

PARLIAMENT OF NEW SOUTH WALES



Joint Committee on the Office
of the Valuer General

BEST PRACTICE REPORTING REVIEW

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Chair's Foreword

I am pleased to present this report on best practice reporting. The report is the first of occasional reports to be produced by the Joint Committee on the Office of the Valuer General. This report was commissioned in December 2004 by the Committee and commenced in early 2005.

The Committee is able to examine issues connected with the exercise of the Valuer General functions. The review by the Committee outlines how the Valuer General reports on the performance on his functions and how that reporting can be improved.

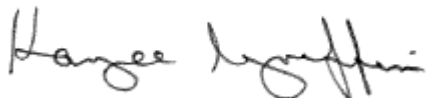
The Committee has recommended that the current reporting regime be enhanced by the publication of an annual performance booklet by the Valuer General.

The Committee believes that more detailed and independent reporting by the Valuer General will enhance public confidence and transparency in the valuation system in NSW.

The review highlights best practice performance reporting principles and suggests some performance measures that could be established for valuation activities.

I would like to thank the members and the secretariat for their efforts in preparing this report. I would like to thank Mr Don Harwin MLC for his contribution to the Committee's activities. Mr Harwin MLC was a member of the Committee from its establishment in December 2003 until September 2005. I would also like to welcome Mr Charlie Lynn MLC who has replaced Mr Harwin from September 2005.

I also thank the Valuer General, Mr Philip Western, for his assistance and information provided during this review.



Kayee Griffin MLC
Chair

Executive Summary and Findings

Performance reporting on activities and outcomes by the NSW Valuer General has been disjointed and decreasing over the past decade. Over the same period the independence and quality of NSW valuation services provided by the Valuer General has been questioned.

The Office of the NSW Valuer General is a separate statutory office but attached to the NSW Department of Lands portfolio. Under this structure, the Valuer General complies with annual reporting requirements and provides a brief comment on the Office's performance and activities within the Department of Lands Annual Report. The Committee has examined this performance information and reconciled it with the best practice principles for performance reporting. The Committee considers that the Valuer General's current performance information needs significant improvement to meet best practice standards.

The Committee commenced this review in early 2005. The Committee examined options to improve and to communicate performance information from the Valuer General. One suggestion was to schedule the Office of the Valuer General under the Public Finance and Audit Act 1983 to require the publication of a separate annual report that canvassed performance and financial audit information more extensively.

However, the Committee considers this action to be unnecessary and duplicative. Much of the Office of the Valuer General's daily operations are delegated to the Department of Land's Land and Property Information (LPI) Business Unit. Reporting on internal and financial arrangements of LPI is the Department of Land's responsibility and already noted in the Department's annual report.

Instead the Committee proposes that the NSW Valuer General publish a separate performance booklet each year, tabled in Parliament, to accompany the Department of Lands Annual report. The booklet would include the particular performance information suggested in Table 3 (on page 19 of this report).

In particular the Committee has proposed the performance booklet include:

- Defined objectives, created by the Valuer General, that are reported against annually and are reflective of the statutory functions and the operations of LPI; and
- Key results and measures for each defined objective. These measures should place results in some context such as trends over time, alignment with set targets, or comparisons with other jurisdictions.

The Committee sees that the publication of a booklet would demonstrate the Office's independence from the Government and accountability to the general public.

The Committee does not foresee significant costs for the booklet. The majority of the performance information suggested is already known and collected by the Valuer General for internal monitoring. The booklet can also be made available via the Internet to enhance distribution at low cost and would allow for rapid updating of information.

The Committee recommends that funds should be made available to the Office of the Valuer General for the production of an annual performance report booklet.

Abbreviations and Explanations

Abbreviations

CCQG	NSW Council on the Cost and Quality of Government
CALM	Department of Conservation and Land Management
DITM	Department of Information Technology and Management
IPART	Independent Pricing and Regulatory Tribunal
LGSA	Local Government and Shires Association
LPI	Land and Property Information
OSR	Office of State Revenue
PPR	Principal Place of Residence
SLA	Service Level Agreement
SVO	State Valuation Office
VG	Valuer General
VOA	Valuation Office Agency

Explanations

Land value/ unimproved value	refers to the value of the land only and does not include the value of improvements to the property such as a home. Consequently the land value does not generally reflect the full sale price of a property with a residence.
Component method valuation	refers to the NSW methodology for generation of mass valuations. The method involves grouping properties that are similar or are likely to change in value in a similar ways. These groups or components contain a benchmark property/ies, which are individually valued and serves as a standard basis for mass generation of land values.
General valuations	refers to valuations that are reassessed by the Valuer General, on an annual basis.

Chapter One - Role of the Committee and Purpose of this Review

THE JOINT COMMITTEE ON THE OFFICE OF THE VALUER GENERAL

- 1.1 The Joint Committee on the Office of the Valuer General was established in New South Wales in December 2003 under the Valuation of Land Amendment (Valuer General) Act 2003.
- 1.2 The Committee is the first Parliamentary Committee established to specifically oversight a Valuer General in any Australian jurisdiction. It consists of five Parliamentary members, including two members of the Legislative Council and three members of the Legislative Assembly.
- 1.3 In his second reading speech of 30 May 2003, Mr Bryce Gaudry MP, on behalf of the then Minister for Lands, the Hon Craig Knowles, outlined the reasons for the introduction of the Committee:

The object of the [Act] is to provide for the establishment and functions of a joint committee of members of this Parliament to oversee the functions of the Office of the Valuer General and to ensure the independence of that office. Honourable members may be aware that in recent years the quality and independence of valuations undertaken at the direction of the Valuer General have been open to speculation from some quarters. To ensure the community's continued confidence in the Office of the Valuer General, the Premier announced the creation of a joint committee of Parliament that will have the power to monitor and review the functions of the Office of the Valuer General...

As honourable members will be aware, the land market in Sydney has enjoyed an extended period of growth. More recently, the coastal areas of New South Wales have enjoyed a similar boom. This Government wishes to assure the people of New South Wales that land valuations undertaken by the Valuer General are sound, well informed, quality valuations based on reliable information and expertise. This process will ensure that the functions of the Office of the Valuer General remain open and accountable to the public.

- 1.4 The Committee has the ability to monitor and review the exercise of the Valuer General's functions with respect to land valuations under the *Valuation of Land Act 1916*, the *Land Tax Management Act 1956* and the *Premium Property Tax Act 1998 (repealed in 2004)*.
- 1.5 In particular, the Committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated and entered into, and the standard of valuation services provided under such contracts.
- 1.6 The Committee does not have the ability to review individual valuations or objections to individual valuations. The processing of these issues remains the responsibility of the statutory officer, the Valuer General.
- 1.7 The Committee's main functions are detailed in Appendix 1.

ACTIVITIES OF THE COMMITTEE

- 1.8 Since its establishment the Committee has undertaken various activities consistent with its terms of reference and objectives. During 2004 the Committee:

- Commissioned a series of information briefings on the general operations of the Office of the Valuer General and on land valuation methodology in particular;
 - Determined a program to oversight the Office of the Valuer General in accordance with the Committee’s powers and functions under the legislation;
 - Released a public brochure in August 2004 outlining the Committee’s role; and
 - Conducted the First General Meeting of the Committee and the Valuer General in October 2004.
- 1.9 Details of these activities are contained in the Committee’s First General Meeting report released in December 2004.
- 1.10 In the first half of 2005, the Committee met to discuss and monitor developments relating to land valuation issues. This included:
- A briefing from the NSW Office of State Revenue (OSR) on 21 January 2005 to outline public education initiatives, management and compliance processes for changes to land tax commencing in 2005;
 - A Committee meeting on 2 March 2005 to discuss recent developments in legal cases, media issues and matters raised in correspondence relating to the Valuer General’s activities;
 - The Chair’s attendance at the Land Valuation Advisory Group meeting of 14 March 2005;
 - A briefing from the Local Government and Shires Association (LGSA) of NSW on 17 June 2005 outlining key processes for Council use of land value information; and
 - The Second General Meeting of the Committee and the Valuer General in May 2005.
- 1.11 The Committee’s Second General Report was released in July 2005 and outlined some key issues of concern to the Committee and some proposed actions. In particular, the report highlighted the need for a review of best practice reporting by the Valuer General.

