

INQUIRY INTO LAND VALUATION SYSTEM

Organisation: Transport Roads & Maritime Services
Name: Mr Peter Duncan
Position: Chief Executive
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CE13/0252

Mr Matt Kean MP
The Chair
Joint Standing Committee on the Office of the Valuer General
Parliament House, Macquarie Street
Sydney NSW 2000

Dear Mr Kean

Thank you for your invitation to make a submission to the Inquiry into the Land Valuation System.

RMS holds a large and diverse land portfolio. RMS is not charged tax or rates on any of its land that is held for a public purpose and does not yield a commercial return (such as land held for a public road). However, RMS is charged rates on land that it puts to a commercial purpose.

Included in the RMS portfolio are approximately 1,500 leases to private residential waterfront property owners in Sydney Harbour. These leases are for the occupation of RMS wetlands by private boating facilities such as boatsheds, jetties and vessel berths. Rent charged under these leases is based on a methodology recommended by the Independent Pricing and Regulatory Tribunal (IPART). The Statutory Land Values (SLV) of private freehold properties that adjoin RMS leaseholds are used as a component of the IPART rent formula.

In most cases these leaseholds are combined with the adjoining lessee's freehold parcel to create one property for which a single SLV is issued. In some instances the leasehold is not combined with the adjoining lessee's freehold property. In these cases separate SLV are issued for the leasehold area and the lessee's adjoining freehold property. For leasehold only SLV, RMS has noted significant inconsistencies in the values assigned to similar leaseholds.

RMS has also observed the quality of the data included in the SLV database, particularly the nominated area of properties, can be inaccurate. This can have an impact on the rent calculated using the IPART formula, this is because the rate per square metre obtained from an SLV is affected by the nominated area.

However, based on RMS's experience in the whole of its land portfolio, and with knowledge of RMS's aforementioned dispensation from rates and taxes in certain circumstances, RMS considers, overall, the existing valuation system is satisfactory.

RMS would be interested in any proposed alterations which might:

- A) change the way that RMS is treated for the purposes of rates and taxes; or
- B) affect RMS's ability to discharge its core functions.

Accordingly, RMS would be pleased to have the opportunity to comment on any proposed changes.

I trust this has been of assistance. For more information please contact Ms Deborah Romp, General Manager Commercial Development, at RMS on [REDACTED]

Yours sincerely

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15.3.2013

Peter Duncan
Chief Executive