

**HON. JOHN DARLEY MLC**

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**VIA EMAIL: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)**

To the Essential Services Commission of South Australia,

The following comments are made in response to the Commission's Report in relation to issues raised with SA Water's Water and sewerage Revenues 2013/14-2015/16.

My comments relate specifically to section 8.5.8.1 – Valuer-General Fees. By way of background, the South Australian Valuer-General currently provides comprehensive valuation data on:

- Revaluation of capital values of all properties in South Australia on an annual basis. This is in line with the aspirational target of all Valuers-General made approximately 30 years ago
- Creation and valuation of all new assessments of land as a result of subdivision of land
- Revision of valuation of all properties subject to building development
- Identification of change of land use and any consequential valuation changes

I provide the following statistics for South Australia:

- Total number of properties valued is approximately 743,000
- Approximately 17,500 new allotments created by subdivision or resubdivision, including strata
- Approximately 30,000 properties revalued as a result of building development
- In addition, there are a number of land use changes which include changes from other than commercial to commercial

The South Australian Valuer-General provides the most up to date valuation service in Australia at the lowest cost.

State	Capital or Land Value	Frequency of valuation	Cost per valuation	Equivalent xx cost per valuation
SA	CV	Annual	\$5.78	\$5.78
NSW	LV	Bi-annual	\$4.13	\$2-\$6.50
VIC	CV	Bi-annual	\$15.93	\$7.96
Qld	LV	Bi-annual	\$17.94	\$8.97
WA	Gross Rental Value	Annual	\$29.20	\$29.20

The Commission's report states:

*"Property valuation data are used by SA Water mainly for sewerage charging purposes. In particular, SA Water uses property values as a means of apportioning fixed sewerage costs amongst sewerage customers. These data therefore do not affect the total costs of providing sewerage services; they merely help allocate the recovery of those costs."*

Whilst the Commission's statement is correct, the importance of relativity of charges has either not been considered or has been disregarded. The relativity of charges to similar properties will fall behind if data is obtained triennially. This is an important issue in the community and therefore it is imperative that the SA Water database is up to date at all times.

The Commission's report continues:

*"Such allocations based on property values will not result in cost-reflectivity at the individual customer level. Therefore, the use of annual Valuer General data (rather than less frequent data) will not make a significant difference to the cost-reflectivity of charges."*

It is my view that this comment is completely false. If a new house is constructed in the two years which the Commission proposes not to adopt the Valuer-General's valuation sewerage and rates will continue to be calculated on the low value of the vacant land or unfinished development. This would result in a significant difference for adjoining homeowners whose sewerage and rates would be calculated on a completed house. It is not cost reflective for a property to be paying sewerage charges calculated using a valuation for vacant land when the house was completed two years prior.

Furthermore, the Commission states:

*"General property price increases/decreases in any one year would not significantly affect the distribution of sewerage charges of the distribution of commercial water charges."*

Whilst I agree that general property increases may not make a significant difference to the rates payable by ratepayers, the additional assessments as a result of subdivision and resubdivision, impact of building development approvals, impact of planning zoning changes etc will have a significant affect on rates payable by individual ratepayers.

It is not clear whether the Commission has decided to disregard changes that occur within the 2 year period in which the Valuer-General's valuation is not adopted. The Commission should be aware that to merely update valuations in this two year period would be significantly greater than the annual charge quoted above due to the fact that amended valuations will need to be related back to the base year of general valuation that was adopted in year 1. There would also be other significant costs associated with amending and maintaining computing software.

Yours sincerely

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