RATIONALE FOR THE REVIEW

- 1.12 The Committee’s terms of reference allows it to examine and make reports “connected with the exercise of the Valuer General’s functions” with respect to land valuation systems¹. On substantial issues, the Committee may conduct reviews, hold hearings or seek written submissions from the public.
- 1.13 As part of its background analysis, the Committee secretariat examined historical annual report information provided by the NSW Valuer General. From 1916 to early the 1990’s the Valuer General had a separate Department reporting annually to Parliament. Since the 1990’s the Office of the Valuer General has typically been located within a Government agency or department. Information on the Valuer General’s activities is therefore located in the Annual Report of the relevant agency and the financial auditing of the Valuer General’s Office is subsumed into the financial reports of that agency.

¹ Valuation of Land Act 2003, s85, 2.

- 1.14 NSW annual reporting legislation prescribes specific financial reporting requirements for agencies². It also requires an explanation of agencies objectives and activities but does not prescribe the depth and detail of information that should be provided.
- 1.15 The Committee discovered considerable disparity in the depth and substance of annual reporting information (excluding financial reporting) provided by the Valuer General in recent times. It appears this has occurred as a consequence of statutory restructuring and other factors. In the last decade the Valuer General has been attached to three different NSW Departments as well as operating for a brief period as a separate authority.
- 1.16 As a consequence, performance information about the Valuer General's program and systems was reduced to a single page summary within the Department of Land's annual report in 2004.
- 1.17 This gradual reduction and fragmentation of performance information makes it difficult to monitor trends and the impacts of the valuation system in NSW. From a public information and performance monitoring perspective, the Committee believes there is a strong case to improve and consolidate the performance information provided by the Valuer General.
- 1.18 The Valuer General and the relevant Departments have complied with statutory reporting obligations and the statutory role of the Valuer General has not altered since its creation in 1916. However the current context in which the Valuer General is operating is significantly different and public expectations have changed. The creation of the Parliamentary Committee in 2003 reveals a desire by the NSW Government to make the valuation system more open and accountable. Improved reporting of valuation information and performance can enhance public confidence and reinforce the quality and independence of the valuation system.

SCOPE OF THE REVIEW

- 1.19 Based on the rationale outlined above, the Committee agreed to examine the quality of performance reporting in the annual report entries for the Valuer General in further detail.
- 1.20 The Committee highlighted this intention in its First General Meeting Report released in December 2004 and agreed to the following review terms of reference to:
 - a) examine comparative annual reporting of Valuer General's in other jurisdictions; and
 - b) report on a "best practice" template for the Valuer General and associated agencies to provide annual report information to the public.
- 1.21 The Committee Secretariat commenced the review in early 2005.
- 1.22 Chapter 2 of this review report outlines the current operations of the Office of the Valuer General and the valuation system.
- 1.23 Chapter 3 outlines performance information and processes of Valuer Generals' in other jurisdictions and focuses on best practice reporting frameworks such as those suggested by the NSW Audit Office and other performance reporting guidelines.
- 1.24 Chapter 4 contains the review's findings.

² Key acts – Annual Reports Act 1985 and Public Finance and Audit Act 1983

- 1.25 It should be noted that the Committee is not examining financial reporting issues or the format of financial audit information. At no stage has there been concerns raised with the financial reporting of the Office of the Valuer General relating to this review.
- .

Chapter Two - The Office of the Valuer General

LAND INFORMATION IN NSW³

- 2.1 The regulation and recording of land information in NSW commenced with European land settlement in 1788. On behalf of the British government, Governor Phillip claimed possession of NSW for a penal colony and hence vested all lands with the Crown (hence Crown land). The Surveyor General's Office was established soon after to administer these lands - including surveying and recording land information.
- 2.2 From 1791 to 1831 Governor Phillip, and later Governor Macquarie, issued free grants of land on behalf of the Crown to encourage and advance settlement of the State. Governor Macquarie also instituted leasing of land between 1809 and 1821. In 1825 the system of selling land was introduced, leading to the abolition of free grants for Crown land in 1831.
- 2.3 With the introduction of greater private land ownership, sales and trading, the General Register of Deeds Act along with the position of Registrar General was established in 1825 to register land transaction information and other legal documents. In 1863 the Real Property Act introduced the Torrens Title system to NSW. Today the title information generated under these Acts is in the Torrens title register (also known as the Real Property Register). This register facilitates the legal exchange of property and the application of transfer or stamp duties levied by the State Government.
- 2.4 In 1916 under the Valuation of Land Act, a Register of Land Values was created to contain information on land ownership, location, occupation, value and other information. The position of the Valuer General was also created by this Act and charged with making an independent evaluation of the land value on the basis of "unimproved land value". The principle purpose for assessing and recording values of land was to enable the levying of taxes, rates or duties on the value of land by the state and local government. The introduction of this legislation followed reforms to local government in 1906 to enable the levying of council rates against property owners⁴.
- 2.5 Over time, land ownership options, forms of tenure, and methods of purchase have changed dramatically. Accordingly administrative and recording systems have evolved.
- 2.6 Today these three statutory roles relating to land information recording have the following responsibilities:
 - Surveyor General – responsible for official surveying, cadastral and topographical mapping and Geographical Names Register (in association with the Geographical Names Board);
 - Registrar General – responsible for registration of plans such as subdivision and strata plans, maintenance of Torrens Title Register and General Register of Deeds and issue of Certification of Title to Land;

³ This section draws from various source material including Annual Reports of the NSW Department of the Valuer General from 1916 onwards and is an overview only. For more detailed information see *Land Tax in NSW* by Rachel Simpson and Honor Figis, NSW Parliamentary Library Research Service, Briefing Paper NO 6/98

⁴ Ibid. In 1956 the current land tax system was introduced to NSW.

- Valuer General - responsible for land valuation activities and the Register of Land Values.
- 2.7 Currently the functions under these roles are undertaken by the Department of Lands. The various registers are now interlinked through electronic databases and their daily operations is the responsibility of the Department of Land's **Land and Property Information (LPI)** division operating as a Government business enterprise.
- 2.8 At present, the roles of Surveyor General and Registrar General are undertaken by the Director General of the Department of Lands. The Valuer General remains a separate appointment and has been held by Mr Philip Western since September 2003.
- 2.9 There is an important difference in the role of the Valuer General compared with the other two statutory roles. The registers managed by the Registrar General and the Surveyor General are predominantly repositories for information, while the Valuer General is responsible for both collating particular information and transforming it to land valuations to be utilised by other parties.
- 2.10 A more detailed examination of the Valuer General's role and Department of Lands supporting operations are discussed below.

THE ROLE OF THE VALUER GENERAL

- 2.11 As noted above the Office of the Valuer General was established under the Valuation of Land Act 1916. The Act enables the Government to make land valuations in NSW for the application of taxes, rates or duties.
- 2.12 The Acts outlines the general role of the Valuer General:
- a) to exercise functions with respect to valuation of land in NSW;
 - b) to ensure the integrity of valuations under this Act; and
 - c) to be the custodian of the Register of Land Values.
- a) The functions include the Valuer General providing unimproved land valuations to the principle users of land valuation information. These users are:
- **local government** for council rating purposes (valuations currently provided on an average 3 yearly basis);
 - the NSW Treasury (the **Office of State Revenue**) for the issue of land tax on an annual basis;
 - the **NSW Government** for valuation of Crown land and assessment of land value for compulsory acquisition or related purposes; and
 - the **general public** and the **property industry** for general and business purposes.
- b) Ensuring the integrity of valuations is a two-fold process involving the Valuer General:
- ensuring accuracy of the valuations assessed on his behalf through effective **contractor management**; and
 - operating a fair and open **valuation objection and review process**.
- c) The custodian role involves ensuring that a Register of Land Values is maintained accurately and supported by appropriate databases.

THE STRUCTURE AND ORGANISATION OF THE VALUER GENERAL

- 2.13 For almost 80 years until the 1990's the Valuer General was the head of a separate Valuer General's Department. With duties to value all NSW properties on a regular basis, the Department has historically had a large staff of valuers and register administrators, peaking at around 500 employees in the 1980's. The Department provided an annual report to the Parliament on its operations.
- 2.14 During the 1990's several reviews and reforms were undertaken to the Department and key changes are summarised below.

Table 1: History of Valuer General operations.

