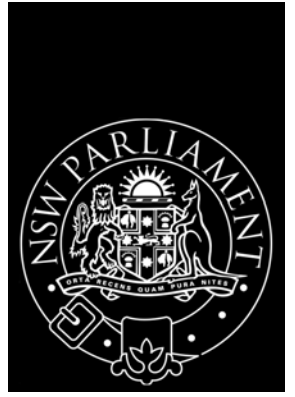


PARLIAMENT OF NEW SOUTH WALES



Joint Committee on the Office of the  
Valuer General

REPORT ON THE THIRD GENERAL MEETING  
WITH THE VALUER GENERAL

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## Chair's Foreword

This is the Third General Meeting Report from the Joint Committee on the Office of the Valuer General. The report highlights:

- The Committee's role and work program; and
- Information on activities of the Office of the Valuer General relevant to the Committee's terms of reference.

The Committee's First and Second General Meeting Reports outlined its activities in 2004 and 2005.

This Third General Meeting Report contains a consolidated report prepared by the Valuer General describing various programs and reforms for the Office of the Valuer General, along with transcripts from the Committee's meeting with the Valuer General on 6 March 2006. The report also outlined the Committee's ongoing issues and concerns.

The steps taken and systems put in place by the Committee are aimed to improve transparency and accountability of the Valuer General's operations and communication with the public.

The Committee outlines its findings and recommendations in Chapter 1.

I am pleased to present this report and thank my fellow Committee members and the Secretariat for their assistance and support for the Committee. I also thank the Valuer General, Mr Philip Western, for his continued assistance and co-operative approach.



Kayee Griffin MLC

Chair





## Committee Functions

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

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*<sup>1</sup> 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 question 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.

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.

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<sup>1</sup> Premium Property Tax Act 1998 was repealed on 1 June 2004 by the State Revenue Legislation Amendment Act 2004.



# Abbreviations and Explanations

## Abbreviations

IPART	Independent Pricing and Regulatory Tribunal
IVMS	Inwards Volume Management Strategy
LGSA	Local Government and Shires Association
LPI	Land and Property Information
LVAG	Land Valuation Advisory Group
NOV	Notices of Valuation
OSR	Office of State Revenue
PIS	Process Improvement Strategy
SLA	Service Level Agreement
WMA	Water Management Act 2000

## 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.
Handcrafted valuation	refers to the individual valuation assessment of a particular property conducted by a valuer.
Mass valuation system	refers to the generation of land values for multiples properties as at a given date. Mass valuations are generated by standardised computer methods as distinct from individual or handcrafted valuations.
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 handcrafted and serves as a standard basis for mass generation of land values.
General re-valuations	refers to valuations that are reassessed by the Valuer General. General re-valuations may be initiated because of formal objections by property owners or other mechanisms.
Re-ascertainments	describes the process where valuations are reviewed outside the objection process.
Separation of water rights	refers to the decoupling of the value of water access licences that have been historically tied to rural land value assessments. This process has occurred as a result of reforms implemented by the Water Management Act 2000.



## Findings and Recommendations

### **FINDING – OBJECTION MANAGEMENT**

The Committee finds that there are unsatisfactory delays in objection processing and that the current target for 50 per cent of objections to be processed in 90 days is too conservative.

### **RECOMMENDATION**

The Committee recommends that, as part of addressing concerns about objection processing, a systems audit should be undertaken to identify and resolve critical processing problems with the aim of achieving substantial improvements in objection processing time.

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### **FINDING – VALUATION CONTRACTOR MANAGEMENT**

The Committee is satisfied that contract management improvements are being made and will monitor the implementation of contract improvements that have been recommended by the NSW Ombudsman.

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### **FINDING – VALUATION PRICING FOR LOCAL GOVERNMENT**

The review of valuation pricing for Councils should be deferred until the Committee survey of councils is completed and key Ombudsman report recommendations are implemented.

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### **FINDING – PUBLIC INFORMATION**

The Committee finds that the Valuer General has made substantial efforts to improve public understanding of and access to information about the valuation system.

### **RECOMMENDATION**

The Committee reiterates its recommendation from the Second General Meeting Report that a monitoring program be introduced to measure the effectiveness of the Valuer General's public information initiatives.

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### **RECOMMENDATION – OMBUDSMAN'S REPORT**

The Committee requests that the Valuer General provide a follow up report on the implementation of the recommendations of the Ombudsman's report at the next General Meeting of the Committee.

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# Chapter One - Commentary and Committee Program

## INTRODUCTION

- 1.1 This is the Third Report from the Joint Committee on the Office of the Valuer General. The report highlights:
  - the Committee's role and work program; and
  - information on activities of the Office of the Valuer General relevant to the Committee's terms of reference.
- 1.2 Chapter 1 of the Report outlines the establishment and operation of the Committee. A commentary on key issues is also provided in this Chapter.
- 1.3 Chapter 2 contains the Valuer General's Report submitted to the Committee. The Valuer General's Report is the result of an agreed reporting regime developed by the Committee and Valuer General.
- 1.4 Chapter 3 contains Questions on Notice and Answers concerning the Valuer General's report that were considered at the Third General Meeting of the Committee on 6 March 2006.
- 1.5 Chapter 4 contains a full transcript of the proceedings from the Third General Meeting of 6 March 2006.

## ESTABLISHMENT OF THE COMMITTEE ON THE OFFICE OF THE VALUER GENERAL

- 1.6 The Joint Committee on the Office of the Valuer General was established in New South Wales in 2003 as a joint parliamentary committee under the Valuation of Land Amendment (Valuer General) Act 2003.
- 1.7 In his second reading speech of 30 May 2003, Mr Bryce Gaudry MP, on behalf of Minister Knowles, outlined the objective of the Act and purpose 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 Residential information and expertise. This process will ensure that the functions of the Office of the Valuer General remain open and accountable to the public.

1.8 The Committee is constituted to operate until the end of the 53rd session of Parliament in 2007. It has five members: two from the Legislative Council and three from the Legislative Assembly. The current membership of the Committee is:

The Hon Kayee Griffin, MLC, Chair

The Hon Charlie Lynn, MLC

Mr Richard Torbay, MP, Vice Chair

Mr Steven Pringle, MP

Mr Allan Shearan, MP

1.9 On 22 September 2005, Mr Lynn MLC was appointed in place of Mr Don Harwin who had served on the Committee since its establishment in December 2003.

1.10 The Committee has power to send for persons, papers and records. All hearings are to be public subject to confidentiality requests. The Committee may report when Parliament is not in session. The Committee must report to the Clerk of the Legislative Assembly and the Committee is guided by the Standing Orders of the Legislative Assembly.

## **COMMITTEE'S ACTIVITIES – JUNE 2005 TO MARCH 2006**

1.11 From June 2005 to March 2006 the Committee met six times and undertook various activities.

### **Best Practice Reporting Review**

1.12 A review of annual reporting information of the NSW Valuer General was undertaken from June to November 2005. The review examined the quality of performance reporting by the Valuer General in annual report entries against best practice reporting principles. Based on the review, the Committee recommended a new performance reporting regime for the Valuer General. The review was completed in October 2005 and the report on the review, titled Best Practice Reporting Review was released in November 2005. On 13 January 2006, the Minister for Lands informed the Committee that the Valuer General would adopt the recommendations of the Committee's report.

### **NSW Ombudsman Report Consideration**

1.13 From November 2004 to October 2005 the NSW Ombudsman conducted an inquiry into objections management and the accuracy of the component valuation method. The Committee was not directly involved in the inquiry because under the Ombudsman's Act it was not public inquiry and was specific to a complaint. However the Committee monitored the inquiry's progress. On 4 October the NSW Ombudsman released his report titled "Improving the Quality of Land Valuations Issued by the Valuer General". The Committee was briefed on the Ombudsman's recommendations on 7 November 2005.

1.14 The Ombudsman's Report was highly relevant to the Committee's activities. The Report recommended a series of reforms and after consideration the Committee agreed with the Report's recommendations. In particular the Committee agreed to undertake certain activities and to oversight the implementation of particular recommendations affecting the Valuer General. The Committee endorsed its decision on 2 December 2005. The



Reports recommendations and the Valuer General's response to the report is at Addendum 3.

### **Council Survey**

- 1.15 The Committee initiated a survey of councils in January 2006. The Committee wrote to each Council in NSW seeking their views on the provision of valuations by the Valuer General to Councils for rating purposes. The survey was particularly focused on the 3 year cycle on which valuations are provided to Councils and impacts of varying this cycle and the provision of information about valuations by Councils. Responses were sought by end of March 2006. Further responses were accepted through to mid April 2006.
- 1.16 The Committee is currently considering the survey information and will report on this matter in the second half of 2006.

### **Other Matters**

- 1.17 On 12 April 2006, the Committee Chair, Ms Kayee Griffin, MLC, made a presentation to the Australian and New Zealand Valuer General's Conference. The conference was attended by each State and Territory Valuer General (or equivalent) as well as the Valuer General of New Zealand. The Committee Chair outlined the history of the NSW Committee to date and highlighted its various achievements.
- 1.18 The Committee considered and replied to correspondence from individuals and groups concerning valuation issues.
- 1.19 The Committee's Third General Meeting with the Valuer General was conducted on 6 March 2006.

### **KEY ISSUES AND CONCERNS RAISED BY THE COMMITTEE**

- 1.20 For this Third General Meeting report, the Valuer General has presented a single report with key headings such as valuations, contract management, communications and governance. This differs from the Valuer General's previous report to the First and Second General Meeting reports which were in two parts – Reform Program Update and Principal Work in Progress. The new report format better represents the overarching themes of oversight for the Committee and is adaptable for future variations and additional items that may be introduced by the Committee.
- 1.21 The Committee identified several issues in its Second Meeting Report. These included:
- Objections management;
  - Valuation Contractor Management;
  - Valuation Pricing for Local Councils;
  - Public information strategies;
  - Future inquiries; and
  - Other issues – Ombudsman Inquiry.

## Objections Management

- 1.22 In its Second General Meeting Report, the Committee found that the Valuer General was making improvements to objections management. However the Committee was mindful that resources needed to be provided to sustain improvements.<sup>2</sup>
- 1.23 In the Second General Meeting in May 2005, the Valuer General noted that there were 11,800 valid objections for 1 July 2004 notice of valuations which was approximately 1.2 per cent of the valuations issued. This total number of objections was at the close of the three month objection period (ranging from November 2004 - May 2005).<sup>3</sup>
- 1.24 At the Third General Meeting on 6 March 2006, the Valuer General noted that around 1200 objections to the 1 July 2005 notice had been received to date, which represented approximately 0.15 per cent of the 800,000 valuations issued. However at the time of the Third General Meeting the three month objection period was still active.
- 1.25 In subsequent discussions with the Valuer General, the total number of objections received as at 15 August 2006 in respect of the 1 July 2005 valuation was 9127. This equates to an objection rate of 0.83 per cent against a total of 1,090,000 valuations issued.

### Comment

- 1.26 Since its establishment in December 2003, the Committee has been closely following the management of objections. Three main issues have arisen – reducing the number of objections and objection rate; simplifying and streamlining the objection process; and options for consideration of group objections.
- 1.27 It appears that the objection rate for current valuations was substantially less than the previous year. Furthermore, since the Second General Meeting in 2005, the Valuer General has developed an Objection Kit to simplify information and standardise grounds for applications. In addition, as discussed in Questions on Notice (No.2), the Valuer General has initiated area or group revaluations which are precipitated by group objections. However less encouraging to the Committee is the failure to meet targets in objection processing times.
- 1.28 Under the Valuation of Land Act 1916 there is an expectation that objections should be determined within 90 days. This is because after 90 days objectors are able to gain right of appeal to the Land and Environment Court on the assumption that the objection has been disallowed (Sections 35C (4) and Section 37 (3)) of the Act).
- 1.29 This 90 day expectation has been incorporated as a key performance indicator (KPI) for the objection process however, results to date has been poor. At present, only a quarter of objections are being processed in this 90 day period. The Valuer General's explanation provided at the Third General Meeting was as follows :

**Mr WESTERN:** ...You will note that the key performance indicators were that the percentage of objections to land tax assessments to be completed within 90 days was targeted at 50 per cent. In fact, to date only 24 per cent has been achieved. In regard to the second area—the percentage objections for land tax to be processed within 180 days—I had a

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<sup>2</sup> Second General Meeting Report July 2005, p5

<sup>3</sup> Second General Meeting Report July 2005, p26

target of 95 per cent, and it was only 69 per cent. The third one was in relation to properties that were in excess of \$1 million at land value, and the target was 95 per cent completed but Land and Property Information achieved only 29 per cent.

Having said that, the actual figures have improved quite markedly from the year before. Most Committee members would be aware that one of the principal reasons for the below target outcomes that there is simply a resourcing issue around trying to process the number of objections we get with the number of resources available to us to assist in doing that. I am pleased to say that the Government has approved additional funding to assist in employing more resource to ensure that we can get these objections processed quicker. That is in regard to the Ombudsman's report and some recommendations in that.

... To reiterate: in any one year we normally receive about 8,000 objections, last year we received close to 18,000 objections. Once again, the main reason behind that was the removal of the land tax threshold and a lot more people obviously being assessable for land tax.

Normally it would have taken Land and Property Information some 18 to 24 months to process those objections. I am pleased to say that as at the end of January they had processed close to 16,000 valuations, whereas normally they would have processed only about 8,000. So we have had a marked improvement through process improvement and efficiencies brought in through using contractors and better monitoring their performance against the contract requirements.

