal only comprises a single calculation method at a time – therefore a site or capital value mass appraisal transaction should not combine valuation records that have different methodologies (ie. if a SMG is comprised of valuation records having site values undertaken on a direct methodology, the mass appraisal should not be combined with records within the SMG that have site values attached to a rate table).

In instances where the calculation method has been set at Direct (Including SV) or Rate Table (Summation), primary focus should be given to the adjustment of the land component(s). The adjustment of improvement values should be a secondary consideration.

6.1.6 Specialist Properties

While the majority of properties will be valued using mass appraisal techniques, there will be specific property types that will require additional consideration and potentially the application of alternate methodologies.

These properties are those considered high-risk in respect of their significant level of value and the complexity in the determination of the value itself.

An example of such a property group would be englobo subdivisional land where many factors such as development costs and profit margins are key considerations in the valuation process. The use of valuation software such as Estate Master is an industry accepted method of determining the value of such properties.

6.1.7 File Import of Values

Instances will arise where value changes which form part of the general valuation will be determined external to SAILIS, these may include:

- Changes resulting from a manual review/drive of an area
- Changes resulting from the changes to specialist property values
- Adhoc value changes on spreadsheets

Any such file import of values can only be submitted during the <u>defined</u> General Valuation time frame for the LGA.

The relevant supervisor must be advised of the proposed changes and the reasoning for the need to import the changes.

The file import of values must be performed in accordance with the directions outlined in the *"File Import Directive".*

To assist in the file import of values the following report may be reference:

Refer to SAILIS Reports: V040 – Property Characteristic Extract

6.1.8 Verify Value Updates & Exceptions

To assist in clarifying value changes and to ensure they have been advised to the system as intended, the following suite of reports should be referenced:

Refer to SAILIS Reports: V019 – Exceptions Site Value Greater than Capital Value
V020 – Strata Site Value Comparison
V027 – Exceptions Value Movement
V028 – Exceptions Mass Appraisal
V034 – Direct vs Rate Value Movements

The requirement for these reports to be attached to the mass appraisal is contained in Section 6.3 of this document.

6.1.9 Omission Reporting

To ensure all valuation records have undergone a mass appraisal, it is essential that all value omissions are identified and actioned prior to the close of the general valuation program for the respective LGA.

Refer to SAILIS Reports: V026 – Exceptions Value Omissions

6.2 Validation

It is important that values contained within a valuation roll are both accurate and uniform.

The Valuer-General has introduced a range of quality control measures that are used across Australia and in leading international jurisdictions to test the quality of a revaluation.

Statistical testing *(Ratios Studies)* is a reliable technique that allows proposed values to be compared with market sales evidence to determine the accuracy and uniformity of a revaluation.

The tests are based on international best practice standards for mass appraisal and can be applied irrespective of the technique or model used to revalue properties.

In this context the term accuracy relates to the closeness of valuations to actual sale prices and the term uniformity is a measure of consistency of the percentage errors of the ratios.

There may be circumstances where the statistical results do not meet the standards but the valuation can be justified. In these circumstances this should be detailed in the "LGA GV Checklist Report".

6.2.1 Sales Ratio

Also referred to as the Assessment-Sale Price or A/S ratio, the sales ratio is a means of comparing on-file values with sales evidence.

Sales Ratio = Assessed Value / Sale Price

By way of example, if a property with a Proposed CV of $470,000 transfers for a Sale Price of $500,000 the Sales Ratio equals ($470,000 / $500,000) 0.94.

Various statistics based on this ratio provide measures of valuation accuracy and uniformity.

6.2.2 Median Sales Ratio

The median sales ratio is the middle sales ratio from a sales sample when all ratios are in ordered highest to lowest. For an even numbered sample it is the mean of the middle ratios.

The tolerance level for the median sales ratio is 0.9 – 1.0

6.2.3 The R-Squared Statistic

The R-Squared statistic, also known as the coefficient of determination, is a main statistical output for consideration in regression analysis.

The R-Squared is a statistical measure of how close data is to the fitted regression line. Generally the higher the R-Squared the better the model fits the data.

The recommended tolerance for the R-Squared statistic is above 0.85.

6.2.4 Coefficient of Dispersion

The Coefficient of Dispersion (COD) is a measure of variability of sales ratios. It is recognised as the key measure of uniformity between proposed values and sale prices for a sample of sale properties.

COD = Average Absolute Deviation / Median Sales Ratio X 100

Example
Analysis of three sales each with a sales ratio of 0.9 would produce a median sales ratio of 0.9 and a COD of 0. This indicates that the average deviation from the median sales ratio of 0.9 is zero
Analysis of three sales with sales ratios of 0.75, 0.9 and 1.05 would produce a median sales ratio of 0.9 and a COD of 11.1. This indicates that the average deviation from the median sales ratio 0.9 is 11.1%.

Whether the sub market group is homogenous or heterogeneous will also have an impact on the COD statistic. A homogeneous SMG will comprise like properties which are uniformly distributed throughout the area, whereas heterogeneous SMG's generally have a non-uniform composition. Homogeneous SMG's should have a COD toward the lower end on the range with heterogeneous SMG's moving toward the upper end.

The following table details the preferred COD tolerance ranges that indicate acceptable general quality of the database.

Property Type	Location / Market Activity	COD Range
Residential (Improved)	Large SMG/densely populated/newer properties/active market	**5.0 – 10.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 15.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 20.0**
Residential (Vacant)	Large SMG/densely populated/newer properties/active market	**5.0 – 15.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 20.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 25.0**
Commercial & Industrial	Large SMG/densely populated/newer properties/active market	**5.0 – 15.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 20.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 25.0**

If a COD result is above the outlined tolerances the officer must reconsider the sales evidence and the composition of the SMG.

If a COD is less than 5, this could indicate a high degree of relativity across the SMG, or that proposed values have been manipulated to closely match sale prices.

6.2.5 Price Related Differential (PRD)

The price related differential measures the relative accuracy of lower and higher value sales against proposed values.

PRD = Mean Sale Ratio / Weighted Mean sales ratio

The PRD provides an indication of assessment regressivity/progressivity -

- Assessment <u>regressivity</u> is the condition in which higher valued properties are under-valued in relation to lower valued properties

- Assessment <u>progressivity</u> is the condition in which lower valued properties are under-valued in relation to higher-valued properties

The tolerance level for the PRD is between 0.98 – 1.03

If PRD is >1 it indicates regressivity

If PRD is <1 it indicates progressivity

If the PRD ratio is above 1.03 the high valued properties are potentially under-valued relative to the lower valued properties.

If the PRD ratio is under 0.98 then lower value properties are potentially under-valued relative to high value properties.

6.2.6 Median Percentage Error

This is a simple measure of accuracy that is based on the individual percentage variation between the sale price and the proposed value of a sold property.

The median percentage error is the middle percentage error of a sales sample when all percentages are ordered from highest to lowest.

The tolerance level for the MPE is less than 10%

To accurately assess this output, sale prices may need to be adjusted to account for differences between market value and capital values due to legislation.

If legislative exclusions are taken into account and a target Sales Ratio of 0.95 is deemed appropriate, then sale prices should be reduced by 5% before calculating this statistic.

Within SAILIS this adjustment can be made by entering the *"CV to MV Target Ratio"* in the selection criteria of SAILIS Report V017.

Refer to SAILIS Report: V017 – Sales Ratio Study & Adhoc Sales Extract

6.2.7 Value Shift Analysis

Following the application of value adjustments it is necessary to consider the value changes across the SMG. SAILIS Report V024 provides a comparison of value movements in percentage terms of sale and non-sale properties. The purpose of the report is to ensure sale chasing has not occurred.

Refer to SAILIS Report: V024 – Value Shifts: Sale vs Non-Sale Properties

The tolerance level for this analysis is less than 10%

The use of thermo value mapping will also provide a useful tool to assist in this analysis.

6.3 Reporting

A suite of reports is available within SAILIS that will assist in the mass appraisal process and in particular in assessing the extent and quality of value changes. These reports will assist both the valuer and their respective supervisor(s) in making informed decisions as to changes to site and capital values.

The following table outlines the various reports available; the phase of the general valuation they should be referenced; and whether they should be attached to the system via the mass appraisal functionality:

Report Name	Details	GV Phase	Attachment Required
Value Shifts: Sale vs. Non-Sale Properties	Data integrity and value relativity check. Assist to test whether values for sale and non-sale properties within a SMG have moved by approx. same degree. Highlights variations or potential value relativity issues between sale and non-sale properties. May highlight Sale chasing or poor valuation technique.	Pre GV	No
Sales Profile	Used to demonstrate how well the sales sample set reflects the SMG(s). Useful for profiling a SMG.	Pre GV	No
Sales Ratio Study & Extract	Provides statistical measures to check: • value levels • assessment accuracy • uniformity • progressivity and regressivity	Pre GV	Yes
Sales Tracking	Assists the officer to: • monitor value shifts against the previous revaluation • review SMG composition • review consistency of values	Pre GV	Yes
Rate Table User Audit	List all transactions performed on a rate table by user and date.	Pre GV	No

Report Name	Details	GV Phase	Attachment Required
Registered Leases	Summary of lease dealings registered against a title and valuation record(s). Enables the analysis of market rents used to inform and or calculate values of income generating properties (residential, rural, commercial & industrial) at General Valuation and/or Objection.	Pre GV	No
Mass Appraisal Exceptions	Identifies proposed site and capital value change exceptions on a property-by-property basis. List of valuation records where the draft site and capital values (notional & substantive) deviate 1.75 standard deviations from the mean.	GV	Yes
Direct Value vs. Rate Table Movements	Summary of value percentage adjustment made to components calculated via a direct value and by a rate table since the previous General Valuation. Assists officers to check and compare adjustments made to components via a “Direct Value” and “Rate Table” update - ensures consistency of value movements on a component-by-component basis.	GV	Yes
Rate Tables - GV Audit	List of all rate tables that do not exist for the current year or that have not been updated for the proposed year. Enables the officer to monitor those rate tables that have not been created for the current financial year or updated for the proposed financial year.	GV	Yes
Rate Table - Analysis	Snapshot of a rate table comprising rate table attributes and rates plus any linked valuation record(s). Also identifies any sale properties that have linked components. Assists the officer to review rate table adjustments in light any associated sales evidence.	GV	Yes
Rate Table Linkage	Display all valuation records that are linked to a specific rate within a rate table.	GV	Yes
Value Omissions	List of valuation records together with the value types that have not been “Mass Appraised” for the proposed financial year.	GV	No
Post Enquiry	Provides a summary of values adjusted as a result of a successful Enquiry (objection) and the latest proposed values for the pending financial year.	GV	No

Report Name	Details	GV Phase	Attachment Required
Strata Site Value Comparison	Composite summary of current and proposed site values associated with a "Strata Header" record. Enables the comparison of overall site value levels for relativity analysis between strata and non-strata sites.	GV	No
Site Value greater than Capital Value	Provides a list of valuation records where the site value is greater than the capital value at either the valuation record or occupant level.	GV	No
Value Movement	Provides the ratio of the proposed or draft site and capital value(s) against the current site and capital value(s), on a property-by-property basis. Assists to identify any exceptions and/or large movement in value levels on a property by property basis when compared to the current values.	GV	Yes
Property Characteristic Extract	Extract of valuation records comprising property and valuation attributes captured at the valuation record level. Supports value analysis, project field work and the GV-File Import of values changes.	GV	No
GV Statistics Summary	Summary of GV performance statistics at a whole of LGA level.	GV	Yes
Growth Summary	High level summary of overall total value movements together with a count of valuation records collated by land use covering revisits, general valuation, new valuation records and other valuation based transactions. Provides data that will form the basis of communication prepared for Councils at the conclusion of each General Valuation.	Post GV	No

6.3.1 Manual GV Reporting

All supporting information and justification of value movements for a mass appraisal transaction to assist in informing the supervisor should be captured in the "Comments" field on the Mass Appraisal screen.

These comments and justifications are in addition to the reports that are required to be attached to the mass appraisal as identified in Section 6.3.

Examples of information that will support the mass appraisal process include:

- General market commentary to support changes
- Highlight any exceptions requiring attention
- The extent of values determined external to the system

6.4 Approval

The mass appraisal should only be approved when the following has occurred:

- Consideration has been given to all statistics to ensure they fall within the acceptable tolerance ranges
- All value changes (rate table or direct) are verified
- All required reports have been attached

6.4.1 Progressive Assurance - GV Summary

Progressive Assurance as it applies to the SVO is a method of ensuring on-going quality assurance throughout the General Valuation process.

There is a business requirement that a standardised report be used throughout the General Valuation, to provide the appropriate progressive assurance "sign off" of all major stages within the GV program. The purpose of this report is primarily to:

- Ensure GV's are progressively quality assured at defined phases
- Ensure progressive assurance is performed in a consistent manner across all SVO regions
- Ensure traceability of the GV process for audit purposes

Refer to template "GVCheck01" –included in Appendix

The "*GVCheck01"* report is to be completed by all field officers responsible for the mass appraisal of the LGA. Only one report per LGA is required, however <u>all</u> officers are obligated to have input and sign-off accordingly.

A Valuer who is responsible for the General Valuation within the LGA is to be nominated as the Report Coordinator for that LGA. While all staff responsible for valuations within the LGA are required to have input in the completion of "GVCheck01", it is the role of the Report Coordinator to ensure the overall completion of the report.

All fields and/or tables can be expanded if additional space is required.

Residential properties in rural locations that are not within a township are to be included in the *Rural GV Summary* section.

All commercial and industrial properties, regardless of location, are to be included in the *C&I GV Summary* section.

The form is a working document and must be updated on an ongoing basis with all sections requiring completion.

The completed and signed form is to be forwarded to the Supervising Valuer for final sign-off at the Valuation Completion Date.

All forms are to be saved to the Network Drive in accordance with the "Progressive Assurance File Naming and Storage Guidelines".

7 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

APPENDIX A

'General Valuation Checklist' – Template

GVCHECK01 - Prior to using this form save it to the appropriate “GV Reports” folder using the following naming convention: *GVCheck_[LGA Name] e.g. GVCheck_Gawler*

General Valuation Checklist

One form to be completed for each LGA.

Only areas shaded yellow are to be competed.
Form to be endorsed by the Supervising Valuer at Valuation Completion Date.

Valuation Team	
LGA	
GV Completion Date	
Parson(s) Responsible	

1.0 GV Preparation

1.1 LGA Record Summary

Item	Brief Detail
8 Number of Valuation Records	
Number of Sub Market Groups	
Number of Records with Occupancies	
Total Number of Occupancies	

1.2 Calculation Methods

Has a change of calculation method occurred to valuation records since the previous General Valuation? ***Yes or No***

If changes have occurred please include a summary in the table below:

Sub Market Group(s)	Land Use Range	Previous Method	New Method

1.3 Preliminary Investigations

Task	Brief Overview
SMG Configuration Review	
Boundary Conferences/Meetings	
Zoning Changes	
Review of Previous GV “Lessons Learned”	

Notes:
1. Sub Market Group (SMG) review – confirmation is required to ensure property groupings have been checked and updated where necessary (NB. Sales analysis will be an essential element of this process).

2. Boundary Conferences/Meetings – required to be completed prior to the authorisation of proposed value changes. The following detail is required:
- LGA's the conference involved
- Broad description of property types discussed
- Staff involved
- Brief explanation of outcome
3. Zoning Changes – confirm any zoning changes and provide a brief summary of impact.
4. Lessons Learned – Brief summary of previous GV's lessons learned (if any) – refer to the previous 'GV Checklist'

1.4 High Risk Properties

Property Category	Valuation Strategy

Notes:
1. Detail those high risk and specialised properties within the LGA that are not suited to mass appraisal techniques
2. Briefly outline the strategy for the revaluation of these properties

2.0 Residential GV Summary

This section will record all general changes made to proposed values during the Residential GV.

2.1 Residential Market Commentary

Provide a brief market commentary (approx two or three paragraphs) and include a sales analysis overview, indicating market movements.

2.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

2.3 Value Movements Transaction Log – Residential (Regression Summary)

Have all the required "*Residential Value Movements Transaction Logs*" been completed? (Yes or No)

All such logs are to be appended to the back of this report.

2.4 Manual Value Adjustments (Overwrites) - Residential

Provide a summary of value changes that were made independent of the automated mass appraisal functionality.

Property Grouping	Approx Number of Assessments	Reasons for Adjustments	Method of Advice	Date Complete

Additional Comments *(if required):*

Notes:
1. Property Grouping - detail of those assessments having undergone manual overwrites in broad terms is only required.
2. Reason for Adjustments – brief justification (no more than a sentence) is required.
3. Method of Advice – detail methodology of advising changes to file (i.e. file import or individual record update).

2.5 Residential Development Sites

Have residential development sites been adequately considered in the GV? (Yes or No) If No, please provide reasons. If Yes, provide value movements and rates/sqm of englobo land.

3.0 Commercial & Industrial GV Summary

This section will record all general changes made to proposed values during the commercial and industrial GV.

3.1 C&I Market Commentary

Provide a brief market commentary including an overview of sales analysis and indicative ranges in relation to rentals and capitalisation rates (approx two or three paragraphs).

3.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

3.3 Value Movements Transaction Log – Commercial & Industrial

This section will record all C&I general changes made to proposed values during the GV.

SV/CV	LUC Range	Equation	Zoning	Location/SMG(s)

Additional Comments *(if required):*

Notes:
1. All transaction files used for commercial, industrial and other (i.e. non residential, non rural and non rural living) properties are to be recorded in this table.

3.4 Manual Value Adjustments (Overwrites) - Commercial & Industrial

Provide a summary of value changes that were made independent of the automated mass appraisal functionality.

Property Grouping	Approx Number of Assessments	Valuation Methodology	Method of Advice	Date Complete

Additional Comments (*if required*):

Notes:
1. Property Grouping - detail of those assessments having undergone manual overwrites in broad terms is only required.
2. Valuation Methodology – brief description required (i.e. capitalisation, direct comparison, summation)
3. Method of Advice – detail methodology of advising changes to file (i.e. file import or individual record update).

3.5 Tenancy Valuation Adjustments (*if applicable*)

Property Type	Date Complete

Additional Comments *(if required):*

Notes:
1. Property Type – broad grouping of properties is only required (i.e. specific retail centres, retail shopping strips etc).

4.0 Rural GV Summary

This section will record all general changes made to proposed values during the rural GV.

4.1 Market Commentary

Provide approx two or three paragraphs of commentary including an overview of sales analysis and indicative value ranges (i.e. rates/ha etc).

4.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

4.3 Value Movements Transaction Log – Rural

This section will record a summary of changes made to the proposed values of rural records.

Property Type	Overview of Changes

Additional Comments: *(if required):*

Notes:

1. A copy of the rate tables prior to the GV, with all proposed changes identified, must be viewed and approved by Supervising Valuer prior to the file release.

2. Property type should be described in terms of those groupings with similar value changes (i.e. arable, grazing etc).

5.0 Exception Reporting

Form/Task	Date Completed	Details (if required)
Value Omissions		
SSV > SCV		
NSV > NCV		
NSV > or = SSV		
NCV > or = SCV		
Large Value Movements		

Additional Comments (if required):

Notes:
1. Refer to SAILIS reports:
- *V026 Exceptions Value Omissions*
- *V019 Exceptions Site Value Greater than Capital Value*
- *V028 Exception by Value Movement*

6.0 Reports

Provide confirmation of reports being attached to the mass appraisal in SAILIS.

Report	Attached (Y or N)
Value Movements Transaction Log	
V017 Sales Ratio Study & Extract	
V021 Sales Tracking Report	
V028 Exceptions Mass Appraisal	
V034 Direct vs Rate Value Movements	
V050 Rate Tables – GV Audit	
V051 Rate Table Analysis	
V039 Rate Table Linkage	
V023 GV Statistics Summary	

7.0 Objection Check

Have all value reductions resulting from previous objections been checked to ensure the proposed value is at the correct level? (**Yes or No**) If No, please provide reasons.

Refer to SAILIS report *V031 Post Enquiry Value Checks*

8.0 Factors Affecting Quality of GV – Lessons Learned

Identify any issues or concerns that were encountered during the General Valuation that could be avoided or improved in future programs.

Notes:
1. Factors may include issues such as staff shortages, quality of on-file zoning details, quality/relativity of value base etc.
2. Identify priority areas requiring maintenance work throughout the year. These follow up activities will be taken into consideration when consolidating program planning for team/group.

9.0 Conflict of Interest

Do you have a conflict of interest with any property within this LGA? (**Yes or No**)

Name	Conflict of Interest (Yes or No)	If Yes, provide assessment no/s

Notes:
1. List to include all staff involved in LGA (including Supervising Valuer).
2. Refer to the Conflict of Interest Policy.

10.0 Progressive Assurance Sign Off

Property Types/Ranges	Valuer/Property Officer	Date	Signed

Notes:
1. All staff involved in the valuation of the LGA are required to sign above.
2. Report to be forwarded to Supervising Valuer at Valuation Completion Date.

11.0 Management Acceptance

Name:

Date:

Signed:

NB. ***Report to be completed electronically and signed off manually.***
Report to be retained in the region, with an email confirmation to Central Operations (Audit, Assurance and Analysis) on completion.

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 13

NOTIONAL VALUES & REDUCED VALUES

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice in the determination of statutory valuations for properties eligible for the benefit of a notional value.

2 Scope

Applicable to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

Section 22A of the *Valuation of Land Act 1971* (the Act) defines the concept of notional values and the requirement for their application in relation to specific property uses.

Notional values are effectively a concessional valuation which is based on a property's actual use rather than its highest and best potential use. The main instances where concessional values should be considered are:

- Where the land is used solely as the owner's **principle place of residence**, or
- Where the land is genuinely used for the **business of primary production**

Where a notional value is applicable it should be applied to both the site and capital values. Notional values <u>must</u> always be less than normal market value.

Additionally, Section 22B of the Act provides for the application of reduced values where an item on a property is listed on the State or Local Heritage list. The determination of the value of a heritage listed property must disregard any potential use of the land that is inconsistent with its preservation as a place on the heritage register.

4 Directive

The determination of notional/reduced values is to be undertaken in accordance with the criteria outlined in this directive.

In accordance with the requirements of the Act, the Valuer-General must notify the owner(s) of a property of a notional value being applied or removed. This advice will be coordinated and undertaken on a centralised basis.

4.1 Principal Place of Residence

The requirements for eligibility for a residential based notional value are listed as follows:

- Owner of the land must have an estate in fee simple
- Owner must be a natural person
- The land must constitute his/her principal place of residence
- The land must not be used for any commercial or industrial purpose
- The value of the land is enhanced by its potential for subdivision, development or a use other than a principal place of residence

In instances where a dwelling which is being used as the owner's principal place of residence, is situated on a parcel of land which is zoned for a higher potential use, the notional value is to be based on the assumption that the land is only suitable for development as a single residential dwelling.

Where a dwelling occupies greater than the equivalent of one allotment, the notional capital value is to be based on the value of the residence as a single residential dwelling situated on a large allotment without any subdivision potential.

An example of notional value application on the basis of principal place of residence is demonstrated below:

Example

The subject property comprises a 1970's dwelling of average size, construction and condition situated on a land parcel of 1,500m² which is located within an inner metropolitan suburb. Current zoning permits subdivision of the site to a minimum of 500m² per allotment, thereby giving the subject a subdivisional potential of three lots.

Substantive Value Determination -

The current value of a 500m² allotment in the locality is $250,000. Therefore assuming $50,000 in subdivision costs, the substantive site value on this basis would be $700,000.

Given the development potential of the parcel and the obsolescence of the dwelling, the added value of any built improvements on the land is *considered minimal. Therefore the substantive capital value on this basis would be $700,000.*

Notional Value Determination –

The current value of large residential allotments in the area which do not have development potential is $500,000. On this basis the notional site value for the subject would be $500,000.

The determination of the notional capital value would have consideration of the added value (if any) of the improvements on the basis of a single residence allotment. The added value of the improvements will not necessarily be the same as that used in the substantive capital value calculation as no higher potential use exists in the notional value determination. In this instance the added value of the improvements is considered to be $50,000. Therefore the notional capital value on this basis would be $550,000.

Therefore, the current values for the subject property would be as follows:

Substantive Site Value:	$700,000	Notional Site Value:	$500,000
Substantive Capital Value:	$700,000	Notional Capital Value:	$550,000

4.2 Primary Production

The requirements for eligibility for primary production based notional value are listed as follows:

- The land must be used genuinely for the business of primary production
- The value of the land is enhanced by a potential for subdivision or by any use other than that being for the business of primary production

4.2.1 Business of Primary Production

The Act defines the business of primary production as being:

> *"the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms"*

The viability and extent of a primary production business unit are critical in establishing a land owner's eligibility for a primary production notional value. The court case *GA and BH Walker v the Valuer-General (1978)* addressed the issue of the business of primary production and outlined the following:

- All activities of a primary producing nature do not necessarily constitute a business
- Profit, or lack of it, is not in itself the deciding criteria
- There must be continuity, diligence and repetition of actions constituting the activity
- The operation must have some significant commercial purpose of character, a degree of substantiality or viability, although not necessarily always profitable

The ability for a property to be capable of supporting a family unit in normal times and under average management is an important consideration in establishing the business of primary production.

As mentioned above, to qualify for a notional value a business need not necessarily be profitable but it must be a bona fide primary production undertaking, profit or lack of it and scale of operations are not decisive criteria of whether the activities on the land constitute a business.