Year	Operating Structure
1916-1991	A separate Valuer General's (VG) Department operated under the Land Valuation Act. The Department consisted of a staff of valuers and administrative support, undertaking regulatory and valuation activities.
1991-1997	The Valuer General Department was incorporated into the Department of Conservation and Land Management (CALM) as the VG Office. Continued the same operations.
1997-1998	The Valuer General Office was split and the Valuer General Department was created as a regulatory body to manage outsourced valuation contracts and other regulatory roles. The State Valuation Office (SVO) was created as a commercial operator to provide valuation services. The majority of former Department valuers were relocated to SVO. Competitive tendering for valuation contracts commences.
1998	The Valuer General's Department is incorporated into the Department of Information Technology and Management (DITM) . Renamed the VG Office.
2000-2002	The remaining regulatory staff of the Valuer General's Office are separated from the Valuer General and located in a new business unit of DITM called Land and Property Information (LPI) , which also included staff providing services on behalf of the Surveyor General and Registrar General.
2003-current	The Valuer General's Office is incorporated into the Department of Lands . The Valuer General manages the regulatory operations through a Service Level Agreement with LPI and provides valuation services through competitive tendering of valuation contracts. LPI was transferred as a business unit to the Department of Lands.

- 2.15 These reforms establish the Valuer General as a "client" of LPI, which in turn would be the "provider" of services including the issuing of land valuations, management of valuation service contracts and dealing with objections and appeals. The Valuer General's Office has three support staff and is located at the Department of Land's premises.
- 2.16 The main mechanism for accountability for the Valuer General is via the Land Valuation Act 1916. This Act establishes the Valuer General's statutory functions and also the Joint Committee on the Valuer General to oversight performance of those functions. As a public official the Valuer General is also bound to due process through various public oversight bodies such as the NSW Ombudsman and the Independent Commission Against Corruption. In addition the Valuer General has an employment

contract with the Minister for Lands and is accountable to the public through valuation appeal mechanisms and through the Land and Environment Courts and other court jurisdictions.

- 2.17 As a consequence of operational reforms noted in Table 1, the Valuer General currently delegates his regulatory functions to Land and Property Information (LPI) Business Unit of the Department of Lands and managing these functions via a Service Level Agreement. Contracts for valuation services are competitively tendered by the Valuer General. Further agreements for the timely provision of valuations to Councils and to the NSW Treasury are oversighted by the Valuer General.
- 2.18 A summary of the accountability and functional arrangements is illustrated in the Chart at the end of this Chapter.

RECENT INITIATIVES BY THE OFFICE OF THE VALUER GENERAL

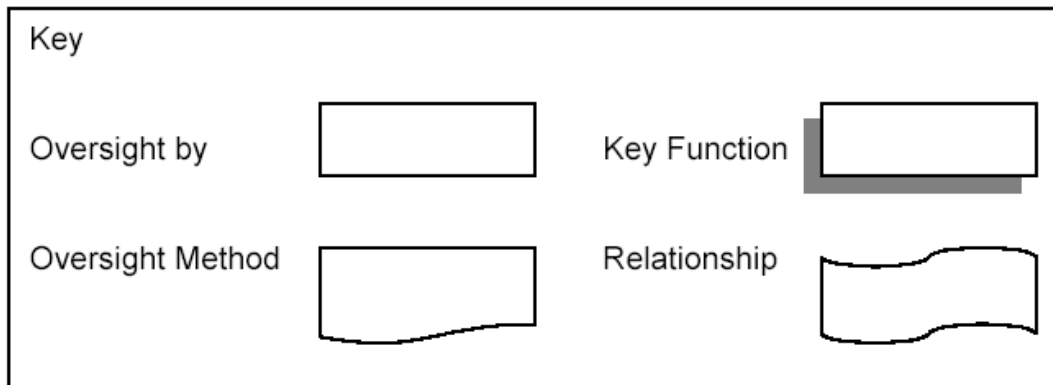
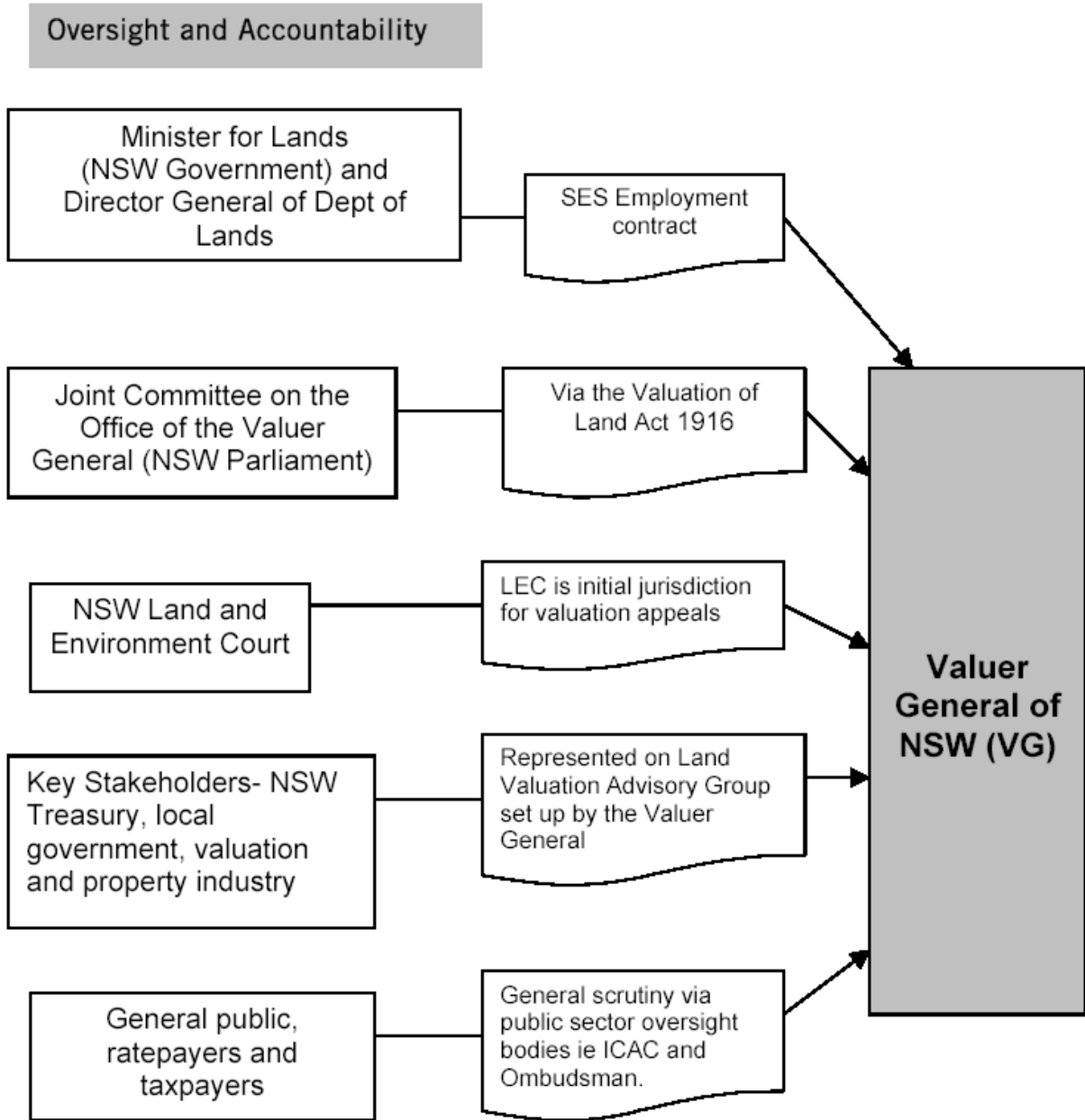
- 2.19 In 1999 the valuation methodology used by the Valuer General was reviewed. This review, known as the Walton Report, and a supplementary review in 2003, form the basis of some ongoing management reforms undertaken by the Valuer General. The details of these reforms have been outlined in the Committee's General Meeting reports of October 2004 and July 2005 and are currently monitored by the Committee.
- 2.20 A critical outcome from these reforms has been the emphasis on the Valuer General's independent management and integrity of valuation processes. As noted in the current Valuer General's position description, a key role is "to ensure the integrity of the valuation services contracting and objections process and that reliable/quality valuations are made"⁵.
- 2.21 Making activities open and accountable to the public is one way of reinforcing integrity. The Valuer General has undertaken several recent communication initiatives to improve public understanding including:
- the creation of a **new call centre** by Land and Property Information to handle complaints and information queries regarding valuations. The centre handles around 140 calls per day and has dealt with over 20,000 calls since its establishment in January 2005;
 - the distribution of a **2004 newsletter to 700,000 ratepayers** via local councils which includes a summary of market changes in the state, and an explanation of the valuation and objection processes. Distribution of the 2005 newsletter occurred in July/August 2005, with circulation to approximately 1.35 million ratepayers; and
 - the creation of a **sales report facility** whereby an analysis of recent sales data in a particular location can be provided to the public. Currently only hardcopy reports are available, but the facility will be made available online in the future.
- 2.22 While these initiatives can improve public understanding of the valuation process, they focus on individual property information and not the integrity of the valuation system.