- 1.30 The Committee acknowledges the issues affecting objections as flagged by the Valuer General. The Committee also sees that various reforms undertaken by the Valuer General should improve processing times. These include:
- the Objection Kit proforma, which should streamline the initial processing of objections in terms of clarifying and standardising the ground for objections;
  - the Objection Screening Procedures and Objections Procedural Manual which should streamline assessment and processing<sup>4</sup>; and
  - the additional funds recently provided by NSW Treasury to address the Ombudsman's recommendations (see Valuer General's Report under Valuation Reform).
- 1.31 Despite these actions, the Committee finds that turnaround times are not sufficiently improving and the future KPI (or target) set to have 50% of objections processed within 90 days is not adequate.
- 1.32 There are various consequences from the delays in processing objections that should be recognised. Firstly, in instances where the objection is made at the time of a land tax assessment notice, the landholder must pay the land tax upfront at the time required on the notice. Where the objection is allowed the landholder receives a refund or adjustment with interest payable<sup>5</sup>. The longer the objection turn around time, the more interest may be paid by the Government to a land holder with an allowed objection.
- 1.33 Secondly, if the objection is allowed then an adjustment of the valuation may be required. Since valuations are generated annually then the adjustment should be incorporated prior to the commencement of the following year's general valuation

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<sup>4</sup> These items were noted in the NSW Ombudsman's report p74 and p79.

<sup>5</sup> Under the Valuation of Land Act 1916 objections are formally 'allowed' or 'disallowed'. The terms 'upheld' or 'denied' are also used in discussions about objections in Committee hearings.

process. Any adjustment to a valuation following a review will be applied to prior valuation years as deemed necessary. The land owner, rating and taxing authority are advised of the amended value. Objections that take longer to resolve may require more extensive adjustment processes. Ideally objections should be promptly resolved within the annual valuation cycle to minimise any compounding impacts on future valuations for the property owner and the administration processes of authorities.

- 1.34 The Valuer General notes that approximately 25 per cent of objections are allowed/upheld each year. So revising these valuations is not a large burden compared with the total number of valuations or in overall financial terms. Nevertheless the Valuer General made the comment that an option to deal with these issues would be to reconsider the timeframes implicit in the Act, specifically extending the period prior to allowing an appeal against an objection to 120 days (see Chapter 4- Transcript, page 53).
- 1.35 The Valuer General has indicated that the Government has allocated \$5.675 million for 2006/07 to assist in the ongoing improvements to the quality of land valuation in NSW. For 2006/7 it is estimated that from this funding approximately \$3.4 million will be used for the Land Value Review Project and approximately \$2.02 million will be allocated to the employment of an additional 18 contract management and audit staff, within Land and Property Information. These additional resources should assist in contributing to an anticipated improvement in turn around times for the review of objections.
- 1.36 The Committee agrees that a review of turnaround timeframes should be undertaken in conjunction with these proposed funding enhancements. It also believes it is critical to undertake a more detailed analysis of the current objection process.
- 1.37 A systems audit or diagnostic approach is required to identify when and where the delays in objection processing are occurring. It may be the case that KPIs should be introduced for interim stages within the objection process. It may be appropriate for different KPIs to be applied to different categories of objections based on the grounds of the objection or on whether the objection requires a desktop assessment or is an objection that requires an inspection.
- 1.38 There may also be peak periods for objections at certain times of the year which may mean that variable KPIs are more appropriate. As detailed in the Valuer General's response to Questions on Notice (3), the majority of objections are received in conjunction with the issue of local government rates or land tax liability and not at the time of a simple issue of notice of valuation. A diagnostic analysis should assist best practice management by mapping objection flowcharts and assessing appropriate objections caseload for analysts.

**FINDING**

The Committee finds that there are unsatisfactory delays in objection processing and that the current target for 50 per cent of objections to be processed in 90 days is too conservative.

**RECOMMENDATION**

The Committee recommends that, as part of addressing concerns about objection processing, a systems audit should be undertaken to identify and resolve critical processing problems with the aim of achieving substantial improvements in objection processing time.

**Valuation Contractor Management**

1.39 In the Second General Meeting Report the Committee found that improvements to contractor management were underway but more changes were required.

1.40 At the Third General Meeting the Valuer General reported that:

- In November 2005, 12 contracts were awarded for Rating/ Valuation Services in NSW to commence on 1 May 2006. NSW has a total of 19 contract regions so a substantial portion of NSW will be under revised contracts. The new contracts are 3 years in duration. A number of new providers have been awarded contracts in this new contract cycle.
- The new contracts also include a requirement for contractors to review the base date values used in valuations. This review process was recommended by the 2005 Ombudsman report. This requirement will be incorporated into existing valuations contracts renewed during 2006.
- Improvements to contract management processes have been undertaken including the reviews of valuation procedure manuals - specifically the "Procedures Manual for Contract Valuers" and the "Rating and Taxing Valuation Contract Management Procedures Manual".

**Comment**

1.41 The Committee notes the continuous improvement initiatives undertaken by the Valuer General into contract management. The Committee also supports the integration of the base data review of valuations into current valuation service contracts with the intention to fast track this review within 5 years. The NSW Ombudsman's report suggested by this review be undertaken over a 15 year period.

**FINDING**

The Committee is satisfied that contract management improvements are being made and will monitor the implementation of contract improvements that have been recommended by the NSW Ombudsman.

**Valuation Pricing for Local Government**

1.42 The Valuer General applies a per assessment service charge or price for each valuation provided to local councils. Councils use property valuations to calculate their rating charges to households and businesses. Historically the service charge or price for valuations were set by the Independent Pricing and Regulatory Tribunal (IPART). Current

prices have not been revised since 1996. With the introduction of competitive tendering, the Valuer General had indicated an intention to directly negotiate revised valuation pricing with councils.

- 1.43 At the Second General Meeting the Committee raised concerns about this proposal and suggested that a review of valuation pricing was required involving broad consultation with NSW Councils and the NSW Office of State Revenue. The Committee also recommended that the review clarify the principles underlying a future pricing structure and the role of IPART in pricing disputes. The Valuer General agreed to undertake this full pricing review as recommended by the Committee.
- 1.44 At the Third General Meeting the Valuer General noted the review had been delayed as a consequence of the NSW Ombudsman's inquiry. The Valuer General noted that in consultation with the Local Government and Shires Association, councils had agreed to an interim price increase for the 2006-7 year to match inflation increases over the last 12 months.
- 1.45 The Valuer General also proposed to continue to defer a full pricing review until the reforms proposed by the NSW Ombudsman were implemented. The Valuer General did outline some of the issues that local government will need to consider as part of the review:

**Mr WESTERN:** ..... One of the big issues for local government to consider is how price is spread amongst the councils. Currently there is effectively a fee per assessment and that is in regard to non-residential versus residential property. Local government need to look at how they distribute that amongst the councils. So there is a bit more debate to go on around how it is apportioned between individual councils, but I do not see that as a role for the Valuer General to get involved in. Mine is more in terms of saying, "Here is the cost of services to local government. How you distribute it is an issue for you."

### Comment

- 1.46 Generally councils only purchase valuations every three years from the Valuer General. In turn, the valuations used by Councils for rating purposes are carried across a three year cycle. This is a different approach to the NSW Office of State Revenue which purchases and uses annual valuations for calculating its land tax assessments.
- 1.47 As noted previously, the Committee instigated a survey of Councils in January 2006 to examine the impacts for Councils of using annual valuations for rating purposes. One issue would be the additional costs for purchasing valuations each year as opposed to every three years. The Committee is currently examining the survey responses and will report on the results later in 2006.
- 1.48 The Committee agrees with the Valuer General that the review should be deferred until some of the key Ombudsman's recommendations have been implemented. The review should also be informed by the results of the Committee's survey.

### FINDING

The review of valuation pricing for Councils should be deferred until the Committee survey of councils is completed and key Ombudsman report recommendations are implemented.

## Public Information

1.49 At the Third General Meeting the Valuer General highlighted several public information initiatives and services including:

- An Objection Kit for land owners (Addendum 4) released in late 2005.
- A Newsletter from the Valuer General circulated via councils. The third newsletter was distributed to over 800,000 land owners via councils with their 2005 valuations.
- General Valuation Sales Report which is generated automatically to Objectors or can be accessed from the Department of Lands website.
- Your Land Value Brochure which was distributed to over 900,000 land owners with the Notice of Valuation in 2005.
- The continuation of the Department of Lands Call Centre for land value queries into 2006.
- Navigation and access improvements to the Department of Lands web site.

## Comment

1.50 The Committee is satisfied with the additional initiatives that are being taken to increase public understanding of the valuation process.

1.51 However as noted in the Second General Meeting report, the Committee recommended a monitoring program be created to assess the effectiveness of these initiatives. The Committee is particularly interested in the impact of the new item of the General Valuation Sales Report. The Report reveals comparative information about neighbouring property valuations and the Committee is interested in how land owners are assisted in understanding of the calculation of their own property valuation is assisted by this information. Obviously this new item should be included in the monitoring assessment.

### FINDING

The Committee finds that the Valuer General has made substantial efforts to improve public understanding of and access to information about the valuation system.

### RECOMMENDATION

The Committee reiterates its recommendation from the Second General Meeting Report that a monitoring program be introduced to measure the effectiveness of the Valuer General's public information initiatives.

## Future issues and other inquiries

### • Best Practice Performance Report

1.52 As noted previously, in November 2005 the Committee tabled its report into Best Practice Performance Reporting. The Minister for Lands and the Valuer General supported the report recommendations and agreed to prepare a separate performance report in 2006. The Valuer General outlined his response to the report in Questions with Notice Number 4.

### • Ombudsman Report

- 1.53 At the Third General Meeting, the Valuer General tabled a summary his Office's responses and proposed actions against each of the 38 recommendations arising from the NSW Ombudsman's report (discussed in para 1.13). Three recommendations, No.35, 36, and 37 relate to the Committee on the Office of the Valuer General.
- 1.54 Recommendation 35 suggests that the Committee on the Office of the Valuer General conducts a cost/benefit review of the issue of annual valuation notices. At its meeting on 2 December 2005, the Committee resolved to undertake a survey of NSW Councils on their views of the potential impact of annual valuation notices. As noted previously survey was initiated in early 2006 and the results will inform the Committee of the cost/benefits and issues around this proposal.
- 1.55 Recommendation 36 suggests that the Committee on the Office of the Valuer General review the results and implications of the "2005 Check Valuations project". The Committee agreed to review this report. At the time of the Third general Meeting the project was not completed.
- 1.56 On 29 August 2006, the Valuer General advised the Committee that the "Check Valuations" project was completed and a report on the project was being finalised by the Land Valuation Advisory Group. The Valuer General also advised that this report would be available for consideration at the Fourth General Meeting in late 2006. In addition the Committee was informed that the project has been re- titled the 2005 "Parallel Valuations" project. The project retains the same operational process as the "Check Valuation" project referred to in the Ombudsman's Report.
- 1.57 Recommendation 37 suggests that the Committee on the Office of the Valuer General monitor compliance with the key quality statistical standards of the Valuer General as part of its annual program. The Committee's recent report into Best Practice Performance Reporting identified key statistical standards that it has recommended be included in the Valuer General's annual report. In addition the Committee will monitor the standards through its General Meeting process.
- 1.58 The Committee has also decided to oversight the adoption of the Ombudsman's report by the Valuer General. The Committee requests an update and report on progress on each recommendation at its next General Meeting.

#### RECOMMENDATION

The Committee requests that the Valuer General provide a follow up report on the implementation of the recommendations of the Ombudsman's report at the next General Meeting of the Committee.

- **Survey of Councils**

- 1.59 As part of the Committee's survey of Councils project, the Valuer General's views were sought on the impacts of changes to the provision of annual valuations to Councils for rating purposes. The Valuer General provided a response to the Committee in Question on Notice (Number 5). This response will be incorporated into the Committee's report on the survey to be provided in the second half of 2006.



## Chapter Two - Report Prepared by the Valuer General for the Committee

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## **GENERAL VALUATIONS AND REVIEWS**

### **1 JULY 2005 GENERAL VALUATION**

Approximately 803,000 Notices of Valuation (NOV) were issued for the latest general valuation as at 1 July 2005.

Notices of Valuation were posted to land owners in the period mid January to early February 2006. Accompanying the NOV's was a brochure explaining the valuation process and what people need to do if they are considering lodging an objection for a review to be undertaken. A newsletter from the Valuer General was also provided.

Approximately 2.4 million valuations were provided to the Office of State Revenue on 31 December 2005.

I understand that the Office of State Revenue began issuing land tax assessments in mid to late February 2006.

Land and Property Information (LPI) have instigated a call centre for the second year in a row.

To date 817 objections have been received to the 1 July 2005 valuations. This represents approximately 0.1 % of the total number of valuations issued.

Work on processing these has already commenced.

### **WATER MANAGEMENT ACT 2000**

The *Water Management Act 2000* (WMA) allows for the separation of water rights from the land title.

Currently water rights are included in valuations prepared under the *Valuation of Land Act 1916*.

With the removal of water rights from the land valuation, there is a major impact for many rural councils, particularly where the land value utilized for rating purposes contains a significant component related to the value of the water right.

There are approximately 18,000 valuation assessments within 44 shire councils impacted by the changes.

A number of regional meetings were held with affected councils in conjunction with the Department of Local Government.

For those councils due for a general valuation as at 1 July 2005, the removal of water from land values was instigated with the implementation of these land values. There were a total of 15 councils issued with a new general valuation.

For all other councils affected, supplementary valuations, incorporating the removal of the water content will be issued during 2006.

A brochure explaining the background to the changes required is also available. (See **Addendum 1**)

## **GOVERNANCE**

### **SERVICE LEVEL AGREEMENT – VALUER GENERAL / LAND AND PROPERTY INFORMATION**

Progress against current KPI's for the 2005 – 06 year are attached as **Addendum 2**.