It is important that all these considerations be evaluated in each case prior to a notional value being applied.

4.2.2 Application of a Primary Production Notional Value

A primary production notional value may be applied in the following circumstances:

- Single holding where the value is enhanced by potential for a use which is greater than its primary production use
- Multiple land parcels which are separately assessed, and not necessarily contiguous, but are worked as a single bond fide viable farming unit

In the case of multiple land parcels, the notional value should be determined having regard to the total farming unit land area and apportioned to the individual valuation records.

4.2.3 Intensive versus Non-Intensive Use

In determining a primary production notional value, consideration of both intensive and non-intensive primary production uses is required.

Non-intensive primary production includes the following:

- Dry land (or rain fed) cropping
- Dry land (or rain fed) grazing
- Forestry

All other primary production uses are deemed to be "intensive".

4.2.4 Primary Production Actual Use

In determining the notional value of primary production land the following must be considered:

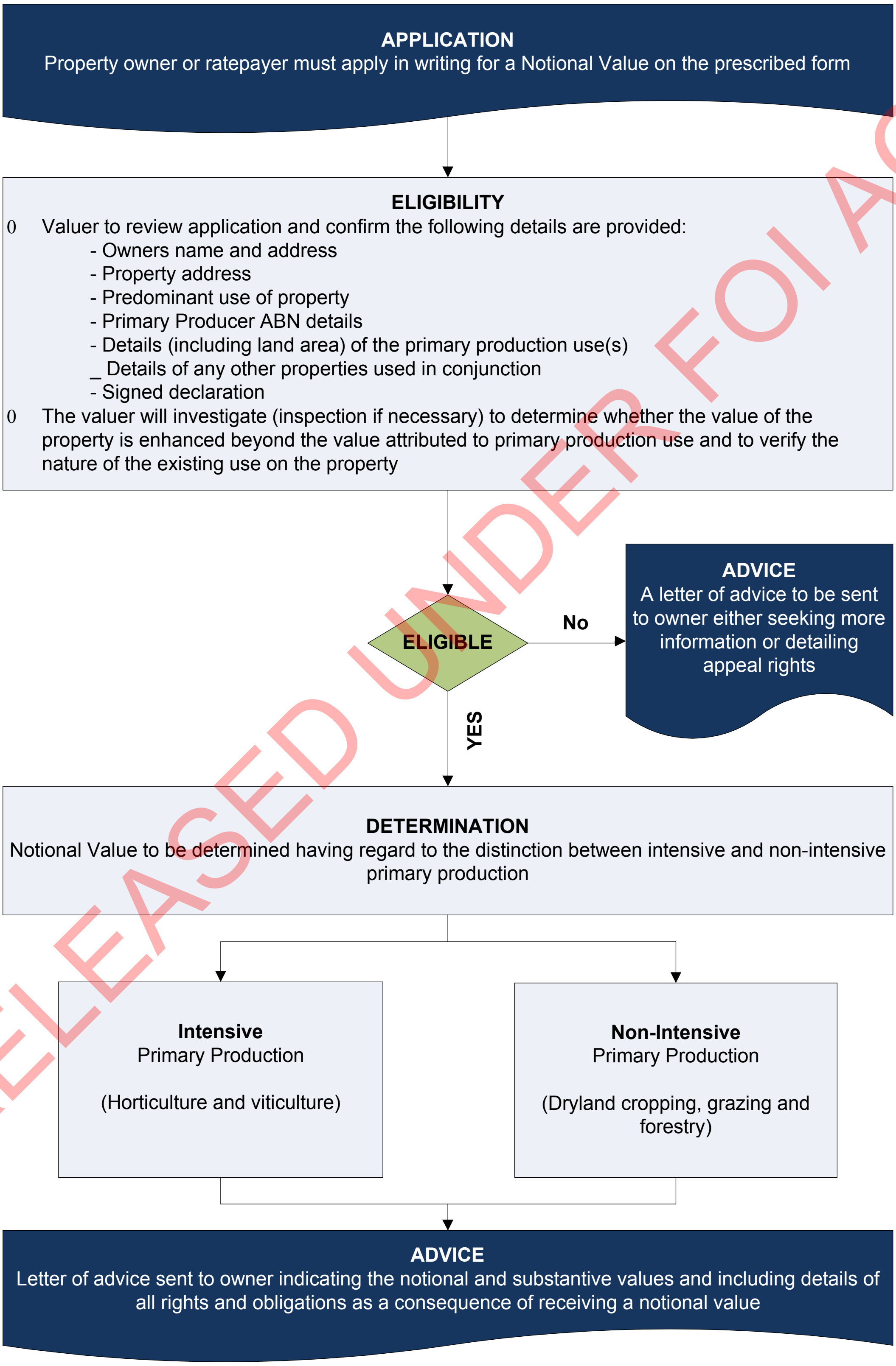
- If land is being used for a non-intensive primary production use such as cereal cropping, then cereal cropping value levels should apply, irrespective if the land is suited to a more valuable and intensive primary production use such as market gardening or horticulture.
- The level of value to be applied must broadly reflect the actual use of the property to the extent of "intensive" versus "non-intensive" categories. Within the "intensive" category, the broad diversity of uses and value levels demands that "actual use" be slightly expanded to ensure that vineyard value levels or similar are not applied to substantially lesser uses such as irrigated grazing.

By way of example, if a 100 hectare property comprises 15 hectares of an intensive use (ie. vineyards) and the balance used for cropping, then the notional value will be based on these actual uses. Therefore fifteen hectares will be valued at a rate commensurate with vineyard levels, and the balance at an appropriate non-intensive rate. Any potential for a "higher use" on the balance portion of the property is to be disregarded.

4.2.5 Primary Production Notional Value Flow Chart

The following flow chart outlines the key components and decision points in the establishment of primary production notional values.

PRIMARY PRODUCTION NOTIONAL VALUE FLOW CHART



4.3 Heritage Items / Properties

Section 22(B) of the Act provides for the application of reduced values in certain circumstances when a property is either heritage listed on the State Heritage Register (held by the State Heritage Authority under the *SA Heritage Act 1993*), or on a local heritage list contained within the respective Development Plans under the *Development Act 1993.*

In deriving a value for a property that is heritage listed consideration must be given to the effect on value of the heritage listing and not the listing itself (ie. the fact that a particular property has a heritage listing does not necessarily result in the listing having a detrimental effect on the property's value).

In determining the value of a heritage listed property, disregard any potential use of the land that is inconsistent with its preservation as a place of State or Local heritage, while having regard to that potential that is not bared or restricted by the heritage listing.

Therefore in determining the value of a residential property where the dwelling has a heritage listing, the officer must give consideration to the following:

- The ability for the land be legally subdivided while maintaining the integrity of the heritage listed dwelling

- The highest and best use of the property – regulations within the respective development plan will assist in the determination

When using comparable land sales to determine the value of land under a heritage listed item, it is important that the sales evidence used has no higher potential use other than that of a single residence.

In all cases the direct comparison approach is the preferred valuation methodology to determine both the site and capital values of properties, unless the property is so unique that no sales are considered comparable. In these instances the depreciated replacement methodology should be used to determine a residual value of the land (ie. capital value less the value of improvements = site value).

In the case of residential properties, consideration must also be given to the implications of the principal place of residence notional values. The derived notional/reduced vale (if applicable) will be the lower of the values determined.

Consideration must be given as to the basis on which the substantive site and capital values were derived.

A reduced heritage value <u>cannot</u> be greater than the corresponding substantive value.

Any adjustment to a value on the basis of the effect of a heritage listing is to be reflected in a reduced value and advised to SAILIS in a similar format to a notional value but identified as "Heritage".

4.3.1 Court Cases

1. McEwin & Ors v The Valuer – General (1993) 60SASR 241

   More commonly referred to as the *"Adelaide Club Case"* several significant judgements in relation to the determination of notional site and capital values resulted from this court action, namely:

   - Restrictions caused by the heritage listing must be considered when determining the site value.
   - It was not sufficient to simply use comparable sales evidence in assessing capital value for "unique" heritage listed properties.
   - Transferable floor area (approval to transfer potential floor area from a conservation site to another not so constrained) is not an interest in the land as it can be transferred independently of the site and is thus not part of the site value.

2. Ardoch Pty Ltd v Valuer- General (No 2) 2006 SASC 217

   - The decision and any potential impact on the general valuation, undertaken by the Valuer-General, is summarised as follows:
   - In his judgement, his Honour confirmed that the Valuer-General's methodology, which relies upon a comparable land sale approach that provides for recognition of the heritage significance of the subject property, is the preferred method of valuation. It is implicit in the judgement that great care and attention to detail must be taken in the selection and application of such sales to a heritage property.
   - His Honour did not accept the appellant's contention that a previous decision, *McEwin & Ors v Valuer-General (1993)* mandates a residual value approach where the site value is determined by deducting the depreciated replacement cost of all buildings and other improvements from the total capital value of the property as a single holding. His Honour's view was that this approach was highly subjective and quite unsuitable in this case.
   - The decision clearly confirms that the policy and methodology used by the Valuer-General in determining such values is sound and complies with both the meaning and intent of the Act.

4.3.2 Heritage Areas

These are defined areas delineated within each Local Government Area's Development Plan and are recognised by the development controls or policy areas within the respective plans.

Any adjustment to value on the basis of the effect of the Development Plan, are to be reflected in the substantive values.

4.3.3 Contributory Items

Contributory Items are listed within the respective Development Plan for each Local Government Area.

Items of a contributory significance to an area are not entitled to the benefit of Section 22(B) of the Act and consequently the values of those properties are to be treated on a substantive value basis only.

When valuing these properties it is important to use comparable properties that share similar development controls.

A note against the valuation record should be made to indicate that the substantive values have been determined having due regard to the significance of the contributory item.

4.4 Valid Land Use Codes for Notional Value/Reduced Value Application

The following table details the Land Use Code ranges to which a notional value/reduced value can be applied:

Criteria		Notional Value / Reduced Value			
LUC Range	Ownership	"Residential" Notional	"Primary Production" Notional	Reduced "Heritage" Value	Reduced "Native Vegetation" Value
1100 - 1399	Natural Person	√		√	
1100 - 1399	Company			√	
1400 – 1911				√	
1912	Natural Person	√		√	
1912	Company			√	
1913 – 1989				√	
1900 – 1999	Natural Person	√	√	√	√
1900 – 1999	Company		√	√	√
2000 – 4199				√	
4100 – 4299				√	√
4300 – 4999				√	
5000 – 8999				√	
9000 - 9999			√	√	√

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 7

OCCUPANCY VALUATIONS

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

1 Purpose

To ensure a consistent and sustainable practice for creating and maintaining occupancies within valuation records.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach for the creation and the maintenance of occupancy valuation data.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971.*

3 Background

A tenancy apportionment in the former LOTS application is known as an **opponent** in SALIS.

The Valuer-General has the discretion to create separate valuations under Section 16 of the *Valuation of Land Act 1971 which states:*

*Sec.16- **Valuation may be separate or conjoint***

(1) The Valuer-General may, in his or her discretion, make separate valuations of any portion of any land or may value any land conjointly with other land.

(2) The Valuer-General may make separate valuation of a portion of land forming part of a larger parcel or allotment, despite a prohibition against, or restriction upon, separate alienation of that portion of land by sale or lease, where-

(a) The valuation is required by law; or
(b) That portion of land is under separate physical occupation.

(3) For the purpose of a valuation under subsection (2), any prohibition against, or restriction upon, alienation of the portion of land in question must be disregarded.

Further, the Valuer–General can be requested by a Local Government authority to create occupancy valuations that will enable the separate rating thereof. Section 148 of the *Local Government Act 1999* states:

(1) Rates may be assessed against—

(a) any piece or section of land subject to separate ownership or occupation; or

(b) any aggregation of contiguous land subject to the same ownership or occupation.

4 Directive

Occupant valuations are only to be created for those portions of a property that are under separate physical occupation.

Occupant valuations should not be created for different property uses that are operated by the same occupier.

Prior to the creation of occupant valuations, the valuation officer must first confirm that separate physical occupation actually exists.

4.1 Creation of Occupant Valuations

When creating separate occupant valuations the following fields are required to be completed to ensure adequate description of the occupancy for reference:

- Occupant ID
- Property ID
- Occupant Name
- Land Use

The "Occupant ID" should initially be created in multiples of ten (eg. If a property has two occupancies the Occupant ID's should be set at 0010 and 0020).

The "Property ID" field should be used to identify the location of the occupant (eg. Shop 2, Unit 1A, Second Floor etc).

"Occupant Name" should identify the name of the tenancy. In instances where a shop(s) is vacant this field should read 'Vacant'.

The "Land Use" field is to capture the Land Use Code that relates to that specific occupant and not necessarily that of the whole property (eg. If a chemist shop exists in a shopping centre, the LUC for the occupancy will reflect that of a chemist shop '2161' whereas the overall LUC for the valuation record will be as a shopping centre '2100').

4.2 Rental Details

Lease details are available from a variety of sources including lease documentation, land owner returns, rent schedules and property managers. Where such evidence is available it should be included in the 'Rental Details' section against the relevant occupancy within the valuation record.

4.3 Determination of Values for Each Occupant Valuation

Each Occupant Valuation must contain both a site and capital value that is determined as a proportion of the value of the entire property of which the occupant forms part.

4.3.1 Site Value Considerations

The determination of the site value apportionment that relates to an occupant valuation should be calculated having regard to the land under the occupation. The value can be proportioned directly on an area basis to that of the total property area, or by applying an appropriate rate/m² to the respective areas of each occupant.

4.3.2 Capital Value Considerations

The capital value of an occupant valuation should primarily be determined having regard to the rental (actual or imputed) that the occupancy could achieve which is in line with market levels. In using rental data in the value determination it is important that only gross or net rents be used, but not a combination of both.

The basis of value must relate to market levels and in the absence of suitable rental data, a value that represents the market value of that portion is to be applied.

4.4 Maintenance of Occupancy Calculations

To ensure the basis of individual occupancy value calculations is retained for future reference, it is recommended that where more than ten (10) occupancies exist that an excel spreadsheet is maintained and attached to the valuation record.

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

Internal Directive

Subject/Title:	OPEN SPACE POLICY
Issue Date:	SEPTEMBER 2010
Review Date:	SEPTEMBER 2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:	5000809

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

VALUATION OF RESTRICTED OPEN SPACE (PASSIVE RECREATION)
STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose

To provide a consistent and sustainable practice for the determination of statutory valuation of open space where development restrictions prevent the land from being subdivided, and where the highest and best use of the land is limited to passive recreation purposes.

This policy relates to those properties that are encompassed within the following two categories:

1) Zoning:

- Recreation;
- Public Purpose;
- Linear Park;
- Moss (Rec);
- Special Use (Open space character);

and/or

2) Any land proclaimed open space under Section 62 of the *Planning Act, 1982*.

Examples of land uses that fall within the above two categories include golf courses, racecourses, cemeteries and other passive recreation uses.

2. Background

Land of this nature does not transact frequently and as a consequence available market evidence is limited, if available at all.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

The issues identified in this document have a particular metropolitan focus, and consequently this policy concentrates predominantly on metropolitan localities. The policy confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions

"Department" Being the Department of Transport, Energy and Infrastructure.

4. Scope

This policy applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Policy Statement

The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied.

The appropriate valuation methodology to be considered in valuing such land has been the focus of various valuation articles, directives and court cases – a brief summary is provided as follows:

- For proclaimed open space Section 62(3) of the South Australian *Planning Act 1982 [Repealed]* states:

  "(b) the value of the land for the purpose of any rating or taxing Act will be assessed on the basis that the land cannot be divided or used for any purpose not in keeping with its character as an open space."

- A principle established by legal precedence in *Corrie and Another v McDermott [1914] AC 1056 ("Corrie's Case),* effectively states that land subject to restrictions needs to be valued with the effect of those restrictions taken into consideration. Therefore the valuer needs to determine the amount the market value of the land should be reduced to adequately reflect the extent of the restrictions. This will require not only consideration of the restrictive use itself, but also whether a potential exists for the restriction(s) to be removed.

- These principles are reflected in the Victorian Valuer-General's Guidance Note dated March 2007 – "Methodology for the Valuation of Victorian Cemeteries."

This Guidance Note states:

> *"Valuers are encouraged to adopt an underlying land value of the cemetery area based on recent and comparable "englobo" land sales. The sales should be those of similar area and location but because it is very unlikely that they will be zoned/reserved for cemetery use they should be sales of land that are zoned for an alternate higher and better use."*
>
> It further states:
>
> *"If the majority of land surrounding the cemetery is used for residential or industrial purposes, then "englobo" sales for the alternate higher and better use purposes should be identified and used for comparison."*

- In terms of the discount to be applied, the Victorian instruction reads:

  "Once a value is ascribed for the land based on an "englobo" basis, discounts can be made to reflect the restriction in zoning/reservation and use.

  The decision as to how much "discount" to apply to restricted land, centres around the probabilities of the relevant statutory restrictions on the land being removed. The level of discount will depend on the potential difficulty of removing the restriction."

- Additionally, in the case *Port Macquarie West Bowling Club v. The Minister,* His Honour Mr. Justice Else-Mitchell said:

  > *"There can be little doubt that the task of valuing lands which are subject to restrictions under a prescribed planning scheme ordinance bristles with difficulties if sales data of land subject to similar restrictions are not available for comparison…. It was common ground that there were no sales of land similarly zoned and that left little option to the valuers but to use sales of land differently zoned, subject to a deduction for such differences as a basis for determining the value or price of the subject land."*

6. Valuation Guidelines

To ensure a statewide consistent approach to the determination of the statutory valuations of such land, the following valuation methodology is to be adopted:

6.1 Site Value

Directly comparable sales evidence will always remain the most reliable information to consider when determining the valuation of this category of property. Care must be taken however in comparing a subject parcel with sales evidence of other recreation or open space land where the level of zoning restrictions are different.

The physical aspects of the property must always be considered, as these will have a significant effect on the level of value (eg. a parcel which forms part of a waterway or creek will have a lower value than that of a level allotment that can be utilised for a variety of recreational related uses).

As with all property valuations, locational factors must also be taken into consideration.

In establishing the underlying land value, consideration must firstly be given to the prevailing use of the surrounding area (eg. residential, industrial etc) to determine an alternate highest and best use. Sales evidence of any "englobo" sales that indicate the value level of this alternate use must then be considered and should reflect a similar land area, nature and location to that of the subject.

In order to ensure a consistent approach, where sales evidence is not available, the discount factor to be applied will be 95%. This discount factor may be reviewed from time to time if and when further sales evidence becomes available.

6.2 Site Improvements

The *Valuation of Land Act 1971* provides that site improvements are to be included in the determination of *site value*. Given the nature of the *site value* calculation described above, it is considered that the resultant figure will incorporate an allowance for site improvements. It is noted however that such an allowance is considered conservative in terms of comparison with the replacement cost of any such improvements. Appropriate consideration must be given to ensure that additional value reflecting site improvements that have already been incorporated into the calculation are not added.

6.3 Capital Value

The *capital value* should acknowledge the structural improvements on the land. The added value of these improvements is to be calculated on a depreciated replacement cost of 2% per annum from the date of original construction or the date of any major renovations, with a residual value of not less than 5%.

6.4 Non Urban Consideration

This approach will not always be appropriate outside the metropolitan area, particularly where the land is located within reasonable proximity to a rural or rural fringe environment. In such cases and where deemed appropriate, sales evidence of rural land may be more relevant and provide a better basis in the determination of the base value.

An adjustment or loading will generally be added to this figure to reflect the open space benefit of the land that maybe in excess of its rural value. Such an allowance should reflect the community benefit derived from the recreation or open space use of the land, and should be commensurate with the market, size, location and character of the site.

The significance of any site improvements will generally be more pronounced in such instances when compared to most urban locations, as they may contribute more to the overall *site value*. The value of such improvements is to be added to the base rural value.

6.5 Example

A 45-hectare golf course, zoned special use and open space proclaimed. Capital improvements consist of a 25-year old 400m² brick and galvanised iron clubrooms, and machinery shed. The prevailing surrounding land use is low to medium density residential. Sales evidence of "englobo" residential land of this nature indicates a value of \$160 - \$180 per square metre.

A discount factor of 95% is considered appropriate in this instance given the level of zoning restrictions, and the impact of the proclamation. This rate is inclusive of an allowance that recognises the site's open character.

Site Value

Land 450,000m² @ \$160/sqaure metre	\$72,000,000
Less Allowance for restrictions of 95%	\$68,400,000
(nb. Sufficient allowance for site improvements are included in this figure)	\$ 3,600,000

Structural Improvements

Depreciated replacement value

Clubrooms	400 square metres x \$500 x 50%	\$100,000
Sheds		\$ 50,000
Total capital improvements		\$150,000

Capital Value ***\$3,750,000***

7 References

- *Valuer-General Victoria Guidance Note – Methodology for the Valuation of Victorian Cemeteries, March 2007*
- *Valuation of Recreation Land by J.P. Petherick 17 April, 1975*
- *Planning Act 1982 [Repealed]*
- Court case - Corrie and Another v. McDermott [1914] AC 1056
- Court case - Port Macquarie West Bowling Club v. The Minister
- Court case – Royal Sydney Golf Club v. Federal Commissioner of Taxation [1955]
- Court case – Blacktown City Council v. Roads and Traffic Authority of NSW [2006]
- Court case – City of Brighton v. Road Construction Authority [1985]

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number: 5000809

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Internal Directive	
Subject/Title:	COMPLEXITY LEVELS OF VALUATION REVIEW
Issue Date:	09/2010
Review Date:	09/2011
Responsible Officer:	Valuer-General
Contact Officer:	Senior Advisor Policy & Professional Development
Knet Number	5000798

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE
STATE VALUATION OFFICE

COMPLEXITY LEVELS OF VALUATION REVIEW
INTERNAL DIRECTIVE

1.0 Purpose
This document outlines the directive, which applies to the allowance paid to the review valuer in relation to the determined complexity level of a valuation review as determined by the Registrar, Valuation Review Panels.

The complexity of property valuations can vary depending on a variety of different factors these include; land uses, zoning issues, development issues, contamination etc.

2.0 Definitions
Complexity- A varying scale of complicated issues potentially impacting on a property.
Review valuer - The independent valuer appointed to review the valuation.
Valuation review - The act of the review valuer reviewing a valuation.
Department - Being the department of Transport Energy and Infrastructure.

3.0 Scope
This directive applies to the Registrar, Valuation Review Panels.

4.0 Policy Statement

4.1 Complexity Levels of Valuation Review
The level of complexity of a review will be determined having regard to the following:

the number of complexity considerations and the number of hours reasonably required to conduct the review.

the need for consultation by the valuer with industry and other experts.

4.2 Valuation Review Complexity Considerations
Table 1 below outlines but is not limited to, the complexity considerations which may have varied influences on a valuation.

Table. 1

Complexity Considerations
Contamination
Commercial
Uniqueness • Location • Use • Physicality
Heritage issues
Notional values
Legislative requirements
Assessment configuration
Sales • Old or dated • Limited • Availability of suitable market evidence
Miscellaneous issues which increase the complexity beyond that of a normal valuation. Eg: • Complex zoning issues • Flood use • Mixed use • Water • licences

It is considered reasonable that some complexities may require a higher level of independent investigation and consultation in conducting the review valuation.

4.3 Valuation Review Categories

4.3.1 Reviews not completed $100

4.3.2 Completed review – residential land

4.3.2.1 Ordinary Review **$ 300**
Review valuation with no complex valuation considerations.

4.3.2.2 Complex Review **$ 400**
Review valuation with one or more complex valuation consideration as detailed in Table 1, having regards to the nature, scale and impact of the complexity.

4.3.3 Completed review – land other than residential

4.3.3.1 Ordinary Review **$ 400**
Review valuation with no complex valuation considerations.

4.3.3.2 Review of some complexity **$ 600**
Review valuation with complex valuation considerations. as detailed in Table 1, having regards to the nature, scale and impact of the complexity.

4.3.3.3 Review of medium complexity **$ 800**

Review valuation with multiple complex valuation considerations as detailed in Table 1, having regards to the nature, scale and impact of the complexity.

4.3.3.4 Review of High complexity **$1000**

Review valuation with a multitude of complex valuation considerations and issues. Having regards but not limited to the complexity considerations detailed in Table 1.

This degree of complexity would require the highest degree of involvement and consideration in conducting the review. A review valuer with the highest competence in relation to the type of property valuation being reviewed would undertake the review

.

5.0 References
Valuation of Land Act 1971 Section 25 Division 2 Valuation Reviews.
Valuation of Land Regulations 2005

Approval

Knet Number 5000798

Endorsement by Assistant Valuer-Genera l(Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development / /

Approval by Valuer-General / /

Internal Directive

Subject/Title:	VALUATION TENANCIES
Issue Date:	DECEMBER 2010
Review Date:	DECEMBER 2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:	

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

VALUATION TENANCIES
STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose
To provide a consistent and sustainable practice for the determination of statutory valuation in the creation, deletion and modification of valuation tenancies. This directive is intended to be used as a supplementary guide with the online technical training module T30-02.

2. Background
Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy in the value base.

3. Definitions
"Department"- Being the Department of Transport, Energy and Infrastructure.

4. Scope
This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Current Tenancy
An indication of a current tenancy will be shown whereby the valuation number is input and the system will then display the appropriate tenancy Indicator. If site value (SV) and capital value (CV) are the same; then the percentages used will also be the same. If SV and CV are different then the percentages will also differ.

