



4 May 2025

Online Submission

Draft Report - Review of Valuer General prices to local government 2025

Independent Pricing and Regulatory Tribunal (IPART)

Dear Sir or Madam,

Re: Draft Report - Review of Valuer General prices to local government 2025

We welcome the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal (IPART) in response to the *Draft Report - Review of Valuer General prices to local government 2025*, published in March 2025.

Domain Group is a leading Australian property marketplace. Many Australians know Domain for its popular listings portal, which has millions of unique visitors every month. We have more than 50 years of experience supporting Australians to buy, sell and rent real estate.

Alongside our leading property listings portal, we provide accurate property value estimates in real-time for over 95% of residential properties in Australia through our Automated Valuation Model (AVM). We work with the top five banks and a wide range of lenders, which use our estimates to provide mortgages to Australians.

Additionally, we offer the market leading Computer Assisted Mass Appraisal (CAMA) system that streamlines statutory property valuation processes. VM Online is an advanced off-the-shelf solution that supports the production of multiple statutory and specialist valuation types (including Unimproved/Site Value, Rural Unimproved Value, Capital Improved Value, and Gross Rental Value). It allows for lower cost and risk and higher efficiency in comparison to government in-house solutions. Our CAMA division employs a dedicated team of product managers, business analysts and software developers, investing millions of dollars each year in software research and development.

Having recently renewed our Victorian contract for up to another 11 years, we are proud that by mid-2025 our solution will cover ~50% of statutory valuation volumes in Australia, working with the Valuers-General in Victoria and Western Australia, along with the City of Adelaide.

Please find attached our submission on the Draft Report and our views on the transition towards a more efficient valuation system with lower overall cost.

Thank you for the opportunity to provide this submission. Should you wish to discuss any aspect of our submission in more detail, please do not hesitate to contact [REDACTED], [REDACTED].

Yours sincerely

[REDACTED]

Our submission to IPART's Draft Report - Review of Valuer General prices to local government 2025

Summary:

1. We agree with IPART's view that the proposed price increases are not justified.
2. We support the findings in IPART's recent report based on CIE research and the suggested flat prices for councils.
3. Councils should be given a choice between using Capital Improved Values (CIV) and the Land Value. CIV is the national and international standard, brings several benefits to councils and citizens and is recommended by many stakeholders in Australia.
4. The NSW VG now cites a cost of \$500 million to implement CIV in NSW — an implausibly high figure with no apparent justification. The NSW VG is currently building a new in-house system, Val IQ, which does not support CIV.
5. We believe that the NSW VG has the opportunity to move to a fairer, more transparent and more efficient system, in line with Victoria and Western Australia, which will enable a lower overall system cost.

Details:

- 1. We agree with IPART's view that the proposed price increases are not justified.**
 - The overall drivers of cost increases for Value NSW as a whole are not fully transparent or consistent and aren't clearly linked to actual past costs, e.g.,
 - Technology savings are not reflected: The new IT system (ValIQ) and hybrid delivery model were expected to cut costs, but no savings have been built into the forecasts.
 - Insourcing was meant to save money—but projected costs will increase.
 - Benchmarking vs other states shows that NSW is less efficient and more expensive. CIE indicates that with the proposed large increase in costs, NSW would be substantially above benchmarks from other jurisdictions ([source](#)).

Table 1: Comparison of land valuation in Victoria, Western Australia and NSW

	<u>VIC</u>	<u>WA</u>	<u>NSW</u>
Assessment basis	Land + Capital Improved + Net Annual Value	Land + Gross Rental Value (GRV)	Land
Frequency of assessment	1Y	1Y (Land) 3Y (GRV)	1Y (Land Tax) 3Y (Councils)
# assessments	3.3m (source)	1.2m (source)	2.6m (source)
Total cost per assessment (\$), taken from 2025 CIE report (source)	\$12.9 (actual 2034/24 - Domain estimate)	\$17.1 (actual 2034/24)	\$19.9 (actual 2023/2024) \$30.9 (projected 2026-27)

2. We support the findings in IPART's recent report based on CIE research and the suggested flat prices for councils.

- We believe that IPART's proposed flat fee of \$7.86 (which represents a 1% decrease from the current prices per valuation) is more reasonable and fair than the initially proposed average increase of current prices by 32%.

3. Councils should be given a choice between using Capital Improved Values (CIV) and the Land Value. CIV is the most commonly used rating basis both nationally and internationally, because it brings several benefits to councils and rate payers. Its adoption in NSW has been recommended by various stakeholders.