### **VALUATION SERVICE PRICING**

Pricing for valuation services (for the provision of rating valuations) provided to local government councils, has previously been set by the Independent Pricing and Regulatory Tribunal (IPART).

The last review was undertaken as at 1 July 1996, when IPART set the following maximum prices for rating valuations.

- Residential           \$3.60 per assessment
- Non Residential   \$7.90 per assessment

After consultation with the Local Government and Shires Association (LGSA) [as the member councils representative body] and IPART, the Valuer General has put forward an alternative option for the future pricing of valuation services to local government councils.

The proposal is for the Valuer General to review the pricing of valuation services on an annual basis. On reaching agreement with LGSA, the new pricing levels will be signed off by IPART.

Should agreement on pricing with the LGSA, not be attained, then IPART will decide the pricing structure.

It was originally intended that the pricing review and consultation would be undertaken in early 2005, with implementation for the 2005 – 06 financial year.

In late 2004, the New South Wales Ombudsman instigated an investigation into the quality of land values within New South Wales. As a result the Valuer General deferred any further review of the pricing structure for valuation services until the Ombudsman had concluded his investigation and released the findings.

### **Current Situation**

Local Government has now not had a pricing increase for valuation services since July 1996. The Valuer General will continue to liaise with individual Councils or their representative body, the Local Government and Shires Association.

It is anticipated that for the 2006 -07 financial year that a reasoned approach would be for Councils to pay an increase equivalent to the inflation increase over the last 12 month period.

Government have provided the Valuer General with additional on going funding as a result of the 2005 Ombudsman investigation. This is discussed in detail below.

### **OFFICE OF STATE REVENUE**

The Valuer General provided approximately 2.4 million land values to the Office of State Revenue (OSR) as at 1 July 2005.

I understand that OSR commenced the issue of land tax assessments in mid to late February 2006.

With the instigation of a land tax threshold, the Valuer General is required to provide annually a fresh assessment of what the threshold should be altered too. Any changes will be based upon the movement in real estate prices over the preceding 12 month period.

### **LAND VALUATION ADVISORY GROUP**

The principal focus of the Land Valuation Advisory Group (LVAG) over recent months has been to undertake parallel valuations, independent of valuation service contractors preparing the 1 July 2005 land values.

This has involved independent valuers undertaking random ‘check’ valuations in localities throughout the State.

The results of this project will be presented to the next meeting of the LVAG to be held mid March 2006.

## **VALUATION REFORM**

### **OMBUDSMAN INVESTIGATION**

In November 2005, the Ombudsman tabled in Parliament a comprehensive report on the valuation system employed by the Valuer General. This followed a 7 month investigation.

Overall the report concluded that the allegations of the valuation system being ‘totally corrupted’; ‘a system in meltdown’; and, ‘the Valuer General has lost control’ were totally unfounded.

The Ombudsman concluded that the Valuer General had made substantive improvements to the system over the past 18 months; however still more needed to be implemented.

The Ombudsman provided a total of 38 recommendations. The Valuer General has already implemented or is in the process of implementing the majority of these recommendations.

The Government has allocated funding to assist the Valuer General in implementing the recommendations. For the 2005 – 06 financial year, \$1.49 million has been allocated; \$5.765 million for 2006 -07; and \$5.65 million for 2007 -08 onwards.

The majority of these funds will be allocated to a land value and data review project throughout the State and additional resourcing for LPI to carry out contract management responsibilities on behalf of the Valuer General.

A summary of the recommendations and implementation progress is attached as **Addendum 3**

### **UNIVERSITY OF WESTERN SYDNEY RESEARCH PROJECT**

The Valuer General has commissioned Professor John MacFarlane from the University of Western Sydney to undertake further work to improve the New South Wales valuation system.

The contract is for an initial 12 month period to examine principally the component and benchmark structure within local government areas to maximize the opportunity for more accurate and consistent valuations to be provided to the land owners and government of New South Wales.

The outcomes of this work will also assist in providing guidance to the land value and data review project and in particular where the focus should be put to improve the baseline data.

### **LAND VALUE AND DATA REVIEW PROJECT**

This project flows on from an initial successful pilot project undertaken in the Wollondilly and Wingecarribee local government areas over the past 21 months.

One of the principle recommendations from the 2005 Ombudsman Report was to migrate this project to all other local government areas in the State.

The Government has supported the project as indicated earlier in this update.

The project will commence this year, with new contracts for valuation services commencing from 1 May 2006 having the land value and data project included in the contract.

Initially approximately 44 local government areas will be examined.

The project will be incorporated through variations to other valuation service contracts during 2006. This will involve variations to existing contracts with valuation service providers.

The project will involve the inspection and/or verification of land values and data for the 2.4 million valuations recorded on the Register of Land Values. It is expected that the initial project will be completed in 5 years. This compares with the Ombudsman recommendation for the project to be completed over a 15 year period.

## **COMMUNICATION**

### **CALL CENTRE**

For the second year, a professional outsourced call centre has been instigated to assist in handling enquiries from land owners with the release of the 1 July 2005 valuations.

The enquiry service was previously operated year round by Land and Property Information (LPI) staff normally engaged in maintaining the Register of Land Values. Typically these staff are skilled roll maintenance officers located in LPI offices throughout the State. While the position descriptions provide for staff to answer enquiries this is only envisioned as a comparatively minor part of the role. However, during the peak time for enquiries from January to March the call centre function uses all available time leading to significant backlogs of roll maintenance work and increased staff stress.

The outsourced call centre provides a filter to deal with basic valuation enquiries. This allowed skilled Valuation Services staff to deal with more complex enquiries as well as their normal workloads.

In 2005 & 2006 the call centre was staffed by 16 operators in the morning and 16 in the afternoon during the peak enquiry period in January. For the initial 2005 project staffing was reduced to 3 operators by the end of the project. For 2006 staffing of the call centre is flexible and more staff can be added or removed depending on numbers of calls received.

For 2005, a total of approximately 25,500 calls were made to the centre.

### **OBJECTION KIT (Addendum 4)**

To provide further assistance to land owners when considering whether to object to their valuation, the Valuer General in conjunction with LPI has developed a new Objection Kit.

As part of the strategy to improve communication with landowners, the Valuer General requested an Objection Kit be implemented in time for the issue of Notices of Valuation as at 1 July 2005.

The initiative is in conjunction with the NSW Ombudsman's recommendation number 6.23 – that the Valuer General provides suitable guidance notes for potential objections on the type of information that would support model objections.

The Objection Kit is designed to provide information on the objection process and to assist landowners in lodging valid objections.

The kit contains:

- Valuation Objection Brochure
- Supporting Information Fact Sheet
- Valuation Objection Form
- Guidance on how to complete the form
- General Valuation Sales Report

### **VALUER GENERAL NEWSLETTER**

As part of the strategy to improve communication with landowners, the concept of a regular newsletter was developed. The first newsletter was produced in October 2004 with the majority being circulated through local councils (75% participation) with rate notices. Distribution was to approximately 660,000 ratepayers. Newsletters were also made available through LPI offices, local councils and electorate offices.

Due to the positive response to the newsletter from councils and landholders, the second newsletter resulted in the distribution to approximately 1.2 million land owners. The purpose of this newsletter is to improve the transparency of the valuation system and increase access to information, and in particular to provide information on the valuation process.

For the 1 July 2005 valuations, a third edition of the newsletter was published. This was distributed to approximately 803,000 land owners. A copy is attached as Addendum 5.

The regular publication of the newsletter will assist landowners in understanding the valuation process, the changes being implemented and where to seek further information. It also provides information on the property market relative to the valuation date.

### **GENERAL VALUATION SALES REPORT (Addendum 6)**

The General Valuation Sales report lists the sales that were used in the general valuation of the relevant property for the valuing year. It provides relevant sales information for each relevant property, including property address; property type; land area; sale price and date of sale; and importantly the land value the valuer has arrived at once the sale has been analysed.

This report is automatically provided to land owners who request an Objection Kit from the Call Centre. Land owners can now also obtain a General Valuation Sales Report for a relevant property by accessing the LANDS website [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au)

### **“YOUR LAND VALUE BROCHURE” (Addendum 7)**

This brochure is provided to land owners with all Notices of Valuation they receive. In 2005, the brochure was distributed to approximately 930,000 land owners. The brochure is also available from the LANDS website, [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au) by calling the free phone call centre, as well as from Land and Property Information offices throughout the State.

The brochure is provided to assist land owners to understand how their land value has been arrived at. Contents include:

- What is land value?
- Who values your land?
- How is your land valued?
- What factors are considered when valuing land?
- How is your land value used?
- How can you access your land value?
- Where can you find out more about your land value?
- Can you have your land value reviewed?
- Providing the Valuer General with feedback.



## **LAND VALUE SEARCH FACILITY**

Land owners can now view their land value on line by accessing the LANDS website [www.lands.nsw.gov](http://www.lands.nsw.gov). There is no fee for land owners to search their current land value.

## **IMPROVED WEBSITE INFORMATION**

The LANDS web site [www.lands.nsw.gov](http://www.lands.nsw.gov) has been enhanced to make it easier for land owners to access a range of information related to the valuation system.

This includes:

- Frequently asked questions
- Types of valuation
- Valuation process
- General Valuation Sales Report
- Access to individual land values
- Objecting to a valuation
- Land valuation contractors
- Improvements in land valuation
- Land values for irrigation properties
- Newsletters and brochures

## **CONTRACT MANAGEMENT**

### **VALUATION SERVICES TENDERS 2005-06**

In September 2005, tenders were advertised for the provision of Rating/Taxation Valuation services to the Valuer General, commencing 1 May 2006.

The following contracts were tendered: Orange; Goulburn; Nyngan; Tamworth; Lismore; Canterbury/Bankstown; North Harbour; Penrith; Upper North Sydney; Warringah; Outer Hunter; St George/Sutherland.

The contracts for all areas will operate for the 3 year period from 1 May 2006 to 30 April 2009, with the Valuer General having the option to extend each contract by up to two one year periods.

Public tenders were invited on 19 September 2005 and closed on 9 November 2005.

In response 51 offers from 21 tenderers were received.

A tender evaluation committee comprising the following members was established:

<i>Philip Western</i>	<i>Valuer General (Chair)</i>
<i>Simon Gilkes</i>	<i>Chief Valuer</i>
<i>Nikki Kempson</i>	<i>Office of State Revenue</i>
<i>John Towers</i>	<i>Rating Professionals Association</i>
<i>Warren Taylor</i>	<i>Local Government and Shires Association</i>
<i>Mark van Epen</i>	<i>Dept of Commerce (Procurement)</i>

Following a detailed analysis of the tenders received the following were the successful tenders.

<i>Orange</i>	<i>Benchmark Property Advisory Services</i>
<i>Goulburn</i>	<i>Benchmark Property Advisory Services</i>
<i>Nyngan</i>	<i>Aspect Property Consultants</i>
<i>Tamworth</i>	<i>CA Brown/PJ Spackman Partnership</i>
<i>Lismore</i>	<i>Southern Cross Valuation Services</i>
<i>St George/Sutherland</i>	<i>Southern Alliance Valuation Services</i>
<i>Canterbury/Bankstown</i>	<i>Southern Alliance Valuation Services</i>
<i>Warringah</i>	<i>Westlink Consulting</i>
<i>North Harbour</i>	<i>Crown Valuation Services</i>
<i>Penrith</i>	<i>Department of Commerce</i>
<i>Upper North Sydney</i>	<i>Crown Valuation Services</i>

*Outer Hunter*

*Department of Commerce*

The following contract areas will have a new valuation services contractor from 1 May 2006:

*Orange*

*Goulburn*

*Nyngan*

*Tamworth*

*Lismore*

*Canterbury/Bankstown*

*Warringah*

*North Harbour*

*Upper North Sydney*

*Outer Hunter*

### **VALUATION PROCEDURES MANUALS**

Continuous reviews of both the “Procedures Manual for Contract Valuers”, and the “Rating and Taxing Valuation Contract Management Procedures Manual”, have been undertaken over the past 18 months. This has resulted in ‘refined’ documents where the emphasis is on valuation outcomes.

The focus for the Contract Valuers is now on providing the valuations, while the Contract Manager now focuses on auditing the processes and gaining a good understanding of how the valuation outcomes have been arrived at.

These enhanced audit procedures together with recently introduced technology enhancements will ensure that valuation outcomes have greater consistency and the valuation system has improved rigor.

## **LEGISLATION / LEGAL**

### **MAURICI –v- CHIEF COMMISSIONER OF STATE REVENUE**

A decision to this protracted objection and subsequent appeals was given by Commissioner Nott, in February 2005. A further appeal was lodged by Maurici to that decision to the Court of Appeal and subsequently dismissed.

Maurici has not filed any further appeal in respect of the decision.

Maurici has filed a motion with the Court of Appeal seeking the Chief Commissioner of State Revenue to bear the costs which Maurici has incurred. The appeal is set down for 9 June 2006.

### **LEGISLATIVE CHANGES**

As a result of the *Water Management Act 2000*, amendments were made to the definition of land value as prescribed by the *Valuation of Land Act 1916*. The result of these amendments was to remove the value of the water access licences from the determination of land value. This will impact upon approximately 17,000 valuation assessments.

The Valuer General is removing the added value of water from land values, through two processes. The first is through the issue of the 1 July 2005 general valuations. There are 15 local government areas (approximately 4300 valuation assessments) affected by the removal of water and who also have a general valuation required as at 1 July 2005. For the balance of local government areas, the added value of the water will be removed through the issue of supplementary valuation notices. This will involve approximately 12,700 valuation assessments.

The *Valuation of Land Act 1916*, provides that supplementary valuations will be made to bring to account any changes to land values outside of the general valuation process. However, under the current legislation the impact of these supplementary valuations is retrospective.