5.1 Create A New Tenancy
When creating tenancies for the first time, all the data fields are compulsory except description. The tenancy ID number must only be used once and should not be manipulated in any way. Walking Order must not be altered.

It is also important to ensure new tenancy sequence numbers are allocated where the tenancy has a different spatial extent to existing tenancies. In such cases the old tenancy sequence should be deleted and **not re-used.**

5.2 Update A Tenancy

Only used when alterations are required to be made to existing data. The Tenancy ID being amended must already exist and must not be used again.

It is imperative to check the Supplementary Report Indicator. In all instances when making tenancy changes, this should be checked as “Y”.

If the indicator is not checked the council will not see the changes until they undertake data matching at the end of the year when they receive the Valuer-General’s Valuation Roll and the council will adopt changes for This Financial Year rather than for Next Financial Year as intended.

In general, councils cannot accept a change for This Financial Year unless it is the result of an objection, or, the Senior Advisor Operations and Statutory Services has advised the council in writing.

If tenancy changes are made with the Supplementary Indicator checked, the council will note changes for Next Financial Year only.

5.3 Insert A Tenancy

When entering new tenancies to an existing list, it is important to maintain the existing tenancy sequence numbers and not change the order.

5.4 Delete A Tenancy

Please note: that you **cannot** delete individual tenancies unless the balance is recalculated to 100% or 0% for each site and capital Value. To recalculate the percentage use the ‘U’ (Update) in conjunction with ‘D’ (Delete).

6. Valuation Guidelines

To ensure a state-wide consistent approach to the determination of the tenancy valuations; all field staff should be certified competent in the following technical training module.

[Online Technical Training Module T30-02]

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Departmental Directive	
Subject/Title:	SVO PROPERTY INSPECTION PROTOCOL DIRECTIVE
Issue Date:	JULY 2011
Review Date:	JULY 2013
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR POLICY & PROFESSIOANL DEVELOPMENT

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

LAND SERVICES GROUP

STATE VALUATION OFFICE PROPERTY INSPECTION PROTOCOL DIRECTIVE

This Directive accompanies DTEI Policies; HR77960 Occupational Health and Safety, DP052 OHS&W Remote and Isolated Work Policy / LSG Directives: Illegal Drug Crops and Other Potentially Dangerous Environments Directives, SVO Wineries Directive; SVO Motels Directive.

1. Purpose

To ensure strict procedures are adopted across the State Valuation Office (SVO) when inspecting properties. This Directive will assist in minimising concerns that may otherwise be expressed by landowners and occupiers in addition to providing a more stable working environment for field staff.

2. Scope

This Directive applies to all SVO field staff.

3. Roles and Responsibilities

3.1 Managers and Supervisors have direct responsibility for:

- ensuring staff are aware of implications regarding adherence of a set procedure to:
    - reduce the spread of disease
    - increase the respect from the industry/ratepayers by assisting in the prevention of spreading of disease.
    - lead to better quality data being obtained that will assist in the formulation of more accurate valuations
    - minimise the possibility of litigation.

3.2 Employees have a responsibility to:

- advise landowners of intent to visit their property whenever possible
- respect all signs posted on properties and leave all gates as you find them

- whenever possible, stay on tracks and hard surfaces free of vegetation. Avoid worked up land and especially known noxious weed affected areas in wet weather. If in doubt, check from the road
- never drive over stubble paddocks or tracks with long grass. If it is necessary to do so, always seek prior permission from the owner or occupier as your vehicle may not be suitable
- visit only one piggery complex per day as per industry standards and comply with all health and safety guards
- At all times treat the public with respect and adopt a courteous manner at all times as a representative of the Valuer-General and the Public Service
- carry a current authority card displaying a photo of themselves and signed by the Valuer-General. This must be shown when discussions take place with an owner or occupier
- if requested, supply the owner or occupier an SVO Business Card with the relevant officer's name, title and office phone number and address.
- leave a business card stating reason for visit at the premises if the property is vacant at time of inspection
- knock on door/call out prior to an external inspection
- do not peer through windows
- respect the wishes of hesitant proprietors who do not want an internal inspection – simply explain why it is necessary to view the property and use questioning strategies instead to acquire the information if they still resist
- do not enter properties without an adult present (if only children at home, make another inspection time)
- avoid the use of personal opinions
- discuss anticipated values in general terms only and do not give advice on property matters
- avoid getting involved in unnecessary long conversations
- observe notes from previous inspections of a particular property and when they were made (avoid unnecessary repetitive visits)
- do not criticise local or other government departments
- adhere to the common law duty of care and follow all industry protocols
- Do not enter work sites, Industrial complex without first reporting to the office.
- Do not engage workers about details of the property without owners consent.
- If visiting a particular location for a large number of inspections (sales, revisits, manual drives etc) it would be beneficial in advising the local Council and Police of what you are doing and your vehicle description (rego # etc).

4. Procedures

4.1. Passengers in Government Cars

Landowners and occupiers are permitted to travel as a passenger in a government car only when there is a genuine business need (such as the necessity to view remote parts of their property).

4.2. Travelling in Vehicles Owned by Landowners or Occupiers

Staff are encouraged to take responsibility for their own actions by being aware of health and safety considerations (insurance cover may not exist or be adequate).

4.3. Rural Inspections

In addition to the above strategies, inspections of rural properties present additional challenges to SVO staff such as:

- the risk of accidentally spreading diseases such as Phylloxera in vineyards, bacterial and fungal diseases in market gardens and noxious weeds such as Broomrape, Skeleton weed and Silver Leaf Nightshade; should not be underestimated
- good working practices are needed to meet and satisfy the requirements of not only rural landowners but also regulatory bodies such as the Phylloxera and Grape Industry Board
- keeping a diary of movements particularly in potentially sensitive areas such as piggeries and poultry sheds as a mitigation strategy in case an outbreak of disease occurs.

4.4. Vineyard Inspections

- fruit and vegetables must not be carried into or between certain regions in South Australia without a permit
- grapevine material, grapes and soil must not be removed from a Phylloxera infested zone
- prior advice should be given to vineyard owners of intention to visit
- advise owner of any previous sites visited
- avoid travelling directly from one wine region to another, without first cleaning the vehicle, in particular wheels and wheel wells
- avoid excessive walking or driving amongst vines and never without the owner's permission
- when visiting vineyards ensure your vehicle is parked well away from vines and if possible park in full sun to allow the heat to assist in killing any Phylloxera which may have come in contact with your vehicle
- disposable overshoes should be worn when walking in vineyards. Property owners may insist on visitors wearing gumboots or footwear provided by them.

4.5 School Inspections

- ensure the school staff are fully aware of the rights and obligations of SVO field staff. Ensure you supply the front office staff with the Education Department asset management call centre phone number: 1800 810076 to contact if they require confirmation of SVO's presence within the school grounds
- always contact the school with a scheduled time and day of arrival prior to the inspection
- leave an ID card with the front office staff
- if possible aim to inspect during out of school hours to minimise interruption to the school staff. However, notification to the local police station and the school of intended inspection is imperative.

5. References

http://www.phylloxera.com.au/

"The Phylloxera Prevention Protocol for Vineyard Visitors", June 2000, Publication by The Phylloxera and Grape Industry Board

"Branched Broomrape (Orobanche ramosa) The plant and its threat to Australia's Primary Industries" Publication produced jointly by PIRSA and the Animal and Plant Control Commission

Director, Business Services approval on 5 July 1999 for SVO staff to carry landowners/occupiers in a government vehicle where a genuine business need exists.

Approval

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development
/ /

Approval by the Valuer-General /

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 5

VALUATION RATE TABLES

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

1 Purpose

To ensure a consistent and sustainable practice in the creation and use of rate tables within the SAILIS environment.

2 Scope

Applicable to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

This policy covers issues in relation to the rate tables and in particular the creation and ongoing maintenance of the tables and the rates contained therein.

3 Background

An efficient and effective method in the mass appraisal of properties is via the use of rate tables. Rate tables are essentially a repository of value rates which are linked to the individual components of the valuation record, whereby any change made to a value rate within a table will have an impact on the value of the component.

Two types of rate tables are available for use within SAILIS:

- Summation – based on the Summation Valuation Approach where the valuation is determined by the sum of the individual value components

- Income Capitalisation – based on the Income Capitalisation Valuation Approach where the individual value determinants of gross rent, outgoings and capitalisation rates are held within rate tables

The "*Valuation Methodologies Directive"* details the rate table calculation method to be adopted for each land use category.

4 Directive

The creation and maintenance of rate tables is to be undertaken within the parameters outlined in this directive.

4.1 Create Rate Table

When undertaking the create rate table function the "Financial Year" field must be set to the proposed financial year. This applies to the creation of a new table or the replication of an existing table.

When creating a rate table it is important to ensure the classifications used are not too broad as this may restrict the ability to adjust different property types at different rates, consequently affecting the accuracy of the valuation base.

Rate tables can be created at one of three levels:

- State Level
- Local Government (LGA) Level
- Sub Market Group Level

The level at which a table is created will be dependent on the location characteristics and market drivers of the area that influence different value levels.

In the first instance the preferred level to create a table is at the **LGA level**. Sub Market Group level tables should only be created following the direction/approval of the relevant manager (ie. Supervising Valuer) and should only occur in areas where the market drivers are stable and are not subject to change over an extended period.

State level rate tables can only be created and maintained by the system administrator and until further directed by the Valuer-General will not be established in the short term.

4.2 Maintain Rate Table

Rate tables can be maintained either directly within SAILIS or externally by exporting the table to the desktop.

4.2.1 Editing a Table within SAILIS

A change made to an individual value rate within a table will have a direct effect on all valuation records that comprise components having the same attributes as the rate being adjusted. It is therefore important that consideration must be given to all records that are linked to the rate being changed – this is established by generating a *V039 Rate Table Linkage* report.

Prior to a rate being changed for the proposed financial year, the *V039 Rate Table Linkage* report is to be produced and verified by the Supervising Valuer.

A rate should not be changed in a table for the current financial year unless approval is first obtained from the Valuer-General or a delegate.

Creating a new rate within a table with the associated set of attribute data should only be performed for the proposed financial year unless otherwise instructed by the Valuer-General. Prior to creating a new rate the following should be considered:

- Ensure the rate is not a duplication or too similar to an existing rate
- Ensure the attributes provide adequate description (not too broad)
- Ensure rate is added to the correct rate table
- Ensure the rate is relevant

4.2.2 Export and Import of Rate Tables

The export of a rate table from SAILIS for the purpose of editing individual rates external to the system, is only to be undertaken when **fifty (50)** or greater individual rates are being updated. Smaller amounts should be updated directly within SAILIS.

The ability to import a rate table into SAILIS that has been constructed or edited external to the system is an important function and provides substantial efficiency. However if a table is to be imported regard must be given to the following:

- The order of attributes in the table must be the same as those when it was exported
- The table must be in a *CVS format*
- Summary of adjustments are to be verified by the manager (Supervising Valuer) prior to import

- Care must be taken to ensure the table to be imported is aligned to the correct table within SAILIS

4.3 Reporting on Rate Changes

A suite of reports is available to assess the impact of changing rates within a rate table:

- *V051 Rate Table Analysis* – provides a summary of the rate changes made and the number of records linked
- *V052 Rate Table User Audit* – provides details of the rate changes and of the user who initiated the changes
- *V039 Rate Table Linkage* – displays all valuation records that are linked to a specific rate within a rate table

4.4 Substantive and Notional Rate Tables

Given the different basis on which the level of notional values are established in comparison to substantive values, the rates are to be maintained on separate rate tables to ensure transparency and clarity.

Refer to the "*Notional Value & Reduced Values Directive*"

4.5 Legacy CAVS 2000 Rate Tables

At SAILIS implementation the content of the rate tables from the former Rural CAVS application will be converted to the SAILIS environment. It is recognised that the data within the former rate tables in some instances will require review and potentially consolidation. Any wholesale changes to a table within SAILIS, or the creation of new tables, should only be undertaken following consultation with the Supervising Valuer.

It is intended that in the medium to long term the contents and structure of the legacy rate table data will be superseded by new tables providing a more robust, relevant and reliable data set. This will however be undertaken on a coordinated state-wide approach to ensure consistency.

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 12

SALES ANALYSIS

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice in the validation and analysis of sale evidence for all property categories.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach for sales analysis and the appropriate storage of the subsequent analysed data.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

Sales evidence forms the basis of all valuation work and the analysis of sales transactions is critical to the revaluation process.

The business undertakes two levels of sales analysis with the application of them being dependent on the type of property being analysed. The two types of sales analysis for mass appraisal purposes are listed below:

- Sale Validation – a form of sale maintenance requiring a desk top audit of the sale having regard to available marketing information and local knowledge, however not necessarily requiring a physical inspection. The purpose of validation is primarily to:
    - Correct errors in sales information
    - Identify sales that to not represent market
    - Allocate a sale flag to the transaction
    - Identify sales requiring full analysis

- Full Analysis – this level of analysis requires an inspection to be undertaken and the value of the various components to be established. Components can include the following and will be dependant of the type of property being analysed:
    - Land – can be analysed to a rate/hectare, rate/m² or block figure
    - Added value of the individual improvements (eg. dwelling, shed etc)
    - Added value of plantings (eg. vineyards, citrus etc)
    - Rate of return – primarily in relation to income producing properties such as commercial and industrial
    - Rate per unit of comparison (eg. beds in a hospital, units/rooms in a motel etc)

4 Directive

To ensure a consistent and sustainable practice for sales analysis across the business, the guidelines provided in this document are to be adhered to.

4.1 Sale Validation

When validating a sale transaction it is important to identify which sales do and do not require further analysis. It is a business requirement that validation must be completed on all sales within **ten (10) days** of being advised *(advice of a sale will occur via a work box item in SAILIS*).

Should the sale be across multiple valuation records or Local Government Areas, the workbox item will be attached to the valuation record that has the lowest valuation number reference. In instances where the work box item is allocated to the incorrect valuation officer, that officer must refer the item to the appropriate person as soon as possible *(NB. The ten day timeframe to complete a validation does not reset if a work box item is referred).*

4.1.2 Identification of Sales Data Errors

The identification and correction of errors in the sales record is an important function of the validation process.

The Valuation Officer must examine all transactions for any errors in the "*Sales Details*" dataset (eg. typo in sale price) and in the valuation data (eg. incorrect building area), and correct all errors prior to the sale being validated.

If an error is required to be corrected in relation to the "*Sales Details*" dataset the officer must notify Registration Branch immediately for their corrective action.

4.1.3 Amending Valuation Data Errors

In instances where an error in the on-file valuation data is identified, the attribute details must be amended and the site and/or capital value be corrected and **adjusted in line with relativity.** Additionally, a note/comment is to be held within the valuation record detailing the reason for the change.

In order to maintain relativity and to ensure the value changes are warranted, the following should be considered:

- Establish the prevailing value level of similar properties within the submarket group.
- If the rating and taxing value of the sale property is at a similar level to comparable properties in the area, then the site and capital values must not be amended, irrespective of the sales ratio. Adjustments in these circumstances should only be made as part of the general valuation process.
- If the rating and taxing value of the sale property is clearly out of line with other similar properties in the sub-market group, an adjustment to the proposed site and/or capital value should be made to correct the relativity.
- When comparing the rating and taxing value level of the sale property with that of comparable properties in the area, and it is evident that value relativity is ambiguous, the site and capital values of the sale property should not be altered. Value adjustments in these circumstances should only be made as part of project that will address the value relativity of the wider sub market group.

- In instances where the sale property is considered to be unique in nature, consultation with the supervisor must be undertaken prior to amending any values.

If an error in the valuation data exists, the Valuation Officer must correct both the valuation snap shot and the main valuation record in SAILIS.

All errors on the valuation snapshot and valuation record must be corrected in SAILIS within **ten (10) days** of first being advised of the sale via a workbox item.

4.1.4 Market vs Non-Market Sales

An important step of the validation process is the determination of whether the sale represents a market or non-market transaction. Examples of non-market sales transactions are listed as follows:

- Family transfer
- Related parties
- Adjoining owner who paid in excess of market level
- Mortgagee sale
- Sale to a trust

Below are some examples of market and non-market sales transactions:

Market v Non-Market Sales Examples	
Sale 1.	The transfer of a half interest in a property at Market Value *Validation as Market would apply as this sale represents the Market Value of the transferring interest in the property.*
Sale 2.	The transfer of a half interest in a property at below Market Value *Validation as Non-Market would apply, as this sale does not represent the Market Value of the transferring interest in the property.*
Sale 3.	The transfer of a farm contained on three separate assessments, where each assessment has the full sale price recorded against it. *Validation as Market would apply to each of the three assessments as this sale represents the Market Value of the property which is transferring when disregarding assessment configuration.*
Sale 4.	The transfer of a property at less than Market Value *Validation as Non-Market would apply, as this sale does not represent the Market Value of the transferring interest in the property.*

It is important that all non-market sales be identified as this will ensure they do not appear on any future sales searches, and that only market transactions are used in the re-valuation process. Additionally, sales marked as non-market will be excluded from all sales ratio reports.

4.1.5 Sale Flag Identification

The application of a sale flag to a record in SAILIS is an important function of the validation process as it enables the grouping of sales into categories for use in the revaluation process. The table below outlines the various sale flags:

Sale Flag	Description
Adjoining Owner	Sale of a property at market level to a person who owns an adjoining property
Aggregate Site	Sale of a property holding which incorporates more than one valuation record
Benchmark (Key) Sale	Sales that are critical to establishing current market levels in a sub market group
House & Land Package	Sale of a new residential property which was purchased direct from the developer/builder
Outlier	Sales that occur outside the expected sale ratio range of 0.80 to 1.10. This may be valid notwithstanding the sale ratio.
Planning Approval	Instances where the sale of a property included development/planning approval
Possible Land Sale	Sales of improved properties where the actual improvements may have a minimal or nil added value
Pre-Leasing Commitment	Sale of a property where a lease has been negotiated and factored into the purchase price
Significant Sale	Sales deemed important due to location, value level or property type (ie. the property is unique, of very high value, or a type that makes it difficult to determine market value without further investigation)
Vacant Possession	A sale of a property which is capable of being leased however was sold as vacant with no lease in place

The Valuation Officer must indicate if further sales analysis is required or not - if not, the valuation officer must provide a reason for its exclusion.

Should the Valuation Officer consider the sale property demands further analysis then the relevant sales analysis template <u>must</u> be completed and saved electronically in the appropriate folder – refer Section 5.2 of this directive.

4.1.6 Outliers Identified Where No Error in the On-File Data Exists

In instances where an outlier sale is identified and it is considered to be indicative of market levels and all on-file valuation data is confirmed correct, no changes are to be made to the on-file data as these sales may identify wider issues including:

- The level of value of the area
- Relativity
- Incorrect SMG in which the sale property has been valued

These properties will need to be corrected as a separate exercise over a wider spread of assessments.

4.2 Full Analysis

The foundation of any valuation exercise is sales analysis and this applies equally to mass appraisal valuations. The level and type of analysis required for mass appraisal is dictated by the valuation methodology being adopted.

The level of full sales analysis will be a function of many factors including the sub-market group in which the sale is located; the type of property; the level of the sale price; the number of similar sales; and the uniqueness of the property.

The valuation officer will undertake detailed sales analysis in accordance with the following table or as otherwise directed by their supervisor.

Property Type	LUC Range	SMG Description	Properties Requiring Analysis
Residential	1100 to 1499 1920 to 1921	All SMG's	Outliers Benchmark (Key) Sales Significant Sales
Vacant Land	4100 to 4111 4190 to 4899	Developed SMG's and Development sites	All Sales
		Developing SMG's	Outliers Benchmark (Key) Sales Significant Sales
Commercial and Industrial	2000 to 3999 Selected in 5000 to 6999 1800 to 1899	All MG's	All Sales
Rural Living	4150 to 4151 1912 1991 to 1999	Larger or Homogenous MG's	Outliers Benchmark (Key) Sales Significant Sales
		Smaller and complex MG's	All sales
Rural Broadacre	9000 to 9999	All MG's	Vast Majority
Heritage Properties	All	All	Where listing is considered to affect value
Other Categories	1500 -1799 7000-8999 Selected in 5000 to 6999	All	All sales

All full sales analysis must be undertaken using the respective standard SVO "Sales Analysis Templates" for the property categories of Residential, Commercial/Industrial and Rural. These templates are held within each region's "Q Drive" file structure in the "Valuation Data" folder. The associated instructions for use of the templates can be accessed by the following link:

DPTI Intranet - Staff Instructions

Reference – Residential, Commercial/Industrial and Rural Sales Analysis User Guides

In undertaking a full analysis exercise the following must be considered:

- Special features of the property
- Physical characteristics including land size, shape, topography, views, services and surrounding development
- Details on zoning, permitted use and development/building approvals if applicable
- Attributes of the improvements
- Suitability of the improvements and their added value(s)
- Commentary on whether the sale is representative of the market level

On completion of the analysis, the template is to be saved to the valuation record as an attachment or hyperlink.

The sales record in SAILIS must also be updated to indicate the analysis has been completed.

Unless agreed otherwise with the supervisor, a full sales analysis should be undertaken within **four weeks** of the sale being flagged as requiring analysis.

4.2.1 Residential / Rural Living Sales

In addition to all outliers, benchmark (key) and significant sales, the balance of residential and rural living sales should have a full analysis undertaken if:

- Minimal sales evidence has occurred within the SMG
- If only minimal sales of a particular property type exist
- As directed by the Supervising Valuer

To assist in the identification of sales that require further analysis, the following question should be considered:

Q. Is the level of the sale considered representative of properties of this type in this location?

A. If the answer is "yes", it is unlikely further analysis is required. If the answer is "no" or "unsure", then it is likely analysis should be undertaken.

If undertaking sale analysis for the purpose of mass appraisal using ratio studies and regression techniques, a full analysis is not required. Instead detailed consideration of the AS Ratios will be needed – refer to *"Valuation Mass Appraisal Directive".*

4.2.2 Vacant Land Sales

In the case of vacant land the appropriate level of analysis will be a function of the number of sales, the degree of homogeny, specific location factors and the level of redevelopment that is occurring within the sub-market group.

Sub-market groups containing a high proportion of established residential properties typically will have few vacant land sales, in these instances all vacant land sales should be analysed. Additionally, in these areas a selection of improved sales should also be analysed to determine the residual land value.

In areas where redevelopment is prevalent, all sales should be analysed to establish a residual land value and the redevelopment potential that exists (if any).

Conversely, in sub-market groups that contain a high number of vacant land sales such as developing suburbs and towns, analysis should be restricted to outliers, significant sales and benchmark (key) sales.

4.2.3 Commercial and Industrial Sales

All commercial and industrial sales (improved and vacant) are to have a full analysis undertaken with improved properties being analysed back to a rate of return and a unit of comparison where appropriate.

All commercial and industrial zoned vacant sales, and properties comprising exhausted improvements, are to be analysed on a rate per square metre basis.

If applicable a commercial sale can be further analysed down to a unit of comparison basis such as bed space, car space, child space, flat, room or unit etc. This allows for high level value comparison between properties that are very similar in nature.

4.2.4 Rural Sales (Broadacre)

Given the importance and complexity of broardacre primary production sales, all rural sales are to be analysed.

4.2.5 Heritage Properties

All properties having a state or local heritage listing where the listing itself is considered to have an affect on value, must be analysed.

4.2.6 Other Properties (Special Use)

Given the rarity of market sales in this category, all sales should be analysed – examples of properties in this category include marinas, hospitals, golf courses, quarries and special use land amongst others.

4.2.7 Goods and Services Tax (GST)

Analysis must be undertaken on a **GST exclusive** basis with an examination of the transfer document assisting in identifying whether GST was included in the consideration.

Refer to "*GST and Rating Values Directive*" - DPTI Intranet - Training Manuals

5 Endorement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Departmental Directive	
Subject/Title:	CONFLICT OF INTEREST DIRECTIVE
Issue Date:	JUNE 2012
Review Date:	JUNE 2014
Responsible Officer:	DEPUTY VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR POLICY & PROFESSIONAL DEVELOPMENT

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE

LAND SERVICES GROUP, STATE VALUATION OFFICE

CONFLICT OF INTEREST FOR RATING AND TAXING VALUATION DIRECTIVE

This directive accompanies DTEI Policies; OP 008 Managing Our People, Code of Ethics.

1. Purpose

To provide direction to all State Valuation Office (SVO) staff involved in the determination or administration of rating and taxing valuations to ensure compliance with the *Public Sector Act 2009* in respect of employee's conflict of interest responsibilities. In particular, such practices should be free from any charges of personal, financial or other advantage, either real or perceived.

2. Background

The Code of Ethics for the South Australian Public Sector defines Conflicts of Interest as:

- *Conflicts of interest can pose a major hazard to honest public administration. It is vital that the Public Sector and its employees act impartially and without prejudice. Public Sector employees must not have a personal interest in, or be party to, decisions they take in the performance of their duties.*

- *A conflict of interest can be actual or potential. It relates to circumstances where the employee is or could be influenced, or there is a potential for them to be influenced. Employees will avoid actual or potential conflicts of interest.*

- *Public sector employees will ensure their personal or financial interest do not influence or interfere with the performance of their role. They will ensure the interests of family members, friends or associates do not influence the performance by them of their duties and/or their role as a public sector employee.*

- *Employees will disclose in writing to the agency heads any actual or potential conflicts of interest at the earliest available opportunity and comply with any lawful and reasonable direction issued by a person with authority to issue such direction to resolve the conflict or potential conflict, including written direction by a relevant authority pursuant to the Public Sector (Honesty and Accountability) Act 1995.*

3. Staff Responsibilities

The paramount factor to be considered in attempting to comply with the Code of Ethics is the individual officer's **DUTY OF DISCLOSURE.**

There are two elements to this policy.

