Overview

The Valuer-General is required to provide land valuation lists and supplementary lists to councils of areas under the Local Government Act 1993 (NSW) for their rating purposes. These land valuation services are declared as government monopoly services under section 4 of the IPART Act 1992 (NSW).

The current determination (2009 Determination) for the Valuer-General was released in July 2008. It sets maximum prices for the period 1 July 2009 to 30 June 2014.

The Premier wrote to IPART on 30 December 2013 to request a new price determination, so that determined maximum prices take effect from 1 July 2014.

In this review, we will determine maximum prices to apply from 1 July 2014 for the Valuer-General’s land valuation services to local councils (2014 Determination). We aim to set prices to recover an appropriate level of revenue needed to support its regulated services in an efficient and effective manner.

Our Proposed Approach to the Review

In accordance with our Terms of Reference, our proposed approach to the review involves:

- establishing (not setting) the services provided by the Valuer-General to its customers (ie, the obligations for service and expected level of service provided)
- establishing the efficient costs of providing those services (ie, determining the revenue requirements), including consideration of the scope for efficiency savings
- allocating the costs of the operation (revenue requirements) to the various user groups (in particular, councils)
- setting maximum prices for the valuation services provided to councils – by either determining a price path for the charges or a methodology for determining those charges in future years.

What’s in the Issues Paper?

The Issues Paper has been released with the aim of obtaining the Valuer-General’s and stakeholders’ views on the issues that are raised in it. The Issues Paper explains how the review is to be undertaken, provides background information, and outlines issues on which we particularly seek comments. Specific questions on which we seek responses are as follows.
List of issues for stakeholder comment

1. Should IPART set one 5-year determination or undertake multiple periodic determinations over the 5-year referral period?

2. In what circumstances should IPART consider making a new determination?

3. Have the land valuation services provided by the Valuer-General changed since the 2009 Determination?

4. Is the quality of land valuation services provided by the Valuer-General meeting customers’ expectations?

5. What is an appropriate rate of return for the Valuer-General’s assets?

6. What is the appropriate equity beta and gearing ratio on which to calculate the Valuer-General’s rate of return?

7. Is there a case for changing the methodology for allocating costs to councils? If so, on what basis should costs be allocated?

8. Should the current price structure of residential and non-residential prices be retained, or is there a more appropriate pricing structure for land valuation services (e.g., a single price)?

9. What is the impact on customers (i.e., councils) from the proposed change in price structures?

10. Is there new evidence that would warrant differential pricing for councils and a move away from a common charge across all councils?

11. Should an indexation approach be used to set the maximum prices for the Valuer-General’s land valuation services to councils?

12. How should the price path account for customer impacts?

What happens next?

We invite all interested parties, including individuals, businesses, and councils to make written submissions to the review by 7 February 2014. The Valuer-General’s submission is due 31 January 2014.

Submissions may comment on any or all of the questions raised, and on any other issues stakeholders consider relevant to the review.

We would prefer to receive them electronically via our online submission form <www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>.

You can also send comments by mail to:

Review of prices for land valuation services provided by the Valuer-General to councils
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Our normal practice is to make submissions publicly available on our website <www.ipart.nsw.gov.au>.

If you would like further information on making a submission, IPART’s submission policy is available on our website, as well as at the front of our Issues Paper.

In addition to submissions, we will hold a public hearing on 25 February 2014 and release a draft report in April 2014, to provide further opportunities for stakeholders to present their views.

Our indicative review timetable is listed below.

<table>
<thead>
<tr>
<th>Task</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release Issues Paper</td>
<td>10 January 2014</td>
</tr>
<tr>
<td>Receive Valuer-General’s submission and information returns</td>
<td>31 January 2014</td>
</tr>
<tr>
<td>Receive public submissions</td>
<td>7 February 2014</td>
</tr>
<tr>
<td>Conduct a public hearing</td>
<td>25 February 2014</td>
</tr>
<tr>
<td>Release Draft Determination and Report</td>
<td>4 April 2014</td>
</tr>
<tr>
<td>Receive submissions to Draft Determination and Report</td>
<td>24 April 2014</td>
</tr>
<tr>
<td>Release Final Determination and Report</td>
<td>30 May 2014</td>
</tr>
</tbody>
</table>

Note: These dates are indicative and are subject to change.