The Valuer General is currently seeking an amendment to the *Valuation of Land Act 1916*, to allow supplementary valuations made at his own volition to have prospective effect.

## ADDENDUMS

### Addendum 1 Land Values for Irrigation Properties



## Land values for irrigation properties



### What is land value?

Land value is the value of your land only. Land value does not include the value of your home or other structures and improvements on your land such as irrigation infrastructure, pumps and channels. However, works including clearing, draining, filling and retaining walls not being works of irrigation or conservation are included in your land value.

### How was land value determined before 1 July 2005?

Up until the 1 July 2005, the *Valuation of Land Act 1916* required land values for irrigable land to include the added value of any licence to take water.

Land value of irrigable land was the value of the land with the water right(s) 'in situ' and was based on sales of properties with water rights.

### What was the effect of the *Water Management Act 2000*?

The *Water Management Act 2000* provides for the replacement of water licences as they used to exist with water access licences, water use approvals and water supply works approvals.

Water access licences are the rights to hold an allocation of water from a stream or bore. These are not attached to land and are available for trading on the open market.

Water use and works approvals are the rights to equip and irrigate particular areas of land. These approvals are attached to land and reflect the ability of a property to be irrigated. They are only transferable with the land.

### How is land value determined now?

Valuations made since 1 July 2005 must ignore the existence of the water access licences (Section 6A (4) of the *Valuation of Land Act 1916*).

Land value must ignore the added value of the right to take water conferred by a water access licence, but includes the water works and use approvals and must reflect the physical features of land including its proximity to an irrigation water supply.

Land values will continue to be based on the analysis of sales of comparable property. These sales demonstrate the added value for water works and use approvals attached to the land. However, as these approvals are currently readily obtainable at nominal cost market evidence indicates that works and use approvals do not add value at this stage.

### When will my land value change?

General valuation lists containing land values are issued to councils for rating purposes at least every four years. These land values are fixed for rating purposes until a new list is issued.



Department of Lands  
The Office of the  
New South Wales  
Valuer General is part  
of the New South Wales  
Department of Lands

## Addendum 2 Key Performance Outcomes as at 31 January 2006

<b>Ratepayers</b>	<b>Target</b>	<b>Actual</b>
<ul style="list-style-type: none"> <li>• % Notices of Valuation issued within 31 days</li> </ul>	95%	96%
<ul style="list-style-type: none"> <li>• % Notices of Valuation for general valuation issued to property owners by 17 February 2006</li> </ul>	100%	100%
<b>Councils</b>		
<ul style="list-style-type: none"> <li>• % general valuation land values issued to relevant councils by 30 November 2005</li> </ul>	100%	94%
<ul style="list-style-type: none"> <li>• % supplementary valuations to councils within 31 days</li> </ul>	95%	98.6%
<b>Office of State Revenue</b>		
<ul style="list-style-type: none"> <li>• % objections to land tax assessment to be completed within 90 days</li> </ul>	50%	24%
<ul style="list-style-type: none"> <li>• % objections to land tax be processed within 180 days</li> </ul>	95%	69%
<ul style="list-style-type: none"> <li>• % objections to land tax, where land value is greater than \$1 million, within 120 days</li> </ul>	95%	29%
<ul style="list-style-type: none"> <li>• % new land values issued for all property in NSW to OSR by 16 November 2005</li> </ul>	100%	100%
<b>Supplementary Valuations</b>		
<ul style="list-style-type: none"> <li>• Total supplementary valuations issued</li> </ul>		13,815
<ul style="list-style-type: none"> <li>• Average days to complete</li> </ul>	<95 days	89 days
<ul style="list-style-type: none"> <li>• Average number of days to return from contractor</li> </ul>	<45 days	31 days
<ul style="list-style-type: none"> <li>• % supplementary valuations returned from valuation contractor within 45 days</li> </ul>	95%	85%
<b>Objections</b>		
<ul style="list-style-type: none"> <li>• Number received – General Valuation 1 July 2005 (to date)</li> </ul>		817

## Addendum 3 Ombudsman's Recommendations

No	Ombudsman's Recommendations	Valuer General's Actions	PROGRESS
6.1	<p>The Valuer General introduce a structured program of handcrafting and review of component structures to 're-set' the valuation base line in the majority of districts of NSW. The Valuer General should use the model of the Wollondilly contract and also explore other alternative approaches to achieve this. Variations to key existing valuation services contracts to cater for these additional services should be offered and the requirement for these additional services progressively introduced into new contracts as they become available. Priority should be given to those districts where the statistical measures indicate high levels of non-compliance with the expected standards, where there are high rates of successful objections or where value changes have been most pronounced. At least a third of valuation districts should be targeted to be completely re-assessed within the next five years.</p>	<p><b>Implementation commenced.</b></p>	<p>Included in 1 May 2006 rating – taxing valuation tenders.</p> <p>VG to write to all other VSC's to seek variations to current contracts.</p>
6.2	<p>The Minister initiate action to seek Cabinet endorsement to amend section 14B of the Valuation of Land Act to provide for land to be valued for the purposes of a general valuation at 1 March in the valuing year in which the valuation takes place.</p>	<p><b>Implementation not commenced.</b></p>	<p>Consultation to commence March 2006.</p>
6.3	<p>Subject to a change in the valuation base date, the schedule for the production of proposed values by contract valuers be amended to provide a reasonable time buffer for contract managers to perform an expanded range of data integrity and other quality checks to better ensure a high level of accuracy in values prior to their adoption and entry into the Register of Land Values.</p>	<p><b>Implemented</b></p>	<p><b>Implemented. Changes to current tender doc and Procedures Manual will assist. Further work required re additional scope to audit.</b></p>

6.4	Investigate the means by which contract valuers can be required to provide statistical measures prior to the production of proposed values so that any necessary remedial action can be fully explored in relation to non-conforming measures prior to the uploading of values into the Valnet system.	<b>Implementation commenced.</b>	<b>Implemented for valuations as at 1/7/05. Previously values weren't required to be provided until 31<sup>st</sup> October. Further refinement of dates to be undertaken.</b>
6.5	Develop a quality control checklist detailing the full range of data integrity and statistical tests that contract managers be required to run before accepting proposed values that requires contract managers to attest to each test meeting the Valuer General's standards or where they do not meet such standards, attest to the receipt of documented and satisfactory explanations.	<b>Implementation Target: 1 May 2006.</b>  <b>Implementation commenced.</b>	<b>Project Plan and Draft quality control checklist developed.</b>
6.6	Develop other statistical measures and reports to identify unacceptable variations in proposed values.	<b>Project has commenced in conjunction with University Western Sydney.</b>  <b>This recommendation Implementation in conjunction with 6.4.</b>  <b>Phase 1 outcomes to be finalised 30 June 2006.</b>	<b>Interim Report From John McFarlane of UWS scheduled for 31 January 2006</b>
6.7	At the completion of each valuation program and based on a review of compliance with the applicable quantitative component composition and benchmark standards and any other relevant information, contract managers in consultation with contract valuers should draw up a prioritised and detailed action plan for the review of non-conforming components and benchmarks and closely monitor such reviews ensuring that there is an acceptable and recorded acquittance of each non-conforming entity prior to the commencement of the following valuation program. Priority should be given to replacing those benchmarks lying significantly distant from the median value in components with low degrees of handcrafting.	<b>Action plan and review procedures to be included in Rating and Taxing Manual &amp; Contract Mgmt Manual.</b>  <b>Implementation Target: March 2006 for review 1 July 2005 valuations. Implementation in conjunction with Rec. 6.8</b>  <b>Implementation commenced.</b>	<b>Meeting with RV's/Contract Managers scheduled for Feb 06.</b>



6.8	Require contract managers each year to conduct an analysis of and report upon the improvements made in each district in terms of compliance with statistical measures, the effects of changes made to components and benchmarks and general compliance by contractors with their contractual obligations.	<p><b>This will be added to the Rating/Taxing valuation contract manual.</b></p> <p><b>Implementation Target: March 2006, in conjunction with Rec. 6.7</b></p>	Implementation not commenced
6.9	Develop a system level overview analysis of key statistical results across districts that is able to track progress in compliance with standards and identify trends.	<p><b>State wide analysis tools to be developed. Will tie in with KPI's for reporting to Parl Cmtte.</b></p> <p><b>Implementation Target: 30 May 2006.</b></p> <p>Implementation commenced.</p>	Project to be developed. John McFarlane to look at as part of project with UWS.
6.10	The Valuer General publish in his annual report performance information on contract valuer compliance with key quantitative standards against base line benchmarks.	<p><b>Implementation to commence March 2006.</b></p> <p><b>Implementation Target: 2005-06 Annual Report</b></p>	To be developed in conjunction with Rec. 6.9
6.11	The Department seek a budgetary enhancement to employ sufficient additional District Valuers to properly manage valuation services contracts and enable regular contract management auditing.	<p><b>Implementation Target: 2005 – 06 financial year.</b></p>	Funding approved by Cab. Budget Cmttee December 05.
6.12	That a methodology be developed for the Regional Valuer contract management audits referred to in section 1.3.6 of the <i>Rating &amp; Taxing Valuation Contract Management Procedures Manual</i> .	<p><b>Implementation Target: 1 May 2006.</b></p> <p>Implementation commenced</p>	Draft prepared and being considered.

6.13	Ensure all contract managers receive training on principles of contract management and record keeping relevant to the management of valuation services contracts.	<b>Implemented</b>	<b>Two one day workshops held February 2006.</b>
6.14	That a needs analysis be undertaken towards the end of the 2005 valuation program to identify further training needs of contract managers and contract valuers in the use and interpretation of key statistical measures and that further statistical training be provided based on the findings of that analysis.	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced</b>	Initial one day workshop for LPI and Valuation contractors completed June 2005.  Further workshop 13 <sup>th</sup> Feb 2006.  Will be implemented in conjunction with Rec. 6.7
6.15	That application of a uniform methodology for the valuation of improvements for purposes of undertaking sales analyses be encouraged by the incorporation of suitable guidance in a revised <i>Procedure Manual for Contract Valuers</i> .	<b>Implemented</b>	<b>Implemented</b>
6.16	That application of a uniform methodology for the adjustment of sales for time be encouraged by the incorporation of suitable guidance in a revised <i>Procedure Manual for Contract Valuers</i> .	<b>Implemented</b>	<b>Implemented</b>
6.17	That the <i>Procedure Manual for Contract Valuers</i> require contract valuers to provide explanations of the basis of their adjustment methodology.	<b>Implemented</b>	<b>Implemented</b>
6.18	That the directions contained in the <i>Procedure Manual for Contract Valuers</i> for the sales to be used in calculating the quality statistical measures be amended to exclude any sale where the assigned value was not produced by the application of a component or sub-component factor.	<b>Implementation Target: 30 June 2006</b>  <b>Implementation commenced</b>	<b>To be considered by Prof John MacFarlane as part of the UWS project.</b>

6.19	That the <i>Procedure Manual for Contract Valuers</i> be amended to provide that component factors should not be rounded down.	<b>Implementation Target: 1 May 2006.</b>  <b>Implementation commenced</b>	<b>Draft prepared and being considered.</b>
6.20	That the component check form be re-designed to take account of the observations set out in section 4.5.2.8.	<b>Implementation Target: 1 May 2006.</b>  <b>Implementation commenced</b>	<b>Draft prepared and being considered.</b>
6.21	That LPI consider the need for a report to update contract managers on a monthly basis of the total number of sales in their districts to assist their assessments of the sufficiency of sales analyses by contract valuers.	<b>Existing report available. New enhanced report to be developed. Implementation Target: 1 May 2006</b>  <b>Implementation commenced</b>	<b>Currently being specified for extract development.</b>
6.22	That consideration be given to the usefulness of including in Valnet a field that would indicate whether a value was completely handcrafted or was a factorised value that was verified.	<b>Implementation Target: 1 May 2006.</b>  <b>Implementation commenced.</b>	<b>Currently being specified.</b>
6.23	That the Valuer General provides suitable guidance notes for potential objectors on the type of information that would support 'model' objections.	<b>Implemented.</b>	
6.24	That relevant sales schedules showing adjusted analysed land values that were relied upon to make or support valuations be made available to potential objectors as a matter of course.	<b>Implemented</b>	

6.25	That the Valuer General include in his annual report statistics about the number of objections and appeals processed and their disposition.	<b>Implementation Target: 2005-06 Annual Report.</b>	
6.26	That a flag be incorporated into Valnet to identify whether a later valuation has been issued once a value amended on objection is entered.	<b>To be implemented: Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Specifications have been finalised.</b>
6.27	That the objections procedure manual be amended to require assessment of any later issued valuation as part of the standard objection determination.	<b>Implementation Target: March 2006.</b>	<b>Objection Manual currently being finalised</b>
6.28	That the objection procedure manual be amended to require assessing officers to consider whether any adjacent values need to be re-ascertained if an objection is allowed.	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Objection Manual currently being finalised</b>
6.29	That a standard objection worksheet be developed that more clearly provides for the documenting of reasons for objection determinations.	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Objection Manual currently being finalised.</b>
6.30	That the standard of objection determination correspondence be increased including the review and reformulation of the use of standard paragraphs	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Objection Manager currently being finalised.</b>

6.31	That the delegated decision maker be identified in objection determinations.	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Objection Manager currently being finalised.</b>
6.32	That the objection procedures manual be finalised as soon as possible.	<b>Implementation Target: March 2006.</b>  <b>Implementation commenced.</b>	<b>Objection Manual currently being finalised.</b>
6.33	That the Valuer General review the Service Level Agreement with LPI with a view to removing <ul style="list-style-type: none"> <li>(a) any KPI target that relates primarily to the performance of contract valuers rather than LPI,</li> <li>(b) and (b) any KPI target relating to re-ascertainment rates or allowable objections that could be perceived to restrain LPI from properly using its professional discretion in performing its duties in relation to these functions.</li> </ul>	<b>Implemented</b>  <b>Included in the 2005 – 06 Service Level Agreement</b>	
6.34	That the standard service obligations in the model valuation services contract be amended to include an obligation to keep under review and maintain appropriate components and benchmarks to ensure the integrity of values produced using the methodology.	<b>Implemented</b>	
6.35	That the Joint Committee on the Office of the Valuer General conducts a cost/benefit review of amending the Valuation of Land Act to provide for the issue of annual valuation notices.	<b>Recommendation for action of Joint Parl Cmtte</b>	

6.36	That the Joint Committee on the Office of the Valuer General monitor compliance with the key quality statistical standards of the Valuer General as part of its annual program.	<b>Recommendation for action of Joint Parl Cmtte</b>	
6.37	That the Joint Committee on the Office of the Valuer General review the results and implications of the 2005 check valuations project as part of their general overview of the methodologies employed for the purpose of conducting valuations under the Valuation of Land Act.	<b>Recommendation for action of Joint Parl Cmtte</b>	
6.38	That the NSW Treasury examines the desirability of basing land tax assessments on a rolling 3 or 5 year average land value rather than annual land valuations.	<b>Recommendation for action of Treasury.</b>	

Addendum 4

Valuation Objection Kit



## Valuation objection checklist

Make sure you have all the necessary information to lodge your valid objection.

