



Independent Pricing and Regulatory
Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Contact: James Bentley
Our Ref: DOC2019/035818

Dear Sir/Madam,

Cessnock City Council submission: review of prices for land valuation services provided by the Valuer-General to council

Cessnock City Council makes the following observations with respect to the Draft Report and Draft Determinations on the Valuer-General's prices for land valuation services to councils from 1 July 2019:

1. Objection to scale of charge increases to be borne by Country Councils

The amount charged to Council for land valuation services in 2018/2019 amounted to \$162,026.83. This calculation applied the two-price structure based on 23,492 residential entries and 1,869 non-residential entries. That is, a total number of 25,361 entries. If the draft pricing methodology is applied to the same number of entries for comparative purposes, the total amount chargeable to Council would be \$188,178.62, which represents an increase of approximately 16% on the current charge. Council believes that an increase of such magnitude cannot be justified in the absence of a demonstrable and measurable increase in the service levels provided to Council by the Valuer-General. Nor is such an increase tenable as a response to putatively-increasing costs of conducting valuation services in the Cessnock local government area. If anything, the cost of providing such services should be decreasing on a per-valuation basis due to increasing economies of scale enjoyed by the Valuer-General in an area of high subdivision activity like Cessnock. These observations apply with even greater force to the Valuer-General's proposed Country fee of \$7.87 per entry.

2. Objection to the differential in charge quantum between Country and Coastal Zones.

As a country-categorised council, Council will be charged an amount of \$7.42 per entry. Neighbouring councils such as Newcastle and Lake Macquarie will be charged an amount of \$6.32 per entry. Accordingly, Country-categorised councils will be charged an amount of approximately 17% more per entry than our Coastal-categorised neighbours. In the case of Cessnock, our proximity to the coast and the regional characteristics we share with our coastal neighbours make this additional impost unjustifiable on the basis of any reasonable application of cost recovery principles.

t: 02 4993 4100 f: 02 4993 2500

p: PO Box 152 Cessnock NSW 2325 or DX 21502 Cessnock

e: council@cessnock.nsw.gov.au w: www.cessnock.nsw.gov.au

ABN 60 919 148 928

3. Support for the fixed-fee pricing model advocated by the NSW Revenue Professionals

In its submission of 30 December 2018, the NSW Revenue Professionals advocated a fixed valuation fee across all councils, which would be calculated by dividing total identified council valuation revenue by the total number of valuations provided. Council submits that such a fixed fee would be much more equitable than the differential pricing model which has been proposed, for all the reasons identified above. The Revenue Professionals' submission calculated a fixed fee of \$6.95 across the state. If adopted, such a fee would represent a fee increase of 8.7% for Council based on current figures. This is a much more equitable and reasonable approach than the 16% increase which is proposed for Cessnock, and it has the added benefit of standardising the fee structure across the state, thereby ensuring, in the NSW Revenue Professionals' words, "a fee that is not affected by any government decisions on local government boundaries or changing circumstances".

Council appreciates the opportunity to make this submission and requests that the matters raised herein are given due consideration in the Tribunal's final determination.

Yours sincerely,



James Bentley
Team Leader Revenue
11 April 2019