



The Hon. Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra

Mr Chris Johnson AM
Chief Executive Officer
Urban Taskforce Australia Ltd
GPO Box 5396
SYDNEY NSW 2001

Dear Mr Johnson

I refer to your letter dated 5 February 2013 drawing my attention to recent correspondence between Urban Taskforce Australia and the Treasurer regarding land tax and land valuations.

Given there are a number of reviews into land tax and land valuation being proposed or carried out it is appropriate that some clarification of the responsibility for these reviews is provided.

In respect of the reviews my portfolio encompasses land valuation and land tax administration but not land tax policy. My portfolio is carrying out a review of the *Valuation of Land Act 1916* to update the Act and clarify the law in certain respects in response to recent court decisions. While land valuations are used to assess land tax and rates liability, this review will not encompass those areas.

As noted above, my portfolio also includes land tax administration where the responsibility is to administer the current land tax law but not to develop new land tax policy or law. Any change in the current law would have a revenue impact on the Government and therefore is part of the Treasurer's responsibility.

The Treasurer is responsible for land tax policy. A review of land tax is currently proceeding. Issues such as land tax liability for greenfield sites are properly the subject for this review.

Separately, the Joint Standing Committee on the Office of the Valuer-General of the NSW Parliament is inquiring into the land valuation system. A copy of the terms of reference is attached. This review is independent of both the Treasurer's and my portfolio.

Yours sincerely,

The Hon Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra

7 Feb 2013



Terms of Reference - Inquiry into the Land Valuation System

That the Committee inquire into and report on the following terms of reference:

1. To investigate the extent to which the current land valuation system delivers transparent, efficient, equitable and consistent outcomes for stakeholders. This includes monitoring and reviewing the exercise of the Valuer General's functions with respect to land valuations under the *Valuation of Land Act 1916* and the *Land Tax Management Act 1956*, including:
 - a. Volatility in land valuations;
 - b. Complexity in the valuation system;
 - c. Drivers of inefficiency in the system including market distortions, and administration and compliance costs ; and
 - d. Any inequity in the valuation system.
2. To make recommendations on the issues above, including but not limited to:
 - a. Any legislative changes required;
 - b. Changes consistent with best practice in comparable jurisdictions;
 - c. Measures to improve transparency within the system;
 - d. Measures to achieve greater efficiency within the system;
 - e. The need for possible amendments to the *Valuation of Land Act*; and
 - f. A cost-benefit analysis of proposed changes to the system.
3. This is noting that the focus of the inquiry is not directed at revenue but the valuation system.