⁵ Position description for NSW Valuer General from March 2002, p 2.

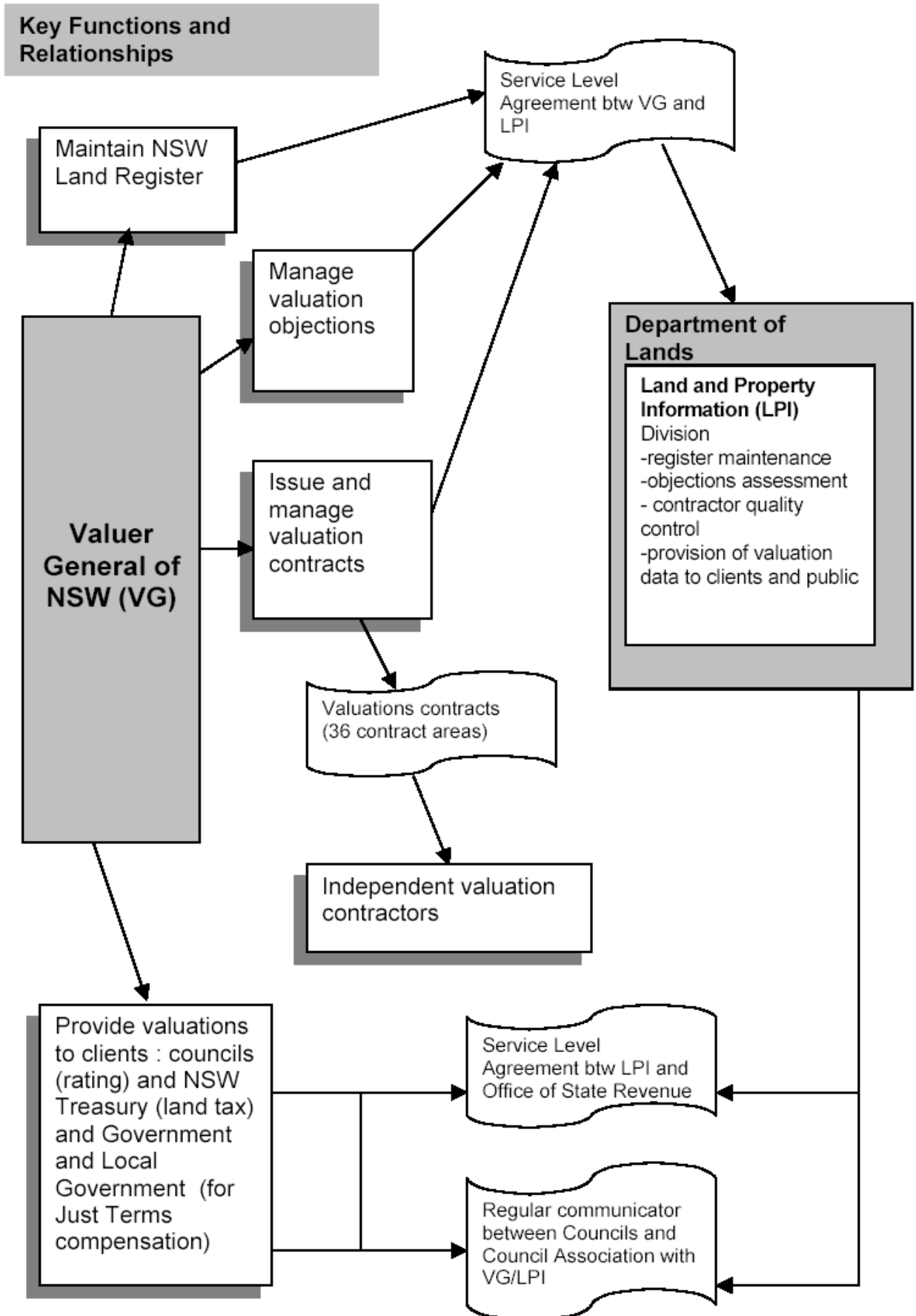
CURRENT REPORTING OF THE OFFICE OF THE VALUER GENERAL

- 2.23 Despite these improvements in public information provision, independent reporting by the Valuer General, in any formal sense, does not exist.
- 2.24 Since reforms commencing in the 1990's, most of the Valuer General's performance reporting has been included in the relevant agency's annual report. The content and detail of this information has been reduced to a few pages in the last few years of annual reports as noted in Appendix 2.
- 2.25 Some common items are reported in performance information each year such as number of land valuations undertaken for ratings and taxation purposes, number of objections to valuations, number of valuation contracts issued and estimated revenues from land tax. However these items have rarely been presented consistently or in context. For example:
- **Objections:**
In some years the objections rates are reported by number only, while in other years a number and percentage against total valuations is identified. No comparison with historical objection rates is offered to enable the understanding of positive or negative trends. Similarly the objection context for rating or for land tax is not differentiated and the number or proportion of objections sustained is not identified nor compared with previous years.
 - **Contracts:**
The number of contracts issued in a year might be disclosed but not presented against the total number of contracts in the state. In some years successful contractors are identified, while in other years the report is silent. The report does not differentiate between the contracts awarded to private providers from the public sector providers and does not correlate the scale of the contract to the total number of properties.
- 2.26 The Committee believes that the level of information and presentation is insufficient to give public confidence or communicate meaningful trends. As such, the capacity for evaluation of the quality and independence of the valuation system is limited. This is contrary to the transparency objectives of the Government.

Operations and Accountability Chart for the NSW Valuer General 2005, 1



Operations and Accountability Chart for the NSW Valuer General 2005, 2



Chapter Three - Best Practice Reporting

OPERATIONS OF THE VALUER GENERAL IN OTHER JURISDICTIONS

Australian States and Territories

- 3.1 All jurisdictions in Australia operate some form of land value register and utilise valuation information for rating and/or land tax purposes. The position of Valuer General exists in every jurisdiction except Queensland, ACT and NT who rely on internal administrative divisions. The reporting arrangements for each jurisdiction is summarised in Appendix 3.
- 3.2 Although there have also been separate “Valuer General Departments” operating in some jurisdictions in the past, today each jurisdiction operates the Valuer General activities through a state government agency. As such performance reporting is subsumed in Departmental annual reports.
- 3.3 To determine some key indicators or performance measures the Committee examined some of the information provided by other jurisdictions. However the scope and activities of Valuer General varies dramatically and correlates to different rating and land taxation approaches in each state. Appendix 4 provides a detailed comparison of arrangements across Australian jurisdictions.
- 3.4 Each jurisdiction differs in the type of valuations used for rating, the cycles of assessment, the land tax regimes and provision of private valuation services.

Values for council rating

- 3.5 Most jurisdictions operate a council rates system reliant on land values. However different valuations measures are utilised including annual rental value, net annual value, gross rental value, or capital improved value compared to the application of land value in NSW.
- 3.6 Valuations may also be used to apply levies for utilities and emergency services provision in some jurisdictions.
- 3.7 In all states other than Victoria, the state government is responsible for management of the valuation process. Victorian councils are responsible for their own valuations for rating purposes.

Cycles of assessment

- 3.8 The cycles of general valuations varies considerably across jurisdictions. Tasmania issues valuations every 7 years for rating purposes. While in South Australia the valuation cycle is annual. In NSW the cycle is annual for land tax purposes but every 2-4 years for council rating purposes.

Land Tax in State and Territories

- 3.9 Land tax is imposed by all States and Territories except the Northern Territory. Exemptions for principal place of residence (PPR) apply in NSW, Victoria, South Australia and Tasmania. Different thresholds for payment of land tax apply across states ranging from \$330,000 in NSW to \$25,000 in Tasmania.

Valuation Services

3.10 Most states have moved to some degree of competitive tendering of valuation services but have retained some in-house employed valuers for special valuation services needed for Crown land valuations and other statutory purposes.

Common reporting issues across Australian jurisdictions

3.11 These differences in the operations of the Valuer General in Australian jurisdictions limits the comparative performance measures that can be applied to guide a more extensive performance reporting framework. Nevertheless some items that are commonly, but not always, reported include:

- Number of valuations completed in various categories- council, taxation and special purpose valuations.
- Number of objections.
- Number of valuation contracts.
- Number of title/land value registrations.

