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22 April 2025

Review of prices for the Valuer General's land valuation services to councils
Independent Pricing and Regulatory Tribunal
PO Box K35
HAYMARKET POST SHOP NSW 1240

Dear Tribunal members,

Submission to the draft report, review of prices for the Valuer General's land valuation services to councils

Thank you for the opportunity to present this response on behalf of the NSW Revenue Professionals Inc. (NSWRP) in accordance with the call for submissions provided on 4 April 2025. The NSWRP is the peak body of NSW Local Government revenue employees and was formed in order to:

- unite in a common organisation, those Local Government employees who are engaged in rating and revenue functions,
- improve and elevate the technical and general knowledge of Local Government employees who are engaged in rating and revenue functions,
- distribute amongst its members, and the regional NSWRP groups, information on all matters affecting or pertaining to the profession of rating and revenue management within Local Government by way of meetings, newsletters, conferences, or any other method available to the Committee,
- promote a professional image of Rating and Revenue practitioners in Local Government New South Wales,
- promote quality services to Local Government in New South Wales through the dissemination of best practice,
- encourage members to keep up to date with finance related activities and legislative changes through continuing professional development,
- identify the skills and knowledge needed by employees and facilitate training and education,
- make the expertise of members available to professional bodies and government departments as required,

Summary of submission

The NSWRP has an outstanding rapport with the Valuer-General that is longstanding, fruitful and objective. Our submission identifies areas where we believe the passing on of costs to our communities can be mitigated and better targeted. Overall the costs in providing valuations to local government are necessary it's the distribution of those costs that we would like to see further investigated.

We will look at avenues available to assist in reducing any costs that are passed through to local government with a view to further mitigating any costs where possible, such as those from objections.

Our summary of the draft decisions is set out below.

1. **Establish a determination period of 4 years.** We have noted that there is uncertainty in the Valuer Generals costs for valuations and objections over their proposed 6-year period and that IPART has made a change to a 4-year determination on this basis. This shift is plausible and will also provide a pathway to the inclusion of any advances in technology and a new operating model to help mitigate future costs from rising.
2. **Allocate 30.2% of the Valuer General's efficient costs to local councils.** We agree on some of the costs and percentages allocated to local government, however we maintain that without strong supporting evidence the 50:50 split in the costs of objections is grossly unreasonable as is the share in costs associated with ancillary enquiries on land valuations for customer experience, postage and graphic costs.
3. **Set a revenue requirement that reflects the Valuer General's efficient costs of \$286.6 million.** The revenue target seems reasonable to us. We have considered the information provided in the draft report and the data supplied in the Centre for International Economics (CIE) report. We continue to oppose the allocation of these costs, we are not disputing the income requirement just how it is collected and from whom.
4. **Adopt a postage stamp (flat fee) pricing methodology with a price of \$7.86 per valuation rather than retaining the existing 4 distinct zone prices.** We agree with the draft report recommendation to apply the same rate per valuation from 1 July 2025 across all councils and remove the four-zone pricing structure.
5. **Increase the price by Consumer Price Index (CPI) each year.** We agree to CPI adjustments to the price for each year from 1 July 2026 and continuing for the remainder of the determination period.

We have set out below our responses to each of the matters discussed in the draft report.

Submission

1. Should IPART change the way it allocates costs to other users of land valuation data?

We do not believe the cost allocation is fairly distributed between councils, and the NSW Government. We concede that 'minor users' have little impact on the costs of providing information and access to land valuation data is important and a healthy outcome, however we do not believe that ratepayers are aware that they are burdened with the costs in providing this data so broadly.

The table below shows the distribution split between objections for land values used to calculate land rates (Council rates) and those used by Revenue NSW to calculate land tax. In each of the last 4 years, the number of objections on land tax valuations has exceeded valuations for land rates.

