



PROPERTY VALUATION GUIDELINES

The Unimutual Property Valuation Guidelines have been developed to assist in creating uniformity and consistency in the declaration of member assets for protection. They can be used by members when providing a scope of work to their chosen professional valuer.

A professional valuer is licensed or registered by the appropriate state body to practise as a qualified valuer.

These are guidelines only, prepared to assist members and their professional valuer in providing property valuations to be declared for protection by Unimutual. The guidelines do not prescribe any specific valuation methodology and are to be used as a guide only. Members should seek advice on any specific valuation issue from their selected professional valuer.

Members must declare the full value of property at each location at the commencement of each Period of Protection. The professional valuation should be no greater than four years old at the commencement of the period of protection. During the intervening period valuation allowances need to be made for additions and deletions and appropriate increases/decreases in the Building Price Index need to be taken into consideration. Contents should be professionally valued at the same time and updates made during the intervening period allowing for additional, deletions and Consumer Price Index increases/decreases.

A professional valuation can be undertaken onsite involving a “walkthrough” process or it can be on the basis of a desktop exercise. It is recommended that onsite valuations are conducted at least every four years.

The guidelines cover the following:

- Building Valuations
- Contents Valuations
- Infrastructure Valuations
- Library Valuations

It is recommended that these guidelines are referred to when the member is planning future updates to their current valuations.

To assist you in providing your Property Valuation Schedule for the forthcoming renewal attached is a spreadsheet template which can be used to provide the required information.

BUILDING VALUATIONS

The building valuation should allow for the replacement by similar property in a condition equal to, but not better or more extensive than its condition when new.

The valuation schedule should include a separate building value for each building.

When determining the replacement cost of heritage structures the potential additional cost in reinstating these structures needs to be taken into consideration.

The building valuation should include the following allowances to ensure that the total replacement cost of the building is declared:

Demolition and Removal of Debris

The removal, storage and/or disposal of debris (or of anything which caused the damage) and the carrying out of decontamination, demolition and dismantling consequent upon damage to the property protected.

Escalation Costs

Additional costs incurred to rebuild during planning/tender/construction and fit-out time, including inflation during the protection period.

Extra Cost of Reinstatement

Additional costs incurred in conforming to regulations and by-laws which, may have been adopted since the original building construction. Including demolition or dismantling of the property damaged, necessarily incurred by the member to comply with the requirements of any Act of Parliament or Regulation made there under or any By-Law, Ordinance or Regulation of any Municipal or other Statutory Authority.

Professional Fees

Costs incurred for engaging professionals to assist with the reconstruction including architects, surveyors, consulting engineers, legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to the property protected.

INFRASTRUCTURE

A separate value for infrastructure needs to be included in the total asset value. Infrastructure includes all improvements on the site beyond the bare block of land such items as fencing, roads, footpaths, bridges, service tunnels and landscaping etc.

For Indexation of construction costs you could refer to the Producer Price Index (Downloads - Tables 15 and 16 Output of the General Construction Industry – Non Residential building construction (4113)) which can be obtained via the Australian Bureau of Statistics at www.abs.gov.au.

CONTENTS VALUATION

Assets will need to be declared for their replacement value. This is the current cost to acquire an identical or near identical replacement asset including all ancillary costs such as freight, duties, installation, commissioning, design and other professional fees to a standard substantially the same as, but no better or more extensive than its condition when new.

The valuation schedule should include a separate contents value for each building. Other contents including artwork, library collections, staff personal property etc can be declared as a total amount per category.

All contents items will need to be included in the asset schedule including but not limited to:

- Plant
- Machinery
- Equipment
- Furniture
- Leased equipment
- Items the subject of rental or loan agreements
- Stock and Material-in-Trade
- Museum and Other Collections
- Works of art
- Valuable Papers and Documents
- Archives
- Consumables
- Crops and pastures for research and commercial purposes
- Animals for research and commercial purposes
- Freezer contents
- Staff personal property used for teaching and research purposes
- Library Collections

A more accurate valuation will be able to be provided by a professional valuer if they undertake a walkthrough valuation process. It is recognised that in some circumstances this can be a cost prohibitive exercise.

Property inventories and asset registers can be used as a tool for contents valuations however it needs to be recognised that the value recorded in these registers are very often the purchase price of the item. Therefore, when using the asset register information allowances may need to be made for any additional costs which may be incurred to replace the items. An allowance may also need to be made for items not incorporated in the asset register eg items under \$5,000.

When determining the replacement value of items purchased overseas fluctuations in overseas exchange rates may need to be considered and appropriate allowances for increases or decreases in the replacement cost applied.

