

Submission
No 5

INQUIRY INTO THE PROVISIONS OF THE VALUATION OF LAND ACT 1916

Organisation: Private Citizen
Name: Mr Alfred Goding
Date Received: 28/07/2010

THIS PAGE INTENTIONALLY BLANK

02-99745110
90 Bynya Road,
PALM BEACH N.S.W. 2108
26 July 2010

Joint Standing Committee
Valuer General's Department
Parliament House
Macquarie Street,
SYDNEY N.S.W. 2000

Dear Sir/Madam

PARLIAMENTARY INQUIRY INTO THE STATE LAND VALUATION SYSTEM

I refer to the attached copy of an article in the Manly Daily on 8 July 2010 and my telephone call to 9230 3050, re this subject, on 4 July 2010.

I congratulate our local member, Mr Rob Stokes MP for his interest and selective adjectives used in his support of long standing complaints re the present antiquated and unfair method used to assess payment for Council Rates and Land Tax.

Whilst any intelligent and ethical person will acknowledge the worth of the democratic principles that enhance our Australian way of life, it is disappointing to find these valuable principles being ignored for so long by our elected Government and some Councils concerning the antiquated and unfair application of the UCV of property for rating etc purposes.

As a retired Public Valuer and Real Estate Consultant, I am well aware of the various controversial and also the mythical assertions associated with this subject. I also recall the "Stokes Report" in the Nineties and the Government efforts to try and alleviate the financial hardships suffered for decades by many so called wealthy owners who occupy homes on land in suburbs where land prices are now in the millions of dollars resulting in massive increases in Rates and Land Tax. Such increases are in no way comparable to the fair system where the 'user pays' a reasonable charge for the services he/she receives. A worthwhile investigation would show that the present system involves outlandish high cost that many owners cannot afford. There are also Councils that have ignored the Government's concession of using a 'Base Rate for 50% of the UCV calculation'.

Currently, Rates and Land Tax assessments are based on the UCV of residential property. Additional to the brief summary above, I again make reference to the comments by Rob Stokes who has reiterated many of the relevant aspects which condemn the present system. To his comments I add the following. The UCV of a property is no proof of an owner's 'ability to pay' Rates and/or Land Tax under the present system. As such payments are a responsibility of owners, why shouldn't logic and 'a fair go for all' prevail in the selection of a rating system that achieves an equitable contribution from ALL instead of the present unfair system that ignores the above criticism to the disadvantage of many owners. Further, the present system requires a group of highly trained valuers to validate the UCV figures, which, in the absence of suitable comparable vacant land, could be proven to be unreliable. Also, the Departmental costs of reviewing values at say, three year intervals is an costly exercise, unwieldy, unreliable and if appealed, an expensive legal action that many owners may not be able to afford.

As an in lieu method I recommend that the present land/property subject to UCV calculation for Rates and Land Tax, be assessed in the future on a cost per square metre for the total area of the property. Such information is stated on all Deeds/Rate Notices and, unless the land area is increased/decreased for some prescribed purpose, the total area remains static.


/ This change

2.

This change in system would be simpler, cheaper to implement and maintain, a fair measure of cost to all land owners for the services they receive or product of their investment. In terms of value it would be axiomatic that the larger your property the more you pay. To cope with any change influenced by inflation or other reason, an approved increase/decrease in the prescribed cents/dollars per square metre would be an easy computer calculation, all procedures being prescribed by Government. Under such a simple and accurate system, there would be no financial disadvantage to councils. Any objection from those owners who currently benefit from the unethical aspects of the present UCV system, could be countered by a positive statement of truth 'that owners of many high priced properties include financially embarrassed elderly persons who are victims under the present circumstances and any alleged wealth they can claim is an 'unrealised asset' that, in general, is an unfulfilled mortgage or an assigned asset within their Last Will and Testament'. Is it fair that such owners be expected to borrow/mortgage or sell their home to pay their rates? Must this course of action or acceptance of a Council offer, to defer payment of rates on the basis of accruing interest charges until the property is sold be their only very worrying solution?

Whilst I also appreciate that the above problem, in various forms, is Australia wide, I congratulate the present Committee of Inquiry by our NSW Parliament and trust that their solution and amendment will provide a 'fair go' to all owners and also give some guide to beneficial changes in legislation by other States.

Yours sincerely,


J.P. 120888
Alfred J. Goding

27 11

manlydaily.com.au

Valuation 'outdated'

PTT VALUATION SYSTEMS IN NSW
STILL FAIL TO REFLECT MARKET
BEHAVIOUR, SAYS SENATOR
SUBMITTING A MOTION TO PARLIAMENT
TODAY. THE SYSTEM WHICH
VALUATION SYSTEM WHICH, HE SAYS,
IS MORE THAN 50 YEARS OLD.

The motion was read when his
monthly speech was read in
senator's hour at the end of this
month.

Mr Stok **land value** and suggest some
increases in council rates and
state land tax in recent years. He
said the system is outdated relative to
today's market.

The former minister said
valuation is still based on the
depression and war land and
we're still trying to provide
accuracy in market land
valuations is desirable," he said.

"I've been contacted by many
local residents concerned and
distracted by these enormous
inconsistencies and skyrocketing
taxes being levied on their
properties."

"Since 2001 total land tax owed
by PTT to the land owners has
increased from \$20 million to
more than \$17 million. There are
no winners under an outdated and
broken land valuation system -
only losers as people are sluggish
with economic life, discouraged
from purchasing property and left
to deal with rising rental prices."

■ Submissions can be made until
July 30 at www.parliament.nsw.gov.au, or call 9240 3050.