Item	2020-21 count	2021-22 count	2022-23 count	2023-24 count	Average
Council rates	2,330	345	5,083	1,336	2,274
Land Tax	3,093	1,981	5,561	3,567	3,551
Total	5,423	2,326	10,644	4,903	5,824

Item	2020-21 %	2021-22 %	2022-23 %	2023-24 %	Average
Council rates	43%	14.9%	47.9%	27.2%	33%
Land Tax	57%	85.1%	52.1%	72.8%	67%
Total	100%	100%	100%	100%	

Source: 2020-21, 2021-22, 2022-23 and 2023-24 Yearly Insights Report

Based on the average number of objections relating to land tax over the last 4 years the allocation of costs needs to be reduced to at least 33% for councils and 67% for Revenue NSW from the proposed 50:50 split.

Data published by the Valuer General Yearly Insights¹ 2023-24 identified the number of objections received relating to land rates was 1,336 and for land tax 3,567 representing 27.25 and 72.75 per cent of the total respectively.

Importantly, councils receive land valuations on a 3-year cycle and all NSW councils are currently using valuations issued for the base date 1 July 2022. From 1 July 2025 one third of councils will be transitioning to a different cycle and over the next 3 years one third of councils will be revalued moving to a rolling 3-year general valuation.

The number of objections to land tax valuations was 30 times higher than those received for land rates. The data available provides the number of valuations used for council rates is approximately 2.65million² and the number used by Revenue NSW for land tax was 237,285. The number of objections to land tax was 3,567 representing 1.5 per cent. However, for council rates the number of valuations is approximately 2.65million and only 1,336 objections were received, representing objections of 0.05 per cent of all values used.

¹ Yearly Insights Report – NSW Valuer General page 23

² Yearly Insights Report – NSW Valuer General page 22

We could not find any supporting data regarding the reasons as to why landowner's have contacted the Valuer General. Accordingly, we can only surmise that objectors would have contacted the Valuer General's customer service team prior to lodging their objection in similar numbers which defies the 50 per cent allocation of customer experience costs.

The Valuer General's website and information provided to the community is continually improving with information regarding the implications of land values on both land tax and council rates being available. This also defies the 100 percent allocation of graphic costs to local councils.

We are opposed to the current cost allocation to local councils.

2. [Implementing a risk-based pricing structure in a future determination would require the Valuer General to take steps to capture unit mass valuation costs by risk rating. Would you support this and what are the advantages and disadvantages of this approach?](#)

We agree with the notion and that IPART has a genuine interest in its pricing principles leading to the investigation into a risk-based pricing structure designed to align costs of carrying out land valuations. The outcome of this is to seek further information to develop such a model³ that would not impact on the current determination.

In the absence of contrary evidence, the postage stamp model with a flat price across the state is currently considered the best approach. We presume that there would be additional effort and therefore additional costs in collecting data supporting a risk-based approach and this has been highlighted for consideration in any future determinations.

3. [We invite councils to provide information on their experiences with recent changes to services provided for Commonwealth land valuations.](#)

The removal of Commonwealth-owned land valuations from the valuation roll caught councils off guard. We have since reached an agreement with the Valuer General that their communication on this matter was inadequate or as expected. Despite this we will work with the sector on possible solutions, the main one being a strong commitment to national competition policy and competitive neutrality on ex gratia land rates and charges from the Commonwealth.

The Valuer General is offering valuations within the provisions of Section 9A of the *Valuation of Land Act 1916 (VoLAct)* that enables 'private' valuations to be made at a cost separate from this determination and the General Valuation cycle. Councils have informed the NSW Revenue Professionals that these range in price from around \$100 to \$20,000 each based on the complexity and size of the site. These valuations were previously supplied within the scope of the mass valuation cycle for between \$7.20 (metro) and \$14.89 (Sydney City).

It should be noted that the Valuer General is required by virtue of Section 14(A)(1) of the *VoLAct* to value each parcel of land in NSW other than Crown land. Based on this requirement values would need to be determined as part of the mass valuation process, with the costs included in

³ Review of Valuer General prices to local government 2025 – page 55

the 'Rating and taxing' valuation process and made available for councils to use under the proposed postage stamp price of \$7.86.