- Lodge the objection on a valuation objection form.
- Ensure one objection form is used per property, per valuing or land tax year.
- Complete all the property details.
- Identify a valid reason for objecting to your valuation.
- Provide an amount for your proposed land value.
- Check that the objection is lodged within the time frame.
- Provide relevant supporting information.
- Complete the information about the person lodging the objection.
- If you are acting as an authorised agent for the owner, complete the agent certification.
- Complete the postal address on the form.
- Sign the form. This form MUST be signed by either the owner or the agent.
- Post the form to Valuation Objections, GPO Box 15, Sydney NSW 2001 or fax to 02 8258 7435.
- Notify anyone that has an interest in the property that you have lodged an objection.



Department of Lands

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New South Wales  
Valuer General is part  
of the New South Wales  
Department of Lands

## How to complete the Valuation objection form



**Property number**  
The number used to identify your property in the Register of Land Values can be found in the top left hand corner of your Notice of Valuation.  
If you are objecting to the land value that appears on a land tax assessment issued by the Office of State Revenue, your property number can also be found in the support schedule of your land tax assessment.

**Address of property**  
The full address of the property as it appears on your Notice of Valuation.

**Description of land**  
The title description of your land (lot/section /plan) as recorded on the Register of Land Values appears under the address of your property.

**Land value as at**  
The land value as at 1 July in the valuing year is recorded under Valuation Details or in the top centre of your Notice of Valuation.

**Last date to object**  
The last date that an objection can be lodged against your property. Appears in the bottom left hand corner of your Notice of Valuation.

The Office of the New South Wales Valuer General is part of the New South Wales Department of Lands

### Valuation objection form

The valuation objection brochure provides guidance on how to complete this form. If this form is not completed correctly or inadequate supporting information is supplied it may be returned to you as an invalid objection.

Further information about the objection process can be obtained from the Department of Lands website, [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au) or by phoning 1800 110 038.

Please complete a separate form for each property for each valuing or land tax year you are objecting.

**What are the details of the property you are objecting to?**

Valuation District/ Local Government Area Auburn

Property number 4644674

Owner/lessee(s) names John James Citizen

Address of the property 8 Amy St

Suburb Auburn Postcode 2144

Description of land (lot/section/plan) 25/252125

**Notice of Valuation Objection**

Complete this section if you are objecting to your Notice of Valuation.

Land value as at 01/07/2005 Land value \$255,000

Last date to object 24/03/2006 Concessions/allowances objected to \_\_\_\_\_

**Land Tax Assessment Objection**

Complete this section if you are objecting to the valuation on a land tax assessment issued by the Office of State Revenue.

Land tax year \_\_\_\_\_ Taxable value \_\_\_\_\_

Issue date \_\_\_\_\_ Client ID \_\_\_\_\_

**Why are you objecting to your valuation? Please tick those that apply.**

- The value is too high.
- The value is too low.
- The area, dimensions or description of the land is incorrect.
- The apportionment of the valuations is incorrect.
- The interests held in land is not correctly apportioned.
- Lands which should be included in one valuation have been valued separately.
- Lands which should be valued separately have been included in one valuation.
- The person named on the notice is not the owner or lessee of the property.

**What is your proposed land value?**

If you believe the land value is too high or too low, please provide an estimate of what you believe the land value should be. The proposed land value should be able to be supported by the information supplied in your objection.

Proposed land value \$ \_\_\_\_\_

**Owner/lessee(s) names**  
The names of the landowners as recorded on the Register of Land Values. Appears on the Notice of Valuation under the postal details.

**Land value**  
The dollar figure of the value of your land appears under Valuation Details on your Notice of Valuation.

**Land tax assessment objection**  
This information can be found on your land tax assessment. Details regarding the taxable value of your property can be found in the support schedule of your land tax assessment for the relevant land tax year you are objecting.

Sample objection forms completed from both the new Land Tax assessment and the new Notice of Valuation.





## Supporting information for land valuation objections

Valid objections must be supported by adequate information. If appropriate supporting information is not supplied, your objection may be deemed invalid and returned to you to provide you with the opportunity to resubmit a valid objection.

The following information is a guideline as to what is valid and invalid supporting information for your objection.

### Valid supporting information

Valid objections will be based on factors relating to the property and how the valuation relates to market evidence.

Valid supporting information includes:

#### Sales information

The best possible supporting evidence for objections are sale prices of comparable properties for the valuing year. Comparable sales are sales of properties that have similar features and are likely to change in value in a similar way.

Comparable sales may include sales of vacant land or improved properties. Comparable sales for strata units should be sales of unit sites, not individual unit prices.

Reference should be made to specific sales, not median sale prices for your area or asking prices.

#### Features of the land

When comparing property sales to the land being valued, the following features are taken into account. You may object if you feel that any of the following have not been taken into consideration in determining your land value.

- Location.
- Nearby development.
- Land surface – such as slope.
- Soil type.
- Land size and shape.
- Views.

Please provide specific details to support your claims.

#### Allowances and concessions

Concessions and/or allowances may reduce the value on which you are liable to pay rates and taxes. If a concession or allowance applies to your land, it will be printed on your Notice of Valuation and will be taken into account in determining your rating or taxation liability.

Allowances include:

- profitable expenditure (onsite/offsite)
- subdivider's allowance.

Concessions for restrictions include:

- statutory restrictions
- mixed development apportionment factor.

If you believe you are entitled to an allowance or concession or if you believe the amount of the allowance or concession applied to the land is incorrect, you must include as part of your supporting information:

- the type of concession or allowance to which you are objecting
- the amount of the allowance or concession currently recorded on the notice (if applicable)
- your proposed amount of concession or allowance.

Please note that the allowances and concessions apply only to the land and do not relate to any concessions that may apply to your personal circumstances.

#### Ownership

If the ownership details as recorded for your property are incorrect, you may lodge an objection. You will be required to support your claims by providing a copy of the title details.

Alternatively, you may advise us of incorrectly recorded ownership details without lodging an objection by phoning **1800 110 038**.

All details of ownership are checked against the information as recorded on the land title.



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#### **Permissible use of the land**

You may object on the basis that there have been changes to the permissible use of the land or if you believe the permissible use of the land has not been taken into consideration in determining the land value.

Examples include:

##### **Heritage**

- If the property is listed on the heritage register it should have a heritage value recorded on the front of the Notice of Valuation.
- The heritage value assumes that the land may only be used for the purpose for which it is currently being used.
- If the Notice of Valuation does not show a heritage land value you may lodge an objection. Please provide evidence of the property's heritage status as part of your supporting information. A copy of the heritage listing can be obtained from the NSW Heritage website.

##### **Town planning and zoning**

- Changes to town planning and zoning may have an impact on the permissible use of your land. If you believe town planning constraints or changes to zoning have not been taken into account in determining your land value, you may lodge an objection providing details of the planning instrument affecting your land.

##### **Contaminated land**

- If the subject land is contaminated, a copy of the EPA order on the property must be supplied.

#### **Invalid supporting information**

When land values are reviewed the matter of concern is whether the value is correct in relation to the market evidence. The following information cannot be considered when determining an objection.

##### **Comparison of land values with other land values**

Comparing the land value of other properties to the subject property is not a valid ground for objection and is not considered during the objection review process. Valuers review the land value in relation to sale prices of comparable properties.

##### **Comparison to prior land values**

Comparison of the land value with prior land values is not a valid ground for objection and is not considered during the objection review process. Valuers review the land value in relation to sale prices of comparable properties.

##### **The movement in land value from previous years**

The land value is determined as at 1 July of the valuing year. The increase or decrease in value from previous valuations is not valid supporting information.

##### **Method of valuation**

The method used to make the valuation is not a valid ground for objection. The valuation system has been the subject of several reviews that have endorsed the system. Should you have any queries about the valuation process you can obtain further information by visiting our website [www.lands.nsw.gov.au](http://www.lands.nsw.gov.au) or by phoning **1800 110 038**.

##### **Your personal circumstances**

The personal circumstances of the property owner are not taken into account in determining the value of land and cannot be considered in the objection process.

##### **Liability for rates and or taxes**

There is a clear separation between the valuation process and the determination of rates and taxes. Land values are provided to local councils and the Office of State Revenue to determine rate and tax liability. The Valuer General cannot take into consideration the effect a land valuation may potentially have on council rates or land tax when determining a valuation or objection.

##### **Encumbrances**

Land values represent the value of the land, excluding structural improvements and the legal effect of encumbrances such as easements, rights-of-way, title covenants, caveats and 'restrictions as to user'. However, the physical effect of works within the easement is considered.



# Newsletter from the NSW Valuer General



Informing New South Wales landowners about valuation activities

JANUARY 2006

## Overview: 2005 land valuations

A snapshot of the 2005 NSW median residential sale prices (see below graph) shows the property market has begun to flatten out following the property market boom of recent years.

The analysis of sale prices of similar properties is the most significant factor considered in the valuation process with current land values reflecting the property market as at 1 July 2005.

Land values have shown varying movements across the state reflecting differing demand within urban, rural, coastal and inland locations.

These variations also reflect zoning classifications such as residential, rural and commercial.

Changes in analysis and methodology have improved the accuracy of the latest land valuations in line with the Valuer General's commitment to high standards of service.

Information showing land values in a range of localities can be accessed by visiting the Lands website at [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation).

## Understanding your land value

To help you understand your land value, a general valuation sales report for your locality is available.

The report lists sales of properties that were considered for the general valuation and may include both vacant land and improved properties. The report includes the land size, contract date, purchase price and adjusted land value.

The adjusted land value is the sale price adjusted for time to reflect the property market as at 1 July in the year of valuation. Allowance is made for the added value of improvements (if any) to arrive at the adjusted land value.

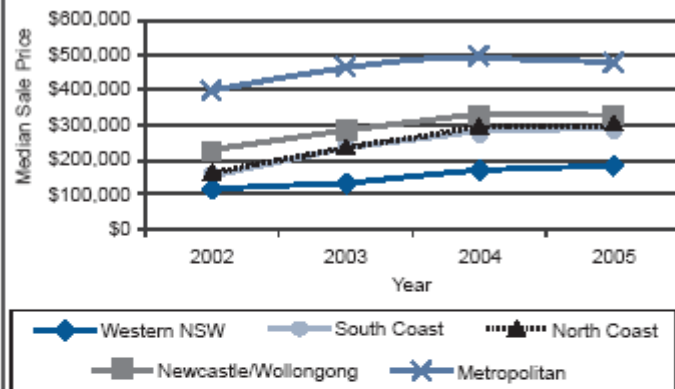
When valuers are making or reviewing land values, they consider a number of factors, the most significant being recent sale prices of similar properties. Other factors include the size and shape of the land, nearby facilities, surrounding development, views and zoning. When comparing your land value with the information in the report you should take these factors into consideration.

Requests for general valuation sales reports can be made by phoning 1800 110 038 or visiting the Lands website at [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation).

Reports are available free of charge.

### What's happening with the market in your region?

Median Residential Sale Prices By Region



## Land values online

To improve access to land values, the Department of Lands website hosts a land value search facility.

Visit [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation) and select *NSW Land Values* to begin your land value search. A land value search is also available at any Land and Property Information valuation office.

Landowners can access their current land value free of charge by following an online registration process. Other online searches incur a fee of \$8.25.

All land value searches obtained over the counter will incur a \$10.30 fee per property.

## Frequently Asked Questions

**I have just received a Notice of Valuation. Is this an account I have to pay?**

No, your notice has been supplied to advise you of the latest land value that will be used by your local council for rating purposes.

The notice is issued free of charge.

**What effect will my new valuation have on council rates?**

Land values are one factor used by councils to determine a landowner's rating liability.

Due to 'rate pegging', increases in land values do not necessarily lead to similar increases in rates. You should contact your local council to find out how it uses land values to determine rating liability.

**Is my land value used by Centrelink in the assessment of assets?**

No. For social security payments, Centrelink uses real estate valuations supplied by the Australian Valuation Office. The Australian



Valuation Office values the current market value of the property i.e. what you would get for it if you sold it. Centrelink counts all types of

real estate as an asset except for the family home. Contact Centrelink on 13 23 00 for more information.

## Correct details on your notice

Is the information on your Notice of Valuation correct? We need your assistance to keep our records as accurate as possible.

Information from the Register of Land Values is used for your notice.

