Submission No 24

INQUIRY INTO LAND VALUATION SYSTEM

Name: Mr Athol Terrence & Heather Denise Dorrough

Date Received: 27/02/2013

Athol Terrence and Heather Denise DORROUGH
[redacted]

17th April, 2012

Mr Matthew John KEAN, BBus, GradDipCA, MP
Member for Hornsby

Dear Mr Kean
We recently met you at a meeting in the Dangar Island Community Hall, and we hope you may be able to help in achieving an equitable solution to a complex situation involving several State Government Departments and Hornsby Council.

As you are aware, properties on Dangar Island are only accessible by water, and a jetty/pontoon is not a luxury extra, it is an essential piece of (privately funded) infrastructure for daily life.
In our case we have a shared jetty with our neighbours at 12 Riverview Ave. and we are shared holders in Licence [redacted] issued by the NSW Land and Property Management Authority. This Licence has been in operation since 1996, and we pay an annual rental for the lease of the Crown Land/water under our jetty (approximately $460 in 2011).

Regarding Council rates, we understand that the normal situation for waterfront properties which have a Licence for a jetty is that the Valuer General adds a notional value for the leased Crown Land that the jetty occupies to the value of the property to which the Licence is attached. Such properties thus pay a slightly increased rate because of the increased land value.

Our problem is that in 2010 the Valuer General's Department suddenly decided that in cases where there is a licence shared between two or more properties, that they should issue a separate valuation for this "land". Hornsby Council has then decided that because there is a separate valuation, they must issue a separate rate notice for this "land". The (presumably unintended) consequence of these actions is that we are now asked to pay vastly increased rates compared with the previous situation, and compared with all other properties which do not share their jetty.

To illustrate this, in 2010 the valuation we have received for the licence area was $10,000. We understand from Hornsby Council officers that this was the typical "land value" for a licence. If this amount is added to the value of the property to which the licence attaches, it would pay, on the 2010/11 residential rate, an additional amount of approximately **$15 pa.** We, however, received a separate rate notice, which because of the 'minimum charge' and other levies, come to a total of **$480.55 pa**. That is, **32 times** the amount other jetty owners pay! In 2011/12 the Council rates for our shared licence area are even higher, totaling **$515.78 pa.** and we expect the next years rates to be higher again, notwithstanding a slightly reduced valuation of $9,120 recently issued by the V-G, because this is well below the minimum rate threshold.

Apart from the obvious inequity and unfairness of this situation, the irony is that Hornsby Council's policy, as stated in Development Control Plans etc. is that where possible, Jetties and pontoons should be shared to reduce the number of potential waterfront structures. The NSW Land and Property Management Authority takes the same approach for the same reason, and we were strongly advised to take out a shared licence at the time of our application. One hardly needs to point out that this situation with Council rates does nothing to encourage sharing of jetties.
It would seem to the outsider a simple matter to divide this separate valuation for the lease between the 2 properties and add half onto the land value of each property, and charge the residential rate on the combined value, as before. However, we understand from Hornsby Council officers that there are a number of cases like ours, which they claim they must rate "according to the Act". They have also curiously chosen to apply the Business Rate to the valuation, because they say one cannot live

on the jetty, so it's not residential land. The fact is that it is not "business" land either. Clause 25 of our Licence Agreement specifically prohibits the area being used for "any business purpose, calling or trade".

Unlike actual business or residential property, the licence area creates absolutely no impost on Council. All Council's services apply to the adjoining residential land, which is charged the appropriate rates. The consequence of V-G issuing the separate valuation has created a golden opportunity for Council to levy a full set of additional rates.

The Council Officer's solution is that one of the parties give up their share of the lease, which of course is not an acceptable solution to either of us. The alternative, that all shared licence holders establish separate licences is also not acceptable, as it contradicts the very concept of sharing, and results in a similar increased payment for the annual rental as opposed to Council rates. It also seems ridiculous that Bureaucracy's only solution is more paperwork, more documents for Ministerial approval and registration, and more ongoing costs of dealing with multiple licence holders annually.

We understand that approaches to the Office of the Valuer General received the same answer, that is, that they were "constrained by the Act". However, there was agreement that this result of penalizing owners of shared jetties was not intended, and we are aware that in December 2010 (before the last election) the NSW Parliament's 'Joint Standing Committee on the Office of the Valuer General' recommended that "where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property".

In spite of this recommendation, which is exactly what is needed to put the shared jetties back on the same footing as individual jetties, there has been no legislative change to date. The Valuer-General continues to issue separate valuations for shared facilities, and, on the basis of our enquiries and feedback over the past 18 months or so, we are not hopeful of a favourable response from the formal objection process.

We are aware of the possibility of a review of the Valuation of Land Act by the Valuer-General which would likely include a public consultation phase. However, the mere prospect of such a review does not offer any concrete time frame or guaranteed resolution of our particular problem.

It is our hope that you may be well placed to achieve a 'whole of government' (State and Local) approach for a solution to this problem. It would certainly be appreciated by us, and other residents in waterfront areas, who are at present being penalized for 'doing the right thing' by holding a shared licence.
We have tried to explain this situation as clearly as possible, but if you require any further information or clarification on any point, please feel free to e-mail or call us on [redacted]

Yours sincerely
Terry (Athol Terrence) and Heather Dorrough