Special attention should be given to the contents of research laboratories etc due to the unique and often high valued items located in these types of facilities.

Consumer Price Index can be obtained via the Australian Bureau of Statistics at www.abs.gov.au

LIBRARY COLLECTION VALUATION

The library collection excludes rare books and archives these would need to be valued on an individual basis for which separate valuations should be provided.

The library collection valuation should include monographs, serials and other media forms.

When determining a valuation for the library collection the organisation should:

- ensure that an accurate count of the items in the collection has been undertaken.
- ensure that an adequate purchase price is being used to cover the repurchasing of the items.
- ensure that a processing/cataloguing cost associated with putting the item back on the shelves has been included in the valuation.
- determine the obsolescence factor so that the valuation figure is not inflated by the inclusion of items that would not need to be replaced.

Below is a link to the Queensland Treasury Accounting for Library Collections. Although this document is based on valuing for accounting purposes it does contain some useful information.

http://www.treasury.qld.gov.au/office/knowledge/docs/non-current-asset-policies/non-current-asset-policies_13.pdf

Below is a Library Collection Valuation Guide to assist with the calculation of the replacement cost of the library collection.



LIBRARY COLLECTION VALUATION GUIDE

It is important that the total replacement cost of the University's library collection is provided to ensure that the University is adequately protected in the event of loss or damage.

To ensure that the University maintains an accurate total replacement cost for the library collection could you please provide the following information:

If possible, to increase the accuracy of the total replacement value the information should be provided for each of the main disciplines eg Medicine, Science, Humanities etc

1. BOOKS (VOLUMES)

- 1A Total number of books currently held _____
- 1B Total number of books purchased over the last five years _____
- 1C Total number of books disposed of over the last five years _____
- 1D Total amount expended on the purchase of books over the last five years _____
- 1E If all books were destroyed what estimated number of books would be replaced in electronic format instead of hard copy _____
- 1F Average processing cost per book _____
- 1G Average cost of replacing a book in electronic format _____

2. PRINT SERIAL TITLES/VOLUMES

The figures provided can be based on either print serial titles or print serial volumes.

- 2A Total number of print serial titles/volumes held _____
- 2B Total number of print serial titles/volumes purchased over the last five years _____
- 2C Total number of print serials titles/volumes disposed of over the last five years _____
- 2D Total amount expended on the purchase of print serial titles/volumes over the last five years _____
- 2E If all print serial titles/volumes were destroyed what estimated number of print serials titles/volumes would be replaced in electronic format instead of hard copy _____
- 2F Average processing cost per print serial titles/volumes _____
- 2G Average cost of replacing a print serial title/volume in electronic format _____

3. OTHER ITEMS

- 3A Estimated replacement value of other items in the collection eg microform, electronic media etc

4. OBOLESCENCE

- 4A If the entire collection were to be lost what percentage of the collection would not be replaced _____

Note: “**Processing Cost**” includes all costs incurred to place the item back on the shelf eg purchasing, cataloguing etc

Calculation to determine the replacement value of the library collection

- Step 1 -** Determine average replacement value of a volume by dividing total expenditure on volumes over the last five years **1D** by the total number of volumes purchased over the last five years **1B** and add the processing cost **1F** to this amount.
- Step 2 -** Multiply the amount calculated in **Step 1** by the total number of volumes held **1A** less the number of volumes that would be replaced in electronic format **1E**.
- Step 3 -** Multiply the average cost for replacing a book in electronic format **1G** by the number of volumes estimated to be replaced in electronic format **1E**.
- Step 4 -** Add the amount calculated in **Step 2** and **Step 3** to arrive at a replacement cost for volumes.
- Step 5 -** Determine average replacement value of a print serial title/volume by dividing total expenditure on print serial titles/volumes over the last five years **2D** by the total number of print serial titles/volumes purchased over the last five years **2B** and add the processing cost **2F** to this amount.
- Step 6 -** Multiply the amount calculated in **Step 5** by the total number of print serial titles/volumes held **2A** less the number of print serial titles/volumes that would be replaced in electronic format **2E**.
- Step 7 -** Multiply the average cost for replacing a print serial title/volume in electronic format **2G** by the number of print serial titles/volumes estimated to be replaced in electronic format **2E**.
- Step 8 -** Add the amount calculated in **Step 6** and **Step 7** to arrive at a replacement cost for print serial titles/volumes.
- Step 9 -** Add **Step 4** and **Step 8** and then add the estimated replacement value of other items in the collection **3A**.
- Step - 10** Reduce the amount of **Step 9** by the percentage given in **4A**.