If the delivery address for your notice changes or if details recorded are not

correct please let us know by phoning 1800 110 038 or writing to:

The Valuer General  
GPO Box 15  
SYDNEY NSW 2001

Please provide the following information.

- Address of property and property number or description of land.

- The information that you believe to be incorrect.

- The correct information.

The Department of Lands takes steps to protect your personal information from loss, misuse, unauthorised disclosure or destruction.

## Visit our website

Want to find out more about land value issues? Visit our website [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation) for more about:

- land valuation process
- types of valuations
- objecting to your valuation
- land valuation contractors
- NSW land values
- NSW property sales information
- land values and water rights
- frequently asked questions.

## Contact Details

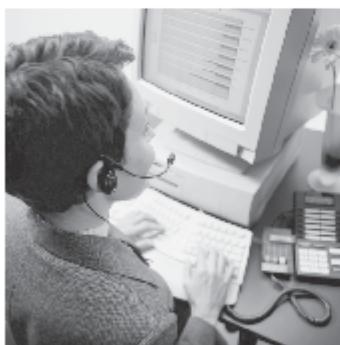
The Valuer General welcomes feedback. To provide feedback or to receive future issues of this newsletter please contact us.

**EMAIL**  
[valuergeneral@lands.nsw.gov.au](mailto:valuergeneral@lands.nsw.gov.au)

**POST**  
Philip Western  
Valuer General  
GPO Box 15  
Sydney NSW 2001

**TOLL FREE PHONE NUMBER**  
1800 110 038

## Valuation objection kit available



If you are not satisfied with your valuation, a kit is available to provide you with information about having your valuation reviewed. The kit includes a valuation objection brochure, a general valuation sales report for your locality and a valuation objection form.

Landowners can find out more about the objection process or request an objection kit by phoning 1800 110 038 or visiting our website [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation).

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## Addendum 6          General Valuation Sales Report

## Department of Lands

Land and Property  
Information Division**General Valuation Sales Report**

**Property No**                    22164  
**Address**                        5 ROBERTSON CL, DUNGOG NSW 2420  
**Dungog Council Area**

**Sales Analysed as at 1 July 2005**

The sales listed below were used for the general valuation for the Dungog Council Area as at 1 July 2005.

These sales constitute part of the market in the Dungog component within your local government area. The report may list sales of both vacant and improved properties. Although some of these sales may not be directly comparable to your property it is normal valuation practice to view the breadth of the real estate market to establish land values.

The property details contained in the report are as recorded by the contract valuer. The sale price is adjusted for time to reflect the property market as at 1 July in the year of the valuation. Allowance is then made for the added value of improvements (if any) to determine the adjusted land value.

This list of sales is limited to those used in the general valuation process. It is possible that additional sales evidence may be used in the review of any objection.

<b>Street Address Lot Description</b>	<b>Area Zone</b>	<b>Purchase Price Contract Date</b>	<b>Adjusted Land Value</b>
20 HILLVIEW AVE DUNGOG 19/108/10	700M Residential	\$105,000 21/12/2004	\$105,000
20 MELBEE CCT DUNGOG 41/817159	957.5M Residential	\$120,000 21/01/2005	\$118,000
23 MELBEE CCT DUNGOG 70/1054070	1117M Residential	\$29,000 27/01/2005	598,000
25 MELBEE CCT DUNGOG 69/1054070	1199M Residential	\$37,000 31/03/2005	89,000
32 MELBEE CCT DUNGOG 62/1054070	1538M Residential	\$115,000 12/07/2004	\$115,000
37 MOORE ST DUNGOG 1/11926	1092M Residential	\$87,000 13/08/2004	\$80,500
10 MYLES ST DUNGOG 41/508975	1246M Residential	\$78,000 22/10/2005	\$77,500
22 MYLES ST DUNGOG 22/1082691	733.5M Residential	\$180,000 31/07/2005	\$97,000
55 MYLES ST DUNGOG 202/630202	999.8M Residential	\$160,000 11/08/2005	\$95,000
4 WILLIAMS PL DUNGOG 15/1068717	700M Residential	\$110,000 17/09/2004	\$110,000

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## Addendum 7

## Your Land Value: A brief guide to the land valuation process

### Can you have your land value reviewed?

If you disagree with the land value on your Notice of Valuation or land tax assessment, you can lodge an objection with the Valuer General to have the land value reviewed.

Landowners can find out more about the objection process or request an objection kit by phoning **1800 110 038**.

The kit contains information to assist landowners in lodging an objection and includes a valuation objection brochure, a general valuation sales report for your locality and a valuation objection form.

Objections must be lodged on the valuation objection form by the last date to object shown on your Notice of Valuation or not later than 60 days from the date of issue of your land tax assessment.

Information on the objection process and the objection kit is also available from the Lands website at [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation).

### Privacy Note

The Register of Land Values – maintained by LPI on behalf of the Valuer General – is a public register in terms of the *NSW Privacy and Personal Information Protection Act 1998*.

LPI takes reasonable steps to protect your personal information from loss, misuse, unauthorised disclosure or destruction.

LPI has statutory responsibilities to make certain information available and is authorised to market and sell certain data from the public registers we maintain.

### Feedback

The Valuer General encourages suggestions for further improvements to the valuation system. If you have a suggestion, please let the Office of the Valuer General know by contacting:

Philip Western  
Valuer General  
GPO Box 15  
SYDNEY NSW 2001

E [valuergeneral@lands.nsw.gov.au](mailto:valuergeneral@lands.nsw.gov.au)

Philip Western  
Valuer General  
GPO Box 15  
SYDNEY NSW 2001

T (02) 9228 6666

[www.lands.nsw.gov.au](http://www.lands.nsw.gov.au)

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### Your nearest LPI valuation office

**HEAD OFFICE - SYDNEY**  
1 Prince Albert Rd  
Queens Square  
Sydney NSW 2000

**ALBURY**  
520 Swift St  
Albury NSW 2640

**CAMPBELLTOWN**  
Lvl 1, Macarthur Pl  
1 Bolger St  
Campbelltown NSW 2560

**COFFS HARBOUR**  
36 Marina Dr  
Coffs Harbour Jetty  
NSW 2450

**DUBBO**  
Govt Office Building  
37 Carrington Ave  
Dubbo NSW 2830

**GOSFORD**  
Fl 1, Suite 106  
40 Mann St  
Gosford NSW 2250

**GOULBURN**  
State Office Block  
159 Auburn St  
Goulburn NSW 2580

**GRAFTON**  
Govt Office Building  
49-51 Victoria St  
Grafton NSW 2460

**NEWCASTLE**  
Govt Office Building  
117 Bull St  
Newcastle West NSW 2302

**ORANGE**  
Govt Office Building  
Cnr Kite and Anson Sts  
Orange NSW 2800

**PARRAMATTA**  
Lvl 10, Signature Tower  
2-10 Wentworth St  
Parramatta NSW 2124

**PENRITH**  
Suite 2, Lvl 3, 311 High St  
Penrith NSW 2750

**QUEANBEYAN**  
Lvl 1, Suite U101  
Riverside Plaza  
131-139 Monaro St  
Queanbeyan NSW 2620

**TAMWORTH**  
468-472 Peel St  
Tamworth NSW 2340

**WAGGA WAGGA**  
Govt Office Building  
43 Johnston St  
Wagga Wagga NSW 2650

**WOLLONGONG**  
State Govt Office Block  
Block J, 84 Crown St  
Wollongong NSW 2500



**Your land value**  
A brief guide to the land  
valuation process



Department of Lands



The Valuer General values land in New South Wales under the Valuation of Land Act 1916. Land values are determined as at 1 July each year and reflect property market conditions at that time.

The Valuer General provides these values to local councils and the Office of State Revenue (OSR) for rating and taxation purposes.

### What is land value?

Land value is the value of your land only. Land value does not include the value of your home or other structures and improvements on your land. However, works including clearing, draining, filling and retaining walls are included in your land value.

### Who values your land?

Independent, professionally qualified valuation contractors carry out the valuations for the Valuer General. The land values prepared by contract valuers are reviewed by senior valuers from the Land and Property Information Division (LPI), NSW Department of Lands (Lands) before being accepted and issued.

### How is your land valued?

Most land is valued using the mass valuation approach, where properties are placed together and valued in groups called components. The properties in each component are similar or are expected to reflect changes in value in a similar way.

Representative properties are selected from components and individually valued each year to determine how much the land value has changed from

the previous year. This change is then applied to all properties in the component to determine their new land values. Sample valuations are then checked to confirm the accuracy of the new values.

During the valuation process, valuers analyse sales of both vacant land and improved properties, making adjustments for the added value of improvements.

The value of improvements is their worth as reflected by the real estate market in an area. The value of improvements is generally not equal to their replacement or insurance value.

### What factors are considered when valuing land?

When comparing property sales to the land being valued, valuers consider factors such as:

- most valuable practical use for the land
- location of the land
- constraints on use such as zoning and heritage restrictions
- land size, shape and land features such as slope and soil type
- nearby development and infrastructure
- views.

Concessions and/or allowances that impact on your land value will be printed on your Notice of Valuation.

Factors such as personal circumstances, council rates and land tax liability are not considered when determining land value.

### How is your land value used?

Your land value is used by local councils and the State Government for rating and taxation purposes.

#### Rating

General valuation lists containing land values are issued to councils for rating purposes at least every four years. These land values are fixed for rating purposes until a new list is issued.

Land values are one factor used by councils in the calculation of a landowner's rating liability. Increases in land values do not necessarily lead to similar increases in rates. Contact your council to find out how it uses land values in determining rates.

#### Land tax

The Valuer General supplies land values annually to the Office of State Revenue (OSR).

OSR manages land tax and issues land tax assessments to registered liable landowners.

If you own property in NSW, other than your principal place of residence or land used for primary production, you may be liable for land tax if the total value of land exceeds the land tax threshold. The land tax threshold for 2006 is \$352,000.

If you are a new land tax client you will need to register for land tax. For further information regarding land tax, please visit the OSR website at [www.osr.nsw.gov.au](http://www.osr.nsw.gov.au) or phone 1300 139 816 (within NSW).



The OSR website contains information on exemptions, concessions, a land tax calculator and online registration for land tax.

### How can you access your land value?

Your Notice of Valuation shows the land value of your property. Landowners receive their Notice of Valuation when new land values are issued to the local council for rating purposes.

If you receive a land tax assessment from OSR, your land value will be recorded on the assessment.

You can access land values through the land value search facility on the Lands website at [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation) or over the counter at LPI offices. There is no fee for landowners to access their current land value (1 July 2005) through the website. Other online land value searches incur a fee of \$6.25 and all searches obtained through a LPI office will incur a fee of \$10.30 per property.

### Where can you find out more about your land value?

If you would like to know more about your land value or the valuation system, you can visit the Lands website at [www.lands.nsw.gov.au/records/valuation](http://www.lands.nsw.gov.au/records/valuation) or phone the information service on the toll free number 1800 110 038.

The website also contains answers to frequently asked questions.

A general valuation sales report may be requested by phoning 1800 110 038. The report shows the property sales that were considered in the valuation process for a locality.



## Chapter Three - Questions on Notice (with Answers)

### **QUESTION 1- Outcomes from the Ombudsman's Report**

*'Could the Valuer General outline how the revision of benchmark properties values might impact on valuations in the short, medium and long term? What is the strategy for communicating the results of this review to the public generally and to land owners specifically?'*

#### **ANSWER**

The review of benchmark properties has commenced with Contract Managers currently instigating a project to examine the appropriateness of both the valuation assessments contained with component groups as well as the benchmarks themselves. Regional Valuers will report on a monthly basis on progress.

This work will also provide preliminary information to be utilized by the Valuation Service Contractors in implementing the Valuer General's requirement for the 5 year review project on land values and associated data.

The land values and data review project will commence in earnest, with the 11 rating and taxing valuation contracts due to start from 1 May 2006. I will shortly be writing to all other Valuation Service Contractors seeking a variation to their current contracts to include the land value and data review project. I expect to have negotiations completed by early June 2006.

This will mean that for the 1 July 2007 general valuation approximately 20 % or 480,000 valuation assessments will have been reviewed. This initial project will therefore be completed with the release of the 1 July 2011 general valuation.

The communication strategy will be pivotal to the overall acceptance of possible land value changes. As an overall communication strategy, use will be made of the Valuer General newsletter; land value brochures; the media and general correspondence; as well as 'on site' through Valuation Services Contractors and Contract Managers.

For individual land owners, the majority will be notified of changes through the general valuation process. However, where there are significant land value changes required these will be undertaken through the reascertainment process.

### **QUESTION 2 - Objections**

*'Can the Valuer General outline any group revaluations that have been undertaken since the last General Meeting?'*

#### **ANSWER**

The only major group reascertainments undertaken since our last General Meeting were in the local government area of Leeton. This involved 148 properties. The errors arose during the project to remove the added value of water from land values. Incorrect data was loaded onto the Valuation of Land Register. Fresh Notices of valuation were issued with an accompanying letter explaining the correction. All affected land owners had a fresh right of objection. Leeton Shire Council were kept fully informed during the process.

### **QUESTION 3 - Correspondence**

*'Can the Valuer General outline what correspondence has been received detailing systemic complaints or concerns about the valuation system as distinct from specific valuation objections?'*

## ANSWER

The majority of letters received by the Office of the Valuer General are concerns by land owners in relation to the impact that the issuing of the land value will have on their local government rates or their land tax liability.

Letters are received in relation to the valuation system itself. Typical comments would include:

- ' I have just received my land tax assessment, but I haven't received a notification of my land value
- 'I haven't received a notification of my land value in previous years
- 'Why is it taking so long to process my objection?

'My land value is way too high. If I work out what my property is worth (including the dwelling) and deduct the 'value' of the improvements (from

- my insurance papers) the land value works out to be a lot less than your value.  
And more recently
- Why are you now after all these years valuing my land close to the market value?