3.12 The most expansive reporting is by the Western Australian Valuer General who reports against some selected benchmarks including⁶:

- Adjustments to ratings and taxing values as a result of objections and appeals as a total percentage of values – target values against actual value.
- Average cost per valuation and total number of valuations reported over 2 years of actuals against target values.
- Timeliness measures – Percentage of valuations completed against target times reported over 2 years of actuals against target values.

Useful models from international jurisdictions

3.13 Some further ideas for performance measurement can be drawn from some overseas equivalents. The United Kingdom's "Valuation Office Agency" (VOA) is a Valuer General equivalent with a dedicated Department and expansive annual reporting process.

3.14 The VOA employs over 5000 people across 85 offices in the UK. It is responsible for providing valuations for business rating and council tax, valuing property for taxes applied by the Inland Revenue, and providing crown land valuations and other valuations required under statute.

3.15 Following an extensive review in 2000, the VOA undertook a suite of reforms including the agreement to publish an annual report and a forward plan for its operations. The VOA Annual reports on results against key targets in forward plan, as well as ongoing performance indicators. Key performance indicators and results from VOA for 2003/04 are in Appendix 5.

3.16 'BC Assessment' is a provincial government valuation provider for British Columbia, Canada. The organisation assesses 1.8 million properties each year. The annual report of 'BC Assessment' provides data, targets and descriptions of information for easy

⁶ Western Australia, Department of Land Information Annual Report 2003-2004, Product and Services by Outcomes, pages 2-4

understanding of performance issues. An extract of key performance information from the 2004 Annual report of 'BC Assessment' is attached in Appendix 5.

Performance reporting by statutory officers

- 3.17 In NSW there are public offices or statutory bodies which may be attached to particular agencies, but are still required to report independently. This requirement may be a condition in the establishment Act for that particular organisation, or it may be scheduled to report under other legislation.
- 3.18 For example in NSW, the Office of the Director of Public Prosecutions is located within the Attorney General's portfolio but is required to independently annually report to Parliament under the Director of Public Prosecution Act 1986. The NSW Public Finance and Audit Act 1983 schedules certain statutory bodies such as the Legal Aid Commission, the NSW Audit Office, Health Care Complaints Commission and the Independent Pricing and Regulatory Tribunal (IPART) to furnish an independent annual report.
- 3.19 The Office of the Valuer General is not declared a statutory body under the Public Finance and Audit Act (Schedule 2), although historically the Office of the Valuer General was declared a statutory department (under Schedule 3).
- 3.20 While these statutory bodies have completely different functions to the Valuer General, the focus of their performance reporting has some common themes. Most declare their roles, responsibilities and functions and present some form of results or analysis against these functions. For example, the Department of Public Prosecutions reports against five Key Result Areas under which particular goals, strategy, outcome and performance indicators are identified (see Appendix 5).

BEST PRACTICE PERFORMANCE REPORTING PRINCIPLES

- 3.27 Given the minimal Valuer General performance information provided in other jurisdictions, the Committee considered some best practice performance guidelines applying to key NSW agencies and organisations.

Performance reporting guidelines

- 3.28 The NSW Audit Office's *Better Practice Guide: Reporting Performance* outlines "best practice" presentation of performance information for annual reports⁷. The Audit Office emphasises that organisations should present information to the public in a consistent manner to allow for transparent analysis of trends.
- 3.29 Seven better practice principles are noted by the Audit Office:
- Objectives are clear and measurable – Objectives should be specific, defining impacts on the community, and be measurable. Often agencies draw down their objectives from their corporate plan.
 - Focussing on results and outcomes - Simple reporting on activities and outputs in isolation is not meaningful. Data needs to be linked to results and outcomes and related to the objectives of the organisation.

⁷ NSW *Better Practice Guide Reporting Performance*. A guide to preparing performance information for annual reports, The Audit Office of NSW, 2000.

- Discussing results against expectations – Targets should be set by agencies so that the public can assess the success or otherwise of the agency’s performance. Targets should be numerical. Vague terms such as “reduce” or “improve” are not targets. Targets can also be expressed in terms of timeframes.
- Performance reporting is complete and informative - Reports should cover key functions, report against targets, note both successes and failures, and include trend data over time.
- Explaining changes over time – Reports should be consistent from year to year. Any changes to functions, objectives, measures and targets should be noted and an explanation for the change provided.
- Provide evidence of value for money and benchmarking - Value for money might be an expression of cost per unit. Benchmarking operations against similar organisations in other jurisdictions, the private sector or against international standards is desirable.
- Discussing strategies, risks and external factors – It is also valuable for a performance report to highlight future operational changes or developments, and detail relevant issues of public significance and risk management.

3.30 The NSW Council on the Cost and Quality of Government (CCQG) suggests in its *Service Efforts and Accomplishments Reporting* that agency performance information can be split into four categories⁸:

- Resource indicators that quantify levels of expenditure (and where possible unit costs) on the delivery of services, the number of staff employed and the value of assets owned.
- Service indicators that measure the type and amount of outputs produced (service efforts) and the outcomes that have been achieved in terms of broad government goals for the policy area (service accomplishments).
- Satisfaction indicators that measure the personal assessment of services by clients and/or community, stakeholders based on their own expectations.
- Community indicators that measure broad social, economic and environmental trends relevant to the Government’s goals in each policy area. They reflect the influence of a range of factors and often require a long time to show significant change.

3.31 In addition the CCQG also highlights the value of benchmarks to set a point of comparison against which a measure can be assessed. For example noting the average measure achieved by other comparable jurisdictions.

3.32 Both guidelines emphasise the need to report over time to determine trends, particularly where there is no established standard or comparator to measure performance.

⁸ *Concise Guide to Performance Reporting*, NSW Council of the Cost of Government available from www.ccqg.nsw.gov.au

- 3.33 The NSW Treasury's *Results and Services Planning Framework* also outlines some critical steps for a determining and reporting on agencies activities. The results and services planning tool is designed to assist agencies to:
- Provide a simple plain English explanation of how an agency business works;
 - Show how the agencies services link contribute to results;
 - Show how the agencies results link to Government priorities; and
 - Integrate with the agency's Corporate Planning process⁹.
- 3.34 On 4 October 2005 the NSW Ombudsman released a report on "*Improving the Quality of Land Valuations issued by the Valuer General*". The report recommended, among other issues, that:
- the Valuer General publish in his annual report performance information on contract valuer compliance with key quantitative standards against baseline benchmarks (Recommendation 10); and
 - the Valuer General include in his annual report statistics about the number of objections and appeals processed and their disposition (Recommendation 25).
- 3.35 The Ombudsman also recommended that the Committee monitor compliance with key quality statistical standards of the Valuer General as part of its annual program (Recommendation 36)
- 3.36 In Chapter 4, these particular Ombudsman's recommendations regarding the content of information and the future role of the Committee, are integrated in the proposed reporting program. This is in addition to the elements of best practice highlighted in this Chapter which have been used to guide the development of the proposed performance booklet.

⁹ What you do and why – An agency Guide to Defining Results and Services, NSW Treasury, October 2004

Chapter Four - Findings

PROPOSED PERFORMANCE REPORTING FRAMEWORK

4.1 As noted in paragraph 2.23- 2.26, performance reporting by the NSW Valuer General has been fragmented in the last decade. The Committee reconciled the information provided by the Valuer General in annual reports against the best practice principles outlined in Chapter 3. The Committee proposes the Valuer General incorporate the following performance information into a reporting framework.

Defined Objectives and Functions

- 4.2 The Valuer General should define objectives that can be reported against annually. The objectives should reflect the statutory functions of the Valuer General and the operational activities of LPI. Key objectives may be drawn from the functions under the Act, the position description within the Valuer General's employment contract, the activities defined in the Service Level Agreement with the LPI, and agreements with Councils and the Office of State Revenue. The objectives should also be consistent with the Department of Lands corporate plan.
- 4.3 A simple plain English set of objectives and functions should be developed and not be revised between each year without explanation.

