

2 May 2025

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 members,

**Submission to the draft report, review of prices for the Valuer General's land valuation services to councils**

Thank you for the opportunity to present this response on behalf of the NSW Revenue Professionals Inc. (NSWRP) in accordance with the call for submissions provided on 4 April 2025. The NSWRP is the peak body of NSW Local Government revenue employees and was formed in order to:

- unite in a common organisation, those Local Government employees who are engaged in rating and revenue functions,
- improve and elevate the technical and general knowledge of Local Government employees who are engaged in rating and revenue functions,
- distribute amongst its members, and the regional NSWRP groups, information on all matters affecting or pertaining to the profession of rating and revenue management within Local Government by way of meetings, newsletters, conferences, or any other method available to the Committee,
- promote a professional image of Rating and Revenue practitioners in Local Government New South Wales,
- promote quality services to Local Government in New South Wales through the dissemination of best practice,
- encourage members to keep up to date with finance related activities and legislative changes through continuing professional development,
- identify the skills and knowledge needed by employees and facilitate training and education,
- make the expertise of members available to professional bodies and government departments as required,

## Summary of submission

The NSWRP as an organisation has an outstanding rapport with the Valuer-General that is longstanding, fruitful and objective although some councils have provided feedback that the service provided to them by Value NSW does not fully meet their expectations. Our submission identifies areas where we believe the passing on of costs to our communities can be mitigated and better targeted. Overall, the costs in providing valuations to local government are necessary it's the distribution of those costs that we would like to see further investigated.

We will look at avenues available to assist in reducing any costs that are passed through to local government with a view to further mitigating any costs where possible, such as those from objections.

Our summary of the draft decisions is set out below.

1. **Establish a determination period of 4 years.** We have noted that there is uncertainty in the Valuer General's costs for valuations and objections over their proposed 6-year period and that IPART has made a change to a 4-year determination on this basis. This shift is plausible and will also provide a pathway to the inclusion of any advances in technology and a new operating model to help mitigate future costs from rising.
2. **Allocate 30.2% of the Valuer General's efficient costs to local councils.** We agree on some of the costs and percentages allocated to local government, however we maintain that without strong supporting evidence the 50:50 split in the costs of objections is grossly unreasonable as is the share in costs associated with ancillary enquiries on land valuations for customer experience, postage and graphic costs.
3. **Set a revenue requirement that reflects the Valuer General's efficient costs of \$286.6 million.** We have considered the information provided in the draft report and the data supplied in the Centre for International Economics (CIE) report. Most of the revenue requirements published in the draft report are accepted, however NSWRP would like IPART to consider that further efficiencies and savings could be gained with simple cutbacks such as discontinuing the somewhat superfluous generic information paper that accompanies every Notice of Valuation and which contains very little added information and all of which is available online. We continue to oppose the allocation of costs, we are not disputing the income requirement just how it is collected and from whom, as outlined in our earlier submission and below.
4. **Adopt a postage stamp (flat fee) pricing methodology with a price of \$7.86 per valuation rather than retaining the existing 4 distinct zone prices.** We agree with the draft report recommendation to apply the same rate per valuation from 1 July 2025 across all councils and remove the four-zone pricing structure.
5. **Increase the price by Consumer Price Index (CPI) each year.** We agree to CPI adjustments to the price for each year from 1 July 2026 and continuing for the remainder of the determination period.

We have set out below our responses to each of the matters discussed in the draft report.

## Submission

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

We do not believe the cost allocation is fairly distributed between councils, and the NSW Government. We concede that 'minor users' have little impact on the costs of providing information and access to land valuation data is important and a healthy outcome, however we do not believe that ratepayers are aware that they are burdened with the costs in providing this data so broadly.

The current methodology used to assess "other users" of land valuation services based on "Similar use" and "Materiality" should be amended. The example provided in the report (Box 6.2)<sup>1</sup> regarding Fire and Rescue doesn't consider that the valuations are provided individually but supplied on an aggregated basis. The same land valuation data is supplied to Fire and Rescue, councils are required to provide further information to Fire and Rescue on exempt properties allowing them to calculate the Emergency Services Levy contribution.

The IPART has identified Fire and Rescue as the single biggest user of valuations<sup>1</sup> currently being funded by councils and Revenue NSW. The NSW Government is looking at reforming the way in which Fire and Rescue is to be funded and for this reason the cost impact on ratepayers needs to be identified and isolated to prevent ratepayers continuing to pay for valuations used by other users.

The table below shows the distribution split between objections for land values used to calculate land rates (Council rates) and those used by Revenue NSW to calculate land tax. In each of the last 4 years, the number of objections on land tax valuations has exceeded valuations for land rates.

