

28 October 2024

Review of prices for the Valuer General's land valuation services to councils
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST-SHOP NSW 1240

Dear Tribunal

Submission: Information Paper, review of prices for the Valuer General's land valuation services to councils

Thank you for the opportunity to comment on the issues paper on behalf of Campbelltown City Council.

Campbelltown City Centre is identified in the Greater Sydney Region Plan as a Metropolitan Cluster Centre that, together with the centres of Liverpool, Penrith and the emerging Aerotropolis, will support the growth of the Western Parkland City to a region that will be home to in excess of 1.5 million people by 2036.

Campbelltown City Centre is in a unique position as a Metropolitan Cluster Centre at the 'Southern Gateway to Sydney' serving regional and metropolitan communities that often extend outside our rate base.

Yours sincerely



Jai Rowell

Deputy General Manager | City Governance, Planning and Futures

Submission: Information Paper, review of prices for the Valuer General's land valuation services to councils

EXECUTIVE SUMMARY

The current land valuation provision through the three-year mass valuation cycle followed by regular updates through the supplementary valuation roll updates works well and is timely for our organisation.

The price increase proposed is higher than we expect it to be and the sharing of costs across the various businesses and individuals that are not charged appears to result in an additional burden on our collective ratepaying community.

In essence we would like see improvements in:

- efficiencies by increasing innovation and technology
- continuous quality assurance and pricing efficiencies through competitive tendering
- funding and/or distribution methodology

In this submission we have responded to each of the 11 items on which you are seeking feedback. The responses are provided below.

RESPONSE TO ITEMS PRESENTED IN THE INFORMATION PAPER

Efficient costs

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

Council considers that land valuation services should continue to be provided in a timely and accurate manner. The proposed pricing structure is set at a level greater than the anticipated base cost change in the annual rate peg, and Council would prefer a staggered increase to the prices rather than the proposed up front increase in the first year.

The financial information provided in the Valuer-General's submission does not appear to be verified by any audited or other external process, and we assume that sufficient information has been provided for IPART to make an informed decision on the proposed increase.

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

We are unaware of any material changes in the land valuation process.

- 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?**

The growth in the AI sector is developing at such a rapid rate we believe that its use should help to drive costs down in particular with mass valuations. Based on our understanding of the valuation process and use of data sourced from sales, permitted use and historical movements efficiency improvements from digital technology should help achieve a decrease in some current manual processes used and that should achieve future efficiency gains and further reductions in costs.

Cost allocation between users

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

We note from the Valuer-General's submission made in August 2024 the following minor users that they consider immaterial, however we could not see any advice on the volume or amount of data that is accessed.

- Private brokers and the general public.
- Other government agencies such as NSW Fire and Rescue, Transport for NSW, NSW Crime Commission, NSW Police Force, NSW Crown Lands and Local Government Grants Commission.

Councils receive land valuations on a three-year cycle and Revenue NSW receive land valuations annually. The annual valuations are available to all of the agencies above free of any charge and councils pay 25 per cent of the annual cost for mass valuations, and between 33 and 100 percent for the remaining operating costs. Primarily the cost split for dealing with objections and customer experience appears high at 50/50 per cent.

Pricing framework

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

The impact on council budgets will depend on if the IPART is to include a pass-through factor in the rate peg methodology or as part of the base cost change. In the event of a pass through the impact will be negligible as any change in pricing will have a direct impact in ratepayer notices.

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?

The current price structure of four pricing zones should be retained.

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

The proposed increase for Council as a metro council from \$7.20 to \$9.44 per valuation represents a 31% increase in the first year, with subsequent years being subject to CPI. A gradual approach over say a 3 year valuation cycle would minimise the up front impact on Council.

Government regulation

8. 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?

Council has concerns with fully outsourcing the mass valuation contracts due to potential impacts on the quality and consistency of land valuation data. Competitive tendering creates competition, which is a healthy outcome from the process, plus competitors are naturally impacted by through accountability in the quality of their services.

Land valuation is a specialist skill and retention of staff with those skills would be considered an essential objective for the Valuer General's department. It is useful to have some insight retained and an ongoing investment in improved technology and work practices.

Service quality

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

The level of service provided by the Valuer General's Department has generally been timely and accurate. We have some concerns with the proposed (unknown) own source valuation standards and costs that could be passed on to councils that are presently split 50/50 with Revenue NSW. Costs incurred in quality assurance and improvements in land valuations should not be simply passed down the line.

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

Council have not been involved in any land valuation disputes with the Valuer-General.

General

11. Are there any other matters you would like us to consider as part of our review of the Valuer General's monopoly services?

- The opportunity for councils to engage the services of independent valuers to provide land valuation data.
- Valuation objections to be subsidised or fully funded by the NSW Government as a quality assurance accountability measure.