Specified Outputs, Outcomes and Targets

- 4.4 Various performance indicators for the operations of the Valuer General are in existing performance documents such as the Service Level Agreement between the Valuer General and LPI, the statutory obligations to provide valuations councils and OSR clients, and the relevant objectives and targets prescribed in the Business Plan of Land and Property Information and Corporate Plan of the Department of Lands.
- 4.5 The Committee does not recommend that every item in these documents is relevant for a performance report to the public. For example, some competitive operations may contain commercial and confidence material. However many of these existing indicators and targets could be included in a performance report.
- 4.6 The final wording of objectives and functions should be determined by the Valuer General. However for illustration the Committee suggests the following data, targets and comparisons could be reported under the general functional headings in Table 3:

Table : 3 Suggested reporting items for Valuer General

Function	Key outputs, outcomes, and targets
Maintain Land Register and Valnet database.	Note number of valuations per year, trended against previous years. Note quality control indicators and accuracy rates of entries, compared with benchmark targets. Note timeliness of lodgement of information and recording against targets (statutory targets). Note relevant Valnet database quality control and management issues (i.e. number of database interruptions).
Issue and Management of valuation contracts*	Number of contracts issued and total value of contracts per year compared against total number of contracts and historical data. Note mix of public and private providers. Note significant changes to contract scope, area or specifications. Note key performance measures prescribed in contracts.

	Note disciplinary actions or penalties issued for non-performance of contracts. Productivity and value for money indicators, subject to commercial in confidence constraints.
Management of valuation objections* (The current SLA prescribes 8 KPIs: registration of objections, issue of acknowledgement letters, follow up, average turn around time, issue of decision letters, adjusted land values, compliance with Court reports and exchange of evidence)	Proportion of objections to total valuations and trends over time. Comparison of objection rates against other jurisdictions or international benchmarks. Timely processing of objections against target processing times and compared with trends over time and statutory obligations. Number of objections upheld. Number of objections pursued at Court. Number of appeals sustained and costs per action. Average differential in adjusted land values each year and against previous years. Correspondence management statistics and satisfaction indicators for objections management from property owners. Note special investigations or group revaluations.
Provision of valuations to clients	Technical accuracy of mass appraisal systems measured against relevant indicators prescribed by International Association of Assessing Officers (IAAO) ¹⁰ and other international standards. Other database integrity measures. Numbers of valuations to each category of clients. Measures of timeliness of valuations against targets and previous years. Revaluation rates against total valuations against targets and previous years. Costs and timeliness per revaluation against targets and over previous years. Timeliness of assessment notices.
Corporate goals of Valuer General*	Customer satisfaction measures. Public awareness measures –i.e. number of website hits, call centre inquiries. Stakeholder liaison processes. Outputs and outcomes in relation to Parliamentary Committee. Outputs and outcomes in relation to valuation policy advice to Government.

* These categories of information correlate to recommendations made by the NSW Ombudsman in the report on *Improving the Quality of Land Valuations issued by the Valuer General*, released in October 2005.

4.7 Table 3, is not exhaustive but reflects the general kind of information which the Committee believes could be developed in a performance report format. As noted many of these performance measures are already established in other monitoring mechanisms in the valuation system.

REPORTING OPTIONS

4.8 The Committee considered several options for communicating and publishing performance information about the Valuer General.

The Office of the Valuer General to provide a separate annual report

4.9 As noted, the Office of the Valuer General is not defined as a Department or a public body under the Public Finance and Audit Act 1983. One option would be to schedule the Office of the Valuer General to provide a separate annual report under this Act.

4.10 However the Committee considers a separate legislative annual report obligation would be inappropriate and duplicative. The Valuer General’s daily operations are delegated

¹⁰ The International Association of Assessing Officers (IAAO) is the only recognised set of comprehensive mass appraisal standards. Some standards are not relevant to NSW and Australia but the technical standards are widely accepted as best practice.

to the Department of Land's, Land and Property (LPI) Unit, and to the independent contract valuers. The Office of the Valuer General should not be reporting on the internal performance and financial arrangements of LPI. LPI management is the responsibility of the Minister for Lands and the Valuer General does not have staffing or budgetary control of LPI.

- 4.11 Nevertheless the Valuer General is a statutory appointment by the Minister for Lands and is employed under contract to the Director General of the Department of Lands. It is appropriate that the Valuer General's employment arrangements continue be accounted for in the Department's annual report.

The Office of the Valuer General to provide a separate annual performance booklet

- 4.12 The Committee believes that the understanding of the impartiality and independence of the Valuer General would be substantially aided if the NSW Valuer General were to provide a more comprehensive and separate report on activities and performance.
- 4.13 The publication of a separate document by the Office would clearly signal the arm's length operations of the Valuer General from the State and Local Governments.
- 4.14 The Committee recommends that the Valuer General publish a performance booklet, which outlined the key objectives, operations and results based on items suggested in Table 3 of this report.

The booklet to be tabled in Parliament

- 4.15 The Committee recommends that the booklet should be tabled in the NSW Parliament. This is consistent with other independent statutory officers that table information to Parliament and reinforces the transparency and accountability of the Valuer General to the NSW public.

Funding and collation issues

- 4.16 The Committee believes that the creation of such a booklet would not be onerous or costly.
- 4.17 Much of the performance information that has been suggested is already defined, known and recorded by the Valuer General as part of various internal agreements and management controls. Some information is published in ad hoc publications that are already available from the Valuer General and the Department of Lands. Also some information is now being prepared regularly as part of the Valuer Generals' reporting obligations to the Joint Committee on the Office of the Valuer General.
- 4.18 Distribution of the booklet can be enhanced by online publication and, because it does not contain formal financial audit information, the booklet can be updated and revised at minimal cost.
- 4.19 The Committee recommends that funds should be provided to enable the Valuer General to produce an annual performance report booklet.

Committee Oversight

- 4.20 The Committee intends that the performance report booklet will become a principle resource for the Committee's oversight regime. The booklet will aid the Committee's General Meeting process and monitoring activities.

Appendix One - Functions of the Committee

The Joint Committee on the Office of the Valuer General was established in New South Wales in 2003 as an oversight committee comprised of five members, including two members of the Legislative Council and three members of the Legislative Assembly,

The Act provides the Committee with the ability to monitor and to review the exercise of the Valuer General's functions with respect to land valuations under the *Valuation of Land Act 1916*, the *Land Tax Management Act 1956* and the *Premium Property Tax Act 1998*.

In particular, the Committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated and entered into, and the standard of valuation services provided under such contracts. Land valuation in New South Wales, as defined by the Valuation of Land Act, is based on the sum that vacant land might be expected to realise if offered for sale on reasonable conditions to a bona fide purchaser.

The Committee does not, however, have the ability to review individual valuations or objections to individual valuations. The processing of these issues will remain the responsibility of the statutory officer, the Valuer General.

The Committee was established under the *Valuation of Land Amendment (Valuer-General) Act 2003*. Under this Act (s 85), the Committee's main functions are:

- 1) to monitor and to review the exercise of the Valuer General's functions with respect to land valuations under the *Valuation of Land Act 1916*, *Land Tax Management Act 1956*, *Premium Property Tax Act 1998*¹¹ and in particular:
 - to monitor the methodologies employed for the purpose of conducting such valuations,
 - to monitor the arrangements under which valuation service contracts are negotiated and entered into, and
 - to monitor the standard of valuation services provided under such contract;
- 2) to report to both Houses with such comments as it thinks fit, on any matter connected with the exercise of the Valuer General's functions referred to in 1);
- 3) to report to both Houses any change that the Committee considers desirable to the Valuer General's functions referred to in 1); and
- 4) to inquire into any questions in connection with the Committee's functions which is referred to it by both Houses of Parliament and to report to both Houses on that question.

¹¹ Premium Property Tax Act 1998 was repealed on 1 June 2004 by the State Revenue Legislation Amendment Act 2004.