- Internationally, CIV is the preferred method of valuation for Council/Local Government rates and taxes.
- CIV or a rental value based on capital improved value are used for setting Council rates in all states apart from NSW and QLD.
- There are compelling reasons for giving Councils the option to adopt CIV.
 - Efficiently capturing the cost of supplying council services: using CIV as a ratings base better reflects the cost of supplying council services, since those costs increase with higher density development. It avoids under-taxing multi-occupancy developments, which can lead to insufficient revenue for local services. It addresses the issue where apartments in multi-unit dwellings pay disproportionately lower rates under UV.
 - Greater public transparency and easier to understand: CIV is more easily understood by ratepayers, who can see the evidence provided by property sales, the vast majority of which are sales of capital improved sites, not vacant land.
- Multiple bodies and stakeholders in NSW recommend providing CIV as an option.
 - IPART's 2016 review of the local government rating system recommended CIV as the basis for metropolitan rates in NSW ([source](#)).
 - Several organisations and councils support CIV e.g.,
 - Local Government NSW, NSW Revenue Professionals, Tamworth Regional Council as outlined in their 2024 submissions as part of the Review of prices for the VG land valuation services to councils ([source](#)).
 - The Southern Sydney Regional Organisation of Councils sees the "Introduction of Capital Improved Value (CIV)" as a top priority in April 2024 ([source](#)).
 - IPART's 2020 Rating Review showed that 50% of councils (partially) support the introduction of CIV in the metropolitan council areas, and 56% support the choice between CIV and Land Value ([source](#)).
 - The Legislative Council - Standing Committee on State Development recommended in 2024 to "examine the use of capital improved value, rather than unimproved land value" ([source](#)).

4. The NSW VG has recently cited a "high end" cost of \$500 million to implement CIV in NSW (see 2.70 in [source](#)) — an implausibly high figure with no clear justification. The NSW VG is currently building a new in-house system, Val IQ, which does not support CIV.

- The VG has not provided any basis for the \$500m “high end” cost estimate, instead referring to an internal paper/report they have prepared during the 16th meeting of the VG in March 2024 ([source](#)).
 - In 2016, the VG estimated the cost of moving to CIV to be much lower, at around \$100m ([source](#)). It is unclear why this estimate has changed so much since then.
- NSW is implementing a new in-house valuations system (Val IQ, formerly known as Valnet III), which does not support CIV.
 - The new system will only have the ability to assess unimproved values. This is a missed opportunity to implement a solution that has the capability to support the calculation of CIV should the Government instruct the Valuer General to do so.
 - Val IQ was expected to lead to reduced costs. According to the 2025 CIE report, this is not evident, and potentially the cost reductions expected from this investment will not materialise ([source](#)).

5. We believe that the NSW VG has the opportunity to move to a fairer, more transparent and more efficient system, in line with other major States.

- We see several improvement opportunities in the NSW valuations system:
 - Shifting to a CIV-based model to ensure valuations reflect property improvements and densification trends.
 - Leveraging off-the-shelf CAMA (Computer Assisted Mass Appraisal) solutions, which have proven effective in other states and internationally, rather than spending tens of millions on in-house development.
 - Ensuring cost efficiency and transparency in the Valuer General's operations to avoid excessive labour and ICT expenses.
 - Providing values annually, instead of every three years. Improving the currency of values available to Councils would improve their ability to fairly levy rates and would better align with rate payers experience of movements in the property market.
- Domain offers an off the shelf CAMA solution in Australia, which supports the production of multiple statutory and specialist valuation types, including Land Value/UV, CIV and GRV (Gross Rental Value).
 - Domain already partners with the Valuers General in Victoria and Western Australia, between them accounting for circa 50% of the statutory values produced each year in Australia.
 - Domain's solution is operating model neutral: Victoria operates a fully outsourced valuer model and Western Australia a fully insourced one.
- The net benefit of transitioning to CIV and adopting a more modern and efficient system, would range from \$400m to \$1.1B in net present value terms over 15 years, using a discount rate of 7%, based on a report of CIE ([source](#)) and taking into account estimated upfront cost of Domain's CAMA solution.
 - The actual cost of moving to CIV include:
 - Estimated upfront cost to implement Domain's VM Online CAMA to source, cleanse, match and ingest data on improvements across NSW of ~\$80m (Domain estimate).

Domain Group

- The ongoing cost of subscribing to Domain's VM Online CAMA would be in line with the cost of operating Val IQ, but with the added benefit of enabling the Valuer General to produce not only land but also CIV valuations.
- Ongoing increased costs relating to supplementary valuations and objections were estimated by CIE in their 2016 paper at \$25m to \$74m in net present value terms ([source](#)).