



Higher property tax likely

MANY property owners face higher land tax bills – and every NSW property will have its value re-assessed – after an Ombudsman’s report attacked a culture of suspect valuations and cost cutting which has resulted in 650,000 properties being under-valued.

Despite widespread criticism the valuer general routinely inflated land values, the report found 80 per cent of errors were linked to properties being under-valued.

About 35 per cent of 2.4 million valuations investigated contained errors more than 15 per cent outside a proper valuation.

The 1.7 per cent land tax is levied on residential investment properties and all commercial and industrial properties.

However, from January a \$330,000 tax-free threshold will be reinstated, meaning 350,000 property owners will escape the tax.

In his special report to parliament, the Ombudsman, Bruce Barbour, criticised almost all aspects of the land valuation process, saying no uniform standards applied.

The report found the valuer general’s office failed to take enough time to check the accuracy of valuations made by contractors, which led to “an unacceptable risk of error”.

As a result, 35 per cent of valuations had a margin of error greater than 15 per cent. One in 10 valuations had discrepancies of more than 40 per cent, with 20 per cent of all errors involving over-valuations.

Mr Barbour said it was likely the mass under-valuation meant land tax would rise, but “people wanted to have a fair system in place”.

“People will have more confidence in the system, it will be fair and they will know it’s a much more reliable valuation when they get it,” he said.

The errors had occurred because the valuer general had failed to hold a systematic review of baseline valuations for 16 years, despite international standards recommending reviews every six years.

Mr Barbour said a property-by-property review was “well overdue”. The investigation also revealed a quarter of all objections to valuations had been upheld.

Valuer general Philip Western said he had accepted the ombudsman’s 38 recommendations and some changes had been introduced.

“The valuation system is sound but there needs to be more checks and balances and I’m in the process of implementing that.”

Mr Western said only 1 per cent of the 2.4 million valuations were contested each year. For more information, visit www.lands.nsw.gov.au



IN A recent report by the ombudsman it was found that 35 per cent of 2.4 million valuations carried out contained errors of more than 15 per cent.