- All staff are required to complete a Conflict of Interest Declaration to identify all properties they and/or their partner have a personal interest in. This refers to all properties regardless of the employees specific area of responsibility (ie. an employee who is based in a metropolitan office and owns a property in a country location is still required to complete a declaration). This information is to be recorded on *Attachment 1* together with supporting documentation (ie. FMVVV print). The declarations are to be completed immediately following housekeeping **each year**. In cases where an employee and/or their partner do not have a personal interest in any property, they are still required to complete a declaration indicating a nil response.

- If staff become aware during the course of the year that they may have an actual or potential conflict of interest, they are required to complete a Supplementary Conflict of Interest Declaration as soon as possible. Examples may include:
    - An objection is lodged by a family member of an employee and the evalue is allocated to the region in which the employee is based.
    - The parents of a Supervising Valuer lodged an objection to their property value in an area in which the officer has overall responsibility.

  Information regarding this conflict must be forwarded to the Valuer-General and a strategy to handle the issue will be implemented. Information regarding this type of conflict should be recorded on *Attachment 2* and forwarded for action as soon as a conflict is identified.

All completed Conflict of Interest Declaration forms are to be retained by the direct in line manger, with an email sent to their respective manager confirming policy compliance.

4. Audit

The Valuer-General will complete random audits of the rating and taxing values attributed to a staff member's property to ensure they have been correctly valued.

5. Valuation Objections

When an objection is lodged to the valuation of a property (either by the officer themselves or by a third party) in which an employee, his or her spouse or domestic partner, has a *PROPRIETARY INTEREST*, the officer must immediately advise their direct supervisor. The supervisor will consequently advise both their respective Senior Manager and the Valuer-General that an objection has been lodged. The relevant Senior Manager will then reallocate the objection to an independent officer, outside of the region or team from where the conflict or perceived conflict exists.

6. Confidentiality

It is imperative that all information regarding conflicts of interest or perceived conflicts of interest be kept confidential and disclosed only to staff with delegated authority for dealing with such matters. It is legitimate for those involved in resolving a matter to seek advice and/or assistance from people with relevant expertise. It should be noted that any documentation is subject to freedom of information legislation.

7. Recommendation

This policy is effective immediately.

Approval by Deputy Valuer-General 26/5/2012

Attachment 1

Conflict of Interest Declaration

This declaration form must be completed by all SVO staff in respect of properties they and/or their partner have a personal interest in.
(NB. Staff not having any such interest are still required to complete the form as a nil response)

Employee Name: **Position Held:**

Valuation No.	Address	Values as at 1 July 2011		Proposed values for 1 July 2012		Were you responsible for or have had any influence in the determination of the proposed values? (Yes or No) If yes, please provide details.
		Site Value	Capital Value	Site Value	Capital Value	

Employee Signature: **Endorsement of Supervisor/Manager:**

Date: **Date:**

Notes:
1. All supporting information (ie. FMVVV print etc) must be attached.
2. If you answered Yes in the last column - an explanation of the value movement, usually expressed in percentage terms, in the Site and Capital Value of the property in comparison with the average for other similar properties should be included. If this comparison indicates a variance, then a detailed explanation must be provided.
3. All completed Conflict of Interest Declaration forms are to be retained by the direct in line manger, with an email sent to their respective manager confirming policy compliance

Supplementary Conflict of Interest Declaration

This declaration form must be completed in those instances where conflict of interest or potential conflict of interest has occurred.

Employee Name:

Position Held:

Valuation Number:

Address of Property:

Nature of your actual or potential conflict (including details of affiliation / relationship):

Value(s) prior to change:

Proposed value(s):

Explanation of value(s) adjustment:

Employee Signature
Date:

Endorsement of Supervisor/Manager
Date:

Notes:
1. All supporting information (ie. FMVVV print etc) must be attached.
2. An explanation of the value movement, usually expressed in percentage terms, in the Site and Capital Value of the property in comparison with the average for other similar properties should be included. If this comparison indicates a variance, then a detailed explanation must be provided.
3. All completed Conflict of Interest Declaration forms are to be retained by the direct in line manger, with an email sent to their respective manager confirming policy compliance.

Definitions

- ***Conflict of Interest***
  A conflict or inconsistency between an officer's private interests and their duties within State Valuation Office.

The *Public Sector (Honesty & Accountability) Act 1995* provides the following definitions:

- ***Associate***
  "(a) a person is an associate of another person if the other person is a relative of the person or of the person's spouse or domestic partner"

- ***Relative***
  "in relation to a person, means the spouse, domestic partner, parent or remoter linear ancestor, son, daughter or remoter issue or brother or sister of the person"

- ***Domestic Partner***
  "means a person who is a domestic partner within the meaning of the *Family Relationships Act 1975*, whether declared as such under that Act or not;

- ***Spouse***
  "a person is the spouse of another if they are legally married

Internal Directive

Subject/Title:	OPEN SPACE POLICY
Issue Date:	29 OCTOBER 2010
Review Date:	28 OCTOBER 2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:	

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

SITE CONTAMINATION

STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose

To provide a consistent and sustainable practice for the determination of statutory valuations in when calculating site values on contaminated sites. This directive should be used as a supplementary guide with the

2. Background

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

The issues identified in this document have an urban and regional focus, and consequently this directive concentrates on both localities. This directive confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions

"Department"- Being the Department of Transport, Energy and Infrastructure.

4. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement

The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. The impact of site contamination will vary from case to case and consultation should be sought from management before a final decision is made.

The following should be used as a guide to determine calculations of the site value on a contaminated property:

- The position of the Valuer-General is to value each property on the basis that it is not contaminated, until such time as the issue is brought to attention
- When a site value has been identified as being contaminated the Valuer must make a decision as to the extent this contamination impacts on the value, based on what evidence is available

- Comparisons should be made to like contaminated properties that have been sold

- In the absence of comparable sales evidence, the Valuer is to utilise a residual methodology where the reasonable cost of remediation is deducted from the value of the property not contaminated

- The reasonable cost of remediation has to be determined on a case by case basis, with more credence being placed on costing established from an environmental survey undertaken on the subject property., as opposed to costs extrapolated from other sources

- The reasonable costs need not reflect the cost associated with returning the site to pristine condition, but rather what is required to remediate the site to the extent required to undertake the permitted use on the site

- The start value from which the deductions are made is not necessarily the on file value

- If the on file value is conservative, the prevailing relativity consideration needs to be given to what a more appropriate value should be in accordance with the prevailing relativity. and

- The final answer is to be reviewed for reasonableness.

Example

Check with Colin for site contamination example

6. References

Does anyone have any references they have referred to for contaminated properties?

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Departmental Directive
Subject/Title: SITE CONTAMINATION DIRECTIVE
Issue Date: MARCH 2011
Review Date: MARCH 2012
Responsible Officer: VALUER-GENERAL
Contact Officer: SENIOR ADVISOR POLICY & PROFESSIONAL DEVELOPMENT

DEPARTMENT FOR PLANNING, TRANSPORT AND INFRASTRUCTURE

LAND SERVICES GROUP

STATE VALUATION OFFICE

SITE CONTAMINATION DIRECTIVES

These directives accompany the Technical Training Module T70-03.

1. Purpose

To provide a consistent and sustainable practice for the determination of statutory valuation when calculating site and capital values for assessments identified with *site contamination*. This directive is intended to be used as a supplementary guide accompanied by the online technical training module T70-03.

2. Background

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties, ensuring accuracy and relativity in the value base.

The issues identified in this document have an urban and regional focus, and consequently this directive concentrates on both localities. This directive confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions

"Department" – Being the Department of Planning, Transport and Infrastructure.

"Site Contamination" - The *Environment Protection Act 1993* section 5B—Site Contamination states that:

(1) For the purpose of this Act, *site contamination* exists at a site if—

(a) chemical substances are present on or below the surface of the site in concentrations above the background concentrations (if any); and

(b) the chemical substances have, at least in part, come to be present there as a result of an activity at the site or elsewhere; and

(c) the presence of the chemical substances in those concentrations has resulted in—

(i) actual or potential harm to the health or safety of human beings that is not trivial taking into account the current or proposed land uses; or

(ii) actual or potential harm to water that is not trivial; or

(iii) other actual or potential environmental harm that is not trivial, taking into account current or proposed land uses.

4. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement

The valuation of this property class is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. The impact of *site contamination* will vary from case to case and consultation should be sought from *supervising valuers* before a final decision is made.

6. Procedures

The following should be considered when determining the site and capital value on a *site contaminated* property:

6.1 the longstanding position of the Valuer-General is to value each property (assessment) on the basis that it is not contaminated, until such time as the issue of contamination is brought to his attention from such sources as the property owner, relevant agencies, council or as identified by staff.

6.2 when a property has been identified as being contaminated the valuer must make a decision as to the extent this contamination impacts on value, based on available evidence.

6.3 ideally comparison should be made to like contaminated properties that have sold.

6.4 in the absence of such sales evidence, the valuer is to utilise a residual methodology where the reasonable cost of remediation is deducted from the value of the property un-contaminated

6.5 the reasonable cost of remediation is to be determined on a case by case basis.

In establishing what is reasonable consideration should be given to:

costings established from an environmental survey undertaken for the subject property, reflecting on other costings to test if provided costs are reasonable.

In the absence ofcosts extrapolated from other sources.

For capital value the reasonable costs need not reflect the cost associated with returning it to a pristine site, but rather what is required to remediate the site to the extent required to undertake the permitted use on the site

6.6 the starting value from which the deductions are made is not necessarily the on file value. Therefore the prevailing relativity consideration needs to be given to what a more appropriate value should be in accordance with the prevailing relativity. This will be the starting value

Note: Where direct comparison is used under point 6.3, consideration must also be given to any necessary adjustments that must be made to maintain, or improve the relativity of the subject property.

7. References

- The *Environmental Protection Act 1993* section 5B—Site Contamination.
-

8. Approval

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development
/ /

Approval by the Valuer-General / /

Government of South Australia
Department of Planning, Transport and Infrastructure

LAND SERVICES GROUP

STATE VALUATION OFFICE

SITE CONTAMINATION DIRECTIVE

Issue Date:	MAY 2013
Review Date:	MAY 2015
Responsible Officer:	VALUER GENERAL / DEPUTY VALUER GENERAL
Contact Officer:	SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:	

1. Purpose

To ensure a consistent and sustainable practice for the determination of statutory valuation when calculating site values for those parcels identified with contamination.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties, ensuring accuracy and relativity in the value base.

2. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3. Definitions

"Site Contamination" – Section 5B of the *Environment Protection Act 1993* states that:

(1) For the purpose of this Act, site contamination exists at a site if -

(a) chemical substances are present on or below the surface of the site in concentrations above the background concentrations (if any); and

(b) the chemical substances have, at least in part, come to be present there as a result of an activity at the site or elsewhere; and

(c) the presence of the chemical substances in those concentrations has resulted in -

(i) actual or potential harm to the health or safety of human beings that is not trivial taking into account the current or proposed land uses; or
(ii) actual or potential harm to water that is not trivial; or
(iii) other actual or potential environmental harm that is not trivial, taking into account current or proposed land uses.

4. Background

While contamination is a disability associated with a specific parcel, it can also affect nearby properties in certain circumstances (ie. leakage into groundwater, seepage etc).

While the definition of site value in the Act assumes that any improvements on the land had not been made, it does not follow that everything else on the site (or affecting the site) does not exist. In particular, the Act recognises site improvements as being items which need to be considered in the determination of site value. Similarly, consideration must be given to items that are not capital in nature but do have a negative impact on a property's value – contamination falls within this category.

It has been a longstanding practise of the SVO to value each property on the basis that it is not contaminated, until such time that the issue of contamination is brought to the attention of the business. This has now changed to incorporate instances where SVO becomes aware of site contamination existing on a property through its own investigations and observations, which is confirmed with supporting evidence.

Various types of evidence exist that provide an indication of contamination on a property including:

- Preliminary Site History report – prepared by a consultant and generally comprising a desk-top audit
- Environment Assessment report – undertaken by a consultant and includes site inspection and detailed soil testing and reporting
- Remediation Management Plan – outlines the remediation process required and the associated expected time frame for completion
- EPA Public Register – an index detailing any notifications and reports in relation to contamination on specific properties

Further details in relation to the identification of site contamination can be found at the following website:
http://www.epa.sa.gov.au/environmental_info/site_contamination

5. Directive

The valuation of property affected by site contamination is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. The impact of site contamination will vary from case to case and consultation should be sought from the Supervising Valuer prior to a final decision being made.

Site contamination is not always limited to a single property and dependant on the type of contamination, it can move off-site (plume, seepage etc) and also affect nearby properties. In these instances the owner of the subject property may also be liable to contribute toward the remediation of the affected nearby properties.

In instances where buildings constructed of contaminated materials (eg. asbestos) exist and their useful life is exhausted, the increased costs that will be incurred in their demolition due to the existence of the materials will be deducted from the property's value.

5.1 No Documented Evidence of Site Contamination

Where no documented evidence of site contamination exists, the site and capital values are to be established assuming no contamination, unless otherwise directed by the Valuer-General.

In the case *C Convenience Stores Pty Ltd v Wayville Plaza Retirement Pty Ltd & Ors [2012],* it was determined that in the absence of any documented evidence concerning the presence, nature or extent of contamination, no account should be taken in the assessment of market value of the land for the possibility of contamination.

5.2 Evidence of Site Contamination

In instances when a site has been identified as being contaminated, it is the expectation that the property owner(s) demonstrate the extent of the contamination based on documented evidence, unless it can be shown that the necessary evidence is publically available to the Valuer-General. Based on this evidence, the valuer will consider all facts and establish the impact on the property's value.

Details of those properties identified as being contaminated are to be maintained in a common file to ensure the information can be monitored ongoing. This file is contained within the Site Contamination Specialised Property Group folder which is accessible by the following link:

Q:\SVO\Shared\Specialised Property Groups Project\Site Contamination\Remediation Costs_2013.xlsx

Contamination can range from minor where minimal remediation costs are required and have little (if any) impact on value, to severe where the property virtually has no viable use in the foreseeable future due to the significant costs to remediate. The degree that contamination affects the current and future utility of the subject needs to be carefully established.

Consideration must be given to the highest and best use of the property for both site and capital value as two mutually exclusive valuations, to establish whether the existence of the contamination affects the current use of the property in the foreseeable future. For example, the continued use of a viable service station on a contaminated site as an existing use may have minimal impact on its capital value, in comparison to the site value where if it was zoned for residential development, the contamination would have a significant impact.

Stigma associated with present or past contamination on a property is an intangible factor which while not necessarily being measurable by remediation cost, may have a negative impact on market value. Stigma represents a discount required to compensate for the risks associated with the contaminated property and the risk of adequately achieving remediation.

In the first instance comparison should be made to sales of comparable properties which also have similar contamination issues.

Secondly, in the absence of sales evidence a suitable adjustment for cost as outlined under 5.2.1 is to be made to the valuation(s) to allow for the existence of the contamination.

Thirdly, where there is no sales evidence or actual remediation costs available, suitable adjustments to the valuation(s) as a percentage allowance are to be made to adequately allow for stigma associated with the site contamination as outlined under 5.2.2.

5.2.1 Remediation Costs Available

The valuer should utilise a residual valuation methodology where the reasonable costs of remediation are deducted from the "starting value" which assumes no contamination exists.

The "starting value" from which the deductions are made will not necessarily be the on file value, but instead should be indicative of market value levels assuming no contamination exists. The reasonable cost of remediation is to be deducted from the "starting value".

The reasonable cost of remediation is to be determined on a case by case basis. Emphasis should be placed on the costing information derived from environmental surveys and reports. The reasonable costs need not reflect the cost associated with returning it to a pristine site, but rather what is required to remediate the site to the extent required to undertake the highest and best use on the site.

For guidance, a log of contaminated costs is centrally maintained within the Site Contamination Specialised Property Group which is accessible by the following link:

Q:\SVO\Shared\Specialised Property Groups_Project\Site Contamination\Remediation Costs_2013.xlsx

5.2.2 No Sales Evidence or Remediation Costs Available

The existence of contamination evidence may create a stigma for the property and consequently may negatively impact its value. In the absence of sales evidence and actual remediation costs, the valuer is to apply an allowance to the value(s) which is recognition of the potential impact the stigma of contamination may have on the property's value.

This allowance is to be applied to the "starting value". The "starting value" will not necessarily be the on file value, but instead should be indicative of market value levels assuming no contamination exists

In determining an appropriate stigma allowance to be applied, the valuer must consider the following:

- extent of the contamination based on documented evidence
- highest & best use of the property (ie. a proposed industrial use will generally require less remediation than a more sensitive or residential use)
- all available evidence
- different property value levels due to location (eg. regional versus metropolitan)

Site contamination is not always limited to a single property and dependant on the type of contamination, it can move off-site (plume, seepage etc) and also affect nearby properties. In these instances the owner of the subject property may also be liable to contribute toward the remediation of the affected nearby properties. In these instances a greater allowance for stigma may be required.

A notation on the system is to be made which details the level of allowance applied to the valuation.

Refer to Appendix 1 for allowance guidelines.

5.3 Value Adjustments

The application of this directive and the issue of value uniformity need to be considered in parallel.

5.3.1 General Valuation

Value level uniformity is of prime importance in undertaking the general valuation of an area. Any adjustment for stigma associated with contamination should be deducted from the level of similar properties in the area that are not affected by such contamination.

5.3.2 Objections

In undertaking an objection primary consideration is to be given to the accuracy of the value level. For example, if the remediation costs are known they are to be deducted from the "Starting Value" (refer 5.2.1 and 5.2.2 above) as follows:

"Starting Value"	$750,000
Less Reasonable Remediation Cost	$150,000
Indicative Market Value	$600,000

The value in this instance would be reduced to $600,000 for the current financial year to which the objection referred.

If however it is established that the value level of the property is inconsistent with the prevailing relativity then the value is to be adjusted accordingly. For example, if the prevailing value levels in the area are assessed at 92% of the market value, then the value of the subject should be determined as follows:

"Starting Value"	$750,000
Less Reasonable Remediation Cost	$150,000
Indicative Market Value	$600,000
Relativity Adjustment (x 0.92)	
Site Value	$552,000 (Rounded to $550,000)

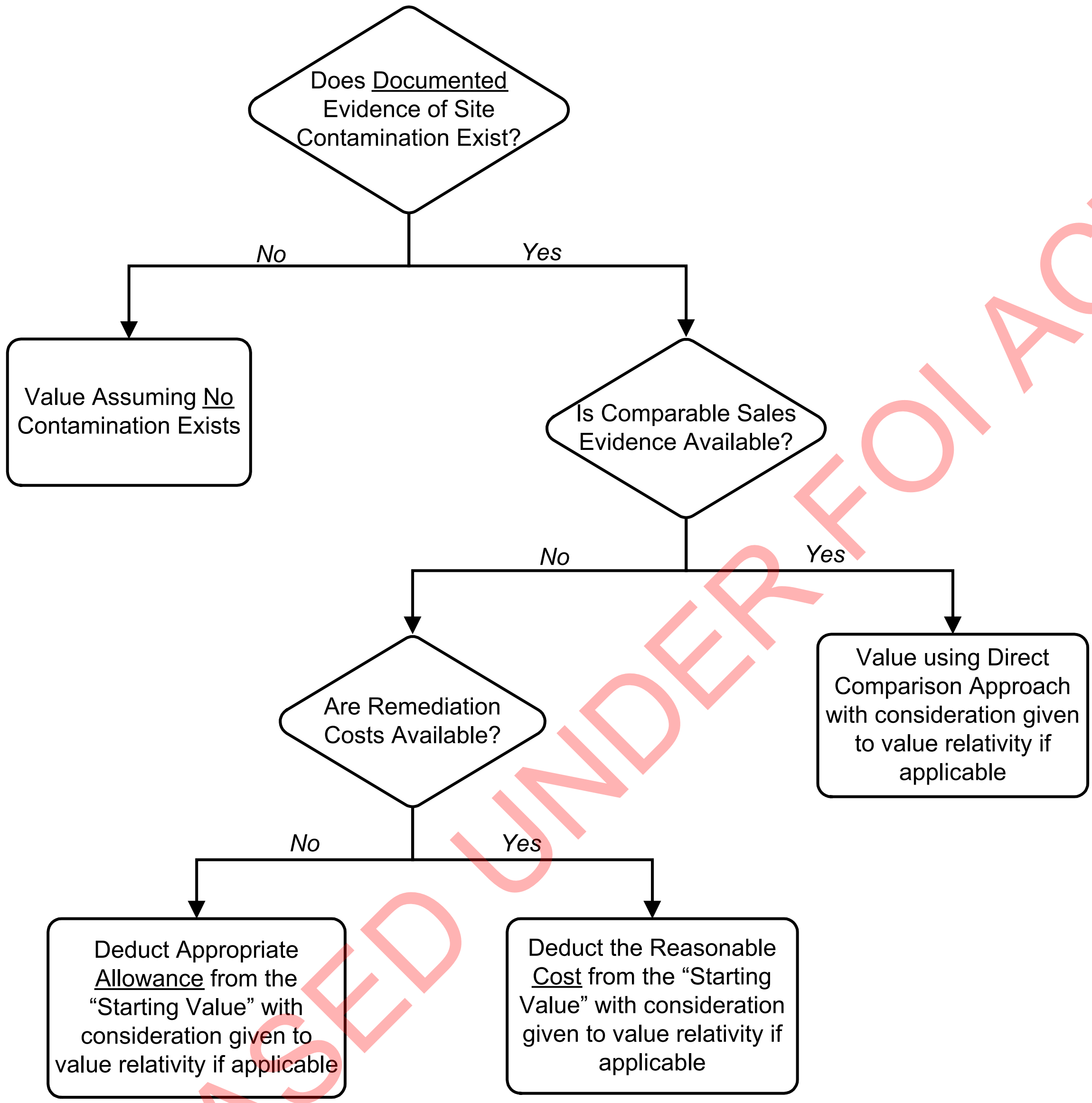
The value in this instance would be reduced to $550,000 for the current financial year in accordance with Section 19(3) of the Act.

5.3.3 Error of Fact

In instances where an error has been identified in the database the value is to be amended for the current financial year in accordance with Section 19(1) of the Act.

To ensure a fair and equitable rating base, this value should be adjusted with consideration of the prevailing value levels.

5.4 Site Contamination Valuation Flowchart



6. References

- The *Environmental Protection Act 1993* section 5B—Site Contamination.
- *C Convenience Stores Pty Ltd v Wayville Plaza Retirement Pty Ltd & Ors [2012]*
- *ANZ Valuation and Property Standards – ARPGN 1 Land Contamination Issues*
- http://www.iaao.org/uploads/contaminationfstd.pdf
- Q:\SVO\Shared\Specialised Property Groups_Project\Site Contamination\API Guidance Notes.pdf

7. Recommendation

This Staff Directive is effective immediately.

Endorsed by Assistant Valuer-General, Metropolitan Valuations May 2013

Endorsed by Assistant Valuer-General, Regional Valuations May 2013

Approval by Deputy Valuer-General May 2013

APPENDIX 1

Allowance for Assessment of Stigma

Recommended value allowances/discounts to recognise stigma associated with properties having contamination where no sales evidence or remediation costs are available - effective for the 2012/13.

Contamination Category	Applicable Discount
Contamination on and contained within the subject boundaries	Up to 25%
Contamination on the subject and where it has moved off site and affected adjoining properties**	Up to 40%
Contamination on subject that has leaked from an adjoining property	Up to 25%

These allowances should be applied where documented evidence of contamination exists, however the actual amount will be dependent on the considerations outlined in 5.2.2 of the Site Contamination Directive.

** This category of allowance should only be applied in instances where the contamination has moved off-site to adjoining parcels and has consequently impacted the value of those adjoining properties. By way of example, if the adjoining property is a roadway, then no additional allowance above the standard “Up to 25%” would be applied as the value of the roadway would be unaffected.

Government of South Australia
Department of Planning, Transport and Infrastructure

LAND SERVICES GROUP

STATE VALUATION OFFICE

SITE CONTAMINATION DIRECTIVE

Issue Date: JUNE 2013
Review Date: JUNE 2015
Responsible Officer: VALUER GENERAL
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

SITE CONTAMINATION DIRECTIVE

1. Purpose

To ensure a consistent and sustainable practice for the determination of statutory valuation when calculating site values for those parcels identified with contamination.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties, ensuring accuracy and relativity in the value base.

2. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3. Definitions

"Site Contamination" – Section 5B of the *Environment Protection Act 1993* states that:

(1) For the purpose of this Act, site contamination exists at a site if -

(a) chemical substances are present on or below the surface of the site in concentrations above the background concentrations (if any); and

(b) the chemical substances have, at least in part, come to be present there as a result of an activity at the site or elsewhere; and

(c) the presence of the chemical substances in those concentrations has resulted in -

(i) actual or potential harm to the health or safety of human beings that is not trivial taking into account the current or proposed land uses; or
(ii) actual or potential harm to water that is not trivial; or
(iii) other actual or potential environmental harm that is not trivial, taking into account current or proposed land uses.

4. Background

While contamination is a disability associated with a specific parcel, it can also affect nearby properties in certain circumstances (ie. leakage into groundwater, seepage etc).

