

14 February 2014

Review of Prices for Land Valuation Services  
Provided by the Valuer-General to Councils  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

To the Independent Pricing and Regulatory Tribunal,

**Bankstown City Council's Submission to the IPART Review of Prices for Land Valuation Services Provided by the Valuer-General to Councils**

Bankstown City Council would like to thank you for the opportunity to comment on the Review of Prices for Land Valuation Services provided by the Valuer-General to Councils.

Bankstown City Council would like to see the operating costs of valuation more equitably reflected in the costs to councils. Council has considered the questions posed by IPART's Issues Paper and provided comment as below:

*Should IPART set one 5-year determination or undertake multiple periodic determinations over the 5-year referral period? In what circumstances should IPART consider making a new determination? Have the land valuation services provided by the Valuer-General changed since the 2009 Determination?*

- Council believes that the quality of land valuation services provided by the Valuer-General are consistent enough across a 5 year period, and have been consistent in Council's experience from 2009, to continue 5-year determinations. In the event of the NSW Government implementing material reforms as noted in the discussion paper, Council would support IPART in issuing a new determination.

*Is the quality of land valuation services provided by the Valuer-General meeting customers' expectations? Is there a case for changing the methodology for allocating costs to councils? If so, on what basis should costs be allocated? Is there new evidence that would warrant differential pricing for councils and a move away from a common charge across all councils?*

- In the 2012/2013 financial year, Bankstown City Council had 62, 675 assessments, not including non-rateable properties. Use of the component methodology of mass valuations means that Council is unable to determine the actual cost of assessments, making it difficult to judge whether costs charged to Council are equitable.

Council agrees that current service levels achieve expectations. However, the relationship between operational costs and costs to Council does not equitably reflect the true service levels, rather the overall cost of operations.

For example, the NSW Ombudsman has stated in its 2005 report *Improving the Quality of Land Valuations Issued by the Valuer-General* that 'since the introduction of contestable valuation services contracts, the cost of valuations has reduced in real terms'. City of Sydney's finding in the 2009 determination that an inverse relationship exists between the number of valuations and price per valuation indicates that the operational cost of the service across councils is not consistent and should be reflected in the pricing mechanism. Bankstown City Council therefore argues each Council should pay 40% of the costs that they have incurred rather the cross subsidisation present in the current system.

- While Council is required to have all properties in the Local Government Area valued, we are not permitted to collect rates from approximately 3.5% of valued properties. Bankstown City Council would strongly suggest that this example of cost shifting be redressed through a review of rating exemptions or valuation requirements to support a system of differential pricing for councils.
- Council does not believe that allocating 50% of objection processing costs to councils is reasonable. Council's experience has been that there is no notable increase of objections in the years when valuations are used to determine rates, indicating that the bulk of consistent objections are raised in response to land tax. This sees councils being financially disadvantaged by the conduct of annual valuations, despite only using the service on a 3 yearly cycle. Bankstown City Council understands the benefits of annual valuations, but proposes that objection processing costs are split 40:60 between councils and OSR.

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

- Council supports maintaining the different prices for residential and non-residential properties to ensure that further cross subsidisation is avoided. Council believes that this pricing is appropriate and equitable, and believes that costs to Bankstown City Council are likely to increase if a flat structure were adopted.

If you would like further information, please contact me

Yours sincerely



Matthew Stewart  
**GENERAL MANAGER**