Item	2020-21 count	2021-22 count	2022-23 count	2023-24 count	Average
Council rates	2,330	345	5,083	1,336	2,274
Land Tax	3,093	1,981	5,561	3,567	3,551
Total	5,423	2,326	10,644	4,903	5,824

Item	2020-21 %	2021-22 %	2022-23 %	2023-24 %	Average
Council rates	43%	14.9%	47.9%	27.2%	33%
Land Tax	57%	85.1%	52.1%	72.8%	67%
Total	100%	100%	100%	100%	

Source: 2020-21, 2021-22, 2022-23 and 2023-24 Yearly Insights Report

Based on the average number of objections relating to land tax over the last 4 years the allocation of costs needs to be reduced to at least 33% for councils and 67% for Revenue NSW from the proposed 50:50 split.

<sup>1</sup> Review of Valuer General prices to local government 2025 (Box 6.2) – page 41

Data published by the Valuer General Yearly Insights<sup>2</sup> 2023-24 identified the number of objections received relating to land rates was 1,336 and for land tax 3,567 representing 27.25 and 72.75 per cent of the total respectively.

Importantly, councils receive land valuations on a 3-year cycle and all NSW councils are currently using valuations issued for the base date 1 July 2022. From 1 July 2025 one third of councils will be transitioning to a different cycle and over the next 3 years one third of councils will be revalued moving to a rolling 3-year general valuation.

The number of objections to land tax valuations was 30 times higher than those received for land rates. The data available provides the number of valuations used for council rates is approximately 2.65million<sup>3</sup> and the number used by Revenue NSW for land tax was 237,285. The number of objections to land tax was 3,567 representing 1.5 per cent. However, for council rates the number of valuations is approximately 2.65million and only 1,336 objections were received, representing objections of 0.05 per cent of all values used.

We could not find any supporting data regarding the reasons as to why landowner's have contacted the Valuer General. Accordingly, we can only surmise that objectors would have contacted the Valuer Generals customer service team prior to lodging their objection in similar numbers which defies the 50 per cent allocation of customer experience costs.

The Valuer General's website and information provided to the community is continually improving with information regarding the implications of land values on both land tax and council rates being available. This also defies the 100 percent allocation of graphic costs to local councils.

We are opposed to the current cost allocation to local councils.

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?

We agree with the notion and that IPART has a genuine interest in its pricing principles leading to the investigation into a risk-based pricing structure designed to align costs of carrying out land valuations. The outcome of this is to seek further information to develop such a model<sup>4</sup> that would not impact on the current determination.

In the absence of contrary evidence, the postage stamp model with a flat price across the state is currently considered the best approach. We presume that there would be additional effort and therefore additional costs in collecting data supporting a risk-based approach and this has been highlighted for consideration in any future determinations.

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<sup>2</sup> Yearly Insights Report – NSW Valuer General page 23

<sup>3</sup> Yearly Insights Report – NSW Valuer General page 22

<sup>4</sup> Review of Valuer General prices to local government 2025 – page 55

In the event that the IPART pursues risk-based pricing in any future determination we believe that it would be prudent to consider the cost distribution based on the impactor and costs associated with those risks. Our anecdotal evidence points towards the higher valued land correlating with the 'RR1'<sup>5</sup> properties that need to be verified annually that would likely attract greater scrutiny and potentially lead into costly objections. Supporting evidence regarding the reflective costs is important and should be made available so that a considered response can be evaluated.

We have some reservation as well and concerned that this could result in the need to return to zone based pricing, and at this stage it is difficult to reach a considered response. We welcome the opportunity to provide feedback on the outcomes of data provided by Value NSW for any future determination.

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

The removal of Commonwealth-owned land valuations from the valuation roll caught councils off guard.

This action highlights the significant authority of the Valuer General and the lack of appropriate channels for discussing or contesting decisions made. Several councils have expressed their dissatisfaction with the response provided by Value NSW to their questions raised on this matter.

Firstly, we agree with IPART's footnote "hh" on page 60 of its draft report that Commonwealth lands are subject to the general requirement for annual valuations under section 14A(1) of the *Valuation of Land Act 1916 (VoLAct)*.

Secondly, even if one were to disagree that Commonwealth lands are subject to the general requirement for annual valuations under section 14A(1) – as is the Valuer General's position, then these valuations must have previously been ascertained under section 14A(2) and the values entered into the Register of Land Values. Section 14DD provides circumstances for altering the Register as follows:

#### *14DD Alteration of the Register*

*(1) The Valuer-General is to make such alterations to the Register of Land Values as may be necessary for the following purposes—*

- (a) to give effect to any reascertainment of a land value, allowance or apportionment factor,*
- (b) to give effect to any decision on an objection or appeal under this Act,*
- (c) to correct any clerical error or misdescription.*

Section 34 of the *VoLAct* lists the grounds upon which an objection may be made. However, there is no grounds for councils to object to the cancellation of these valuations, leaving councils powerless to contest the decision.