While the definition of site value in the Act assumes that any improvements on the land had not been made, it does not follow that everything else on the site (or affecting the site) does not exist. In particular, the Act recognises site improvements as being items which need to be considered in the determination of site value. Similarly, consideration must be given to items that are not capital in nature but do have a negative impact on a property's value – contamination falls within this category.

It has been a longstanding practise of the SVO to value each property on the basis that it is not contaminated, until such time that the issue of contamination is brought to the attention of the business. This has now changed to incorporate instances where SVO becomes aware of site contamination existing on a property through its own investigations and observations, which is confirmed with supporting evidence.

Various types of evidence exist that provide an indication of contamination on a property including:

- Preliminary Site History report – prepared by a consultant and generally comprising a desk-top audit
- Environment Assessment report – undertaken by a consultant and includes site inspection and detailed soil testing and reporting
- Remediation Management Plan – outlines the remediation process required and the associated expected time frame for completion
- EPA Public Register – an index detailing any notifications and reports in relation to contamination on specific properties

Further details in relation to the identification of site contamination can be found at the following website:
http://www.epa.sa.gov.au/environmental_info/site_contamination

5. Directive

The valuation of property affected by site contamination is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. The impact of site contamination will vary from case to case and consultation should be sought from the Supervising Valuer prior to a final decision being made.

Site contamination is not always limited to a single property and dependant on the type of contamination, it can move off-site (plume, seepage etc) and also affect nearby properties. In these instances the owner of the subject property may also be liable to contribute toward the remediation of the affected nearby properties.

In instances where buildings constructed of contaminated materials (eg. asbestos) exist and their useful life is exhausted, the increased costs that will be incurred in their demolition due to the existence of the materials will be deducted from the property's value.

5.1 No Documented Evidence of Site Contamination

Where no documented evidence of site contamination exists, the site and capital values are to be established assuming no contamination, unless otherwise directed by the Valuer-General.

In the case *C Convenience Stores Pty Ltd v Wayville Plaza Retirement Pty Ltd & Ors [2012]*, it was determined that in the absence of any documented evidence concerning the presence, nature or extent of contamination, no account should be taken in the assessment of market value of the land for the possibility of contamination.

5.2 Evidence of Site Contamination

In instances when a site has been identified as being contaminated, it is the expectation that the property owner(s) demonstrate the extent of the contamination based on documented evidence, unless it can be shown that the necessary evidence is publically available to the Valuer-General. Based on this evidence, the valuer will consider all facts and establish the impact on the property's value.

Details of those properties identified as being contaminated are to be maintained in a common file to ensure the information can be monitored ongoing. This file is contained within the Site Contamination Specialised Property Group folder which is accessible by the following link:

Q:\SVO\Shared\Specialised Property Groups Project\Site Contamination\Contaminated Property Regsiter 2013.xlsx

Contamination can range from minor where minimal remediation costs are required and have little (if any) impact on value, to severe where the property virtually has no viable use in the foreseeable future due to the significant costs to remediate. The degree that contamination affects the current and future utility of the subject needs to be carefully established.

Consideration must be given to the highest and best use of the property for both site and capital value as two mutually exclusive valuations, to establish whether the existence of the contamination affects the current use of the property in the foreseeable future. For example, the continued use of a viable service station on a contaminated site as an existing use may have minimal impact on its capital value, in comparison to the site value where if it was zoned for residential development, the contamination would have a significant impact.

Stigma associated with present or past contamination on a property is an intangible factor which while not necessarily being measurable by remediation cost, may have a negative impact on market value. Stigma represents a discount required to compensate for the risks associated with the contaminated property and the risk of adequately achieving remediation.

In the first instance comparison should be made to sales of comparable properties which also have similar contamination issues.

Secondly, in the absence of sales evidence a suitable adjustment for cost as outlined under 5.2.1 is to be made to the valuation(s) to allow for the existence of the contamination.

Thirdly, where there is no sales evidence or actual remediation costs available, suitable adjustments to the valuation(s) as a percentage allowance are to be made to adequately allow for stigma associated with the site contamination as outlined under 5.2.2.

5.2.1 Remediation Costs Available

The valuer should utilise a residual valuation methodology where the reasonable costs of remediation are deducted from the "starting value" which assumes no contamination exists.

The "starting value" from which the deductions are made will not necessarily be the on file value, but instead should be indicative of market value levels assuming no contamination exists. The reasonable cost of remediation is to be deducted from the "starting value".

The reasonable cost of remediation is to be determined on a case by case basis. Emphasis should be placed on the costing information derived from environmental surveys and reports. The reasonable costs need not reflect the cost associated with returning it to a pristine site, but rather what is required to remediate the site to the extent required to undertake the highest and best use on the site.

For guidance, a log of contaminated costs is centrally maintained within the Site Contamination Specialised Property Group which is accessible by the following link:

Q:\SVO\Shared\Specialised Property Groups_Project\Site Contamination\Remediation Costs_2013.xlsx

5.2.2 No Sales Evidence or Remediation Costs Available

The existence of contamination evidence may create a stigma for the property and consequently may negatively impact its value. In the absence of sales evidence and actual remediation costs, the valuer is to apply an allowance to the value(s) which is recognition of the potential impact the stigma of contamination may have on the property's value.

This allowance is to be applied to the "starting value". The "starting value" will not necessarily be the on file value, but instead should be indicative of market value levels assuming no contamination exists

In determining an appropriate stigma allowance to be applied, the valuer must consider the following:

- extent of the contamination based on documented evidence
- highest & best use of the property (ie. a proposed industrial use will generally require less remediation than a more sensitive or residential use)
- all available evidence
- different property value levels due to location (eg. regional versus metropolitan)

Site contamination is not always limited to a single property and dependant on the type of contamination, it can move off-site (plume, seepage etc) and also affect nearby properties. In these instances the owner of the subject property may also be liable to contribute toward the remediation of the affected nearby properties. In these instances a greater allowance for stigma may be required.

A notation on the system is to be made which details the level of allowance applied to the valuation.

Refer to Appendix 1 for allowance guidelines.

5.3 Value Adjustments

The application of this directive and the issue of value uniformity need to be considered in parallel.

5.3.1 General Valuation

Value level is of prime importance in undertaking the general valuation of an area. Any adjustment for stigma associated with contamination should be deducted from the "starting value" then an adjustment made for the level of the general valuation that is being prescribed.

5.3.2 Objections

In undertaking an objection primary consideration is to be given to the accuracy of the value level. For example, if the remediation costs are known they are to be deducted from the "Starting Value" (refer 5.2.1 and 5.2.2 above) as follows:

"Starting Value"	$750,000
Less Reasonable Remediation Cost	$150,000
Indicative Market Value	$600,000

The value in this instance would be reduced to $600,000 for the current financial year to which the objection referred.

If however it is established that the value level of the property is inconsistent with the prevailing relativity, then a recommendation for a relativity adjustment could be made as part of the objection. For example, if the prevailing value levels in the area are assessed at 85% of the market value, then the recommended value of the subject should be determined as follows:

"Starting Value"	$750,000
Less Reasonable Remediation Cost	$150,000
Indicative Market Value	$600,000
Relativity Adjustment (x 0.85)	
Site Value	$510,000

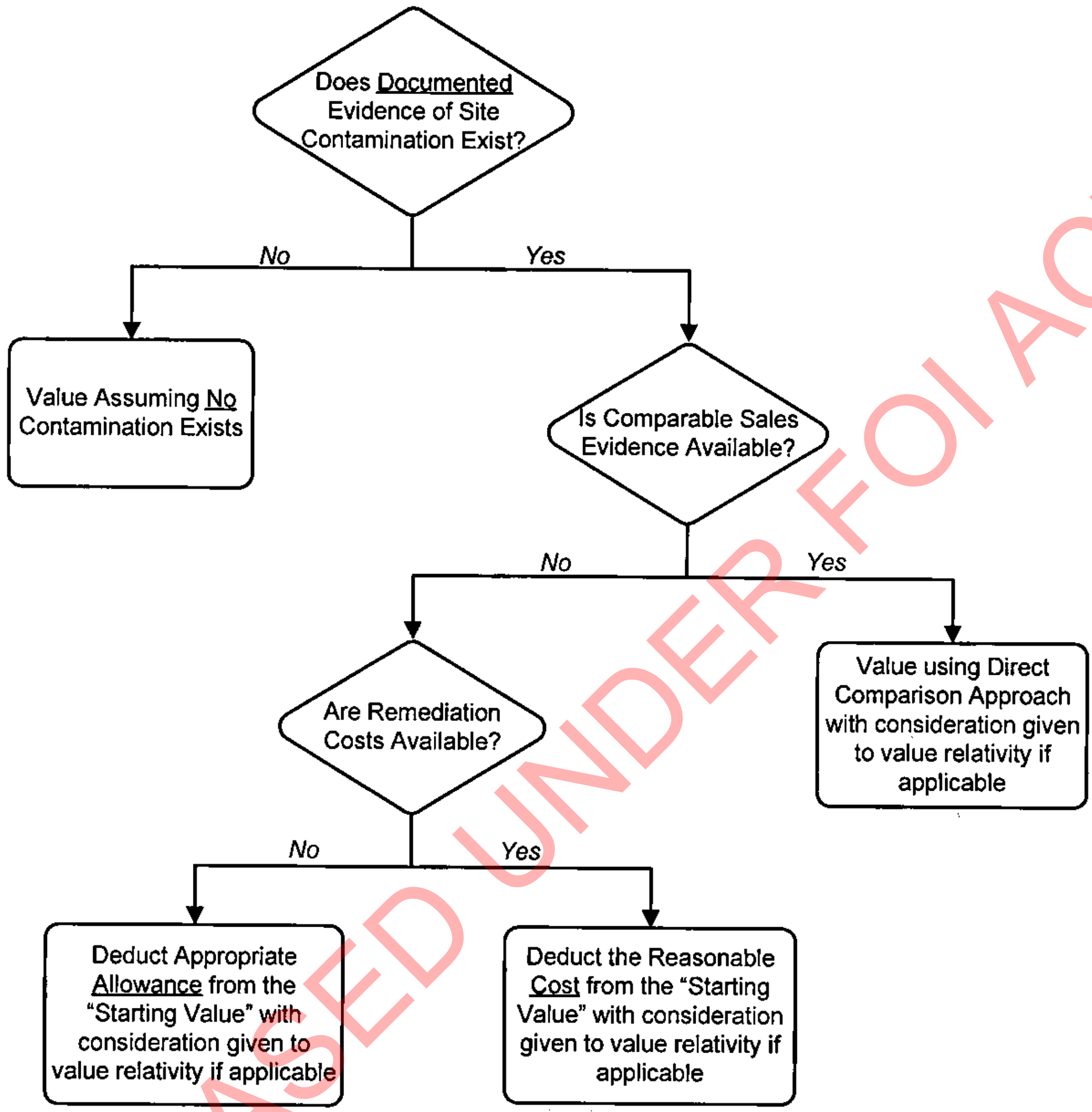
The value in this instance may be reduced to $510,000 for the current financial year in accordance with Section 19(3) of the Act at the discretion of the Valuer-General.

5.3.3 Error of Fact

In instances where an error has been identified in the database the value is to be amended for the current financial year in accordance with Section 19(1) of the Act.

To ensure a fair and equitable rating base, this value should be adjusted with consideration of the prevailing value levels. To be determined by deducting the remediation costs or stigma allowance from the "starting value" then making a further adjustment for the level of the prevailing relativity.

5.4 Site Contamination Valuation Flowchart



6. References

- The *Environmental Protection Act 1993* section 5B—Site Contamination.
- *C Convenience Stores Pty Ltd v Wayville Plaza Retirement Pty Ltd & Ors [2012]*
- *ANZ Valuation and Property Standards – ARPGN 1 Land Contamination Issues*
- *http://www.iaao.org/uploads/contaminationfstd.pdf*
- *Q:\SVO\Shared\Specialised Property Groups_Project\Site Contamination\API Guidance Notes.pdf*

7. Recommendation

This Staff Directive is effective immediately.

ENDORSED

Endorsed by Assistant Valuer-General, Metropolitan Valuations 14 June 2013

ENDORSED

Endorsed by Assistant Valuer-General, Regional Valuations 14 June 2013

Approval by Valuer-General 14 June 2013

APPENDIX 1

Allowance for Assessment of Stigma

Recommended value allowances/discounts to recognise stigma associated with properties having contamination where no sales evidence or remediation costs are available.

Contamination Category	Applicable Discount
Contamination on and contained within the subject boundaries	Up to 25%
Contamination on the subject and where it has moved off site and affected adjoining properties**	Up to 40%
Contamination on subject that has leaked from an adjoining property	Up to 25%

These allowances should be applied where documented evidence of contamination exists, however the actual amount will be dependent on the considerations outlined in 5.2.2 of the Site Contamination Directive.

** This category of allowance should only be applied in instances where the contamination has moved off-site to adjoining parcels and has consequently impacted the value of those adjoining properties. By way of example, if the adjoining property is a roadway, then no additional allowance above the standard "Up to 25%" would be applied as the value of the roadway would be unaffected.

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 6

STRATA VALUATION, ADMINISTRATIVE AND HEADER RECORDS

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

1 Purpose

To ensure the consistent and sustainable practice in the creation and maintenance of strata, administrative valuation header records.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach for strata, administrative and header valuation records.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

When a primary community strata plan, secondary community strata plan or a tertiary community strata plan is lodged with the Land Titles Office, SALIS will generate shell records for the strata header and all individual strata lots. All lots within the plan will be added (linked) to the strata header.

If a strata plan is being reconfigured the above process will also occur.

When a secondary or tertiary community strata plan is deposited as a tiering over another community strata plan or when a plan amendment is approved, the parcels will be updated on the existing strata header to reflect all active parcels.

The strata header is a <u>site value only</u> record that contains the total site value calculation for the lots within the plan/complex.

4 Directive

There is a business requirement to complete all strata valuation and strata header records within **20 working days** from the date of receipt of the workbox item.

4.1 Strata Unit Site Value Calculation

The site value for a strata unit/lot is determined in accordance with the approach defined in Section 5(2) of the *Valuation of Land Act 1971*.

Unit CV/Total CV of Units = X

X SV for entire Site = Unit SV*

This calculation will be performed automatically within the system.

The approach comprises three steps:

1. Determine the site value of the entire land to which the Strata Plan refers;
2. Determine the capital value for each of the units within the Strata Plan;
3. The site value for each unit is calculated as a proportion of the total site value for the entire parcel, where the proportion is for the calculation is the same as the proportion of the unit's capital value as it bears to the aggregate capital value of all the units.

4.1.1 Site Value of the Site for the Strata Plan

- The site value is to be determined assuming that any improvements on the site (other than site works) had not been made, unless the benefit of those improvements at the date of valuation were exhausted – refer to Section 5(1) of the *Valuation of Land Act 1971*.

- The determination of the highest and best legal use is with reference to what is permissible under the current planning controls for the subject property, and not necessarily the existing use, unless that existing use would be approved as at the date of valuation.

- When valuing the site or parcel for a Strata Plan consideration must also be given to the fact the subject property is enhanced (or diminished) by an existing division of land. The division of land in a Strata Plan is a "betterment" or "worsement" to the subject property that exists for the purpose of determining a site value, regardless of the requirement to assume the improvements on the property (that are not site works and not exhausted) had not been made.

- The existing potential (or not) for the subject property through the division of land must be considered in the determination of the site value of the parcel under the Strata Plan.

- By way of example, if a Strata Plan comprises six units, then the parcel should be valued recognising it has the potential to build six units, regardless if the current planning controls would prevent such a division of land. Consideration however must also be given to the footprint of the existing units and to the market demand for such an allotment configuration.

4.1.2 Determination of the Capital Value of each unit

The capital value for each unit held under the strata plan is to be determined having regard to market evidence of similar units with consideration given to the specific location, amenity and services available.

4.2 Site Value for a Community Lot and Strata Lot under the *Community Titles Act 1996.*

There are two types of community titles available to the developer depending on the nature of the scheme:

- *Community Scheme*
- *Community Strata Scheme*

A single storey lot can only be a Community Scheme (community lot) whereas a Community Strata Scheme will apply to a division where at least one lot (strata lot) exists above another.

4.2.1 Determining a Site Value for a *Strata Lot*

The site value for a primary *strata lot* is determined in accordance with the approach outlined under s. 5(2) of the *Valuation of Land Act 1971*. This approach is the same as valuing the site value for a strata unit (refer 4.1 above).

If a primary strata lot is divided by a secondary plan, separate "capital value only" records are required for each secondary lot that does not have an attachment to the land, and a single "site value only" record is to be created that represents the land under the development.

4.2.2 Determining a Site Value for a Community Lot

The site value must instead be determined on the basis of the definition of site value, recognising the community lot is capable of being separately sold. This means the site value is to be determined and supported by reference to market evidence of similar lots/allotments.

4.3 Header Record

The strata header is the primary record that captures the total site value for the total site area of a strata or community strata plan. The site value of the header record is automatically apportioned across all the valuation strata records in accordance with the requirements of Section 5(2) of the Act.

The determination of the site value for the header record that represents the whole site within the strata or community strata plan is to be calculated in accordance with Section 4.1.1 of this directive.

4.4 Administrative Record

Administrative records are created for SA Water billing purposes in relation to properties that share a water meter and also where water is supplied to traffic islands, road reserves and public toilets etc. These records are also regarded a common supply and supply by measure.

These records contain limited data in comparison to a valuation record and are not to contain either a site or capital value.

4.5 Assessment of Common Property

The interest in the common property that attaches to each lot will be regarded for the purposes of valuation as part of the lot, and therefore the common property in most instances will not be separately assessed but its value is included in the value for each lot.

If the use of the common property (or any part of it) is not reasonably incidental to the use of any of the Lots then the common property (or part of it) should be separately assessed. The following tests apply:

- Is the common property under separate physical occupation?
- Is the common property used for commercial gain?

In either of these circumstances a separate valuation record will be created for that portion of the common property. Please note that if this situation occurs then the value of the common property that is separately assessed will not be reflected in the value of the individual lots.

4.6 Unencumbered Valuation Basis

Any restrictions or requirements placed on the Lot (and its owner), or common property, by the scheme description, by-laws and any development contract are to be ignored as an encumbrance when valuing the '*unencumbered estate in fee simple*' .

5 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 4

SUBMARKET GROUPS

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

1 Purpose

To ensure a consistent and sustainable practice in the creation and maintenance of submarket groups.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to submarket and market group determination.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

A submarket group is a group of properties within a Local Government Area that share uniform market movements in the real estate market. Submarket groups may change overtime in accordance with market changes.

In SAILIS each valuation record can only reside in one submarket group at any one point in time.

Valuation records can be re-allocated from one submarket group to another by either a textual or spatial search which identifies the relevant records.

A market group is a collection of submarket groups within and /or across multiple Local Government Areas.

Submarket groups can be attached to a market group which may operate across Local Government boundaries. A submarket group however can only be linked to one market group at any one point in time.

Submarket groups form the basis of mass appraisal functionality in SAILIS. Market groups cannot be used in the mass appraisal process however they can form the basis of reporting in other essential business processes including data integrity, exceptions and sale extracts.

4 Directive

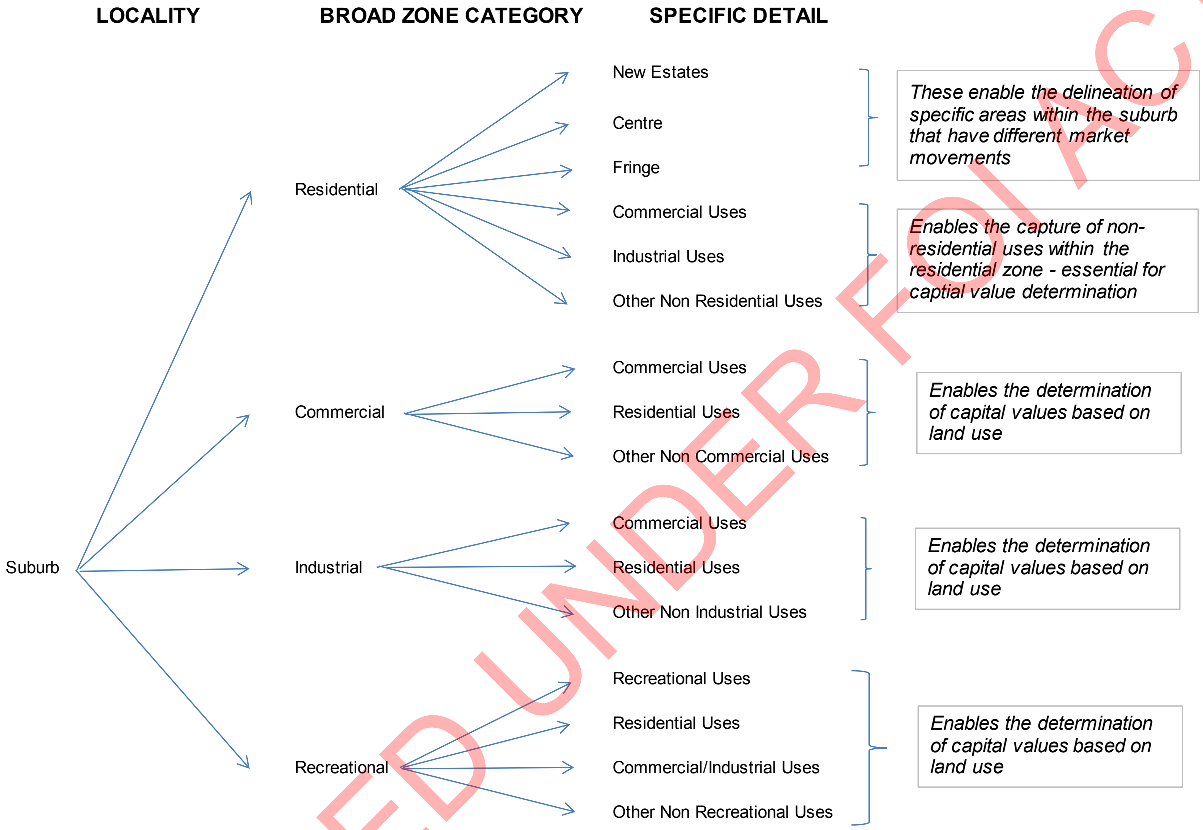
4.1 Submarket Group Determination

Submarket groups are primarily to be geographically based and represent groups of properties having similar value drivers. Zoning districts should also form the basis of consideration in defining submarket groups.

It must be remembered that the submarket group will be used in the mass appraisal process and therefore both the site and capital values may be affected.

By way of example - it has been determined that a suburb has a main market driver relating to zone categories as well as specific localities within the suburb that experience different market movements. Additionally, a number of uses exist within each zone that are not related to the zoning principals but need to have their capital values established on an actual use basis.

The following diagram illustrates a possible submarket group structure to address the many variables.



In this example the mass appraisal of the suburb could be undertaken in a number of ways:

- Site Values
  - Individual Mass Appraisal files at the “Specific Detail” level; or
  - The grouping of the “Specific Details” SMG’s and undertaking the mass appraisal at the “Broad Zone Category” level; or
  - The grouping of all SMG’s and undertaking the mass appraisal at the “Locality” level

- Capital Values
  - Individual Mass Appraisal files at the “Specific Detail” level

4.2 Submarket Creation

The following should be considered when creating a submarket group:

SMG Component	Details
Local Government Area	Must always be included
Submarket Group Name	Must be a meaningful and concise name that adequately describes the SMG and enables ease of searching. It is recommended that the value type(s) for which the SMG has been created is included in the name - • Site Value (SV) • Capital Value (CV) • Both Site and Capital Values (SVCV)
Submarket Group Description	Provide specific detail regarding the locality to which the SMG refers – must be kept meaningful
Submarket Category	Depending on the SMG composition, this can reflect either the main land use of the area or the broad zoning category
Suburb	An optional field that may provide a further location attribute on which to describe the SMG

The naming of submarket groups should be kept concise while also providing an accurate description of the property grouping.

4.3 Change of Submarket Group for Site and Capital Values

It is possible to set up submarket groups for the purpose of site value mass appraisal and then reconfigure the group composition to enable the capital value determination.

Where required a submarket group can be expanded to include physical attributes (eg. house age) of a property. This practise however will lead to a significant number of submarket groups being created and potentially becoming difficult to manage.

Where possible it is recommended that submarket groups be created to represent groupings of properties that move similarly in the market place, as opposed to creating groups with the main purpose of addressing database relativity issues. Database relativity issues should be identified and addressed as a separate process and <u>not</u> managed through the use of submarket groups.

5 Endorsement

This Staff Directive is effective immediately.

Internal Directive
Subject/Title: OPEN SPACE POLICY
Issue Date: 29 OCTOBER 2010
Review Date: 28 OCTOBER 2011
Responsible Officer: VALUER-GENERAL
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

HERITAGE NOTIONAL SITE VALUE
STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose

To provide a consistent and sustainable practice for the determination of statutory valuation in determining properties affected by heritage notional site values. This directive should be used as a supplementary guide with the online technical training module T70-04.

2. Background

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

The issues identified in this document have an urban and regional focus, and consequently this directive concentrates on both localities. This directive confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions

"Department"- Being the Department of Transport, Energy and Infrastructure.

4. Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement

The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. Please refer to training module T70-04 for a step-by-step guide for heritage listed notional site values. A link is provided at the end of this directive.