The *VoLAct* provides that determined land values are to be provided for all rateable land, we contest that land subject to ex gratia rates is rateable land and therefore valuations should be supplied for Commonwealth land. We have noted the IPART has acknowledges the relevance of state legislation and in particular Section 13 of the *Interpretation Act 1987* 'provides that in NSW legislation, a reference to the Crown is a reference to the Crown in right of New South Wales, not a reference to the Crown in right of the Commonwealth'⁴. Therefore, Commonwealth lands are subject to the general requirement for annual valuations.

Our opinion has been formed on the basis that the *VoLAct* refers to councils as a rating authority, defined as 'Council has the same meaning as it has in the *Local Government Act 1993*'.⁵ Accordingly, councils are for the purposes of the *VoLAct* to be considered as a statutory organisation and not for its statutory purposes.

The *VoLAct* provides that valuations are not required where they 'would not, at any time, be used for the purpose of any rate or tax which may be made by or payable to the authority'.⁶ Valuations are required for the purpose of a rate, being an ex gratia rate and therefore should be provided.

In another distinction the *Local Government Act 1993*⁷ provides for exemptions to land rates as determined by the requirements set out in the legislation. Conversely the *VoLAct* aligns with the terms 'any rate', 'rate' or 'non rateable'. With the absence of definitions of these terms we believe that valuations for ex gratia rates are within scope and therefore should not be removed from the rolls supplied to councils.

We encourage the Tribunal to report to the Minister on the issues raised by councils as a consequence of the action to remove Commonwealth land valuations and the subsequent pricing structure for Section 9A (private valuations) on the sector.

4. Given the rising cost of objections, which flows through to prices paid by councils, should the Valuer General investigate ways to reduce the number of objections?

This is a difficult and challenging question, however we are committed to working with the Valuer General to assist where possible to reduce the number of objections and reassessments.

It is important to step out the process for land valuations used by local councils to ensure a greater understanding of the opportunities for the sector to assist. Land valuations are determined as at 1 July in a General Valuation (GVal) year, with the current base date for the financial year 2024-25 being 1 July 2022. Councils are usually provided the GVal between November and February (e.g. November 2022 February 2023) and must use the valuations as the basis for their land rates for the next rating year (e.g. from 1 July 2023). The Valuer General

⁴ Review of Valuer General prices to local government 2025 – reference hh page 60

⁵ Valuation of Land Act 1916 No 2 Section 4 Definitions

⁶ Section 7D 2(A) Valuation of Land Act 1916

⁷ Local Government Act 1993 No 30 Sections 555 to 559

advises landowners of their valuation through a Notice of Valuation, which is issued early in the new calendar year after the base date determination (e.g. 2023).

Generally, councils perform their own tests on land valuation data and prior to using those valuations will reach out to the Valuer General on any outliers that are of concern. In our experience landowners see an increase in land value as a positive and think little of it, until they receive their land rates and charges notice. Councils give preliminary advice on the process and give ratepayers all the options, reminding them that the valuation influences on their rate notice is not grounds for an objection. However, landowners should be able to legitimately request a review if they meet the relevant criteria.

From publicly available information, it appears that there is an increase in the number of appeals to the Land and Environment Court (L&E Court)⁸ that are driving costs up. More information is needed on the costs associated with L&E Court appeals originating from land tax objections versus council rate stimulated matters for us to make an informed decision. The Valuer General has highlighted this as a concern stating in their 2023-24 Yearly Insights Report *'The overall percentage of appeals to completed objections remains broadly the same year-on-year. While the number of appeals lodged during the 2023–24 period has almost doubled in comparison to 2022–23, this increase was expected due to the 2022 general valuation year and an increase in objection outcomes.'*⁸

We will reach out to the Valuer General to investigate any opportunities for the sector to assist in reducing the number of objections.

Thank you for the opportunity to comment on the draft report, if you have any questions regarding our submission, please do not hesitate to contact me directly.

Yours sincerely



Andrew Butcher
President
NSW Revenue Professionals

⁸ Yearly Insights Report – NSW Valuer General page 24