## QUESTION 4 - Best Practice Report

*'Can the Valuer General outline his response to the Committee's Best Practice Report?*

## ANSWER

Tony Kelly MLC, Minister for Lands, wrote to the Committee on the Office of the Valuer General in December 2005.

The letter stated:

*"I concur with the Committee's recommendations and outcomes from the above report.*

*The Valuer General has advised that he will commence work on the annual performance booklet structure during the first quarter of 2006, with the objective of publishing the first report for the year ending 30<sup>th</sup> June 2006."*

As Valuer General, I also agree with the overall recommendations contained within the Report. In particular I am supportive of the establishment of a separate annual reporting regime, to further reinforce the independent statutory role that the Valuer General fulfills. Importantly the publication will also improve the public accountability of the Valuer General and transparency of the valuation system.

My only concern is that the Report needs to be in a format and style that is 'readable' and easily understood by the public. The key outputs, outcomes and targets need to be of a quantum and detail that portrays the key attributes necessary to accurately monitor the 'pulse' of the valuation system.

I will shortly be commencing preparatory work in developing the format for a booklet providing performance reporting of the activities of the Office of the Valuer General as at 30<sup>th</sup> June 2006.

## **QUESTION 5 - Survey of Councils**

*'As the Valuer General is aware, the Committee is seeking local councils views on the frequency of provision of annual valuations to councils. Can the Valuer General outline the key impacts for the Office of the Valuer General if variations to the current provision regime of valuations were made?*

### **ANSWER**

I will address the key impacts under the individual scenarios put forward to Councils.

*A) The issue of annual valuation notices by the Valuer General directly to ratepayers (ie: No implication for the current rates structure for Councils);*

The Valuer General currently produces land values annually throughout the State. There is therefore, no additional work load or cost in valuation service contractors producing the valuations annually.

There would be an additional cost for postage/printing and administration. It is estimated that this cost would be approximately \$800,000 based on the issue of an additional 1.6 million assessments per annum.

The major cost would be the processing of objections received. This cost would be dependent upon whether in issuing the valuation annually that land owners have the right of objection where the valuation is not being utilized in that year by either Councils or the Office of State Revenue. Where an objection right was available then, based upon the number of objections received currently, additional cost could amount to approximately \$6,400,000 per annum.

A further likely impact would possibly be public reaction. Many land owners would believe that the valuation would be utilised for rating purposes. This could potentially result in public confusion. A careful communication campaign would be required.

I believe that local government would be unwilling to pay for any additional costs associated with the annual notification of values, where Council were not utilizing them

There are however benefits. It would give Councils the opportunity to undertake interim rates scenario modeling. Actual or potential Office of State Revenue land tax customers would receive advance notice of the land value before the issue of the land tax assessment by the Office of State Revenue.

Land owners in receiving annual valuations would potentially become more familiar with the valuation system and gain an improved appreciation and understanding. By receiving 'interim' valuations between 'rating' years, land owners would see less significant changes to their land values compared with the current average 3 year interval.

*B) The issue of annual valuation notices by the Valuer General to Councils for inclusion in annual rates notices prepared by Councils (Same rates structure for Councils, but the annual notification of land values through the Rates Notice);*

The issue of postage costs would be dependant upon whether the costs were borne by local government or State Government or a combination of both.

A careful communication strategy would be required to be developed as, with Scenario 'A' above. There could be confusion by ratepayers as to what is the value that they are to be rated upon; The issue of whether there is objection rights would need to be considered; As with Scenario 'A' the major cost would be objection processing and review.

*C) The issue of annual valuation notices by the Valuer General to Councils for inclusion in annual rates notices and for use in annual rate calculations;*

The major impact here for the Valuer General would be the objection processing and review costs. As with Scenario 'A' a possible additional cost would be \$6,400,000. There would also be a potential issue with the availability of independent valuing expertise to review the objections and provide a decision in a timely manner.

# Chapter Four - Transcript of Proceedings 6 March 2006

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON THE OFFICE OF THE VALUER-GENERAL

—————  
At Sydney on Monday 6 March 2006

—————  
The Committee met at 2.00 p.m.

—————  
PRESENT

Chair (The Hon. K. F. Griffin)

Legislative Council  
The Hon. C. J. S. Lynn

Legislative Assembly  
Mr A. F. Shearan  
Mr G. R. Torbay

**CHAIR:** I declare open the third general meeting and welcome the Valuer General. This is the Committee's third general meeting. Since its second meeting on 19 May 2005, the Committee has also had four deliberative meetings and has conducted an examination of best practice reporting by the Valuer General. The Committee's findings on this issue were released in a report by the Committee in November 2005.

I would like to note at this third general meeting that we have a new member of the Committee and that is the Hon. Charlie Lynn MLC who replaces the Hon. Don Harwin MLC. I take this opportunity also to thank the Hon. Don Harwin for his contribution to the Committee and formally welcome the Hon. Charlie Lynn.

The Committee also welcomes the Valuer General, of course. Mr Western, your appearance today is to report on key issues relating to the Committee's terms of reference and to provide answers to questions on notice. The Committee is pleased to hear your evidence. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of the Legislative Assembly's Standing Orders 332, 333 and 334, which relate to the examination of witnesses. Is that correct?

**Mr WESTERN:** That is correct.

**PHILIP JOHN WESTERN,** Valuer General of New South Wales, GPO Box 15, Sydney, affirmed and examined:

**CHAIR:** Mr Western, would you like to make an opening statement, or proceed directly to your report?

**Mr WESTERN:** May I make an opening statement, please?

**CHAIR:** Thank you. Please proceed.

**Mr WESTERN:** It is just over two years now since I have been in the role of Valuer General within New South Wales. I would just like to, I guess, make it known to the Committee that over that time I believe we have made substantial improvements to the valuation system and principally that is what I have been employed to undertake—to get the valuation system into a position where it is open and transparent and, and this is particularly important, where we can, to get consistency in the valuations that are utilised for rating and land tax purposes, remembering of course that this is a mass valuation system where there are 2.4 million valuations produced per year.

Simply, every property is not inspected. Therefore I judge that, in terms of the progress we have made within the bounds of a mass valuation system, I believe now that we are moving towards a valuation system which, as I said, has become more transparent. Certainly we are providing a lot more information to the public. A gauge of that transition is through the amount of correspondence that I get across my desk. The change in the type of correspondence that we are receiving indicates to me that there is a greater understanding about how the valuations are produced. But, more importantly, there is a better understanding by the public both in terms of how those valuations are actually utilised, and how their arrived at.

But that is not the end of the trail. Quite simply, we are on a journey. There is a lot more work to be undertaken. The Ombudsman has obviously highlighted some of the further improvements that can be made, but I believe that we are well on the track to ensuring that the New South Wales valuation system, will be able to be used as a benchmark throughout the western world and will be able to be held up as being one of the better systems available to rate and tax payers.

**CHAIR:** I also remind members that Mr Western will go through an outline of the report and give some highlights in relation to that. If there are any questions regarding those specific points, perhaps members will ask those questions on the way through, and then there also will be some questions on notice after he has spoken to his report.

**Mr WESTERN:** I might start off on page 3 of the report, which is headed General Valuation and Reviews. I guess the biggest thing that has happened this year outside of the Ombudsman's investigation, is the release of the 1 July 2005 general revaluation. That was issued in January of 2006 to just over 803,000 landowners. Notices were sent out over a three-week period so by the end of March we will be at the close of the general objection period for that process. As at date when I prepared this report, we had received only 817 objections. Some one and a half weeks later we are up to just on 1,200 objections that have been received.

**The Hon. CHARLIE LYNN:** I am sorry, how many objections in total?

**Mr WESTERN:** Objections so far?

**The Hon. CHARLIE LYNN:** No, 1,200 from?

**Mr WESTERN:** From 803,000 notices that had gone out. There is a mixture though. There are 803,000 notices that have gone out for rating purposes, but remember also that we provide valuations—all the 2.4 million valuations—that go across to the Office of State Revenue to be utilised for land tax purposes. My role is simply to provide the valuations in that regard, and that is why the whole register of land valuations is provided to the Office of State Revenue and they will assess through due process who is actually liable for land tax in regard to their role.

The objections that we had received by the end of last week, as I said, total 1,200. Compared to previous general valuations we have put out, that is substantially below the number we have received in the past but also remember that normally land tax assessments would be issued around about the same time. There was a slight delay this year in the issuing of land tax assessments, hence most of those assessments have only just started to go out. That process commenced toward the end of February, so I would expect the rate of objection to go up once land owners start receiving those assessments.

Just moving on to the second paragraph in regard to the Water Management Act, most of you will be familiar with the changes that were required through the instigation of the Water Management Act 2000. Effectively what that did was remove from the certificate of title the water right associated with land which meant that, in the context of the valuation, it also had to be removed from the land value for rating and taxation purposes. As I have highlighted in my report, for some councils this has had a major impact from the point of view of reducing the land values associated with particular council areas, but that has been neutralised by what has been put forward by the Department of Local Government in regard to the rating regime and models which they were able to utilise when they used the valuations for rating purposes. There are some 18,000 valuation assessments affected by the removal of water.

We have undertaken a two-stage process. The first was in relation to the 1 July 2005 valuations where we have removed the added value of water for some 15 councils that were having a general valuation released at that time. They have gone out. To date the feedback in regard to objections is that a few have been received, but they were reasonably sparse in number. We undertook a publicity campaign in relation to issuing those valuations. I have included a brochure as Addendum 1 in the report, which we put out entitled "Land Values for Irrigation Properties". Along with the meetings we have held we believe that has resulted in a better

understanding of what it means in terms of the removal of water and, importantly, from my point of view, separating the rating issue from the issue of valuations.

The second stage of that process is for the remaining properties. We will issue what we call supplementary valuations, particularly over the next four to six months. They will go out to individual landowners, once again advising them that the water has been removed, and issuing them with a new valuation, which councils will use commencing for the rating year 1 July 2007.

The next point I want to cover is under "Governance", specifically the service level agreement that I have in place in respect of the work that Land and Property Information undertakes for me. For the benefit of members, my role as a statutory officer is to oversee the land valuation system. Land and Property Information, effectively on my behalf and administer the operational side of that throughout the State. It is very important from my perspective that we have a service level agreement with key performance indicators in there that are targeted specifically at the outcomes we need from the valuation system. This is the first time that I have presented to the Committee what is, I guess, a scorecard of the most important key performance indicators. I have put those in as Addendum 2 in the report.

I will highlight some of the relevant issues associated with that scorecard, particularly those which are below target, remembering that those key performance indicators go over a 12-month period commencing 1 July. At the date this scorecard was prepared it was effectively seven months old. Under the second heading "councils" it is noted that the target for the number of general valuations land values that have been issued, I expected that by 30 November 2005 100 per cent would have been issued. In fact, at that stage we had issued only 94 per cent. The reason for that was we delayed the issuing of the water valuations—the land values where we had removed the value of water—until 10 December 2005. That is the reason for the difference between the 100 per cent target and the 94 per cent.

The other key performance indicators are in relation to the third heading, "Office of State Revenue". You will note that the key performance indicators were that the percentage of objections to land tax assessments to be completed within 90 days was targeted at 50 per cent. In fact, to date only 24 per cent has been achieved. In regard to the second area—the percentage objections for land tax to be processed within 180 days—I had a target of 95 per cent, and it was only 69 per cent. The third one was in relation to properties that were in excess of \$1 million at land value, and the target was 95 per cent completed but Land and Property Information achieved only 29 per cent.

Having said that, the actual figures have improved quite markedly from the year before. Most Committee members would be aware that one of the principal reasons for the below target outcomes that there is simply a resourcing issue around trying to process the number of objections we get with the number of resources available to us to assist in doing that. I am pleased to say that the Government has approved additional funding to assist in employing more resource to ensure that we can get these objections processed quicker. That is in regard to the Ombudsman's report and some recommendations in that.

The other important issue for the Committee to note is that one of the principal areas of change that I have implemented is rather than having the bulk of valuation objections processed internally, in other words within Land and Property Information, they have been undertaken independently of the valuer who originally did the valuations. I have now outsourced the majority of that work to the private sector. At this stage we are achieving some big



improvements in the number of objections processed. To reiterate: in any one year we normally receive about 8,000 objections, last year we received close to 18,000 objections. Once again, the main reason behind that was the removal of the land tax threshold and a lot more people obviously being assessable for land tax.

Normally it would have taken Land and Property Information some 18 to 24 months to process those objections. I am pleased to say that as at the end of January they had processed close to 16,000 valuations, whereas normally they would have processed only about 8,000. So we have had a marked improvement through process improvement and efficiencies brought in through using contractors and better monitoring their performance against the contract requirements.

**The Hon. CHARLIE LYNN:** When you receive objections, say those 18,000, do you have a monitoring system to find out whether people are happy with the outcome and the answer you have provided to them for the objections? Or, do you just send a form letter to say "bad luck"? Or do you try to soften the blow? What is your indicator there?

**Mr WESTERN:** Prior to my taking on the role of Valuer General, the letters that were put out were effectively form letters stating that their objection had been looked at and had been accepted in terms of what value change was proposed, or a different value had been calculated by Land and Property Information, or there is no change to the value. The letters were very succinct and to the point. One area I talked about before that we needed to improve was transparency in terms of decision making associated with that. This Committee has been quite strong in pushing the fact that there needed to be more transparency in the valuation system, and that has been implemented.

Now there is a reasoned thought process that goes with the processing of each objection in terms of responding to the concerns that have been raised by the objector in pointing out how we have arrived at the decision. Obviously in processing 18,000 objections you will still get people who are unhappy either because of the decision made or because they did not think we had properly answered the question. We are endeavouring to continue to improve that. Once again I believe we have made substantive changes in that regard, which have improved the overall process in regard to objections.