5.1 Calculating a Notional Heritage Site Value

Site value is to be calculated on the basis that no division of the site is possible (e.g. residential notional).

As prescribed in Section 22B of the Valuation of Land Act, 1971 defines heritage listed as follows:

Heritage land

22B. *(1) Where land forms part of the State/local Heritage list, a valuing authority that values the land for the purpose of levying rates, taxes or imposts must, in making the valuation—*

(a) take into account the fact that the land forms part of the State/local heritage list; and

(b) *disregard any potential use of the land that is inconsistent with its preservation as part of the State or local Heritage significance or value*

6. Relevant Court Cases

Heritage Notional Value

- *McEwin & Ors v The Valuer – General (1993) 60SASR 241*

More commonly referred to as the *"Adelaide Club Case"* several significant judgements in relation to the determination of notional site and capital values resulted from this court action, namely:

1. Restrictions caused by the heritage listing must be considered when determining the site value.

2. It was not sufficient to simply use comparable sales evidence in assessing capital value for "unique" heritage listed properties.

3. Transferable floor area (approval to transfer potential floor area from a conservation site to another not so constrained) is not an interest in the land as it can be transferred independently of the site and is thus not part of the site value.

- Ardoch Pty Ltd v Valuer- General (No 2) 2006 SASC 217
  - The decision and any potential impact on the general valuation, undertaken by the Valuer-General, is summarised as follows:
  - In his judgement, his Honour confirmed that the Valuer-General's methodology, which relies upon a comparable land sale approach that provides for recognition of the heritage significance of the subject property, is the preferred method of valuation. It is implicit in the judgement that great care and attention to detail must be taken in the selection and application of such sales to a heritage property.
  - His Honour did not accept the appellant's contention that a previous decision, *McEwin & Ors v Valuer-General (1993)* mandates a residual value approach where the site value is determined by deducting the depreciated replacement cost of all buildings and other improvements from the total capital value of the property as a single holding. His Honour's view was that this approach was highly subjective and quite unsuitable in this case.
  - The decision clearly confirms that the policy and methodology used by the Valuer-General in determining such values is sound and complies with both the meaning and intent of the Act.

7. References

Online Training Module T70-04
Valuation of Land Act, 1971

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Internal Directive
Subject/Title: OPEN SPACE POLICY
Issue Date: 29 OCTOBER 2010
Review Date: 28 OCTOBER 2011
Responsible Officer: VALUER-GENERAL
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

NOTIONAL SITE VALUES
STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose
To provide a consistent and sustainable practice for the determination of statutory valuations in determining properties affected by notional site values. This directive should be used as a supplementary guide with the online technical training module T70-04.

2. Background
Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

The issues identified in this document have an urban and regional focus, and consequently this directive concentrates on both localities. This directive confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions
"Department"- Being the Department of Transport, Energy and Infrastructure.

4. Scope
This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement
The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. Please refer to training module T70-04 for a step-by-step guide for conducting notional site valuations. A link is provided at the end of this directive.

5.1 Purpose of Notional values
To provide rate relief to properties used for specific purpose by valuation, rather than rate adjustment means. Where there is a notional site value there should be an associated notional capital value.

5.2 Types of Notional Values
Notional values are concessions based on actual use, that is, the highest and best use of that property.

There are however, three instances where rating and taxing have regard to actual property use:

- Where the land is solely used as the owners' Principle Place of Residence (PPR);
- Where the land is genuinely used for the business of primary production; and
- There is an item on the property, which is of state/local heritage list. (*please refer to separate directive for Heritage Notional Site Values*).

Section 22 A of the *Valuation of Land Act, 1971* prescribes:

Notional valuations to be made in certain cases

22A. (1) The owner of land is entitled to the benefit of this section in respect of the valuation of land by a valuing authority if—

(a) the owner—

(i) has an estate of fee simple in the land; or

(ii) holds the land by virtue of a Crown lease, or an agreement to purchase from the Crown; or

(iii) is the occupier of the land by virtue of his or her shareholding in a body corporate of a kind referred to in paragraph *(b)*(ii); and

(b) the conditions laid down in any one of the following subparagraphs are satisfied:

(i) the owner of the land is a natural person, the land constitutes his or her principal place of residence, and is not used for any commercial or industrial purpose; or

(ii) the land is vested in a body corporate and—

(A) the whole of the land vested in the body corporate consists of a group of dwellings and land appurtenant to those dwellings; and

(B) all issued shares of the body corporate are owned by shareholders who acquire exclusive rights to occupy land of the body corporate by virtue of their shareholdings; and

(C) the land constitutes the principal place of residence of a natural person who is a shareholder in the body corporate; and

(D) the land is not used for a commercial or industrial purpose; or

(iii) the land is used for the business of primary production; and

(c) the value of the land is, in the opinion of the relevant valuing authority, enhanced by—

(i) an existing division of the land; or

(ii) a potential for division of the land; or

(iii) a potential for use of the land otherwise than in the manner referred to in the relevant subparagraph of paragraph (b).

5.3 Application of Notional Values

A common example of a Notional Value application on the basis of a property satisfying the requirements as a Principle Place of Residence (PPR) can be demonstrated as follows:

Example

Subject property is a dwelling situated on a land parcel of 1500m^2 located in an inner metropolitan suburb. Current zoning permits subdivision of this site to a minimum of 500m^2 per site, giving a subdivisional potential of three lots.

The current value of a 500m^2 site in this locality is $250 000.
The site value on this basis is thus say $700,000 allowing for subdivision costs.

The current value of the property on the basis of dwelling on a large block $600 000.

As the property is the current owner's principle place of residence the latter figure represents the Notional Capital of the subject property.

Thus the current values applicable to the property are as follows:

Substantive Site Value:	$700,000
Substantive Capital Value:	$700,000
Notional Site Value:	Generally not applicable as Land tax is not applied to the property given its residential PPR status, however in the case of Council adopting Site Value as the rating base a Notional Site Value would apply.
Notional Capital Value:	$600,000
Notional Site Value:	$600,000

6. References

[Online Training Module T70-04]
Valuation of Land Act, 1971

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Internal Directive

Subject/Title:	OPEN SPACE POLICY
Issue Date:	29 OCTOBER 2010
Review Date:	28 OCTOBER 2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet No:	

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

STRATA PLANS
STATE VALUATION OFFICE INTERNAL DIRECTIVE

1. Purpose
To provide a consistent and sustainable practice for the determination of statutory valuations in when calculating site values on strata plans. This directive should be used as a supplementary guide with the online technical training module T30-18.

2. Background
Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the valuation of these properties to ensure accuracy and relativity in the value base.

The issues identified in this document have an urban and regional focus, and consequently this directive concentrates on both localities. This directive confirms pre-existing practice in relation to the valuation of this property class.

3. Definitions
"Department"- Being the Department of Transport, Energy and Infrastructure.

4. Scope
This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971*.

5. Directive Statement
The valuation of this category of property is a specialised task requiring considerable research to be undertaken and professional judgement to be applied. Please refer to training module T30-18 for a guide to calculate site values on strata plans. A link is provided at the end of this directive.

5.1 Strata Plan Calculations
When valuing strata plans, always calculate the total site value and then consider the added value of planning approval. E.g. if existing use is above permitted use.

The site value of the strata plan should be compared with neighbouring properties. Be sure to check site value apportionment difference with neighbouring units, which are apportioned based on the capital value.

6. References
Online Training Module T30-18
Valuation of Land Act, 1971

Approval

DEPARTMENTAL POLICY APPROVAL

KNet Number:

Endorsement by Assistant Valuer-General (Urban) / /

Endorsement by Assistant Valuer-General (Rural) / /

Quality Checked by Senior Advisor Policy & Professional Development /

Approval by the Valuer-General / /

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 1

VALUATION METHODOLOGY

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS & VALUATION SERVICES

1 Purpose

To ensure a consistent and sustainable practice in the determination and use of appropriate valuation methodologies for rating and taxing work.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach in the use of valuation methodologies.

2 Scope

Applicable to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

This policy covers issues in relation to the type of methodology to be adopted for the various property categories. The actual application of the methodologies in the mass appraisal process does not form part of the policy but instead is covered in the "*Valuation Mass Appraisal Directive*" document.

3 Background

3.1 Valuation Approaches

The valuation calculation methods to be adopted by the business in the determination of rating and taxing values are directly aligned with industry recognised valuation approaches outlined as follows:

- Direct Comparison - a comparative approach which primarily considers sales of properties having similar attributes and market drivers to that of the property being valued.

- Income Capitalisation - this approach considers the projected income (rental) stream that a property can produce and estimates the value by applying a rate of return (capitalisation rate) that is indicative of the market. This method is the most appropriate to apply when valuing commercial and industrial properties where sufficient income data is available.

- Summation - involves the estimation of the individual land and improvement component values and adding these amounts together with the result being an indication of the property's value. The value of the land component is generally determined using the direct comparison approach and is derived from sales evidence of similar sites which are vacant. The value of the improvement components can be determined by comparison with similar improvements on comparable sale properties, or by considering the replacement cost of the improvement and deducting an allowance for age, condition and obsolescence factors.

3.2 Calculation Methods Defined

All valuation records within SAILIS have a least one component *(refer Components& Attributes Directive)* with the value of these component being set by either one of two calculation methods:

- **Direct Value** – the basis of this method is that a value is recorded directly against a component within a valuation record.

- **Rate Table** – the value is determined based on a set of attributes within the component which align with a value rate held within a rate table. A link is formed between the component and the value within the rate table and therefore any change to the rate table values will affect the value of the component.

The following example illustrates the different methods in a site value determination:

Method	Land Area (m²)	Rate	Site Value
Direct Value	1,100	NA	$160,000
Rate Table	900	$160/m²	$144,000

3.3 Calculation Methods and Site and Capital Values

Different calculation methods can be applied to site and capital values within a single valuation record, however only one method can be applied to a value type.

3.3.1 Site value

The calculation of a site value can be determined by the application of either the "Direct Value" of "Rate Table" method to the land component(s).

3.3.2 Capital Value

In respect of the capital value determination, extensions of the calculation methods described above are available and are outlined as follows:

- **Direct Value**
  - **<u>Including</u> Site Value** – A method where the capital value is determined having regard to the site value. This is a form of the valuation summation approach where the improvement component(s) of a valuation record are added to the land component amount (site value) to create a capital value. In using this method any increase to the site value will result in an equal increase (in dollar terms) in the capital value for that particular valuation record. This method enables the added value of improvements (improvement components) to be adjusted at a different rate to that of the land component.

  - **<u>Excluding</u> Site Value** – A method where the site and capital values are independent of each other and any change to the site value will <u>not</u> affect the capital value. This method is not a summation approach but instead relies on direct comparison with similar properties having similar attributes.

- **Rate Table**

  - **Summation** – Components are the building block of a valuation record with a value being assigned against each, and the value of the record being determined by the summation of all component values. Each value in a rate table can be adjusted independent of each other. The component values are held and maintained within rate tables which are essentially a repository of values which are linked to the valuation record.

  - **Income Capitalisation** – The ability to determine capital values using the income capitalisation approach can be achieved by utilising these rate tables. The three key elements of the capitalisation approach namely, market rent, outgoings and capitalisation rate are maintained in separate rate tables as follows:

    - Gross Rent
    - Outgoings
    - Capitalisation Rate

    In establishing these key value determinants for a valuation record consideration should be given to the following:

    - Land Owner Returns – a formal request from the Valuer-General to landowners requesting information in relation to rental details of commercial and industrial properties – a good source in the determination of gross rental, outgoings and net rental data
    - Market Listings – information relating to properties currently for sale and can provide gross and net rental information
    - Sales Analysis – the primary source in determining the level of capitalisation rates for specific property groupings

    The individual value determinants are held within the respective tables and are able to be adjusted independent of each other. The value data within these tables is linked to the valuation record where the net rent is calculated and the capital value is determined.

  It is important to note that while both rate table methods require values to be held within pre-established repositories, the valuation approach used to determine the capital value is different.

4 Directive

4.1 Calculation Method Application

The table below details the preferred methodologies to be applied to the respective land use categories. It is important to note that the preferred method for a particular land use category outlined in this table may differ from the method adopted at SAILIS implementation. In instances where the methodology being utilised is in fact not the preferred method, the staff member responsible for that sub market group is to obtain direction from his/her Supervisor and the Valuer-General prior to initiating any change to the methodology.

Land Use Category	Preferred Method		Alternate Method	
	Site Value	**Capital Value**	**Site Value**	**Capital Value**
Residential Single Accommodation	Direct	Rate Table (Summation) – *dependant on SMG*	Rate Table (Summation)	Direct (Excl SV)
Residential Multiple Accommodation	Direct	Direct (Excl SV)	Rate Table (Summation)	Rate Table (Income Cap)
Retirement / Aged Care	Direct	Direct (Excl SV)	Rate Table (Summation)	Rate Table (Income Cap)
Rural Living	Rate Table (Summation)	Rate Table (Summation)	Direct	Direct (Incl SV)
Commercial - Office	Rate Table (Summation)	Rate Table (Income Cap)	Direct	Direct (Excl SV)
Commercial - Retail	Rate Table (Summation)	Rate Table (Income Cap)	Direct	Direct (Excl SV)
Commercial – Hospitality	Rate Table (Summation)	Rate Table (Income Cap)	Direct	Direct (Excl SV)
Industrial – Manufacturing	Rate Table (Summation)	Rate Table (Income Cap)	Direct	Direct (Excl SV)
Industrial – Non-manufacturing	Rate Table (Summation)	Rate Table (Income Cap)	Direct	Direct (Excl SV)
Vacant Land	Direct	Direct (Incl SV)	Rate Table (Summation)	Rate Table (Summation)
Reserves	Direct	Direct (Incl SV)	Rate Table (Summation)	Rate Table (Summation)
Community Services	Direct	Direct (Excl SV)		
Infrastructure / Utilities	Direct	Direct (Excl SV)		
Recreation	Direct	Direct (Incl SV)		
Extractive Industry	Direct	Direct (Incl SV)		
Rural	Rate Table (Summation)	Rate Table (Summation)		

NB. Table 1 contained in the appendix details the land use codes allocated to each land use category. In instances where two methods have been identified careful consideration is required as to the specific sub market group

4.2 Calculation Methods and Site and Capital Values

SAILIS provides the ability to allocate different calculation methods to the site and capital value on the same valuation record. The same method however must be applied to all components within the capital value calculation of a record.

Until further advised by the Valuer-General the same calculation method is to be adopted for both the site and capital value on the same valuation record.

4.2.1 Changing Between Direct Value (Including SV) and Direct Value (Excluding SV)

The ability to change between the two Direct Value methods in the determination of capital value is a relatively simple process and consequently the following must be adhered to:

- If changing from Direct Value (Excluding SV) to Direct Value (Including SV) the "Improved/Improvement" component value will need to be adjusted to ensure the added value of the improvements is set at the correct level. This adjustment is necessary as when such a change occurs to the method the capital value will be copied to the "Improved/Improvement" component value field and added to the land component value, thereby resulting in an incorrectly high capital value.

- If changing from Direct Value (Including SV) to Direct Value (Excluding SV) the capital value will remain and the component values adjusted accordingly. Therefore no additional action is required.

NB. In the short to medium term and until advised further by the Valuer-General, no changes to the calculation methods are to occur.

4.3 Calculation Methods to be Adopted as at 27 April 2015

All records that were held and valued within the Rural CAVS application in the LOTS environment have been migrated and are to be maintained in the Rate Table (Summation) method within SAILIS – **this is to be maintained**.

The migration of the balance of valuation records from LOTS into SAILIS has been undertaken is accordance with the following:

Land Use Code Range	Calculation Method (Site and Capital) (as at 27 April 2015)
1100 – 1399 (Houses and Units)	Direct (Excluding SV)
1400 – 1899 (Multiple Residential)	Direct (Excluding SV)
1900 – 1999 (Rural living and shacks)	Direct (Including SV)
2000 – 2999 (Commercial)	Direct (Excluding SV)
3000 – 3999 (Industrial)	Direct (Excluding SV)
4000 – 4999 (Vacant Land)	Direct (Including SV)
5000 – 5999 (Institutions)	Direct (Excluding SV)
6000 – 6999 (Public Utilities)	Direct (Excluding SV)
7000 – 7999 (Recreation)	Direct (Including SV)
8000 – 8999 (Extractive Industry)	Direct (Including SV)
9000 – 9999 (Rural)	Direct (Including SV)

NB. The rural related land use codes contained in this table refer to those assessments that were previously not held and valued within the Rural CAVS application in LOTS.

In the short term to medium term and until further advised by the Valuer-General, the calculation methods detailed in this table are to be maintained.

4.3.1 Change of Land Use

Until such time as otherwise instructed by the Valuer-General, when a land use code on a valuation record changes from vacant (range 4000-4999) to another land use, the calculation method of Direct Value (Including SV) must also be changed (where required) to align with the corresponding new LUC range calculation method as outlined in the above table. Such a change of land use may be the result of a revisit, error of fact, objection or project work activities.

By way of example, if a valuation record that is currently coded as a vacant residential allotment (4100) is inspected as part of the revisit process and a new dwelling on the property is confirmed by the valuation officer, the LUC will be amended to residential (1100) and the calculation method changed to Direct Value (Excluding SV), and of course the capital value also adjusted.

This process will ensure consistency in valuation approach across the database.

4.4 High Risk Properties

While the table included at 4.3 above outlines the calculation method as at SAILIS implementation, a group of properties will require additional consideration and potentially the application of alternate methodologies (external to SAILIS) to provide the Valuer-General with a level of confidence in the valuation. These properties are those considered high-risk in respect of their significant level of value and the complexity in the determination of the value itself.

An example of such a property group would be englobo subdivisional land where many factors such as development costs and profit margins are key considerations in the valuation process – the use of valuation software such as Estate Master is an industry accepted method of determining the value of englobo parcels.

4.5 Income Capitalisation Conversion Strategy

The income capitalisation approach is used in the determination of the present value of a future income stream/earning capabilities of a particular property. The elements of market rent, outgoings and rate of return are the key considerations utilised within the approach and are derived from both sales and market evidence.

The income capitalisation approach in SAILIS utilises the Rate Table calculation method. Refer to the "*Components & Attributes Directive*" and the "*Valuation Rate Tables Directive*" for business rules in relation to the creation of rate table and components required for the income capitalisation method.

While the directive included in 4.3 above states that commercial and industrial related properties are to be valued using the Direct (Excluding SV) calculation method, it is the intention of the Valuer-General to have the capital value of these records converted to the Rate Table (Income Capitalisation) calculation method in the medium to long term – this will initially be confined to a single sub-market group (yet to be defined) and will be undertaken as a pilot.

The Valuer-General will provide the appropriate direction and strategy in due course.

5 Endoresement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 10

VALUE APPROVAL

Issue Date: MARCH 2015
Review Date: MARCH 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS & VALUATION SERVICES
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet Ref:

1 Purpose

To ensure a consistent and sustainable practice for managing the approval process for supplementary and mass appraisal value amendments.

Given the requirement of the Valuer-General to provide accurate, reliable and consistent rating and taxing valuations, it is essential that appropriate direction be provided in relation to the standardised approach for value amendments relating to approval process of supplementary and mass appraisal values.

2 Scope

This directive applies to all State Valuation Office staff and any person providing valuations for rating and taxing purposes under the *Valuation of Land Act 1971* (the Act).

3 Background

The requirement for Value Approval is generated when a value is modified and submitted by a Valuation Officer against one or many valuation records.

Amendments to values can be grouped into two main categories:

- supplementary value approval
- mass appraisal value approval

Value approvals resulting from the valuation record creation are covered in the *"Create and Maintain Valuation Record Directive"*.

3.1 Supplementary Values

In certain circumstances valuations associated with an individual valuation record are modified for either the current or proposed financial year. Known as *Supplementary Valuations*, these value amendments are determined in the following circumstances:

- completing revisits for building and planning changes
- errors are detected and corrections are required to ensure uniformity of value levels
- outcomes of an objection, review or court appeal require the value to be adjusted
- a property is eligible for a notional value
- specific project work is required to supplement a general valuation

Depending on the type of *Supplementary Valuation* being undertaken, the values are assessed as at the level of the general valuation for either the current or proposed financial year.

Changes to values effective for the current financial year will be undertaken in accordance with Sections 15 and 19 of the *Valuation of Land Act 1971*.

3.2 Mass Appraisal

Mass appraisal values are determined during the course of an annual general valuation and/or project revaluations.

All values modified by this process will be effective for the proposed financial year.

4 Directive

SAILIS requires a value change reason to be set against each value update – this can be either user select or system generated dependant on the specific type.

4.1 Value Change Reason

To ensure compliance with audit requirements a value change reason must be included against every value change. The following table details the value reasons that should be used when updating values for individual records for the various process functions of the business:

Process Function	Required Value Change Reason
Individual value amendments that supplement the mass appraisal valuation program	GV – Manual
Value change resulting from new building work or alterations	Revisit
Update of individual property values due to data corrections	Correction
Changes resulting from specific project work	Project Work
The creation or amendment of a notional value(s)	Notional
A change to value which is the direct result of a change to a properties legal zoning as defined in the Development Plan	Zone Update
A change to a title/allotment configuration of a valuation record which results in a value change	Correction
Value adjustment resulting from a formal objection against a valuation within the prescribed time frame	Objection
Instances where a value change has occurred to a header record of a strata complex being the result of a value change to an individual strata valuation record	Consequential Change
A update of value resulting from a change of a land use code in response to an enquiry against the code itself	Land Use

All other value change reasons will be automatically set by SALIS dependant on the particular function being performed, these are:

- GV – Mass appraisal
- GV – File Import (only available during the defined GV period)
- New record

4.2 Supplementary Value Approval

On submission of a supplementary value for approval the value status will be set to "Pending Approval" and the record locked from any further updates – it is therefore important that the approver either rejects or approves the value(s) within the following timeframes:

Supplementary Value Type	Approver	Time Frame
Objection	PO3 and Above or as otherwise delegated	2 business days
GV – Manual	PO3 and Above or as otherwise delegated	5 business days
Land Use	PO3 and Above or as otherwise delegated	5 business days
Correction	PO3 and Above or as otherwise delegated	5 business days
Notional	PO3 and Above or as otherwise delegated	5 business days
Consequential Change	PO3 and Above or as otherwise delegated	5 business days
Project Work	PO3 and Above or as otherwise delegated	10 business days
Revisit	PO3 and Above or as otherwise delegated	10 business days

"*GV-Manual*" can only be used during the general valuation program for the respective LGA in which the valuation record is contained.

In instances where multiple "Pending Approval" values are awaiting action by the approver, the order of priority will be dependent on the combination of values and the work program cycle at the time. The approval of "Objection" changes should however take priority over other supplementary value types.

SAILIS provides the ability to group up "Pending Approval' values to enable the approver to process in an efficient manner. It is expected however that sufficient consideration be made to the proposed changes prior to approval being made. This may include the following

- referencing schedules of value standards
- undertaking relativity spot checks
- clarification that proposed changes are in line with agreed value levels

While "*Project Work", "GV- Manual" and "Revisits*" lend themselves to being approved in bulk, with the appropriate prior checks being undertaken, the supplementary value types of *"Objection", "Land Use", "Correction", "Notional*" and "*Consequential Change*" should always be considered on an individual basis.

4.3 Mass Appraisal Value Approval

The approval of value changes resulting from a mass appraisal process must only be performed at a minimum by the local manager (PO3 and above) or as otherwise delegated.

In instances where multiple mass appraisals "Pending Approval" values exist for a single SMG, the following order of priority should be followed:

1. Substantive Site Values
2. Notional Site Values
3. Substantive Capital Values
4. Notional Capital values

The approver must have regard to all Pre-GV documentation and discussions to ensure the extent of the value change is in accordance with the agreed value levels. The approver must ensure that all Progressive Assurance requirements are adhered to.

A series of system reports are available for the approver to reference to ensure the proposed value changes are at the appropriate level – refer to the "*Valuation Mass Appraisal Directive*" for report details.

The reports and all other supporting documentation are to be provided to the approver from the valuation officer responsible for the value changes.

4.4 Conflict of Interest

Should the designated approver and/or their partner have a proprietary interest in a property which is the subject of a supplementary value change, the approval must be referred to another approver to avoid an actual or perceived conflict of interest from occurring.

In the case of mass appraisal approvals, it is preferred that the approval process be undertaken by an officer who, or their partner, does not have a proprietary interest in a property which is included within the mass appraisal that is the subject of the approval. If this is not possible, the approver must complete a Conflict of Interest Declaration.

Refer to the "*Conflict of Interest Directive*".

5 Endorement

This Staff Directive is effective immediately.

Endorsed by Valuer-General March 2015

Government of South Australia
Department of Planning, Transport and Infrastructure

STATE VALUATION OFFICE

Directive 8

GENERAL VALUATION

Issue Date: APRIL 2015
Review Date: APRIL 2016
Responsible Officer: VALUER GENERAL / MANAGER OPERATIONS AND VALUATION SERVICES

GENERAL VALUATION DIRECTIVE

1 Purpose

The aim of this document is to provide guidance through the revaluation process of rating and taxing values in order to ensure:

- a consistent, efficient and effective process is adopted by all valuation officers through effective planning and project management

- there is a high degree of confidence in the resultant values through the adoption of good practice and an accountable process supported by auditable documentation

2 Scope

This document establishes best practice policy to be complied with when undertaken general valuations made in accordance with Section 11 of the *Valuation of Land Act 1971 (*the Act). It defines in mandated stages the various events associated with the revaluation of the valuation roll.

