

**Albury City Council Submission to IPART**

**on the Review of prices for land valuation services provided by the Valuer-General to councils.**



7 February 2014

**CONTENTS**

**TERMS OF REFERENCE .....2**

**INTRODUCTION .....3**

**BACKGROUND .....3**

**ALBURY CITY COUNCIL RESPONSE TO KEY ISSUE RECOMMENDATIONS .....4**

    Issue 1 .....4

    Issue 2 .....4

    Issue 3 .....4

    Issue 4 .....4

    Issue 5 .....5

    Issue 6 .....5

    Issue 7 .....5

    Issue 8 .....5

    Issue 9 .....6

    Issue 10 .....6

    Issue 11 .....6

    Issue 12 .....6

**CONCLUSION .....6**

## TERMS OF REFERENCE

The Independent Pricing and Regulatory Tribunal (IPART) have been asked to make a new determination of the maximum pricing for the rating valuations services by the Premier of NSW under section 12 of the IPART Act.

IPART has released an Issues Paper for the review with the aim of obtaining the Valuer-General's (VG) and stakeholders views on the issues raised. IPART's is to review prices charged for a specific portion of the services performed by the VG ie furnishing land valuations to councils for rating purposes.

IPART is seeking feedback from stakeholders on any or all of the questions raised, and on any other issues stakeholders consider relevant to the review.

## **INTRODUCTION**

Albury City Council makes this submission to IPART in relation to a review of prices for land valuation services provided by the Valuer-General to councils.

Submissions close 7 February 2014.

## **BACKGROUND**

IPART have identified the following issues for stakeholder comment.

1. Should IPART set one 5 year determination or undertake multiple periodic determinations over the 5 year referral period?
2. In what circumstances should IPART consider making a new determination?
3. Have the land valuation services provided by the Valuer-General changed since the 2009 Determination?
4. Is the quality of land valuation services provided by the Valuer-General meeting customers' expectations?
5. What is an appropriate rate of return for the Valuer-General's assets?
6. What is the appropriate equity beta and gearing ratio on which to calculate the Valuer-General's rate of return?
7. Is there a case for changing the methodology for allocating costs to councils? If so, on what basis should costs be allocated?
8. Should the current price structure of residential and non-residential prices be retained, or is there a more appropriate pricing structure for land valuation services (eg, a single price)?
9. What is the impact on customers (ie, councils) from the proposed change in price structures?
10. Is there new evidence that would warrant differential pricing for councils and a move away from a common charge across all councils?
11. Should an indexation approach be used to set the maximum prices for the Valuer-General's land valuation services to council?
12. How should the price path account for customers impacts?

## ALBURY CITY COUNCIL RESPONSE TO KEY ISSUE RECOMMENDATIONS

Albury City Council makes the following submission on IPART identified issues:

### Issue 1

“Should IPART set one 5 year determination or undertake multiple periodic determinations over the 5 year referral period?”

*(a) Albury City Council does not make a submission on this issue*

### Issue 2

“In what circumstances should IPART consider making a new determination?”

*(b) Albury City Council does not make a submission on this issue*

### Issue 3

“Have the land valuation services provided by the Valuer-General changed since the 2009 Determination?”

*(c) Albury City Council does not make a submission on this issue*

### Issue 4

“Is the quality of land valuation services provided by the Valuer-General meeting customers' expectations?”

*(d) Albury City Council makes the following submission*

- Objections are being processed well outside the initial cut off date.
- Objections are being processed when new ownership has taken place.
- The valuation objection communication process could be more explanatory for the landholder.
  - For example a ratepayer makes multiple objections over a long period of time on a property that is continually being subdivided. The ratepayer is then granted their request for a land value adjustment and Council is then required to back date on cancelled assessments. These impacts on council's budgeting and income.
- The objection process on cancelled properties causes issues for councils, subdivider and new owners.

- The database as used by the Valuer General in certain circumstances has proved unreliable to return data on historical records

## **Issue 5**

“What is an appropriate rate of return for the Valuer-General’s assets?”

*(e) Albury City Council does not make a submission on this issue*

## **Issue 6**

“What is the appropriate equity beta and gearing ratio on which to calculate the Valuer-General’s rate of return?”

*(f) Albury City Council does not make a submission on this issue*

## **Issue 7**

“Is there a case for changing the methodology for allocating costs to councils? If so, on what basis should costs be allocated?”

*(g) Albury City Council makes the following submission*

- Councils’ would both benefit from having an annual valuation as currently OSR does, but OSR does not appear to pay for this extra service compared to councils every three years valuation process.
- Council does not believe the cost of printing, graphic services and postage should be fully allocated to councils as they do not benefit from this process, this is purely a VG notification process.
- The allocation of costs of processing objections should be lowered from 50% as Council does not have any input into the making of the land valuation.
- The current 40% allocation to council should be reduced and shared appropriately with OSR and other users that currently do not pay, but have access.

## **Issue 8**

“Should the current price structure of residential and non-residential prices be retained, or is there a more appropriate pricing structure for land valuation services (eg, a single price)?”

*(h) Albury City Council makes the following submission*

- The current price structure of residential and non-residential prices is satisfactory; however, it could be better improved by allowing an adjustment for non-rateable properties. Council does not receive an income from non-rateable properties.

## **Issue 9**

“What is the impact on customers (ie, councils) from the proposed change in price structures?”

*(i) Albury City Council does not make a submission on this issue*

## **Issue 10**

“Is there new evidence that would warrant differential pricing for councils and a move away from a common charge across all councils?”

*(j) Albury City Council does not make a submission on this issue*

## **Issue 11**

“Should an indexation approach be used to set the maximum prices for the Valuer-General's land valuation services to council?”

*(k) Albury City Council does not make a submission on this issue*

## **Issue 12**

“How should the price path account for customers impacts?”

*(l) Albury City Council does not make a submission on this issue*

## **CONCLUSION**

Albury City Council appreciates the opportunity to make a submission to the IPART review into the Review of prices for land valuation services provided by the Valuer-General to councils and looks forward to the release draft determination and report in April 2014.