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<sup>5</sup> Review of Valuer General prices to local government 2025 – page 56

Thirdly, it is of significant concern that the Valuer General is offering to now value these same parcels of land within the provisions of Section 9A of the *VoLAct* enabling 'private' valuations to be made at a cost separate from this determination and the General Valuation cycle. Councils have informed the NSW Revenue Professionals that quotes range in price from around \$100 to \$20,000 each based on the complexity and size of the site. These valuations were previously supplied within the scope of the mass valuation cycle for between \$7.20 (metro) and \$14.89 (Sydney City).

As stated earlier, we assert that the Valuer General is required by virtue of Section 14(A)(1) of the *VoLAct* to value each parcel of land in NSW other than Crown land. Based on this requirement values would need to be determined as part of the mass valuation process, with the costs included in the 'Rating and taxing' valuation process and made available for councils to use under the proposed postage stamp price of \$7.86.

Fourthly, it can be argued that the *VoLAct* mandates providing determined land values for all rateable land. We contest that land subject to ex gratia rates qualifies as rateable land, and therefore, valuations should be supplied for Commonwealth land. We have noted the IPART has acknowledged the relevance of state legislation and in particular Section 13 of the *Interpretation Act 1987* 'provides that in NSW legislation, a reference to the Crown is a reference to the Crown in right of New South Wales, not a reference to the Crown in right of the Commonwealth'<sup>6</sup>. Therefore, Commonwealth lands are subject to the general requirement for annual valuations.

Our opinion has been formed on the basis that the *VoLAct* refers to councils as a rating authority, defined as 'Council has the same meaning as it has in the *Local Government Act 1993*'.<sup>7</sup> Accordingly, councils are for the purposes of the *VoLAct* to be considered as a statutory organisation and not for its statutory purposes.

The *VoLAct* provides that valuations are not required where they '*would not, at any time, be used for the purpose of any rate or tax which may be made by or payable to the authority.*'<sup>8</sup> Valuations are required for the purpose of a rate, being an ex gratia rate and therefore should be provided.

In another distinction the *Local Government Act 1993*<sup>9</sup> provides for exemptions to land rates as determined by the requirements set out in the legislation. Conversely the *VoLAct* aligns with the terms 'any rate', 'rate' or 'non rateable'. With the absence of definitions of these terms we believe that valuations for ex gratia rates are within scope and therefore should not be removed from the rolls supplied to councils.

Lastly, we encourage the Tribunal to report to the Minister on the issues raised by councils as a consequence of the action to remove Commonwealth land valuations and the subsequent pricing structure for Section 9A (private valuations) on the sector.

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<sup>6</sup> Review of Valuer General prices to local government 2025 – reference hh page 60

<sup>7</sup> Valuation of Land Act 1916 No 2 Section 4 Definitions

<sup>8</sup> Section 7D 2(A) Valuation of Land Act 1916

<sup>9</sup> Local Government Act 1993 No 30 Sections 555 to 559

In the meantime, we will work with the sector on possible solutions, the main one is a strong commitment to national competition policy and competitive neutrality on ex gratia land rates and charges from the Commonwealth.

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?

This is a difficult and challenging question, however we are committed to working with the Valuer General to assist where possible to reduce the number of objections and reassessments.

It is important to step out the process for land valuations used by local councils to ensure a greater understanding of the opportunities for the sector to assist. Land valuations are determined as at 1 July in a General Valuation (GVal) year, with the current base date for the financial year 2024-25 being 1 July 2022. Councils are usually provided the GVal between November and February (e.g. November 2022 February 2023) and must use the valuations as the basis for their land rates for the next rating year (e.g. from 1 July 2023). The Valuer General advises landowners of their valuation through a Notice of Valuation, which is issued early in the new calendar year after the base date determination (e.g. 2023).

Generally, councils perform their own tests on land valuation data and prior to using those valuations will reach out to the Valuer General on any outliers that are of concern. In our experience landowners see an increase in land value as a positive and think little of it, until they receive their land rates and charges notice. Councils give preliminary advice on the process and give ratepayers all the options, reminding them that the valuation influences on their rate notice is not grounds for an objection. However, landowners should be able to legitimately request a review if they meet the relevant criteria.

From publicly available information, it appears that there is an increase in the number of appeals to the Land and Environment Court (L&E Court)<sup>10</sup> that are driving costs up. More information is needed on the costs associated with L&E Court appeals originating from land tax objections versus council rate stimulated matters for us to make an informed decision. The Valuer General has highlighted this as a concern stating in their 2023-24 Yearly Insights Report *'The overall percentage of appeals to completed objections remains broadly the same year-on-year. While the number of appeals lodged during the 2023-24 period has almost doubled in comparison to 2022-23, this increase was expected due to the 2022 general valuation year and an increase in objection outcomes.'*<sup>8</sup>

We will reach out to the Valuer General to investigate any opportunities for the sector to assist in reducing the number of objections.

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<sup>10</sup> Yearly Insights Report – NSW Valuer General page 24

Thank you for the opportunity to comment on the draft report, if you have any questions regarding our submission, please do not hesitate to contact me directly.

Yours sincerely



Andrew Butcher  
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NSW Revenue Professionals