

# Office of the New South Wales Valuer General

Dr Peter Boxall AO  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box Q290  
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VG14/9/8

28 April 2014

Dear Dr Boxall

## **Response to the Draft Report on the review of prices for valuation services provided by the Valuer General to local councils**

Thank you for providing the opportunity to respond to IPART's Draft Report on the review of prices for valuation services provided by the Valuer General to councils.

This letter focusses on the decision by IPART to revise the allocation of Land and Property Information (LPI) and the Office of Financial Services (formerly Department of Financial Services ) corporate overheads and ICT operational costs to the Valuer General from 15.3% to 14.3%<sup>1</sup>.

The submission to IPART by the Valuer General allocated 15.3% of these costs based on Office of the Valuer General and Valuation Services – Land and Property Information (VSLPI) FTE's as a proportion of LPI's operational FTE's. LPI's non-operational FTE's were excluded from this allocation. Of these costs, 92% were allocated to Office of State Revenue (OSR) and councils based on the proportion of staff time spent on valuations relating to rating and taxing. IPART considered this methodology to be reasonable in its draft report.

However, IPART estimated a FTE allocation of 14.3% rather than the Valuer General's proposed figure of 15.3%. This reduced the Valuer General's revenue requirement by approximately \$285,000 for each year of the determination period.

IPART's revised figure was based on information provided on behalf of the Valuer General in response to a query from IPART relating to LPI's forecast FTE figures for 2014-15<sup>2</sup>. The Valuer General advised that:

- The VSLPI FTE for 2014-15 was 125
- The total LPI FTE for 2014-15 was 912

The information above was incomplete and consequently was misinterpreted by IPART to arrive at its allocation of 14.3%. The reasons for this are:

1. The information did not specify that the 125 VSLPI staff included the 6 staff from the Office of the Valuer General. Consequently, in re-calculating the number of

<sup>1</sup> IPART, *Review of prices for land valuation services provided by the Valuer-General to councils – Draft Report*, April 2014, p 34

<sup>2</sup> Email correspondence with IPART, 5 March 2014



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staff to be used in the allocation of corporate overheads, IPART used the number provided by the Valuer General (125) and added 6 for staff in the Office of the Valuer General, totalling 131. This was a double count of those 6 staff. These 6 staff were also incorrectly added to the total LPI staff provided by the Valuer General (912) to give an LPI total of 918.

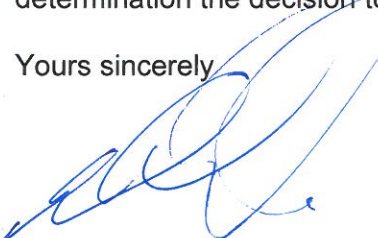
2. Furthermore, it was not clearly identified that the total LPI FTE of 912 quoted by the Valuer General was made up of 818 operational FTE's and 94 non-operational FTE's. The Valuer General was allocated 15.3% of these costs based on Office of the Valuer General and VSLPI FTE's (125) as a proportion of LPI's operational FTE's (818) only.

The table below summarises the correct figures<sup>3</sup>:

<b>FTE Component</b>	<b>FTE Figure (2014-15)</b>
LPI's Operational FTE	818
LPI's Non-Operational FTE	94
<b>LPI's total FTE</b>	<b>912</b>
VSLPI FTE	119
Office of the Valuer General (OVG)	6
<b>Total VSLPI and OVG FTE</b>	<b>125</b>
VSLPI and OVG FTE / LPI Operational FTE	125/818
VSLPI and OVG FTE / LPI Operational FTE (%)	15.3%

Consequently, the Valuer General requests that IPART reconsider in its final determination the decision to change the allocation from 15.3% to 14.3%.

Yours sincerely



Philip Western  
Valuer General

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<sup>3</sup> This is consistent with the Valuer General's initial submission of 7 February 2014