This document primarily focuses on mass appraisal as the means of determining values for multiple properties. While single property appraisals made under Section 11 of the Act should generally conform to this policy they are not specifically addressed.

Policy relating to values changes made under other sections of the Act are not contained in this document.

3 Background

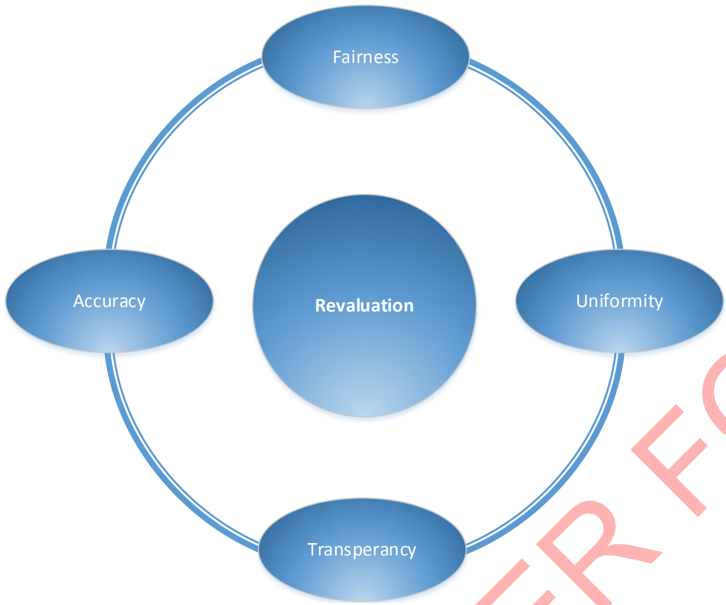
The General Valuation comprises the use of both ……

Mass appraisal is the process of valuing large numbers of properties at the same time using standardised procedures.

Mass appraisal is defined in the *Standard on Mass Appraisal of Real Property – IAAO 2013 as:*

> *"Market value for assessment purposes is generally determined through the application of mass appraisal techniques. Mass appraisal is the process of valuing a group of properties as at a given date and using common data, standardised methods and statistical testing. To determine a parcels value, assessing officers must rely upon valuation equations, tables, and schedules developed through mathematical analysis of market data.*
>
> *Values for individual parcels should not be based solely on the sale price of a property; rather valuation schedules and models should be consistently applied to property data that are correct, complete and up-to-date".*

The key principles of revaluation are accuracy, uniformity, fairness and transparency.



These principles underpin the key expectation of the Valuer-General which is to deliver a valuation roll that provides a fair basis for determining rates and taxes.

The quality control measures that support the revaluation process include the following:

- A transparent and comprehensive process
- Guidelines and policy
- Self-audit Progressive Assurance gateways
- A approval stage incorporating audit compliance

4 Directive Overview

The General Valuation process is to be undertaken in accordance with the principles and practices outlined in this directive. The process comprises the following main stages:

In order to facilitate transparency and ensure that evidence, outputs and decision making is able to be audited as part of certification, completion and documentation of each stage is mandatory for each LGA revaluation.

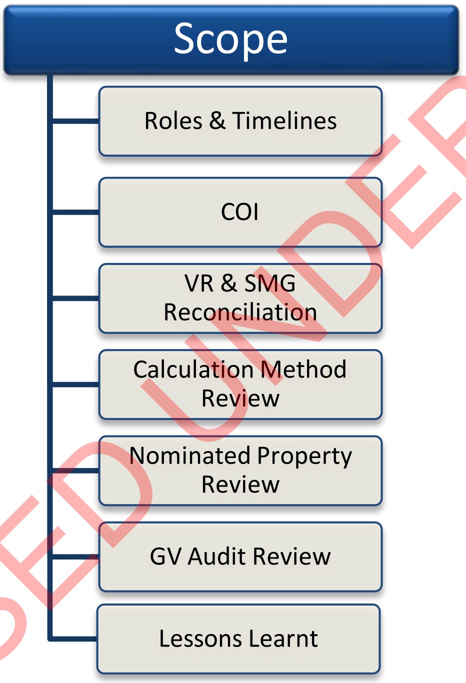
5 Preparation

.

Planning and preparation is a key element of the revaluation process and is critical to achieving the best possible valuation roll outcomes. Planning for each LGA should be detailed enough to provide guidance to current and new staff whilst ensuring consistency and accountability.

The plans may be reviewed during a general valuation process to account for changed priorities or the discovery of inconsistencies.

The main elements of a plan are depicted in the following diagram:



5.1.1 Roles and Timelines

Supervising Valuers together with senior management are to formalise the roles and responsibilities of staff undertaking the revaluation of an LGA. This includes identifying responsibilities for the various property categories and a schedule outlining authorities.

5.1.2 Conflict of Interest

Potential conflicts of interest should be noted and acted on where necessary to comply with "Conflict of Interest" policy.

Conflict of Interest Policy

A commencement date, completion dates of revaluation milestones, and a delivery date for the revaluation are to be agreed with senior management. This will be used to monitor the progress of the revaluation.

Variation of the timelines can occur following authorisation by senior management.

5.1.3 VR and SMG Reconciliation

The number and type of valuation records and occupancies within the LGA being revalued are to be identified and recorded.

An update of occupancy details is part of the revaluation process and must be completed prior to the valuation being finalised.

Add SMG note

5.1.4 Methodology Review

The current valuation approaches and calculation methods used for the various property groups are to be recorded.

If the calculation method or combination thereof for a group of properties has changed since the last revaluation, the changes must be identified and documented.

Consideration must be given to the dependencies and issues that may result from the mass appraisal of the various calculation method combinations. Strategies to mitigate identified issues are to be recorded.

5.1.5 Valuation Record and Occupancy Check

The number and type of valuation records and occupancies within the LGA being revalued are to be identified and recorded.

An update of occupancy details is part of the revaluation process and must be completed prior to the valuation being finalised.

5.1.6 High Risk and Specialised Properties

Not all properties are suited to revaluation by mass appraisal. In any LGA there will be properties that are atypical and will require varying degrees of special attention.

Properties with high values, particularly those with limited sales evidence, present the biggest risk to the Valuer-General. The impact on stakeholders of reductions resulting from challenges can be significant and potentially undermine confidence in the valuation roll.

A schedule of such high risk and specialised properties is to be maintained for each LGA. A brief description and the strategy for the revaluation of each of these properties are to be recorded.

5.1.7 Value Change Drivers

It is important to identify potential major value change drivers or significant changes in market dynamics since the last revaluation. The change may be the result of a one-off event or a new market trend.

Examples of events and market trends which may drive significant changes include:

- Legislative change
- Zoning changes
- Land banking in anticipation of zoning changes
- Conversion from low intensity to high intensity agricultural use
- Water use
- Changes to pedestrian counts of traffic flows
- New bulk retail areas where land was previously low level commercial, industrial, or residential
- Impacts of new public infrastructure such as new express way or intuitional building
- Expansion or closure of a significant employer or business
- Natural disaster such as bush fire, flood, or drought
- A situation where supply significantly exceeds demand

A schedule containing a brief description of potential major value change drivers in an LGA, together with an outline of the research and analysis to be undertaken as part of the revaluation process, is to be recorded on the standardised template.

5.1.8 Lessons Learnt, Audit and Objections

It is important to have regard to the previous revaluation of an LGA when planning a new revaluation. A review of the previous LGA revaluation report is required with particular attention being paid to the lessons learnt and future revaluation considerations. From these considerations strategies that lead to improved processes or valuation outcomes should be established and documented.

Audit outcomes associated with the previous revaluation should be reviewed and any relevant issues identified are to be captured in the planning document.

Objection distribution patterns can be an indicator of issues associated with a previous revaluation. They may assist in identifying areas where values are consistently high, low or where uniformity issues exist. Spatial representations of objection distribution and outcome patterns must be produced and considered.

Refer to SAILIS Reports: V008 – Enquiry Statistics
V009 – Valuation Record by Enquiry

An LGA Issues Log for each LGA should be maintained and referenced as part of the Planning and Preparation stage of the revaluation.

5.1.9 Sales Identification

Market evidence is used in a number of ways during the revaluation process. For example, sale ratios are used to confirm or change a SMG configuration and to provide an overview of market movement within the SMG.

Sales ratios, analysed sales and non-sales evidence are also used to calibrate models through direct adjustment of values or rates in rate tables.

At this stage of the revaluation process it is important to identify the types of market evidence that will be required for each phase of the process for each property category.

5.1.8 Sales Statistical Summary

A high level summary of relevant statistics is to be captured. Where this information is statistically valid it will be used to provide the Valuer-General and senior management with an understanding of the broad direction and magnitude of value changes that might be expected at the completion of the revaluation process.

Refer to SAILIS Reports:	V002 – Quarterly Sales Statistics
	V021 – Sales Tracking
	V017 – Sales Ratio Study & Adhoc Sales Extract

5.1.9 SMG Configuration

A key element of the revaluation phase is the confirmation of the existing SMG configuration and to establish whether they remain valid. Overtime market changes may occur which consequently will render SMG boundaries obsolete and in need of a review. Any changes to SMG configuration are to be documented.

Refer to SAILIS Reports: V025 – Sales Profile
V044 – Zone Profile

5.2 Market Analysis

Market analysis which comprises the analysis of both sales and non-sales data is fundamental to the operations of the SVO. This analysis includes:

This stage of the revaluation process focuses on the collation of sales and non-sales evidence associated with the mass appraisal process and the determination of preliminary values.

It is important to recognise that market evidence used to determine adjustments factors as part of mass appraisal will often also be used in the Validation and Approval stages of a revaluation. For this reason it is essential that the various forms of market evidence are captured in appropriate formats and in sufficient detail so that reuse can occur.

The valuation methodology adopted will dictate the level of market analysis required. Where values are determined using enhancement and detriment factors or by generic multipliers, the level of analysis must be to an extent so as to ensure an accurate assessment of such factors and their impact on individual valuation records.

5.2.1 Sales Evidence

This section will provide details on the timing and extent of sale analysis associated with a revaluation – it is not intended to provide instruction on how to analyse sales. For specific guidance on the analysis of sales refer to the "*Sales Analysis Directive*".

The level and type of sales analysis required for use in a revaluation will depend on both the category of property and the calculation method to which the mass appraisal process is being applied.

Sales are the most important evidence used in the revaluation process. It is important therefore that prior to collating sales evidence for use in mass appraisal the following is completed:

- Distinguish market from non-market evidence
- The correction of property attributes and LUC's on sales properties where these are found to be inaccurate

Maintenance of the sales data base is to be undertaken on an ongoing basis throughout the year.

Prior to the use of ratios or the completion of a ratio study, it is important to ensure that all outliers have been appropriately dealt with. Outliers are those sales with ratios outside an acceptable range from the median or target ratio. The range or target may vary across the year in a rising or falling market.

Guidelines on the various levels and types of analysis follow.

5.2.1.1 Sales - Ratio Analysis

The Assessment to Sale Price (A/S) ratio is used throughout the revaluation for a variety of purposes. At this stage of the revaluation process schedules containing sales and their respective ratios are compiled for groups of properties where A/S ratios are directly used to determine adjustment factors or equations. This will include all groups where simple regression is used to derive equations and will generally include those SMG's with a high numbers of sales.

These schedules form the basis for both simple regression and ratio studies, and are generally used for the majority of residential value changes across the state where indexation is used to update values.

It is preferable that equations or indexation factors derived directly from sales ratios, or through simple regression, are applied at a macro level rather than a micro level. It is therefore best to create a sales schedule at a high level in the first instance.

Refer to SAILIS Report: V017 – Sales Ratio Study & Adhoc Sales Extract

Sales that have occurred close to the date of valuation provide the best evidence of the level of the market, therefore sales up to two months either side of the date of valuation should be considered in the first instance.

In order to ensure valid statistical conclusions a minimum of **25 sales** is the recommended sample size.

Where sale numbers in a SMG, or group of SMG's, fall below the recommended sample size, care is to be taken in the interpretation of the statistical data.

5.2.1.2 Sales – Rate Tables (Summation)

By way of background there are two primary calculation methods within SAILIS that rely on the summation of components to determine values.

1. The *Rate Table - Summation* calculation method is the preferred method for determining the site and capital value of rural and rural living properties. It is expected that over time it will also become the preferred approach for selected groups of residential and other property types. Under this calculation method the value of various components are held in common sets of rate tables which can be individually adjusted to enable the mass appraisal of a group of properties.

2. The *Direct – (Site Value Included)* calculation method is the method initially assigned property types which contain relatively minor improvements including vacant residential land. Under this method direct adjustments to both site values and the total added value improvements assigned to a group of properties can be made. *(While no rate tables are held it is expected that values will be based on a schedule of values or standards).*

In areas where the two calculation methods above are utilised, sales need to be analysed in a way that allow for the direct comparison of assessed value and sale price at a component level.

This analysis occurs outside of Sailis on the appropriate sales analysis templates in accordance with the "*Sales Analysis Directive*".

Where the *Rate Table - Summation* calculation method is employed, analysis should apportion a value to the various land types and each other improvements on a sale property.

Where the *Direct – (Site Value Included)* calculation method is employed analysis should apportion separate values to the land and to total added value of improvements of a sale property as a minimum.

5.2.1.3 Sales – Rate Tables (Capitalisation)

The *Rate Table – Capitalisation* calculation method is best suited to those properties which produce an income. In order for mass appraisal to occur the three key elements of the capitalisation approach namely, market rent, outgoings and capitalisation rate are maintained in separate rate tables. During the revaluation process adjustments are made to each of the tables in order to derive the new capital values.

From a mass appraisal perspective the aim of analysing sales of properties that produce an income is to derive a rate of return. Sales analysis together with other market analysis is then used to make decisions about the adjustments that should occur to capitalisation rates held in the related rate table.

Evidence as to the level of outgoings is also likely to assist in determining the required adjustment to the related outgoings table. However, care needs to be taken to ensure a like with like comparison occurs.

Analysis should also have regard to the capture of data for reuse where generic multiplier calculations or Rate table summation calculation methods are used for these property groups.

5.2.1.4 Adjustments to Sale Price for Time

When adding sales from a period where market conditions were different from those close to the date of valuation, an adjustment to sale prices for time may be required.

Adjustments should be derived from the analysis of resales or sales ratio trend analysis.

Refer to SAILIS Report: V021 – Sales Tracking

5.2.1.5 Corrections to Sale Properties

It is expected that sale prices will be analysed and adjusted to remove the impact of any elements that are not typical of the prevailing market conditions for that type of property as at the date of sale.

For example, sales of properties with a rental above market levels should be adjusted down and the sale price of properties sold with rentals below market should be adjusted up.

Care and consistency is required when amending values and attributes as changes may negatively impact the revaluation in a number of ways. Any change therefore must be done in accordance with the guidelines contained in the "*Sale Analysis Dorective*".

5.2.2 Listings

Where there are not enough sales to meet minimum requirements identified above, adjusted asking prices around the date of valuation may be used to supplement sales data.

Primary sources of asking prices include RP Data, Realestate.com.au and real estate agency advertisements. In time data harvesting including the capture of asking prices will be investigated by the business.

Where asking prices are used as part of the analysis, a separate schedule needs to be prepared to ensure they are readily identifiable from the <u>actual</u> sales evidence.

Deductions for a realistic negotiation margin between asking price and likely selling price must be applied as part of the schedule preparation. Evidence of the appropriate adjustment factors may be determined from sales analysis, local agents or real-estate industry site such as RP Data. All adjustment factors need to be documented.

5.2.3 Rental Evidence

Rental evidence schedules are fundamental to the use of mass appraisal techniques where the Rate Table - Capitalisation calculation method is used to determine capital values.

Care must be taken in the interpretation of rental data information because in some instances agreements may be in place between the landlord and lessee which result in the level of rent paid being either above or below market levels. In these instances adjustments should be made to align the rent with that of the market level.

5.2.3.1 Registered Leases

The primary means of collating market rental evidence is through the lodgements of new leases with the Land Titles Office.

Details associated with each recently registered lease are required to be recorded against the relevant occupant on the valuation record.

Analysis of recently registered leases should occur throughout the year.

Refer to SAILIS Reports: V043 – Occupant Rental Details
V046 – Registered Leases

5.2.3.2 Unregistered Leases

Bona-fide rental data associated with unregistered leases should be recorded against the occupant on a valuation record.

5.2.3.3 Land Owner Returns

The information contained in Land Owner Returns is another important source of rental data and assists in determining the level of rents being achieved over a wide range of properties.

Bona-fide rental data obtained from Land Owner Returns should be recorded against the occupant on a valuation record.

5.2.4 Industry Reports

Most major valuation real estate and valuation firms regularly publish reports in relation to the various sectors of the property market. These reports contain broad analysis of each property sector and generally provide overall market shifts. Information obtained from these reports should be used to compliment other market analysis data in the consideration of market movements.

5.2.5 Feasibility Studies

Where feasibility studies are used to establish values in an LGA, schedules detailing the updated inputs and supporting evidence are to be completed. For example, where it has been identified that software programs such as Estate Master will be used to value englobo residential land, a schedule detailing development costs, profit and risk, and interest rate levels should be prepared together with supporting evidence.

5.2.6 Market Movement Data

Sources of market movement data include:

- Median House Price
- Statistical Data
- “Re-sale” evidence

Where appropriate this data should be summarised and documented.

5.2.7 Benchmarking

In SMG's where limited or nil sales evidence exists from which to make an informed judgement as to the market movement, it is recommended that benchmark values be established. In creating benchmark values the following should be considered:

- Identify a property(s) that is indicative of similar types of properties in the SMG *(NB. a benchmark property should be representative of the SMG).* A benchmark is a key representative property within a group that has a known value and confirmed property details. A group may contain a number of benchmark properties

- The benchmark property does not need to have recently been sold

- The benchmark property is to be valued using all available evidence – it is recognised that this process may involve the consideration of sales evidence from areas outside the SMG and making the appropriate allowances for location etc

- The benchmark property(s) should be valued every year, with a date of valuation of 1 January, to enable an accurate gauge of the market movement within the SMG

- The process in determining the value for a benchmark property is different to that of the rating value – the benchmark value is determined on an individual basis (similar to that of an objection or a special valuation) whereas the rating value is derived via mass appraisal valuation techniques

- The benchmark value is to be determined independent of the rating valuation

- In the case of site value benchmarks in built up areas, the analysis of lightly improved properties or sales in comparable SMG's are likely to provide the best evidence

6 General Valuation

The “Value Determination”, “Validation”, “Reporting” and “Approval” stages represent the *General Valuation* phase.

6.1 Draft Value Determination

Once market evidence has been analysed the appropriate value conclusions and draft (or preliminary) values need to be produced. The value conclusions derived from the market analysis stage will become the basis for justifying the proposed values.

While the order in which site and capital values are determined is critical for some calculation methods e.g. Direct CV - (SV Included) and less important for others e.g. Rate Table - Capitalisation, **as a general rule site values should be the starting point for any revaluation**.

The mass appraisal of substantive values should be undertaken before changes to notional values are performed.

Mass appraisals are required to be undertaken on a sub-market group level basis. If two or more sub-markets are found to have similar value movements as at the date of valuation, these groups can be included on the single mass appraisal.

6.1.1 Site Values

Within SAILIS the mass appraisal of site values can be performed by one of two ways depending on the calculation method used. These are outlined below.

Mass Appraisal Technique	Calculation Method	Description
Direct Value Adjustment	Direct	Adjustment to a group of SV’s in one or more SMG’s via a factor or equation
Summation	Rate Table	The individual components of the value are changed independent of each other. The SV is the sum of all land components

Adjustment of values using mass appraisal techniques is also able to be undertaken external to the system. While this may be appropriate in some circumstances it is not the preferred environment and should only occur with prior approval from the appropriate supervisor.

6.1.2 Capital Values

The specific process of the mass appraisal of capital values is dependent on the calculation method of the valuation record. Refer to the "*Valuation Methodology Directive*" for the recommended calculation methods to be adopted. The table below details the mass appraisal technique that is to be applied to the different calculation methods.

Mass Appraisal Technique	Calculation Method	Description
Direct Value Adjustment	Direct CV (SV Excluded)	Direct adjustment to a group of CV's in one or more SMG's via a factor or equation where due to the calculation method changes to SV have no impact on CV
	Direct CV (Direct SV Included)	Direct adjustment to a group of CV's in one or more SMG's via a factor or equation where due to the calculation method Direct changes to a SV have a flow-on affect to the CV
Rate Table Adjustment	Rate Table - Summation	In addition to changes made to land tables in SV calculation, adjustments to values in Improvement and Horticultural tables which are linked to a group of properties in one or more SMG's are made
	Rate Table - Income Cap	Changes to Gross Rental, Cap Rate and Outgoings rate tables result in adjustment to the CV of linked properties in one or more SMG's

6.1.3 Direct Value Adjustment

Direct Value Adjustment, or direct indexing of existing values, is the technique used to adjust the majority of residential, commercial and industrial site values. It is the simplest technique and in the absence of rate tables is the default technique.

Site values can be adjusted by a percentage or dollar amount (adjustment factor), or a combination of a percentage and dollar amount (equation).

Adjustment factors and equations can be derived in a number of ways including the use of simple regression techniques. It is recommended that market evidence be fully analysed before deciding the level of adjustment to be applied.

6.1.3.1 Simple Regression

Linear regression is a statistical measure that determines the strength of the relationship between a dependent variable and a changing variable (known as the independent variable). The sale price or benchmark values are regarded as dependant variables whereas the on file site and capital values are the independent variables.

Regression analysis is best utilised when dealing with sub market groups that contain large numbers of sales, or sales supplemented with listings and/or benchmarks. Where these numbers fall below twenty-five (25) the statistical outputs become unreliable and of limited value.

Regression analysis is undertaken on the sales schedules prepared in the Market Analysis stage of the revaluation.

Regression analysis will need to be undertaken with data regression tools available in applications such as Microsoft Excel. A summary of the analysis is to be documented on the "SVO Regression" template.

It is important to ensure that the sample set is representative of the group of properties being revalued. It is particularly important when dealing with a SMG where sales in the area may be limited and do not provide a good cross-section to the whole group being revalued.

Refer to Section 6.2 of this document for the statistical tolerances that need to be considered.

In addition to these tolerances it is important to consider the equation that is generated through the regression process. Equations that contain large percentage changes and/or large value changes should be avoided as they can have negative impact values on the lower and upper end of the range.

6.1.4 Rate Table Adjustment

Adjusting values within a rate table, whether summation or income capitalisation, is a key component in the mass appraisal process. In undertaking any changes to rate tables care must be taken to ensure that such changes only affect the valuation records intended. In determining the changes required to values within a rate table, consideration must be given to both market evidence and the records that are linked to the individual values/cells.

To assist in determining the extent of change to be applied to the individual values –

Refer to SAILIS Reports: V051 – Rate Table Analysis

To assist in determining the valuation records linked to a specific value within a rate table -

Refer to SAILIS Reports: V039 – Rate Table Linkage

6.1.5 Mass Appraisal Based on Calculation Method

As detailed in Sections 6.1.1 to 6.1.4 above, different calculation methods can be applied to valuation records depending on the type of property. It is recommended that a mass appraisal only comprises a single calculation method at a time – therefore a site or capital value mass appraisal transaction should not combine valuation records that have different methodologies (ie. if a SMG is comprised of valuation records having site values undertaken on a direct methodology, the mass appraisal should not be combined with records within the SMG that have site values attached to a rate table).

In instances where the calculation method has been set at Direct (Including SV) or Rate Table (Summation), primary focus should be given to the adjustment of the land component(s). The adjustment of improvement values should be a secondary consideration.

6.1.6 Specialist Properties

While the majority of properties will be valued using mass appraisal techniques, there will be specific property types that will require additional consideration and potentially the application of alternate methodologies.

These properties are those considered high-risk in respect of their significant level of value and the complexity in the determination of the value itself.

An example of such a property group would be englobo subdivisional land where many factors such as development costs and profit margins are key considerations in the valuation process. The use of valuation software such as Estate Master is an industry accepted method of determining the value of such properties.

6.1.7 File Import of Values

Instances will arise where value changes which form part of the general valuation will be determined external to SAILIS, these may include:

- Changes resulting from a manual review/drive of an area
- Changes resulting from the changes to specialist property values
- Adhoc value changes on spreadsheets

Any such file import of values can only be submitted during the defined General Valuation time frame for the LGA.

The relevant supervisor must be advised of the proposed changes and the reasoning for the need to import the changes.

The file import of values must be performed in accordance with the directions outlined in the *"File Import Directive".*

To assist in the file import of values the following report may be reference:

Refer to SAILIS Reports: V040 – Property Characteristic Extract

6.1.8 Verify Value Updates & Exceptions

To assist in clarifying value changes and to ensure they have been advised to the system as intended, the following suite of reports should be referenced:

Refer to SAILIS Reports: V019 – Exceptions Site Value Greater than Capital Value
V020 – Strata Site Value Comparison
V027 – Exceptions Value Movement
V028 – Exceptions Mass Appraisal
V034 – Direct vs Rate Value Movements

The requirement for these reports to be attached to the mass appraisal is contained in Section 6.3 of this document.

6.1.9 Omission Reporting

To ensure all valuation records have undergone a mass appraisal, it is essential that all value omissions are identified and actioned prior to the close of the general valuation program for the respective LGA.

Refer to SAILIS Reports: V026 – Exceptions Value Omissions

6.2 Validation

It is important that values contained within a valuation roll are both accurate and uniform.