Appendix Two - Reporting History of the Valuer General

Annual reporting history of NSW Valuer General – 1916 to current

Year	Department	Report Format/ Pages
1916- 1991	Valuer General's Department	Separate detailed report tabled annually including performance and financial information. Annual report required under s84 of Value of Land Act 1916 up to 1986 then repealed. Department scheduled under Annual Reports Act 1985 and the Public Finance and Audit Act 1983
1991-93	Department of Conservation and Land Management	Separate Valuer General's Office report tabled including performance and financial information tabled for next 2 years.
1993- 94	Department of Conservation and Land Management	Valuer General performance and financial information subsumed into DCLM annual report with 6 pages of performance commentary.
1994/95	Department of Land and Water Conservation	As above with 4 pages of performance commentary
1995/97	Department of Land and Water Conservation	As above with 2 pages of performance commentary
1997/98	Valuer General's Department (new)	Separate annual report tabled by new Dept (70 pages) as the Regulator of Mass Valuation Services for Rating and Taxation
1998/99	Department of Information Technology and Management	Valuer General performance and financial information subsumed into DITM annual report. (6 pages of commentary)
1999/2000	DITM	Valuer General performance and financial information subsumed into DITM annual report. (4 pages of commentary)
2000/01	DITM	Valuer General performance and financial information subsumed into DITM annual report. (3 pages of commentary)
2001/02	DITM	Valuer General performance and financial information subsumed into DITM annual report. (3 pages of commentary)
2002/03	Dept of Lands	Valuer General performance and financial information subsumed into Dept Lands annual report. (1 page of commentary)
2003/04	Dept of Lands	Valuer General performance and financial information subsumed into Dept Lands annual report. (3 page of commentary)

Appendix Three - Valuer Generals in Australian jurisdictions

Jurisdiction	Position	Reporting
NSW	Statutory Officer is the Valuer General who outsources regulatory and commercial activities.	Located in Department of Lands reporting in Department's Annual report.
Victoria	Statutory officer is the Valuer General who heads outsourcing of regulatory activities, and supervision of Councils who manage valuations.	Located in Land Victoria and reports under Department of Sustainability and Environment. Reporting in that Department's annual report.
Queensland	Chief Executive is responsible for Valuations under statute and manages the State Valuation Service.	Located in Department of Natural Resources and Mines Reporting in that Department's Annual report.
South Australia	Statutory officer is the Valuer General who manages the Land Services Unit.	Located in Department of Administrative Information Services. Reporting in that Department's Annual report.
Tasmania	Statutory officer is the Valuer General who manages the Office of the Valuer General.	Located in the Department of Primary Industries, Water and Environment. Reporting in that Department's annual report.
Western Australia	Statutory officer is the Valuer General who manages the Office of the Valuer General.	Located as a division of the Department of Land Information. Reporting under the Department's annual report.
ACT and NT	The Australian Valuation Office is the provider of valuation services to Australian Territories.	Located as a business division in the Commonwealth Treasury. Reporting under Treasury's annual report.

Appendix Four - Key jurisdictional differences

COMPARISON OF VALUATION PROCESSES IN AUSTRALIA- NSW, VIC, QLD, SA

Jurisdiction	NSW	VIC	QLD	SA
No. of Properties Assessed	2,330,000	2,200,000	1,400,000	791,000
Values Returned	LV	LV,CIV,NAV	UV	CV, LV
Provision of Revaluation Services	Outsourced by VG to Government Valuation Services and private sector	72 Councils outsourced to private sector. 6 Councils employ in-house valuers	Completed by regionally based Natural Resources and Mines (NRM) valuation staff in accordance with Departmental standards	Purchaser-Provider Model. VG acts as purchaser, Valuation SA is internal government provider of statutory valuation services.
Valuation Cycle	1 year (Land Tax) 2-4 years (Municipal rating)	2 years	Act prescribes annual cycle but more a rolling cycle with every local government area (124) valued at least once every 5 years.	1 year
Revaluation Process Owner	State Govt	Councils	State Govt	State Govt
Methodology All jurisdictions have some mass appraisal application.	Component method of mass valuation with indexation based on benchmark properties	Computer assisted summation, with statistical & GIS used for quality control	Factor increment based on sales across SMA'S (Sub Market Areas)	Computer assisted summation approach for rural. Computer assisted indexation approach based on submarkets and the use of lineal regression for residential. Manual approach for comm/ind and other specialised properties in conjunction with indexation.

LV = Land Value,

CIV = Capital Improved Value,

NAV = Net Annual Value,

CV = Capital Value,

UV = Unimproved Value,

GRV = Gross Rental Value,

AAV = Assessed Annual Value,

ARV = Annual Rental Value

COMPARISON OF VALUATION PROCESSES IN AUSTRALIA- NSW, VIC, QLD, SA

Jurisdiction	NSW	VIC	QLD	SA
Use of Valuations	Rating, Land Tax Premium Property Tax & proposed Fire Service Levy purposes	Rating, Land Tax purposes – CIV,SV & NAV	Rating, Land Tax, State Land Rentals	Rating, Land Tax, Water Levy, Emergency Services Levy
Provision of Revaluation Monitoring/Quality Control Services	VG Staff	Outsourced by VG to private sector	Internal	Statutory response lies with VG. VSA maintains QA for delivery purposes.
Objections Process & Approval	VG Staff	Council valuers consider & amend as required. VG then confirms/rejects amendments with assistance of monitoring contractors. Where changes made require VG approval/disallowance. The contract monitors assist in this process.	Handled by State Valuation Service (SVS) in accordance with Departmental policy and guidelines.	Objection to be lodged in writing, within 60 days from first notice. VG processes and approves objections. VSA provide valuation recommendations. Further review process is available to landowner if dissatisfied.
Data Collection and Recording	Centralised VG	Councils Decentralised	Valuations section of NR&M. This is the regulatory body. There is no VG in QLD.	Provided by decentralized Internal Provider (Valuation SA)
Re-inspection Cycle	Variable with emphasis on collecting new heritage, land tax liable. Currently more intense inspection regime has been piloted	Rural & Residential 50% per revaluation (4 years) increasing to 33% per revaluation (6 years) after 2004. Comm/Indust. (2 years) Includes inspect of all sales and limited field checking of proposed revaluation figures	Variable	Target of 20% minimum per annum.
Supplementary Valuations Per Annum	26,000	44,000	60,000	17,500
Number of Objections per Annum	6,100 which equates to 0.25% of the total number of assessments	Does not fully explain objection rate	Range between 1 & 2% of total valuations issued	0.50%

COMPARISON OF VALUATION PROCESSES IN AUSTRALIA – WA, NT, TAS

Jurisdiction	WA	NT	TAS
No. of Properties Assessed	1,126,432 land parcels UV Valuations: 762,255 GRV Valuations: 784,144	51,911	243,000
Values Returned	Unimproved Value (UV) and Gross Rental Value (GRV)	UCV	LV, CV, AAV
Provision of Revaluation Services	VG Staff, regulated against international, and internally developed standards (where these exceed international standards).	Valuations completed internally. The AVO is effectively a contractor to the NT Govt.	Outsourced by VG to the private sector. GVS now amalgamated back into OVG – OVG will provide all supplementary valuations except in the year of revaluation.
Valuation Cycle	Unimproved Value: State wide every year Gross Rental Value: Metropolitan every 3 years, Country depends on Local Government Authority varies from 3 to 5 year cycles.	Every 3 years	Maximum of 7 years, Municipalities revalued on six year program with a two yearly adjustment factor system likely to be introduced as from 1/7/2007.
Revaluation Process Owner	State Govt	NT Govt.	State Govt
Methodology <i>All jurisdictions have some mass appraisal application.</i>	Manual and Computer Assisted appraisal processes. No indexation. Statutory calculation for mining and other leaseholds. Tested by formal regulation process.	On unimproved capital land value. Mass appraisal approach Based on benchmarking of properties and undertake handcrafting of properties where necessary	Manual and computer assisted valuations (CAV's) depending on property types and use. Three values are provided for all properties – Land Value, Capital Value and Assessed Annual Value (AAV). All 29 councils currently rate from the AAV.

COMPARISON OF VALUATION PROCESSES IN AUSTRALIA – WA, NT, TAS

Jurisdiction	WA	NT	TAS
Use of Valuations	GRV – Urban & Country properties: Local Government rates, Water Authority rates, Emergency services levy. UV – Rural and fringe Local Government rates, State Revenue land tax.	Rating only	Rating & Taxing
Provision of Revaluation Monitoring/Quality Control Services	VG Staff Separate Regulation Section Reporting directly to VG	VG Staff	VG Staff
Objections Process & Approval	Sections 32 & 33 of the Valuation of Land Act 1978. Objection to be lodged within 60 days. VG Staff – This includes an Objection Process and review to the State Administrative Tribunal. (SAT)	Objections are handled by VG staff. Phone contact is made to resolve any questions. Formal objections are dealt with VG staff meeting objector on site and explaining valuation. No objections have gone past this stage.	The contractor is required to discuss the objection with the objector, review the valuation & advise the VG. The VG considers the report & advises the objector
Data Collection and Recording	Centralised Valuer General	Centralised Valuer General	Centralised Valuer- General
Re-inspection Cycle	As part of General valuation cycles. Metropolitan Residential GRV property improvement verification by identified project areas varies from 3 – 5% of properties each year.	Every 3 years a General valuation is undertaken, but valuations are undertaken for particular locations on a yearly basis	All residential properties to be inspected from street, with sales and anomalies inspected. All commercial and industrial properties are fully inspected.
Number of Supplementary Valuations Per Annum	Interim Values - 98,247	33	18,649
Number of Objections per Annum	2004/2005, number of objections 556; formal queries 660; SAT reviews 3	As only 2-3 municipalities are revalued every year the number of objections is very small. For '03 there were only 16	0.66% for revaluations & 0.79% for supps

Appendix Five - Sample Best Practice Reporting

Extracts from Forward Plan and three Annual Reports:

- Valuation Office Agency United Kingdom extract from Valuation Office Agency Forward Plan 2005 – 2008 (below).
- Valuation Office Agency, United Kingdom extract from Annual Report and Accounts 2003/2004 (pages 32 and 33).
- “BC Assessment” British Columbia, Canada extract from BC Assessment 2004 Annual Report (page 34).
- NSW Department of Public Prosecutions, extract from Office of the Director of Public Prosecutions New South Wales Annual Report 2003 - 2004 (page 35).

