

FILE14/109

WS:ws

6 February 2014

BY EMAIL

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230



Dear Sir

**SUBMISSION ON REVIEW OF PRICES FOR LAND VALUATION SERVICES PROVIDED BY THE VALUER-GENERAL TO COUNCILS**

I refer to the Issues paper on Review of Prices for Land Valuation and provide the following comments in relation to the contents of that paper.

Overall, the contents of the Issues Paper are supported, and Council certainly endorses the observation that services provided to Council are efficient and effective. It is also acknowledged that the Service Level currently provided by the Valuer General's office is appropriate to Council's needs. It does not need to be either expanded or reduced.

Specific comments on the Paper are as follows:

**Chapter 3  
Revenue Requirements. (page 15).**

The inclusion of a rate of return on capital in the price setting process is of concern to Council. In setting the level of Rates for a Council, there is no ability to incorporate a rate of return. The maximum increase allowed is the amount of the permitted General Variation in Rates, which takes account of inflation in costs of a Council through the Local Government Cost Index, and last year deducted a 0.2% productivity factor, and a 0.1% reduction due to the Carbon Price advance factor in the previous year.

The cost structure should not include a return on capital which is being recovered from Councils, who do not have the opportunity to include a return on capital in their major pricing structure, increase in Rates income.

**3.2.1 Operating Costs (Page 18).**

The inclusion of productivity gain component for the next 5 years is strongly supported. IPART's determination of the Rate Peg for New South Wales Local Government imposed a reduction in income of 0.2% for the current year. Given the linkage between ability to raise revenue, and

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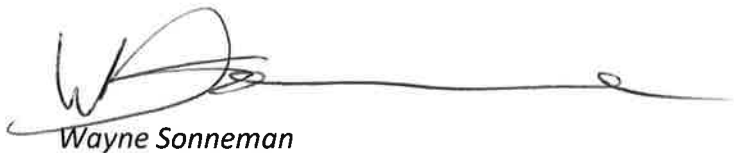
CIVIC ADMINISTRATION BUILDING CHURCH STREET DUBBO NSW 2830 ABN 77 296 185 278

meeting the Valuer General's charges, it is appropriate that a similar productivity factor be imposed on charges for Valuations to Council.

**3.2.5 Incorporation of Company Tax in Pricing. (Page 20)**

The inclusion of taxation costs in a pricing structure, while acknowledged for National Competition purposes is valid, inflates the cost of operations for factors that do not involve a cost where the organisation is not subject to company tax, or Commonwealth Taxation Legislation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Wayne Sonneman', with a long horizontal line extending to the right.

Wayne Sonneman  
Manager Financial Accounting Services