The Valuer-General has introduced a range of quality control measures that are used across Australia and in leading international jurisdictions to test the quality of a revaluation.

Statistical testing *(Ratios Studies)* is a reliable technique that allows proposed values to be compared with market sales evidence to determine the accuracy and uniformity of a revaluation.

The tests are based on international best practice standards for mass appraisal and can be applied irrespective of the technique or model used to revalue properties.

In this context the term accuracy relates to the closeness of valuations to actual sale prices and the term uniformity is a measure of consistency of the percentage errors of the ratios.

There may be circumstances where the statistical results do not meet the standards but the valuation can be justified. In these circumstances this should be detailed in the "LGA GV Checklist Report".

6.2.1 Sales Ratio

Also referred to as the Assessment-Sale Price or A/S ratio, the sales ratio is a means of comparing on-file values with sales evidence.

Sales Ratio = Assessed Value / Sale Price

By way of example, if a property with a Proposed CV of $470,000 transfers for a Sale Price of $500,000 the Sales Ratio equals ($470,000 / $500,000) 0.94.

Various statistics based on this ratio provide measures of valuation accuracy and uniformity.

6.2.2 Median Sales Ratio

The median sales ratio is the middle sales ratio from a sales sample when all ratios are in ordered highest to lowest. For an even numbered sample it is the mean of the middle ratios.

The tolerance level for the median sales ratio is 0.9 – 1.0

6.2.3 The R-Squared Statistic

The R-Squared statistic, also known as the coefficient of determination, is a main statistical output for consideration in regression analysis.

The R-Squared is a statistical measure of how close data is to the fitted regression line. Generally the higher the R-Squared the better the model fits the data.

The recommended tolerance for the R-Squared statistic is above 0.85.

6.2.4 Coefficient of Dispersion

The Coefficient of Dispersion (COD) is a measure of variability of sales ratios. It is recognised as the key measure of uniformity between proposed values and sale prices for a sample of sale properties.

COD = Average Absolute Deviation / Median Sales Ratio X 100

Example
Analysis of three sales each with a sales ratio of 0.9 would produce a median sales ratio of 0.9 and a COD of 0. This indicates that the average deviation from the median sales ratio of 0.9 is zero
Analysis of three sales with sales ratios of 0.75, 0.9 and 1.05 would produce a median sales ratio of 0.9 and a COD of 11.1. This indicates that the average deviation from the median sales ratio 0.9 is 11.1%.

Whether the sub market group is homogenous or heterogeneous will also have an impact on the COD statistic. A homogeneous SMG will comprise like properties which are uniformly distributed throughout the area, whereas heterogeneous SMG's generally have a non-uniform composition. Homogeneous SMG's should have a COD toward the lower end on the range with heterogeneous SMG's moving toward the upper end.

The following table details the preferred COD tolerance ranges that indicate acceptable general quality of the database.

Property Type	Location / Market Activity	COD Range
Residential (Improved)	Large SMG/densely populated/newer properties/active market	**5.0 – 10.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 15.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 20.0**
Residential (Vacant)	Large SMG/densely populated/newer properties/active market	**5.0 – 15.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 20.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 25.0**
Commercial & Industrial	Large SMG/densely populated/newer properties/active market	**5.0 – 15.0**
	Mid-sized/older & newer properties/less active market	**5.0 – 20.0**
	Rural or small SMG/older properties/depressed market	**5.0 – 25.0**

If a COD result is above the outlined tolerances the officer must reconsider the sales evidence and the composition of the SMG.

If a COD is less than 5, this could indicate a high degree of relativity across the SMG, or that proposed values have been manipulated to closely match sale prices.

6.2.5 Price Related Differential (PRD)

The price related differential measures the relative accuracy of lower and higher value sales against proposed values.

PRD = Mean Sale Ratio / Weighted Mean sales ratio

The PRD provides an indication of assessment regressivity/progressivity -

- Assessment <u>regressivity</u> is the condition in which higher valued properties are under-valued in relation to lower valued properties

- Assessment progressivity is the condition in which lower valued properties are under-valued in relation to higher-valued properties

The tolerance level for the PRD is between 0.98 – 1.03

If PRD is >1 it indicates regressivity

If PRD is <1 it indicates progressivity

If the PRD ratio is above 1.03 the high valued properties are potentially under-valued relative to the lower valued properties.

If the PRD ratio is under 0.98 then lower value properties are potentially under-valued relative to high value properties.

6.2.6 Median Percentage Error

This is a simple measure of accuracy that is based on the individual percentage variation between the sale price and the proposed value of a sold property.

The median percentage error is the middle percentage error of a sales sample when all percentages are ordered from highest to lowest.

The tolerance level for the MPE is less than 10%

To accurately assess this output, sale prices may need to be adjusted to account for differences between market value and capital values due to legislation.

If legislative exclusions are taken into account and a target Sales Ratio of 0.95 is deemed appropriate, then sale prices should be reduced by 5% before calculating this statistic.

Within SAILIS this adjustment can be made by entering the *"CV to MV Target Ratio"* in the selection criteria of SAILIS Report V017.

Refer to SAILIS Report: V017 – Sales Ratio Study & Adhoc Sales Extract

6.2.7 Value Shift Analysis

Following the application of value adjustments it is necessary to consider the value changes across the SMG. SAILIS Report V024 provides a comparison of value movements in percentage terms of sale and non-sale properties. The purpose of the report is to ensure sale chasing has not occurred.

Refer to SAILIS Report: V024 – Value Shifts: Sale vs Non-Sale Properties

The tolerance level for this analysis is less than 10%

The use of thermo value mapping will also provide a useful tool to assist in this analysis.

6.3 Reporting

A suite of reports is available within SAILIS that will assist in the mass appraisal process and in particular in assessing the extent and quality of value changes. These reports will assist both the valuer and their respective supervisor(s) in making informed decisions as to changes to site and capital values.

The following table outlines the various reports available; the phase of the general valuation they should be referenced; and whether they should be attached to the system via the mass appraisal functionality:

Report Name	Details	GV Phase	Attachment Required
Value Shifts: Sale vs. Non-Sale Properties	Data integrity and value relativity check. Assist to test whether values for sale and non-sale properties within a SMG have moved by approx. same degree. Highlights variations or potential value relativity issues between sale and non-sale properties. May highlight Sale chasing or poor valuation technique.	Pre GV	No
Sales Profile	Used to demonstrate how well the sales sample set reflects the SMG(s). Useful for profiling a SMG.	Pre GV	No
Sales Ratio Study & Extract	Provides statistical measures to check: • value levels • assessment accuracy • uniformity • progressivity and regressivity	Pre GV	Yes
Sales Tracking	Assists the officer to: • monitor value shifts against the previous revaluation • review SMG composition • review consistency of values	Pre GV	Yes
Rate Table User Audit	List all transactions performed on a rate table by user and date.	Pre GV	No

Report Name	Details	GV Phase	Attachment Required
Registered Leases	Summary of lease dealings registered against a title and valuation record(s). Enables the analysis of market rents used to inform and or calculate values of income generating properties (residential, rural, commercial & industrial) at General Valuation and/or Objection.	Pre GV	No
Mass Appraisal Exceptions	Identifies proposed site and capital value change exceptions on a property-by-property basis. List of valuation records where the draft site and capital values (notional & substantive) deviate 1.75 standard deviations from the mean.	GV	Yes
Direct Value vs. Rate Table Movements	Summary of value percentage adjustment made to components calculated via a direct value and by a rate table since the previous General Valuation. Assists officers to check and compare adjustments made to components via a "Direct Value" and "Rate Table" update - ensures consistency of value movements on a component-by-component basis.	GV	Yes
Rate Tables - GV Audit	List of all rate tables that do not exist for the current year or that have not been updated for the proposed year. Enables the officer to monitor those rate tables that have not been created for the current financial year or updated for the proposed financial year.	GV	Yes
Rate Table - Analysis	Snapshot of a rate table comprising rate table attributes and rates plus any linked valuation record(s). Also identifies any sale properties that have linked components. Assists the officer to review rate table adjustments in light any associated sales evidence.	GV	Yes
Rate Table Linkage	Display all valuation records that are linked to a specific rate within a rate table.	GV	Yes
Value Omissions	List of valuation records together with the value types that have not been "Mass Appraised" for the proposed financial year.	GV	No
Post Enquiry	Provides a summary of values adjusted as a result of a successful Enquiry (objection) and the latest proposed values for the pending financial year.	GV	No

Report Name	Details	GV Phase	Attachment Required
Strata Site Value Comparison	Composite summary of current and proposed site values associated with a "Strata Header" record. Enables the comparison of overall site value levels for relativity analysis between strata and non-strata sites.	GV	No
Site Value greater than Capital Value	Provides a list of valuation records where the site value is greater than the capital value at either the valuation record or occupant level.	GV	No
Value Movement	Provides the ratio of the proposed or draft site and capital value(s) against the current site and capital value(s), on a property-by-property basis. Assists to identify any exceptions and/or large movement in value levels on a property by property basis when compared to the current values.	GV	Yes
Property Characteristic Extract	Extract of valuation records comprising property and valuation attributes captured at the valuation record level. Supports value analysis, project field work and the GV-File Import of values changes.	GV	No
GV Statistics Summary	Summary of GV performance statistics at a whole of LGA level.	GV	Yes
Growth Summary	High level summary of overall total value movements together with a count of valuation records collated by land use covering revisits, general valuation, new valuation records and other valuation based transactions. Provides data that will form the basis of communication prepared for Councils at the conclusion of each General Valuation.	Post GV	No

6.3.1 Manual GV Reporting

All supporting information and justification of value movements for a mass appraisal transaction to assist in informing the supervisor should be captured in the "Comments" field on the Mass Appraisal screen.

These comments and justifications are in addition to the reports that are required to be attached to the mass appraisal as identified in Section 6.3.

Examples of information that will support the mass appraisal process include:

- General market commentary to support changes
- Highlight any exceptions requiring attention
- The extent of values determined external to the system

6.4 Approval

The mass appraisal should only be approved when the following has occurred:

- Consideration has been given to all statistics to ensure they fall within the acceptable tolerance ranges
- All value changes (rate table or direct) are verified
- All required reports have been attached

6.4.1 Progressive Assurance - GV Summary

Progressive Assurance as it applies to the SVO is a method of ensuring on-going quality assurance throughout the General Valuation process.

There is a business requirement that a standardised report be used throughout the General Valuation, to provide the appropriate progressive assurance "sign off" of all major stages within the GV program. The purpose of this report is primarily to:

- Ensure GV's are progressively quality assured at defined phases
- Ensure progressive assurance is performed in a consistent manner across all SVO regions
- Ensure traceability of the GV process for audit purposes

Refer to template "GVCheck01" –included in Appendix

The "*GVCheck01"* report is to be completed by all field officers responsible for the mass appraisal of the LGA. Only one report per LGA is required, however <u>all</u> officers are obligated to have input and sign-off accordingly.

A Valuer who is responsible for the General Valuation within the LGA is to be nominated as the Report Coordinator for that LGA. While all staff responsible for valuations within the LGA are required to have input in the completion of "GVCheck01", it is the role of the Report Coordinator to ensure the overall completion of the report.

All fields and/or tables can be expanded if additional space is required.

Residential properties in rural locations that are not within a township are to be included in the *Rural GV Summary* section.

All commercial and industrial properties, regardless of location, are to be included in the *C&I GV Summary* section.

The form is a working document and must be updated on an ongoing basis with all sections requiring completion.

The completed and signed form is to be forwarded to the Supervising Valuer for final sign-off at the Valuation Completion Date.

All forms are to be saved to the Network Drive in accordance with the “Progressive Assurance File Naming and Storage Guidelines”.

7 Endorsement

This Staff Directive is effective immediately.

Endorsed by Valuer-General April 2015

APPENDIX A

'General Valuation Checklist' – Template

GVCHECK01 - Prior to using this form save it to the appropriate "GV Reports" folder using the following naming convention: *GVCheck_[LGA Name] e.g. GVCheck_Gawler*

General Valuation Checklist

One form to be completed for each LGA.

Only areas shaded yellow are to be competed.
Form to be endorsed by the Supervising Valuer at Valuation Completion Date.

Valuation Team	
LGA	
GV Completion Date	
Parson(s) Responsible	

1.0 GV Preparation

1.1 LGA Record Summary

Item	Brief Detail
8 Number of Valuation Records	
Number of Sub Market Groups	
Number of Records with Occupancies	
Total Number of Occupancies	

1.2 Calculation Methods

Has a change of calculation method occurred to valuation records since the previous General Valuation? ***Yes or No***

If changes have occurred please include a summary in the table below:

Sub Market Group(s)	Land Use Range	Previous Method	New Method

1.3 Preliminary Investigations

Task	Brief Overview
SMG Configuration Review	
Boundary Conferences/Meetings	
Zoning Changes	
Review of Previous GV "Lessons Learned"	

Notes:
1. Sub Market Group (SMG) review – confirmation is required to ensure property groupings have been checked and updated where necessary (NB. Sales analysis will be an essential element of this process).

2. Boundary Conferences/Meetings – required to be completed prior to the authorisation of proposed value changes. The following detail is required:
- LGA's the conference involved
- Broad description of property types discussed
- Staff involved
- Brief explanation of outcome
3. Zoning Changes – confirm any zoning changes and provide a brief summary of impact.
4. Lessons Learned – Brief summary of previous GV's lessons learned (if any) – refer to the previous 'GV Checklist'

1.4 High Risk Properties

Property Category	Valuation Strategy

Notes:
1. Detail those high risk and specialised properties within the LGA that are not suited to mass appraisal techniques
2. Briefly outline the strategy for the revaluation of these properties

2.0 Residential GV Summary

This section will record all general changes made to proposed values during the Residential GV.

2.1 Residential Market Commentary

Provide a brief market commentary (approx two or three paragraphs) and include a sales analysis overview, indicating market movements.

2.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

2.3 Value Movements Transaction Log – Residential (Regression Summary)

Have all the required "*Residential Value Movements Transaction Logs*" been completed? (Yes or No)

All such logs are to be appended to the back of this report.

2.4 Manual Value Adjustments (Overwrites) - Residential

Provide a summary of value changes that were made independent of the automated mass appraisal functionality.

Property Grouping	Approx Number of Assessments	Reasons for Adjustments	Method of Advice	Date Complete

Additional Comments *(if required):*

Notes:
1. Property Grouping - detail of those assessments having undergone manual overwrites in broad terms is only required.
2. Reason for Adjustments – brief justification (no more than a sentence) is required.
3. Method of Advice – detail methodology of advising changes to file (i.e. file import or individual record update).

2.5 Residential Development Sites

Have residential development sites been adequately considered in the GV? (Yes or No) If No, please provide reasons. If Yes, provide value movements and rates/sqm of englobo land.

3.0 Commercial & Industrial GV Summary

This section will record all general changes made to proposed values during the commercial and industrial GV.

3.1 C&I Market Commentary

Provide a brief market commentary including an overview of sales analysis and indicative ranges in relation to rentals and capitalisation rates (approx two or three paragraphs).

3.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

3.3 Value Movements Transaction Log – Commercial & Industrial

This section will record all C&I general changes made to proposed values during the GV.

SV/CV	LUC Range	Equation	Zoning	Location/SMG(s)

Additional Comments *(if required):*

Notes:
1. All transaction files used for commercial, industrial and other (i.e. non residential, non rural and non rural living) properties are to be recorded in this table.

3.4 Manual Value Adjustments (Overwrites) - Commercial & Industrial

Provide a summary of value changes that were made independent of the automated mass appraisal functionality.

Property Grouping	Approx Number of Assessments	Valuation Methodology	Method of Advice	Date Complete

Additional Comments (*if required*):

Notes:
1. Property Grouping - detail of those assessments having undergone manual overwrites in broad terms is only required.
2. Valuation Methodology – brief description required (i.e. capitalisation, direct comparison, summation)
3. Method of Advice – detail methodology of advising changes to file (i.e. file import or individual record update).

3.5 Tenancy Valuation Adjustments (*if applicable*)

Property Type	Date Complete

Additional Comments *(if required):*

Notes:
1. Property Type – <u>broad</u> grouping of properties is only required (i.e. specific retail centres, retail shopping strips etc).

4.0 Rural GV Summary

This section will record all general changes made to proposed values during the rural GV.

4.1 Market Commentary

Provide approx two or three paragraphs of commentary including an overview of sales analysis and indicative value ranges (i.e. rates/ha etc).

4.2 Benchmark Overview

Provide details of any benchmark values referenced during the general valuation.

Address	Brief Details	Current Value ($)	Market Movement (%) Since Last Valuation

4.3 Value Movements Transaction Log – Rural

This section will record a summary of changes made to the proposed values of rural records.

Property Type	**Overview of Changes**

Additional Comments: *(if required):*

Notes:

1. A copy of the rate tables prior to the GV, with all proposed changes identified, must be viewed and approved by Supervising Valuer prior to the file release.

2. Property type should be described in terms of those groupings with similar value changes (i.e. arable, grazing etc).

5.0 Exception Reporting

Form/Task	Date Completed	Details (if required)
Value Omissions		
SSV > SCV		
NSV > NCV		
NSV > or = SSV		
NCV > or = SCV		
Large Value Movements		

Additional Comments (if required):

Notes:
1. Refer to SAILIS reports:
- *V026 Exceptions Value Omissions*
- *V019 Exceptions Site Value Greater than Capital Value*
- *V028 Exception by Value Movement*

6.0 Reports

Provide confirmation of reports being attached to the mass appraisal in SAILIS.

Report	Attached (Y or N)
Value Movements Transaction Log	
V017 Sales Ratio Study & Extract	
V021 Sales Tracking Report	
V028 Exceptions Mass Appraisal	
V034 Direct vs Rate Value Movements	
V050 Rate Tables – GV Audit	
V051 Rate Table Analysis	
V039 Rate Table Linkage	
V023 GV Statistics Summary	

7.0 Objection Check

Have all value reductions resulting from previous objections been checked to ensure the proposed value is at the correct level? (**Yes or No**) If No, please provide reasons.

Refer to SAILIS report *V031 Post Enquiry Value Checks*

8.0 Factors Affecting Quality of GV – Lessons Learned

Identify any issues or concerns that were encountered during the General Valuation that could be avoided or improved in future programs.

Notes:
1. Factors may include issues such as staff shortages, quality of on-file zoning details, quality/relativity of value base etc.
2. Identify priority areas requiring maintenance work throughout the year. These follow up activities will be taken into consideration when consolidating program planning for team/group.

9.0 Conflict of Interest

Do you have a conflict of interest with any property within this LGA? (**Yes or No**)

Name	Conflict of Interest (Yes or No)	If Yes, provide assessment no/s

Notes:
1. List to include all staff involved in LGA (including Supervising Valuer).
2. Refer to the Conflict of Interest Policy.

10.0 Progressive Assurance Sign Off

Property Types/Ranges	Valuer/Property Officer	Date	Signed

Notes:
1. All staff involved in the valuation of the LGA are required to sign above.
2. Report to be forwarded to Supervising Valuer at Valuation Completion Date.

11.0 Management Acceptance

Name:

Date:

Signed:

NB. ***Report to be completed electronically and signed off manually.***
Report to be retained in the region, with an email confirmation to Central Operations (Audit, Assurance and Analysis) on completion.

SVO Directive
Subject/Title: STAMP DUTY OPINIONS
Issue Date: NOVEMBER 2012
Review Date: NOVEMBER 2014
Responsible Officer: VALUER GENERAL / DEPUTY VALUER GENERAL
Contact Officer: SENIOR ADVISOR, POLICY & PROFESSIONAL DEVELOPMENT
KNet. no

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE
LAND SERVICES GROUP
STATE VALUATION OFFICE
STAMP DUTY OPINIONS

1. Purpose

To ensure a common approach is adopted across the State Valuation Office (SVO) in providing Stamp Duty Opinions (SDO's) to Revenue SA.

2. Scope

This directive is applicable to all staff who undertake SDO's.

3. Background

Property transfers in South Australia are subject to a Stamp Duty liability which is calculated against the value of the property. Stamp Duty is administered by Revenue SA.

Revenue SA periodically requests the SVO to provide valuation advice on property transactions which are usually either:

- between related parties;
- where less than full consideration (often nil) is being paid;
- where Revenue SA has no other means of verifying a declared value that has been submitted by the parties to the transaction.

The valuation advice provided by the SVO is in the form of an opinion of market value as at a single point in time.

The valuation opinion enables Revenue SA to ensure the correct level of Stamp Duty is levied against the transaction.

4. Directive

The Office of the Valuer-General (OVG) will create an E-value for the SDO and the request to provide a valuation opinion. A "SDO Advice" template will also be included within the E-value for completion by the relevant Valuer. The E-value will be electronically forwarded to the relevant SVO region for action.

Unless otherwise negotiated, completed SDO's are to be returned to the OVG within 48 hours of receipt by the region.

SDO's are only to be undertaken by valuation staff who are qualified to practice as Valuers in accordance with the *Land Valuers Act 1994*.

SDO's are to be approved by Supervising Valuers, or in their absence the acting PO3.

SDO's require the *Market Value* to be determined. While consideration may be given to the on-file capital value, it must be remembered that this may differ from the value being requested due to a number of reasons, including:

- Different date of valuation;
- Only portion of the interest is to be valued;
- Capital Values under the *Valuation of Land Act 1971* are calculated on the basis of unencumbered estate in fee simple and this can vary from Market Value.

Occasionally, the information supplied within the request is incomplete. For example, the required date of valuation may be missing, the proposed plans of division are available but not supplied, or the details of the parcel to be valued may be incomplete or confusing. In such cases clarification needs to be sought directly from Revenue SA – the contact name and number will usually be provided within the request.

In the first instance it should be endeavoured that SDO's be completed as desk top valuations without the need for a field inspection, relying instead on local knowledge and other in-office information to formulate an opinion of value. A disclaimer in the "SDO Advice" template acknowledges that a property inspection has not necessarily been undertaken. It is recognised however that an inspection will sometimes be required to verify certain aspects of the property and to complete the value opinion. The reporting format for these SDO's is to be in accordance with the "Standard" format as outlined at Section 4.1 of this directive.

In instances where the initial advice from SVO has been challenged and Revenue SA are requesting the matter be re-considered or the job represents a degree of complexity and risk, or as otherwise requested by Revenue SA, then a "Comprehensive" report will be undertaken. In these cases the Supervising Valuer will recommend to their respective Assistant Valuer-General the total amount of hours required to complete the task and the estimated cost of undertaking the work. Following the endorsement of the request by the Assistant Valuer-General, the OVG will contact Revenue SA with the proposed fee and the direction to proceed. The cost is to be determined having regard to the LSG-Non-Regulated Fees schedule for the relevant financial year, or as otherwise negotiated.

4.1 Reporting Formats

There are two primary reporting formats in undertaking a valuation for SDO's:

- **Standard** - In completing the E-value, the Valuer is required to provide a brief property description, relevant sales evidence and a valuation rationale in support of their value opinion. This information is to be included in the "Further Information" folder. Additionally, the advice template included in the "Ownership" folder is to be completed and saved within the Evalue (NB. Only a brief property description is required in the template along with the value opinion itself – all value calculations/rationale are not to be included in the template but instead maintained on the "Further Information" folder).

- **Comprehensive** – Where directed by the Supervising Valuer, a full valuation report is to be completed using the template located at the following address: http://cms.dpti.sa.gov.au/LSG/valuation/resources_-and-_links/review_information
  The completed report and SDO advice template are to be attached to the Evalue in the "Ownership" folder.

The name of the valuer undertaking the valuation is to be included in the "SDO Advice" template.

On completion of the SDO by the region, the E-value is to be returned to the OVG where the finalised template will be endorsed by the Valuer-General or the Deputy Valuer-General and returned to Revenue SA.

5. References

- Section 17 of the *Valuation of Land Act 1971*

Approval by Deputy Valuer-General 21/11/12

Departmental Directive	
Subject/Title:	DIFFICULT, AGGRESSIVE OR POTENTIALLY VIOLENT CUSTOMERS DIRECTIVES
Issue Date:	NOVEMBER 2010
Review Date:	NOVEMBER 2011
Responsible Officer:	VALUER-GENERAL
Contact Officer:	SENIOR ADVISOR POLICY & PROFESSIONAL DEVELOPMENT

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE

LAND SERVICES GROUP

STATE VALUATION OFFICE DIFFICULT, AGGRESSIVE OR POTENTIALLY VIOLENT CUSTOMERS DIRECTIVES

These directives accompany DTEI Policy OP008 Managing Our People and DTEI Policy DP052 OHS&W Remote & Isolated Work Policy.

1. Purpose

To ensure a common approach is adopted across the State Valuation Office (SVO) to record a register of difficult, aggressive or potentially violent customers.

2. Scope

This directive applies to all SVO staff that work in the field.

3. Roles and Responsibilities

3.1 Supervising Valuer Responsibilities

- ensure field staff are aware of this directive
- ensure the development of a register of properties where officers may encounter problems if they visit.

3.2 Employee Responsibilities

- Each field officer is responsible to update the register when necessary
- Each field officer is responsible to check the register before leaving the office
- Each field officer is responsible to advise his or her Supervising Valuer of the intention of visiting a property on the register.
- All field officers are to advise of difficult, aggressive or potentially violent customers on the General Notes screen of the LOTS system via the QQG screen.

4. Procedures

4.1 Record all properties with difficult, aggressive or potentially violent customers on the attached register and store on a drive allowing access by all staff.

Approval by Deputy Valuer-General / /