

**Submission
No 19**

**INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO
FUND INFRASTRUCTURE AND SERVICES**

Organisation: Valuer General NSW

Date Received: 24 April 2024

Valuer General

The Hon Emily Suvaal MLC
Chair
Standing Committee on State Development
24 April 2024

Subject: Inquiry into the ability of local governments to fund infrastructure and services

Dear Chair

I am writing regarding the Standing Committee (Committee) on State Development's inquiry into the ability of local governments to fund infrastructure and services (Inquiry). I would like to provide the following submission regarding the use of capital improved values (CIV) for rating.

Councils currently use unimproved land values determined by the Valuer General for levying rates. However, the Independent Pricing and Regulatory Tribunal's (IPART) 2016 report on the review of the local government rating system and its 2023 report on the review of the rate peg methodology, included recommendations on the use of the CIV method as the basis for levying rates.

I do not prefer either the use of unimproved land values or CIV for levying rates. However, I believe that any recommendation or decision to change the basis of valuation in NSW should carefully weigh up any advantages against potential or known disadvantages, including implementation costs.

Valuation NSW (VNSW) is responsible for managing the valuation system on my behalf and recently conducted an initial feasibility review of the potential implications of implementing CIV. The review found that moving to CIV is feasible but would require considerable time and expenditure. VNSW would be happy to discuss its findings should the Committee consider the use of CIV during its review of the council financial or funding model in the Inquiry.

Should you wish to discuss this matter further, please contact my office at

Yours sincerely

Sally Dale
Valuer General