



Gladys Berejiklian MP
Premier of New South Wales

Ref: A2670545

Dr Peter Boxall AO
Chair
Independent Pricing and Regulatory Tribunal NSW
PO Box K35
HAYMARKET NSW 1240

Dear Dr ^{Peter,} Boxall,

I am writing regarding the pricing for land valuation services provided to local councils by the Valuer General.

In accordance with the *Valuation of Land Act 1916*, the Valuer General must provide local councils with land valuation and supplementary lists for rating purposes. These services are declared monopoly services under *Government Pricing Tribunal (Valuer General's Services) Order 1993* for the purpose of the *Independent Pricing and Regulatory Tribunal Act 1992*.

I have been advised that IPART's last determination of these prices ends on 30 June 2019.

Pursuant to section 12 of the *Independent Pricing and Regulatory Tribunal Act 1992*, I request that IPART make a new determination of the pricing for the land valuation services provided to local councils by the Valuer General.

The draft terms of reference are attached, the determination is to apply for a total period of six years from 1 July 2019 to 30 June 2025.

Thank you for your assistance in this matter.

Yours faithfully,

Gladys Berejiklian MP
Premier

PRICE REVIEW OF RATING VALUATION SERVICES PROVIDED BY THE VALUER-GENERAL TO LOCAL GOVERNMENT - DRAFT TERMS OF REFERENCE

I Gladys Berejiklian, Premier of New South Wales, under section 12 of the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act), refer the matter set out in these 'terms of reference' to the Independent Pricing and Regulatory Tribunal (IPART) for investigation and report.

Background

By the *Government Pricing Tribunal (Valuer-General's Services) Order* dated 11 August 1993 made under section 4 of the IPART Act, the following services provided by the Valuer-General were declared as government monopoly services:

"Furnishing valuation lists and supplementary lists under Part 5 of the *Valuation of Land Act 1916* by the Valuer-General to a council of an area under the *Local Government Act 1993*" (Monopoly Services).

On 30 December 2013, the Premier requested that, pursuant to section 12 of the IPART Act, IPART make a determination of the pricing for the provision of the Monopoly Services to apply for a period of 5 years

In May 2014, IPART released its determination of maximum prices for the Monopoly Services provided by the Valuer General.¹ These maximum prices apply until 30 June 2019.

Reference to the Tribunal

IPART is requested by the Premier, under sections 12(1) and (3) of the IPART Act, to investigate and report on the determination of the maximum prices for the Monopoly Services provided by the Valuer-General to apply in total for a period of 6 years (Referral Period). Under section 12(3) of the IPART Act, this referral may extend to an annual or other periodic determination of the pricing of the Monopoly Services during the Referral Period.

Matters for consideration

In its investigation, IPART should:

- ▼ identify the Valuer-General's full efficient economic costs of providing the Monopoly Services over the determination period or periods;
- ▼ develop an efficient, effective and transparent pricing framework for the Monopoly Services;
- ▼ consider the Valuer-General's efficient costs of providing the Monopoly Services over the relevant determination period or periods;
- ▼ consider the efficient allocation of the costs of the Monopoly Services between the users of those services in accordance with relevant economic and pricing principles;
- ▼ consider the scope for the Valuer-General to achieve efficiency savings in providing the Monopoly Services; and
- ▼ specify the duration of the relevant determination period or periods.

In addition, IPART may take into account any other matters it considers relevant.

¹ IPART, *Review of prices for land valuation services provided by the Valuer-General to councils – From 1 July 2014 to 30 June 2019*, Determination No.2, 2014.

Consultation

IPART must undertake such consultation as is required under the IPART Act and may undertake such further consultation as it considers appropriate, including with key stakeholders such as government agencies responsible for management of the land valuation and rating systems.

Reporting

IPART is to submit its final report and determination to the Premier by 31 May 2019 and is to submit any subsequent reports and determinations to the Premier on such other date or dates as agreed.

Determination commencement

It is intended that the determination or, in the event of a periodic determination of pricing, the first determination, will commence on 1 July 2019.