

**INQUIRY INTO THE PROVISIONS OF THE VALUATION  
OF LAND ACT 1916**

**Organisation:** NSW Revenue Professionals Society Inc  
**Name:** Mr John Towers  
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# NSW Revenue Professionals Inc

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Marie Andrews MP

Chair

Parliament of New South Wales Joint Standing Committee on the Office of  
the Valuer-General  
SYDNEY NSW 2001

Dear Madam Chair,

**RE: Inquiry into the provisions of the Valuation of Land Act 1916**

I refer to your letter of 1<sup>st</sup> July 2010 regarding the above and enclose a submission from the NSW Revenue Professionals Society Inc regarding this matter.

Our organisation represents those persons involved in the rating and revenue functions of Local Government.

Thanks you for the opportunity to make this submission.

If you require any further information in these matter s please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Towers'.

John Towers  
President

Attachment: Parliamentary Committee Submission

### **Reascertainment Valuations**

- Clarification of Sections 62, 14DD(2), 14A(6) and 14A(2) of the Valuation of Land Act (VLA). Many Council users of the information supplied by the Valuer General (VG) are unsure of the differences between these sections of the VLA and the application to & the affect on Local Government rates.
- Retrospectivity regarding reascertainment valuations –There should be more consistency regarding the use of such valuations. In some instances the valuation issued is deemed to be retrospective & in others it applies from the next rating period.
- The ability for Council's to catch up lost income due to reascertainment valuations via the Council's Statement of Compliance (SOC). Currently Council's have the ability to adjust their rate income due to loss of income via valuation objections. However, there is no provision for a Council to recoup lost income via the SOC when valuations are reascertained. It is our understanding that a reascertainment is an objection with another name.
- Clarification on the reasons as to why a reascertainment valuation is provided to Council rather than valuation objection.

### **Attributable Valuations for Postponed Rates**

- Currently, when a property is eligible for postponed rates under Sec 585 Local Government Act (LGA), Council needs to apply to the VG for an attributable part valuation. We would like to see this process changed so that the part of the valuation, which would apply to the postponed rates, would be provided to council as an allowance under Sec 14 VLA similar to subdividers allowances. This would allow councils to levy on the net value of the land. There would be administrative advantages to Councils if this process was implemented. At the moment Council's are levying rates on the attributable valuation and this affects the notional income that a Council is allowed to receive.

### **Use of Improved Capital Value (ICV)**

- At the present time all rating valuations are based on Land Value (LV). It is believed that LV is outdated & it is extremely difficult for Council staff & customers to understand what the LV of the property is. Councils should have the option of using ICV or LV depending upon the Councils requirements. This is already an option in other states.

### **Section 62 Valuation of Land Act**

- Since the introduction of the 1993 LGA more & more Councils have moved to part year rating based on the registration date of plans etc. This is based on the relevant sections of the LGA.
- There is some suggestion that the VLA is at variance with this practice.
- We suggest that Sec 62 be altered to accommodate the practice that is now in place at many Councils. This would allow each council the discretion to set their own policy in regards to what practice it chooses in regards to part year rating.

## **Valuation Objections**

- Timeliness of the objection to valuation process. The issue is with valuations that a Council has been using for some time for rating purposes being objected to after they have been used by Office of State Revenue (OSR). The legislation talks about 'used for the first time', surely the first time was when Council used them. The current practice/process seems to give the ratepayer two (2) opportunities to object to the same valuation/s.
- When objections are lodged against a value being used for the first time by OSR why should it effect the council valuation. This can have an affect going back 2 or 3 years.
- Whilst it is accepted that a Council has the opportunity to 'get back' the lost rate income via the SOC process it is unfair that it may be several years before Council is aware of the issue.
- Reference needs to be made within the VLA with regards to a valid objection's relativity to the objectors time of ownership, eg an individual may purchase land 2 years into the 3 year valuation cycle and lodge a valid objection. In the event that the objection is upheld and an adjustment is made to the roll rates must be adjusted in accordance with the current VLA. The rates adjustment will affect previous years when the objector was not the owner.

## **Quality Control of Valuation Information from the Valuer General**

There are various concerns with the quality control of valuations supplied by the VG for rating purposes:

- Duplications – Ensuring that checks are run by the VG prior to the issue of General Valuations to validate for duplicate entries and ensure that these are rectified prior to the file being released to councils.
- Cancellations – there has been a process of the Land & Property Management staff checking on the titles of properties which are valued. Upon finding that lots are valued in separate parts these staff then CANCEL all current entries & create a NEW entry for the lot. This is done without any reference to the rating authority & without looking at why it was separately rated in the first place. This then involves the rating authority having to request the previous entries be reinstated for various reasons & the new entry be cancelled. This is both a waste of time & money for all parties concerned.
- Mixed Development Apportionment Factors (MDAF) – ensuring that when a General Valuation takes place the % associated with MDAF are supplied within the file.
- Cancellation of Allowances – Allowances are not being removed from the valuation file, even after councils have notified the VG that the allowance is no longer valid. Subsequent General Revaluations have been supplied with these allowances appended even though they no longer apply.
- VG initiated checking –

### **Valuation of Properties on title**

- Valuations are being made on lots after a subdivision prior to the submission of the final title. By valuing on lots it creates "Part Formally In" lots which have to be rated separately thus creating administration problems for all parties.
- Values should be issued on individual lots irrespective of the title, once a plan is registered. That is, values are a "property based" number, not a "title based" one.

### **Contractors**

- Where possible contractors for valuation areas should be maintained. A change in the contractors responsible for an area results in a loss of local knowledge and inconsistencies in valuations.

### **Provision of Mixed Use Apportionment Factor (MUAF) for rating**

- Many Councils are experiencing difficulty in the rating of mixed use properties. This is particularly the case where the ability to use a MDAF is not available due to the limitations of the legislation. There is an increase in the number of properties that are utilised for mixed purposes, particularly in tourism areas.
- As stated earlier the requirements and guidelines surrounding MDAF are not suitable for these areas whereas MUAF would suit the need of the Councils.
- MUAF is currently utilised by OSR & it is believed that this should also be utilised by Councils.

### **Valuations for Knockdown Properties**

- There appears to be a significant difference between the sale prices of land that is purchased for the purpose of being a knockdown (house demolished after purchase and new one built) and the LV supplied.

### **Quality Control of General Information from the Valuer General**

- As stated previously there seems to have been a general loss of quality control in the issuing of General Revaluation & Supplementary Valuation Lists.