

Review of prices for the Valuer General's land valuation services to councils.

Independent Pricing and Regulatory Tribunal

Online Submission

19 November 2024

Dear Tribunal members

Review of prices for the Valuer General's land valuation services to councils.

Thank you for the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal (IPART) in response to the recently released Call for Submissions; *Review of prices for the Valuer General's land valuation services to councils*.

Please find below our responses to the eleven questions that IPART has posed in its Call for Submissions.

Efficient Costs

1. *Do you consider the Valuer General's pricing proposal represents good value? Why/why not?*

No, AlburyCity does not regard the pricing proposal as good value. This appears to be another cost shifting measure to be absorbed by councils, with the Valuer General passing on price increases to councils that we are not able to pass on due to the rate peg which has already been set for the 2025/26 financial year. The proposal does not appear to consider alternative options for the monopoly services provided by the Valuer General.

2. *Has there been any material change to the land valuation process that has impacted the cost of undertaking valuations (e.g. contract costs)?*

From the information provided in the Valuer General's proposal it appears tendered contract pricing has impacted their costs of service delivery.

3. *How might the Valuer General's costs of providing land valuation services change over the next 6 years, considering the impact of digital technology, AI, and innovation?*

That is a matter for the Valuer General, however any increase above CPI should be able to be offset via an increase in income. They have not provided an overview of the possible efficiency savings over the six-year period due to improvements with digital technology, AI, and innovation. With the evolving technology capabilities overtime this should be considered.

Cost allocation between users

4. *How should the Valuer General's costs be allocated between users of valuation services?*

The allocation of costs between councils, the NSW Government, and other users such as the public should be reconsidered. Current users that are not allocated a share of the costs is not seen as fair and equitable, including NSW Fire and Rescue, NSW Roads and Maritime, NSW Crown Lands, Local Government Grants Commission and other customers in the private sector.

There is also the question as to why it is proposed that councils are burdened with a greater share of costs (increasing from 30.5% to 31.3%) when councils receive updated valuations once every three years, whereas Revenue NSW receive updated valuations annually. This would suggest Revenue NSW should bear 75% of the costs?

Pricing framework

5. *What is the impact on councils of the Valuer General's proposed price increases?*

As stated above the cost increases would need to be absorbed by AlburyCity given the rate peg. This will impact on our ability to fund existing services, facilities and infrastructure.

6. *Should the current four pricing zones be retained or is there a more appropriate pricing model for land valuation services such as a single price?*

Rather than a single price, AlburyCity would be interested in understanding the relative cost for each of the 19 contract zones which would be more specific to the local area, rather the current four zone pricing model for country, coastal, metro and City of Sydney. However, this data has not been shared by the Valuer General.

6. *If a price increase is necessary, should it be implemented in the first year, or gradually over a few years?*

Any price increase should be aligned to an adjustment to the rate peg. With the rate peg already set by IPART for 2025/26, any increase should be deferred to future years. From a landowner perspective a gradual increase would allow for the increased burden to be managed more effectively by households, rather than a one-off hit.

Government regulation

7. *What potential impacts does the bringing in-house of mass valuations by the Valuer General have on the long-term viability of the valuation market participants and the level of competition in the valuation market?*

At this point in time insufficient information has been provided for AlburyCity to provide an informed comment.

Service quality

8. *Is the quality of service provided by the Valuer General meeting expectations?*

Generally, yes. However, the experience of landowners who object to the valuations received has been less than desirable as outlined below.

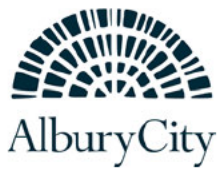
9. *If you have been involved with the Valuer General's land valuation dispute process, what has been your experience?*

As part of the 2022 general valuation process the land value increase in the Albury Local Government Area was on average 70%. However, there were areas where the Valuer General assessed that the land value increase was more than 200%, which resulted in a number of objections by concerned landholders.

In response to objections received, it was acknowledged that initially errors were made however revised valuations remained significantly greater than adjacent areas. Frustrated landowners raised their concerns with AlburyCity regarding the inconsistency in how their objections were treated, with landowners questioning the justification, timeliness, fairness, and transparency of the process.

In March 2023, I wrote to Valuation NSW requesting prompt consideration of the concerns raised by Central Albury landowners, including reasoning of the valuation increases. In May 2023 Valuation NSW responded by advising the objections were in the process of being determined.

In September 2023, I wrote to Valuation NSW again to highlight that a number of very concerned landowners from Central Albury had contacted AlburyCity regarding inconsistencies in their responses from Valuation NSW to their objections. As part of this letter, I proposed to facilitate with the support of Valuation NSW a meeting with representatives of the affected properties to discuss the reasoning for the valuation. AlburyCity also requested that Valuation NSW commission an independent review to ensure the relative land valuations are fair and equitable.



In October 2023, Valuation NSW advised that the Valuer General is an independent statutory officer appointed to oversee the State's land valuation system. The independence of the Valuer General provides a clear separation between the determination of land values and their respective use by NSW Government and councils to raise taxes and rates.

Valuation NSW advised once they have finalised all objections for Central Albury, surrounding values will be reviewed, which is a standard process and any inconsistencies in objection outcomes will be rectified. Valuation NSW also advised that if landowners are not satisfied with the final determination, the appropriate course of action is to appeal the decision in the Land and Environment Court of NSW. An appeal must be made to the Court no later than 60 days from the date of issue of the objection determination letter.

In April 2024, AlburyCity received confirmation from Valuation NSW that all objections were finalised by 30 November 2023. AlburyCity were also advised that as part of their quality assurance process, Valuation NSW undertook a review of all surrounding values within the Maryland Precinct to determine any inconsistencies in land values.

AlburyCity then encouraged representatives of the concerned Central Albury landowners to seek their own advice regarding lodgement of an appeal to the Land and Environment Court of NSW and provided a letter of support which also outlined our engagement with Valuation NSW since March 2023.

From AlburyCity's perspective it is unfortunate that Valuation NSW, being a monopoly service provider, is unwilling and not required to meet with landowners to discuss the justification for their valuation and their experience with the Valuer General's land valuation dispute process including timeliness, fairness, and transparency of the process. Instead, Valuation NSW requires landowners to lodge an appeal to the Land and Environment Court of NSW at great expense.

General

10. *Are there any other matters you would like us to consider as part of our review of the Valuer General's Monopoly Services?*

AlburyCity appreciates the opportunity to make a submission to IPART as part of their review of prices for land valuation services provided by the Valuer General to councils. Should you wish to discuss any aspect of our submission, [REDACTED]

Yours sincerely,
[REDACTED]