Valuation Office Agency Forward Plan 2005 – 2008

Key Performance Indicators 2005/06

At the start of each financial year the Agency's Key Performance Indicators are announced to Parliament.

Valuation Accuracy	To ensure reductions in the 2000 local rating lists are within a maximum of 4.7% of the total compiled list rateable value, over the entire life of the lists. To contain reductions in the 2005 rating lists to a maximum of 4.2% of the total compiled list rateable value, over the entire life of the lists.
Council Tax Revaluation England	To prepare for the revaluation of domestic properties in England by undertaking valuations for 15 million properties by 31 March 2006.
Council Tax Wales	To clear all appeals received by 30 September 2005 – up to a maximum of 30,000 – by 31 March 2006.
Value for Money¹	To improve productivity by 5% in 2005/06 and be on course to achieve improvements of at least 15% over the three years to 2007/08.
HM Revenue & Customs	To clear 96% of initial assessment cases referred by HMRC within 30 working days of receipt.
Land Services	To cover costs and achieve an income of £21.1 million
Customer Satisfaction²	To achieve customer satisfaction of 86% – measured by annual survey.
People Satisfaction	To improve staff satisfaction with the VOA by 1% – measured by annual survey.

Note¹ During 2005/06, the VOA will endeavour to broaden this measure to reflect the significant additional work being undertaken to prepare for the council tax revaluation in England in 2007, and the new 'right first time' approach to handling appeals against the 2005 rating lists.

Note² During 2005/06 this measure will be broadened to cover all the main areas in which we have direct contact with the citizen, whether as ratepayers or council taxpayers.

Results Against Key Targets

These targets were agreed with Ministers and announced to Parliament as the key priorities for the Agency in 2003/2004.

	Target	Result	Met
1. Valuation accuracy			
Contain reductions in 2000 local rating lists to less than 7.5% in respect of compiled list appeals settled in 2003/2004	7.5%	6.1%	YES
and to a maximum of 4.7% of the total compiled list rateable value over the entire life of the 2000 rating lists	4.7%	4.2%	YES
2. Revaluations			
Prepare for the forthcoming revaluation of non-domestic properties in England and Wales by completing 85% of initial valuations required	85%	91%	YES
Prepare for the forthcoming revaluation of domestic properties in Wales by completing 50% of initial bandings required	50%	71%	YES
Prepare for the forthcoming revaluation of domestic properties in England by digitising data in respect of a minimum of three million properties	3 million	9.36 million	YES
3. Rating appeal programming			
Make draft programmes available by the 31 July 2003	Yes	Yes	YES
Publish final programmes by 1 October 2003	Yes	No	NO (but published on 2 October)
Adhere to the start date in 95% of cases	95%	97%	YES
4. Customer satisfaction			
Improve customer satisfaction, based on annual surveys, to 86%	86%	84.5%	NO (but achieved improvement on 2002/2003 results)
5. Value for money			
Improve productivity by 2.5%	2.5%	2.9%	YES
6. Land Services			
Achieve a fee income of £17.8 million	£17.8 million	£18.1 million	YES
Ensure that its share of VOA costs is covered	Yes	Yes	YES
7. People satisfaction			
Improve staff satisfaction ratings in working for the VOA in comparison with other places of work based on annual surveys, by 2%	Yes	Yes	YES
8. Financial 'break even'			
Recover full resource costs, including a return on capital of 3.5%, from fees and charges	Yes	Yes	YES

The Internal Auditor's Office of the Agency's parent Department has independently verified the results against the key targets reported in this table.

Results Against Other Targets

We also monitor our performance against other performance indicators agreed with our clients.

	Target	Result
Rating		
Appeals settled: England	270,000	281,726
Appeals settled: Wales	19,800	16,924
Clear all reports received before 28/2/04 by 31/3/04	100%	100%
Clear 95% of reports within 3 months	95%	93%
Council tax		
Clear appeals equal to the number received within a maximum of: 32,750 in England	28,275	28,749
3,000 in Wales	1,908	2,028
Provide a considered view to taxpayers within 2 months of their appeal	100%	48%
Ensure that all appeals are ready for hearing within 6 months	100%	93%
Clear reports within 3 months of receipt	95%	96%
Clear reports in respect of new properties within 2 months of receipt	95%	89%
Get bandings right first time	95%	95%
Inland Revenue		
Capital gains tax		
Clear initial appraisal/informal valuation cases: within 30 working days of receipt	90%	78%
within 3 months of receipt	100%	67%
Clear negotiation cases: within 6 months of receipt	90%	66%
within 12 months of receipt	100%	56%
Inheritance tax		
Clear initial appraisal cases: within 20 working days of receipt	90%	93%
Report agreed values to IR: within 3 months of receipt	75%	78%
within 6 months of receipt	90%	91%
within 9 months of receipt	95%	96%

Extract from BC Assessment Annual Report

TARGETS	2003 Actual/ 2004 Assessment Roll Actual	2004 Target/ 2005 Assessment Roll Target	2004 Actual/ 2005 Assessment Roll Actual	2005 Target/ 2006 Assessment Roll Target	2006 Target/ 2007 Assessment Roll Target	DISCUSSION
1 Each year, every complaint to the Property Assessment Review Panel will be investigated and presented for consideration before March 16 and decisions delivered to property owners before April 7.	●	●	●	●	●	For the 2005 Assessment Roll, all 27,209 complaints were investigated and presented for consideration before March 16 and decisions were delivered to property owners before April 7.*
2 Each year, 98 percent of residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.	●	●	●	●	●	For the 2005 Assessment Roll, 98.9 percent of residential assessments were accepted without referral by the public to the Property Assessment Review Panel.*
3 Each year, 95 percent of non-residential assessments will be accepted without referral by the public to the Property Assessment Review Panel.	●	●	○	●	●	For the 2005 Assessment Roll, 94 percent of non-residential assessments were accepted without referral by the public to the Property Assessment Review Panel.*
4 Throughout 2004, continue to recommend to government further streamlining of the appeal process in order that internal costs on complaints and appeals are reduced.	●	●	●	●	●	BC Assessment worked with the provincial government to streamline legislation and/or regulations pertaining to ports, farms, and bed and breakfast classifications with the objective of reducing the cost of complaints and appeals.

*BC Assessment engages in strategic planning that identifies capacity and risk. This planning allows us to execute the operational requirements necessary to produce the 2006 and 2007 Assessment Rolls.

Data Source: Complaint information is generated by the RG125 Report while information related to the Property Assessment Review Panels are generated by the Rolls and Notices Audit and APPSTAT reports from BC Assessment's Standards and Audit Group and Information Services Division.

TARGET LEGEND: ● Target Met ▼ Scope/Schedule Modified/Delayed ○ Performance Below Target

Extract from Office of the Director of Public Prosecutions New South Wales Annual Report 2003 – 2004

Key Result Area I: Just, independent and timely conduct of prosecutions

I.1 To provide a just and independent prosecution service	I.1.1 Continually review, evaluate and improve standards for criminal prosecutions	Achievement of justice
	I.1.2 Improve the timeliness and quality of briefs through liaison with investigative agencies	

Performance Indicator

- I.1(a) Percentage of cases where costs are awarded due to the conduct of the prosecution
- I.1(b) Percentage of matters conducted without sustained complaint
- I.1(c) Proportion of matters returning a finding of guilt

Report:

- I.1(a) In this reporting period, costs were awarded in 0.05% of the 17,000 cases dealt with due to the conduct of the prosecution.
- I.1(b) 0.012% (2 complaints) of 17,000 prosecutions conducted throughout the year.
- I.1(c) 79.5% of all matters concluded in the District Court resulted in findings of guilt, either by way of verdict following trial or by way of plea.