

DRAFT SUBMISSION

IPART Review of Valuer General prices to local government 2025

May 2025



Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

OVERVIEW OF THE LOCAL GOVERNMENT SECTOR



Employ nearly **50,000 people**



Manage more than **1,800 community & public centres**



Maintain more than **168,000km of roads & bridges**



Manage more than **\$220 billion of community assets**



Recycle **1.75 million tonnes of waste**



Spend more than **\$2.5 billion each year on caring for the environment**



Operate more than **380 libraries that attract tens of millions of visits each year**



Make kerbside waste collections for more than **3.1 million households**



Manage an estimated **4 million tonnes of waste each year**



Spend more than **\$2.4 billion on culture and recreation**

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Introduction

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

LGNSW welcomes the opportunity to comment on IPART's [Draft Report](#) in the Review of prices for the Valuer General's (VG's) land valuation services to councils. This submission builds on LGNSW's previous [submission](#) to IPART in November 2024.

Please note this submission is provided in draft form, subject to approval by the LGNSW Board. If there are any changes following Board endorsement, these will be separately provided.

General

LGNSW recently appeared at IPART's public hearing on 15 April 2025 to provide feedback on the Draft Report. In preparing this submission, LGNSW consulted with councils and key stakeholders including the NSW Revenue Professionals (NSW RPs). LGNSW has a strong partnership with the NSW RPs, with whom we consult on local government rating and revenue raising matters.

Based on the Draft Report, LGNSW notes that IPART has made draft decisions including to:

- establish a determination period of 4 years from 1 July 2025 to 30 June 2029
- allocate 30.2 per cent of the VG's efficient costs to local councils
- set a revenue requirement that reflects the VG's efficient costs of \$286.6 million
- adopt a 'postage stamp' (i.e. flat fee) pricing methodology with a price of \$7.86 per valuation rather than retaining the existing 4 distinct zone prices
- increase the price by Consumer Price Index (CPI) each year.

LGNSW broadly welcomes IPART's draft decisions on the VG's pricing proposal as they satisfactorily address many of key issues raised by local government. The local government sector objected to the VG's pricing proposal, and it is welcomed that IPART has listened. The VG's pricing proposals of 21 – 38 per cent were excessive, unjustified and lacked essential details. LGNSW is concerned that if these pricing proposals were to proceed, they would unnecessarily result in increased financial hardship for ratepayers.

IPART's draft decision rejects the VG's proposal of an average fee of \$10.45 and proposes a price of \$7.86 per valuation across all councils. This is marginally below the current average price and equates to a weighted average reduction of 0.7 per cent on council bills.

It appears that the previous pricing determination may have been in excess of VG needs. For example:

- Historical operating expenditure was underspent by 4.8 per cent over the determination period,
- Historical capital expenditure was 35.3 per cent underspent over the determination period.

It would seem that councils have effectively been overcharged for the VG's services over the previous determination period.

LGNSW also reiterates that Value NSW is on the record as stating in September 2024 that expanding its in-house valuations will reduce costs to government and taxpayers, amounting to savings of up to \$16 million over the forward years to 2031.¹

The apparent previous underspend along with these anticipated savings confirm that IPART's draft decision is correct in proposing a lower base for the next determination period.

LGNSW has examined the draft decision closely, including the implications of a 4 year rather than a 6-year determination period. We note this change is due to the uncertainty in the VG's costs for valuations and objections over the proposed 6-year period.

Response to IPART Questions

1. Should IPART change the way it allocates costs to other users of land valuation data?

LGNSW has consistently maintained that all users of land valuation data should share the costs of valuations. This includes private brokers and government agencies. The proposed cost allocation is inequitable for councils, and all users of valuation services should be charged more equitably.

2. Implementing a risk-based pricing structure in a future determination would require the Valuer General to take steps to capture unit mass valuation costs by risk rating. Would you support this and what are the advantages and disadvantages of this approach?

LGNSW requires further information on the workings of a risk-based model before we could provide an informed comment. LGNSW has concerns about the potential impact on the allocation of costs to councils. There are also initial concerns that

¹ Australian Financial Review, [NSW valuer general takes half of its 2.7 million valuations in-house](#), 3 Sept 2024

that introduction of a risk-based model would add unnecessary pricing complexity.

3. We invite councils to provide information on their experiences with recent changes to services provided for Commonwealth land valuations.

LGNSW is highly disappointed that the VG unilaterally decided to discontinue the provision of valuations for Commonwealth lands to councils. There had been no communication of the change before it was implemented. A large proportion of Commonwealth lands are subject to ex-gratia rates and councils typically use the valuations for determining the ex-gratia rates.

Many councils will now be forced to obtain separate valuations for these lands. LGNSW has been advised that the costs of separate individual valuations could be up to several thousand dollars each compared to the postage stamp \$7.86 per valuation as proposed by IPART.

Noting the NSW RPs' interpretation of the *Valuation of Land Act 1916*, LGNSW also questions the VG's position that it is not legally required to provide these valuations.

4. Given the rising cost of objections, which flows through to prices paid by councils, should the Valuer General investigate ways to reduce the number of objections?

LGNSW would fully support measures to reduce the number of objections. It is important that objections costs are minimised. This may include improved education to the community about how valuations are used. As raised previously, councils are concerned about the impact on ratepayers and their capacity to pay, given the ongoing cost of living crisis.

Conclusion

LGNSW would be pleased to provide clarification on any matter raised in this submission. For further information, please contact, Shaun McBride, Chief Economist, at [REDACTED].