

17 October 2018

WHAT

IPART has begun its review of the prices that the Valuer General can charge councils for land valuation services from 1 July 2019.

The Valuer General may charge councils a fee for valuing land. Land valuations are the basis on which councils issue rates notices to ratepayers.

Our [Issues Paper](#) sets out issues for this review and provides our initial views, where we have them at this stage.



WHY

The Premier has asked IPART to determine the maximum prices the Valuer General may charge councils for valuing land for a 6-year period, from 1 July 2019 to 30 June 2025.

IPART last set the maximum charges the Valuer General may charge in May 2014, for a 5-year period. The current determination expires on 30 June 2019.



WHO

During our review we will engage with a range of stakeholders including:

- ▼ NSW local councils
- ▼ the NSW Valuer General
- ▼ government agencies such as Property NSW, Revenue NSW, and
- ▼ interested stakeholders from the general community.



HOW

The Issues Paper sets out our proposed approach to the review. We will consider issues related to:

- ▼ the form of price regulation
- ▼ how much revenue the Valuer General needs to provide services efficiently
- ▼ how much of that revenue should come from charges on councils, and
- ▼ an appropriate pricing framework that recovers efficient costs and considers the impact on councils.



WHEN

We have been asked to provide a Final Report and Determination to the Premier by 31 May 2019. We will also release a Draft Report in early April 2019.



WHAT NEXT

We are seeking public comments on our Issues Paper, which sets out our proposed approach to the review. Submissions on the Issues Paper close by **cob, 11 January 2019**. Information about how to make a submission can be found [here](#).

Stakeholders may also wish to comment on the Valuer General's pricing proposal, which is due to be submitted to us on **30 November 2018**.

Further information about this review is available on our website at www.ipart.nsw.gov.au

1 Background

What is the role of the Valuer General

The Valuer General is an independent statutory officer appointed by the Governor of New South Wales to oversee the State's land valuation system. The Valuer General's statutory functions are set out in the *Valuation of Land Act, 1916* (the Act).

The valuation services provided by the Valuer General include:

- ▼ land values for rating and taxing purposes
- ▼ the determination of compensation following the compulsory acquisition of land
- ▼ an objections and appeals process against valuations, and
- ▼ specialist/private valuations and property advice to government.

Under the Act, the Valuer General may charge a fee for providing land valuation services to councils. Councils use the valuations provided to them by the Valuer General for setting rates payable by ratepayers.

Our review will focus on the Valuer General's services in providing land valuations to councils, as these are government monopoly services. We do not set prices for the other land valuation services the Valuer General provides.

2 What decisions do we have to make?

To set the maximum price that the Valuer General can charge councils for valuation services, IPART will be making decisions on the following issues:

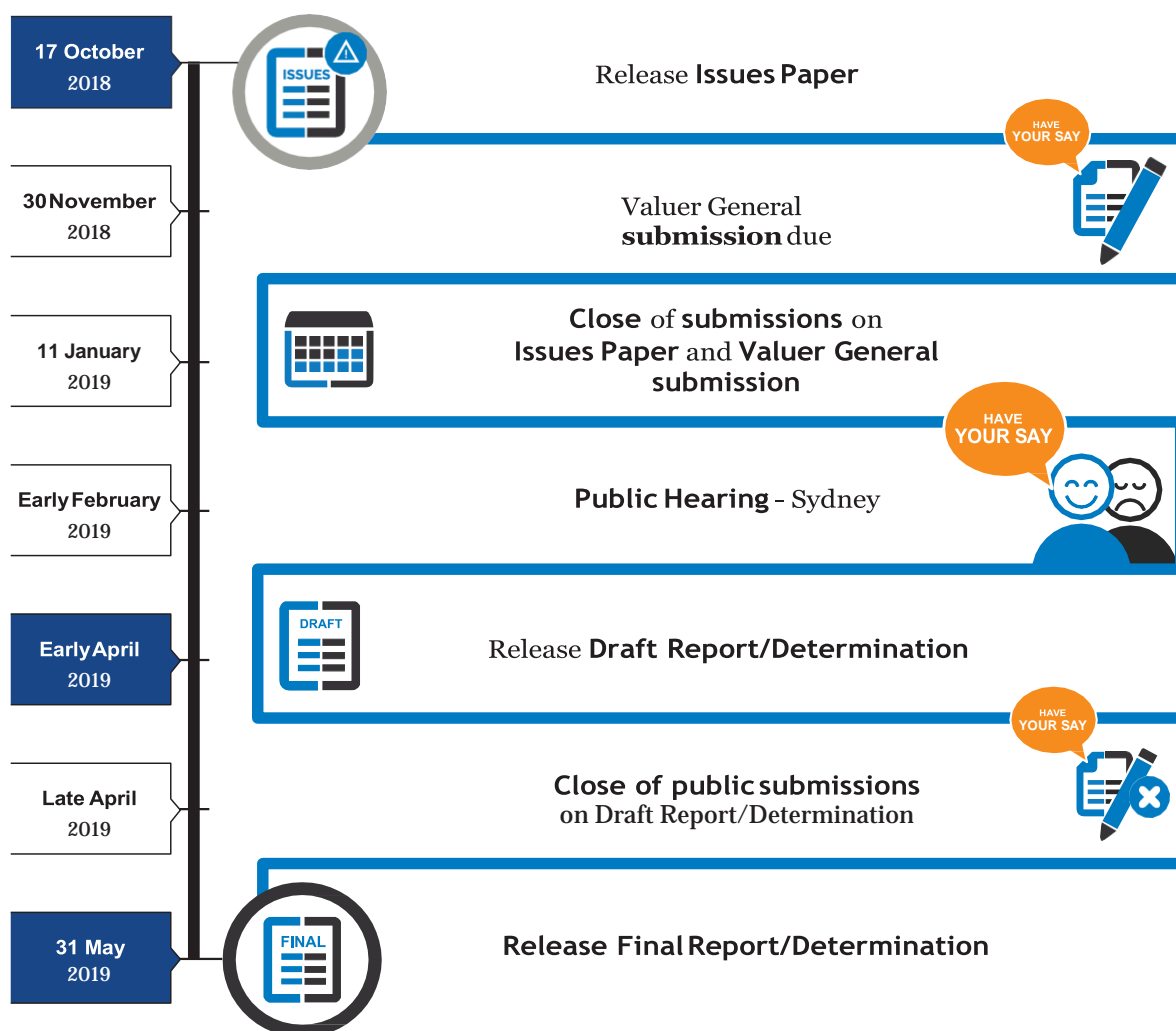
1. What form of regulation we should apply?
 - ▽ We currently use a 'price cap' form of regulation – ie, we control prices directly by setting maximum prices for each year of the determination period.
 - ▽ Other forms of regulation we could consider are a 'Weighted average price cap' (WAPC), or a 'Revenue Cap'.
2. How much revenue the Valuer General needs to provide services efficiently (ie, the notional revenue requirement or 'NRR')?
 - ▽ We currently use the building block approach to calculate the Valuer General's NRR over the determination period.
 - ▽ Alternative options such as a cost index could be considered once an efficient cost base is established.
3. How much of that revenue requirement should be allocated to councils (ie, how much revenue should be recovered from prices to councils for valuation services?)
 - ▽ We will determine councils' share of the Valuer General's total efficient costs of providing valuation services, taking into account how much and how frequently the Valuer General provides valuation services to councils relative to other customers.
4. What is an appropriate pricing structure and price path to recover councils' share of the Valuer General's revenue requirement (efficient costs) over the determination period?

- ▽ We will consider whether to set a single price for all residential valuations and a single price for all non-residential valuations across all councils
- ▽ We will consider whether to set different prices for different councils.

3 How will we conduct the review

Stakeholders have multiple opportunities to express their views during this review, including making a submission in response to this Issues Paper and the Valuer General's submission, attending a public hearing and making a submission in response to our Draft Report.

Figure 1: Indicative timeline for this review



Note: These dates are indicative and may change.

We invite all interested parties to lodge submissions in response to this Issues Paper. Stakeholder submissions are due by **11 January 2019**.