Notes for Rates Review 28 August 2019

I am a new rate-payer in Warrnambool, having previously owned property in St Albans (Keilor Council), Chelsea (Chelsea Council), Moorabbin (Moorabbin Council then Kingston Council), and Taradale (Shire of Mt Alexander. I admit I was shocked with the valuation I received from Warrnambool City Council, on my property in the [redacted]

I believe that there are several failings with the current system:

1. The valuer has a long-term commercial interest with the council, so the "misconception" that he provides independent valuations ins not accurate. The valuer wishes to uphold his position with the council involved, whether directly or indirectly. The council has a vested interest in using the valuer who will provide the highest valuations, as this provides a higher rate revenue, knowing that only a small number will actually lodge an objection. However, if we use the figures on last year's objections quoted in The Standard on 21st of August 2019, it states that last year there was 32 objections of which 28 were successful. This represents a valuation failure rate of 87.5%. What action did Warrnambool council take to ensure that this situation did not continue, and that those ratepayers who did not lodge an objection were being treated fairly and honestly?

2. When I received the valuation on my new house, I asked for more information on how the valuation was derived.

   The details of the valuation, which I received were:

Land	$145,000
Building	$327,000
Alfresco Area	$8,000
Double Garage	$15,000
Garden	$3,000

   I pointed out that I would be able to build the house again for cheaper than the price provided by the valuer, [redacted] who the council used.

   When I look at the valuation, I make the following point , namely that the building INCLUDES the double garage and the Alfresco area. These have been counted TWICE by [redacted]

   This $23,000 overcharge by the council's valuer is indicative of the amount I believe that the property has been overvalued. It is also relevant that housing prices have not been rising as highly as they have historically, due in part to the fallout from the Banking Royal Commission.

   I asked to speak with their valuer (my mistake) and when I bought up this issue, I was told the "justification" was that he had been doing valuations for over 30 years, and I should not be questioning his figures,. He then waved the details of 4 property sales at me, and stated that they proved his figures were correct, and that if I wanted to get the values reviewed, I needed to find examples which proved he was wrong. He refused to provide me with the details he had stating he was "protecting their privacy" – how does this apply to something he downloaded from the public domain of the web? It does not provide for open and honest governance.

I sent an email to [redacted] that the meeting with the valuer had not gone well.

When I received [redacted] reply I was left with the opinion that if I wished to go further, I would need to get a solicitor involved, and start with a "freedom of Information" case against the council. As a pensioner, I had to weigh up the likely costs of this against the potential savings in the outcome. It should not be like this.

3. The current methods do not contain enough checks and balances. This leads to anomalies, which should be addressed by this review. These include:
    a. A new house should never be valued at a price higher than it cost to build – if someone wanted one, they could build it cheaper than the current method provides;
    b. While the build price provides a good guideline, it needs to be recognised that if the price includes the garage and the patio/alfresco then these do not get added to the valuation again to inflate the value. (Most modern house plans include these areas, and this is ALREADY included in the price.)
    To get a more accurate value on the price of stand-alone garages – check with the "Weekly Times";
    c. As council are the group charging the rates based on the valuation, it should be up to the councils to prove the correct valuation, not up to the victim/ratepayer to prove that the council is wrong. When a ratepayer believe that the valuation has been inflated, then the council should work with the ratepayer to achieve a satisfactory outcome;
    d. The Valuer-General's department needs to ensure that the valuations being provided are real. When there are large percentages of valuations being overvalued, the department needs to step in;
    e. Properties for sale have usually been subject to a "last-minute" preparation ready for the sale. This is to ensure that the property gets its maximum price. However, this maximum price needs to be discounted for those properties which have not yet had this preparation. New houses take time to become established, and while a garden and lawn may be in place, these will take time to establish. Using the "maximum" sales price is not realistic – it does allow for the fact that most places are not in a state of "prepared ready for sale".
    f. When a property is sold, if it sells significantly below the valuation, then there should be a method for the refund of over-paid rates, going back for a considerable period – say 5 years (plus interest);
    g. There needs to be a process in place to ensure that when properties are revalued across a local government area, then the rate in the dollar charged goes down by a corresponding percentage. This needs to be audited independently from the council, preferably by the State Government Local Government Authority.

The revised process needs to ensure that there is a fair, usable and realistic system for both the ratepayers and for the council. The current method does not appear to achieve this.

[redacted]