

Turner Residents Association Inc.
PO Box 6169
O'Connor ACT 2602

25 April 2006

Mr Richard Mulcahy MLA
Chair
Legislative Assembly for the
Australian Capital Territory
Standing Committee on Public Accounts
Land Valuation Inquiry 2006



Dear Mr Mulcahy

Re: Submission to the Land Valuation Inquiry 2006 by the Turner Residents Association Inc.

The Turner Residents Association wishes to make the following submission to the Land Valuation Inquiry. We understand that the Committee will inquire into, and report on, the valuation of land in the ACT to determine the clarity, efficiency, equity, accountability and transparency of a number of items as set out in the Terms of Reference to the Inquiry. This submission makes comments and recommendations having regard to those Terms of Reference as follows: -

(a) criteria and methods used for determining the value of improved and unimproved land;

- (i) We understand that for unimproved land sales of vacant land are used where available. In developed suburbs such blocks are usually not available.
- (ii) We understand that for improved land the annual sales of improved properties in the suburb or comparable suburbs are recorded. The values of improvements are deducted e.g.: house, garage, paving etc using current building prices and standard rates of depreciation. Suburbs are graded into zones or areas using such factors as development potential (e.g. the B11 and B12 areas in Turner), location, views, proximity to parkland etc to set a benchmark block. We understand that size is not necessarily a factor. Adjustments are then made around this benchmark. This part of the annual appraisal system is a qualitative measure.

Recommendation: It is not clearly apparent to the ratepayer how the determination of the value of both improved and unimproved land is reached. In order to ensure best practice procedures are followed in determining the unimproved land valuations the methodology should be disclosed on the Notice of Valuation.

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Recommendation: The benchmark block is currently not available to leaseholders. Details of the benchmark block should be available to leaseholders, particularly to those lodging objections to their land valuations.

(b) quality controls used achieve accuracy in land valuations;

There does not appear to be in place adequate quality controls to ensure accuracy in land valuations.

Recommendation: The methodology applied to determine land valuations be subject to periodic reviews by an expert panel drawn from a university that conducts tertiary courses for professional valuers.

(c) professional standards required of the people conducting valuations and criteria for selecting the valuer(s);

- (i) We understand that the ACT Revenue Office contracts with the Australian Valuation Office to do an annual mass appraisal of values of ACT commercial and residential leases. The valuers so employed are stated to hold appropriate professional qualifications and experiences and are subject to a code of professional conduct through membership of the Australian Property Institute. However, there is no Registration Board for valuers in the ACT, although Boards do exist in NSW, Queensland and Western Australia.
- (ii) No information is known to the Turner Residents Association Inc. on the criteria used for selecting the valuers. This information does not appear to be publicly available.

Recommendation: To ensure effective regulation and public accountability the registration of valuers needs to be enacted in the ACT. Further, information relating to the criteria used for the selection of valuers should be publicly available.

(e) criteria and processes for resolving errors and disparities in valuations;

Recommendation: That a no cost service to landholders be available to have their land valuations checked by the Australian Valuation Office for possible computer errors.

(f) criteria and processes for dealing with objections to valuations;

- (i) We understand that the Australian Valuation Office deals with objections to unimproved land values on an individual basis. In the process more detailed information about a particular block may be obtained than that derived from the annual mass appraisal. The results of objections go back to the ACT Revenue Office that replies to the landholder who lodged the objection. As a result of this, discrepancies in unimproved land values may arise between comparable blocks.

Recommendation: Public notices detailing the outcome of objections to unimproved land values are inserted into print media (e.g. The Canberra Times) to give other leaseholders that may be affected by the outcome an opportunity to consider their positions.

- (ii) We understand that objections may be made to rates assessments based on the unimproved land value. The Commissioner for ACT Revenue is the officer who determines the rates in accordance with relevant legislation through the application of a statutory formula and qualitative appraisal. The Commissioner is also the officer to whom objections to rates assessments are submitted.

Recommendation: As this dual role seems inappropriate it is recommended that objections to rates assessment and objections to unimproved land values be determined by a separate and independent senior valuer.

- (iii) The right to object and the procedures are stated on the Valuation Notice. The information on this Notice is repetitive. Details on the website about objections are also unclear.

Recommendation: Clear and precise information be supplied to leaseholders on procedures for objecting to unimproved land values and objections which can be lodged to rates assessments based on the unimproved land value.

(k) equity between landholders – information provided to other landholders in the area/suburb in the event that an adjustment is made to the valuation of a local property following a successful appeal;

- (i) We understand that ACT Administrative Appeal Tribunal decisions are sent to the landholder submitting the application for review. These decisions are not, however, binding on the valuations for other blocks.

Recommendation: A public notice be inserted in print media (e.g. The Canberra Times) directing landholders to the text of the ACT Administrative Appeals decision on its website, including a reference to the affected block, to enable other landholders to identify possible discrepancies.

- (ii) Currently inequity exists between landholders in receipt of Centrelink or Department of Veteran Affairs pensions with an entitlement to a Pensioners Concession Card or a War Veteran's Pension. We understand that prior to 1 July 1997 these two groups of pensioner landholders received a 50% concession on the rates for their principal place of residence. These continuing pensioners receive this 50% concession. However, on 1 July 1997 the rules were changed and a pensioner rebate cap was introduced. Persons in receipt of one of the above types of pensions who applied after 1 July 1997 for a concession as landholders are only entitled to a rebate of \$365 on rates of their principal place of residence as at 2006. We understand that the amount of the rebate changes to take accord of CPI increases.

Recommendation: To rectify the inequality for pensioners in the above named groups it is recommended that pensioners be entitled to a 50 % rebate on the rates for their principal private dwelling or the capped rebate of \$365 (being the current concession) on their rates, whichever is the greater. For example, if rates are \$2,400 then a 50% rebate would apply, reducing the rates to \$1,200. If rates were \$600 then a \$365 rebate would apply. The rebate amount should continue to rise in accordance with CPI increases.

Additional Comments

Turner is characterized by public infrastructure in need of upgrade, repair and maintenance. Landholders have a low opinion of the amenity provided by the high rates that are consequent upon high land valuations. The inadequacies relate to: -

- Insufficient street lighting;
- Lack of kerb and gutters (particularly around Haigh Park);
- Weed infestation in the stormwater drains;
- Dead trees;
- Streets used as thoroughfares and speedways;
- Graffiti coated walls and street furniture;
- Unpoliced parking in residential streets; and
- Noise, dust and disturbance caused by continual redevelopment in areas B11 and B12 with the exception of the areas affected by a Neighbourhood Plan.

Turner was designed as a woodland suburb with its tree canopy intact. This canopy has been removed by larger plot ratios and smaller setbacks on redeveloped blocks. Its character has been radically altered. These qualitative factors that affect the local community's sense of fair value of their ratable properties require consideration in deriving unimproved land valuations.

Thank you for the opportunity to comment on the Inquiry.

Yours faithfully



Anne McMahon
President