

Independent Pricing and Regulatory Tribunal of
NSW
Level 8
1 Market Street
SYDNEY NSW 2000

Dear Sir/Madam

REVIEW OF PRICES FOR LAND VALUATION SERVICES PROVIDED BY THE VALUER GENERAL TO COUNCILS

Ref: sb/RS/SF5845

Reference is made to your issue paper for the above review and invitation for submissions from stakeholders.

Provided below is a submission on behalf of Tamworth Regional Council addressing the issues raised.

Yours faithfully



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Submission by Tamworth Regional Council

1. *Should IPART set one 5-year determination or undertake multiple periodic determinations over the 5-year referral period?*

The current one 5 year determination period allows for much greater accuracy and consistency for budget purposes.

2. *In what circumstances should IPART consider making a new determination?*

Where there is a significant change in any of the core components of the charge basis.

3. *Have the land valuation services provided by the Valuer-General changed since the 2009 Determination?*

There has been no change in the level of service provided by the Local Valuer-General Office for The Tamworth Region since the 2009 Determination.

4. *Is the quality of land valuation services provided by the Valuer-General meeting customers' expectations?*

The local Valuer General Office (Tamworth) and regional Valuer General Office (Grafton) has more than exceeded our expectations. The staff provide a high level of professionalism and support and the timeliness of all services is exceptional.

5. *What is an appropriate rate of return for the Valuer-General's assets?*

Given the nature of the Valuer Generals assets the rate of return should simply use; a weighted average of interest rate on loans applied to loan balances and 5 year government bond rates applied to the balance of Assets less Loan balances.

6. *What is the appropriate equity beta and gearing ratio on which to calculate the Valuer-General's rate of return?*

This would not be required under the above recommendation.

7. *Is there a case for changing the methodology for allocating costs to councils?*

If so, on what basis should costs be allocated?

No. The current methodology for allocating costs (40:60) between Council's and OSR is fair and reasonable.

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)?*

Yes. The current price structure reflects the current costs incurred in providing these services and should be retained.

9. *What is the impact on customers (i.e. councils) from the proposed change in price structures?*

The impact would be an unfair imposition on council's with a below average proportion of non-residential properties.

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

Pricing should reflect the level of land development in a council area. This requires additional valuation services and provides the council with an expanding rate base.

11. Should an indexation approach be used to set the maximum prices for the Valuer-General's land valuation services to councils?

Only if it provides significant cost savings in the calculation of charges and equity is not significantly affected.

12. How should the price path account for customer impacts?

The price path should recognise that councils have limited capacity to absorb price increases beyond the rate pegging limits placed on general rate revenue.