**The Hon. CHARLIE LYNN:** Can you give an indication of how many valuations have been changed as a result of objections?

**Mr WESTERN:** Yes. This is highlighted in the Ombudsman's report as well. On average there is about a 25 per cent change to valuations as a result of objections. While that may seem like a large number, being a quarter of the total number of valuations, if you put them proportionately across the total system it is not as bad as it sounds. Generally the people who will object will have a genuine reason for objecting. They will believe either that they have looked at their valuation in relation to sales information and their knowledge of the area and say that they think it is out of line, or they will have picked up something that has occurred on the property that our valuers had not picked up. It may be something as simple as a drain put through the property, or it may be that there has been a change to some planning device that we have not become aware of through due process from local government.

As I said, while the 25 per cent sounds quite high, it is quite low when you put into it that the changes are in fact genuine. The New South Wales change of objection figure fares well compared with other States'. I am aware of other jurisdictions where the rate of change is

between 35 and 45 per cent of valuation. This shows that we are bringing some credibility into the valuation system and looking to build upon the initial changes we have made for the better.

**CHAIR:** Is the objection kit assisting people to have a better understanding of the way to object and the issues that are dealt with in an objection? Is it stopping people objecting to a valuation by merely saying that they object to the amount of valuation without giving reasons for it?

**Mr WESTERN:** I might move on to that now. I have included as addendum 4 a sample of the objection kit that we have issued for the first time this year. This is a result of some of the work that we have undertaken as well as a recommendation in the Ombudsman's report. He believed it was difficult for people to comprehend what they needed to put into an objection and the Ombudsman thought we should look at providing a model of objection and additional information so that people were aware of what was required in submitting an objection. A number of aspects have improved transparency of the objection process. Whilst the objection kit is important, one of the major changes we have made that has helped is the general valuation sales report, which I attached as addendum 6 in your papers. When anyone requests an objection kit we automatically know where their property is located and so we make available to them a general valuation sales report that details the sales in the locality to arrive at their valuation.

This has been a major step forward. Previously it has been an expectation that people would go and find that information for themselves. The information is sitting within our database and we are able to provide it to them in a form, which helps them. Both the objection kit and the general valuation sales report have received positive feedback. While it is very early in respect of the issue of the objection kit to say definitively that it has made a big change to the number of people objecting or in terms of their understanding what the valuation process is all about, it appears that it is helping people's understanding.

We are issuing this general valuation sales report with all general correspondence we are getting now and overall there has been very positive feedback to the release of the information. People can quickly see how it relates to their property and the land area. There will obviously be properties that have sold in their vicinity and they can use that information to assess their own valuation. Importantly, when they come back to us with an objection they can relate it back to some sales evidence associated with their localities. There has been a very positive response in regard to that.

**CHAIR:** Going back to the key performances outcomes as at 31 January—you may have to take this on notice, Mr Western—it would be of assistance to the Committee if we could have a look at the target and actual figures from the previous year as well for comparison purposes.

**Mr RICHARD TORBAY:** I listened to the good news about more resources being implemented but will those new resources allow us to achieve those KPIs or will we just get better than the current figures? You said that additional resources are going into the department. Will we be able to meet those targets with the new resources?

**Mr WESTERN:** My expectation would be that we will get very close to achieving those targets. It is difficult to be definitive at it is also very dependent upon the number of objections that we receive. Last year we had 18,000. In a normal year we would have about 8,000. So there is a variation there. The 90-day limit KPI sits within statute currently in that if an objector puts in an objection to a valuation and the Valuer General fails to provide a decision within the 90 days the objector has a right to automatically go to the Land and Environment Court. Very few people take up that opportunity; they would rather wait for the decision to go through. One of the issues

we are looking at at the moment—I will just sidestep and go off the subject slightly—is a complete review and overhaul of the Act in regard to some of the parameters that are set around it and some of the interpretive data. One is the 90 days.

My expectation in regard to the Office of State Revenue would be that we should be able to get pretty close to those targets. With land values in excess of \$1 million generally many have other professionals involved in the process—solicitors, valuers or other consultants. Sometimes while we are ready to move on it the other parties are not at a point where they are willing to sit down; they are still doing their work. It does not take long for the 90 days to pass or, in this case, the 120 days. In answer to your question, yes, I think we will be able to get pretty close to those targets and I would expect that we would be able to get there for the move towards those targets for the general public as well, not just the Office of State Revenue.

**The Hon. CHARLIE LYNN:** Will the additional resources result in increases in staff or an increase in outsourcing to assist you?

**Mr WESTERN:** All of the resources that are employed will be internal. It will be more around the appropriate use of resource. They will be used for contract management. They will be used for the audit process, which is part of the contract management process. Previously, effectively the audits of the valuations have been undertaken in the last three weeks of the valuation cycle. The plan now is—indeed, we are implementing it—that the audit will take place with these additional resources over the entire year. So at the end of the year rather than having to go through a full audit process, because everyone has been through checkpoints along the way, we will effectively just be able to tick it off and say it is ready to go.

It will result in more appropriate use of resource in terms of adding value where they can best make a difference. It will not result in additional contractors being employed. The valuation profession is only so large and we currently have something in the vicinity of, I think, approximately 45 different firms on our books to help process objections. That is precisely where we are getting some of the efficiency improvements through putting that out. So, yes, I do expect that we will get some efficiencies coming through. Refined processes will result in better outcomes and the more prompt processing of objections. But it will not necessarily result in a huge increase in the number of objections that are processed in a particular year, compared to what has been processed this year.

If I might move on to the valuation service pricing on page 4, to reiterate, previously the prices for valuation services to local government are currently set by an IPART order. The last general review of prices to local government was undertaken in 1996. In late 2004 I instigated a price review for not just local government but also in regard to the Office of State Revenue. We started to proceed down the path of working on that. I reached initial agreement with IPART that, rather than the decision being made at an IPART level, I could effectively negotiate directly with local government and then go to IPART for sign off. Members will recall that in late 2004 the Ombudsman's investigation was instigated.

As a result of that I delayed the examination of pricing on the basis that I believed that there could be substantial changes to valuation processes and it was better to bed those down before we look at the overall pricing for local government. With that in mind we delayed the examination of local government pricing. To update the situation, I am hoping to meet with IPART next week to look at the pricing for local government. It was my intention for this year to put a 2.8 percent increase forward for local government to consider as a price increase. That effectively mirrors the cost of inflation for the last 12 months, remembering that local government have not had a price increase since 1996. But, once again, I do not want to go into

a full pricing review until we have bedded down the changes we have made through the Ombudsman's decision and through improvements that I have made to the system.

**CHAIR:** I am not sure whether we have discussed this in one of our general meetings before but have you had discussions with the Local Government and Shires Associations in relation to this?

**Mr WESTERN:** Yes, I have.

**CHAIR:** What were the comments regarding any price increase that may occur or any general comments?

**Mr WESTERN:** Their general view is that they do not want to see a price increase for any services that they receive. Bearing that in mind, they have also said that they recognise that there has been no increase in pricing since 1996. So an increase in terms of inflation would not be untoward in terms of their accepting that sort of increase for this year but they would not want to see anything in excess of that number.

**CHAIR:** So if a decision is made about a price increase, did the associations also indicate to you when they would want information about that in terms of councils setting up their management plans and adopting budgets and so on?

**Mr WESTERN:** Yes. It is obviously critical in regard to the management plans for councils that the latest they could receive advice of that pricing increase would be 31 March. So we are aiming to meet that timeframe. One of the big issues for local government to consider is how price is spread amongst the councils. Currently there is effectively a fee per assessment and that is in regard to non-residential versus residential property. Local government need to look at how they distribute that amongst the councils. So there is a bit more debate to go on around how it is apportioned between individual councils, but I do not see that as a role for the Valuer General to get involved in. Mine is more in terms of saying, "Here is the cost of services to local government. How you distribute it is an issue for you."

Do members have any questions in relation to the Office of State Revenue? I think I have covered that in earlier discussions. Item 4 is the Land Value Advisory Group. As quick background, the group was set up as a result of the Walton inquiry back in 1998-99. It has members of the property professionals on it from the Australian Property Institute, the Property Council, the New South Wales Real Estate Institute, the Office of State Revenue and the Local Government and Shires Associations.

They independently provide me with advice as to issues associated with the valuation system. For me, it is a good sounding board in terms of issues that may be out there. The big thing that the Australian Property Institute and the Real Estate Institute members of the group have undertaken for me this year is in regard to preparing some parallel valuations in conjunction with the 1 July 2005 general valuation.

They independently got valuers to have a look at properties throughout the State, to value them as at 1 July 2005 and then to look at the difference between what they had come up with and what land value the contractors undertaking that work for me, had arrived at. I do not know the specific results of that study yet. I understand that the Land Value Advisory Group members are meeting later this week, and indeed they will be reporting to the Land Value Advisory Group on 17 March as to the outcomes that have been achieved. From my personal point of view, this adds further transparency to the valuation system. It will provide me with an independent check of the valuation outcomes that have been achieved by the contractors, bearing in mind however that the valuation contractors who undertake the work for me are preparing mass valuations,

whereas the individual consultant who is working for the land value advisory group is looking at individual properties. So I would not expect there to be an exact correlation between the two outcomes, but I would expect there to be some relativity between valuations. So we will simply be awaiting the outcome of that on the 17th.

I guess the major point for this Committee is in relationship to item C which is the valuation reform. The first point on that is what I guess has been the major issue over the past 18 months for me in regard to the Ombudsman's investigation. This was an intense investigation undertaken as a result of a complaint received from the Ombudsman back in October-November 2004. The Ombudsman produced a 117-page report in November 2005, and encapsulated within that report were 38 recommendations where the Ombudsman believed that further improvements to the valuation system could be made. Importantly, if you read the report in context, and especially the conclusions drawn by the Ombudsman, the complainant was saying that the valuation system was totally corrupted, the system was in meltdown and the Valuer General had lost total control over the valuation system.

The Ombudsman concluded in his report that those allegations were totally unfounded. He concluded that the Valuer General had made substantive changes and improvements to the valuation system over the past 18 months, but he noted that there were further improvements to be made, and that aligns quite neatly with my regime of continuous improvement. Of the 38 recommendations, the majority relate to process changes and checks and balances in the system but also in relation to scheduling and resourcing of the valuation system, which I alluded to before. One of the other major recommendations that came out of the report was that the Ombudsman concluded that there had not been a full blown review of the valuation system, and particularly in respect to looking at individual land values and data, for some 16 years, and he believed that it was time to have a more intense look at this area.

With that in mind, he made a recommendation that a third of the valuations should be reviewed over a five-year period. My view was that if I was to do that, that would result in effectively a review of the valuation system over a 15-year period, during which time substantial changes to the land values themselves and indeed the data can take place. My proposal was in fact that, rather than doing it over 15 years, we would do it over five years, and indeed that is what I have instigated. I have received support from the Government in that regard, and I have noted that in 1.5 on page 6 where \$1.49 million has been appropriated for this financial year to assist and ongoing funding for 2006-07 of \$5.765 million and then ongoing funding from then of \$5.65 million. The majority of this will be used, as I said, in regard to the land valuation reviews that will be undertaken over the five-year period and also in respect of resourcing and some system development.

My expectation is that the land valuation review will result in more accurate valuations, and it certainly will result in more consistency between individual valuations, which from a mass valuation point of view is extremely important. I have included for the Committee a summary of the recommendations as addendum three. I do not know whether you want me to speak to this. It is more for the benefit of the Committee. To summarise it, of the 38 recommendations, effectively there are 34 which I can implement, if not immediately, then certainly over the short timeframe. There are others which are outside my jurisdiction, and this Committee has been targeted with a number of them, and also there is one in relation to Treasury, looking at some land tax issues.

As I said, the major recommendations are, first, the land value review. The second issue was in regard to the valuation date, which currently is set at 1 July. The Ombudsman's recommendations is that we should look at pushing the valuation date back to 1 March, effectively to give the Valuer General more time to review the valuations. That would obviously mean that there is the opportunity to review the valuations more thoroughly. That together with the expectation that there will be continued audits of the valuation system, which I alluded to earlier, I believe will once again mean that there will be more consistent and accurate valuations coming out of this process.

**CHAIR:** Unless other Committee members have questions in relation to that, I just mention 6.37, which is the recommendation that the Joint Committee on the Office of the Valuer General review the results and implications of the 2005 check valuations project as part of the general overview of the methodologies employed for the purpose of conducting valuations under the Valuation of Land Act. From the point of view of the Committee, I think it would be appropriate if there was a report on that check valuation process after, as I understand it, 17 March.

**Mr WESTERN:** It will be tabled on 17 March, that is correct.

**CHAIR:** I think the Committee would request that there be an update after the tabling of the document on 17 March, but that would be a separate process to anything taken on notice.

**Mr WESTERN:** Thank you. Item 2 under the valuation reform area on page 7 of the report is the project which I have alluded to before, which has been undertaken by the University of Western Sydney but specifically by Professor John McFarlane, who is well recognised as being I believe Australia's leading expert from a mix of academics perspective and indeed from a practical perspective in the mass valuation process. I have commissioned Professor McFarlane to undertake an initial 12-month project for me looking specifically at valuation components. They are the groups of valuations we put together to prepare the overall valuations at the end of each year and the benchmark properties that are used in regard to that, specifically looking at what is the best makeup of those components areas, what is the ideal number of properties to have in a component area and how many benchmark properties should be representative within those components areas.

He has already made some initial recommendations in regard to the benchmark areas, as to how many properties should be within a component, and we will be utilising that information when we instigate the land value review which will commence from 1 May 2006, and I will speak to that in a minute. Once again the outcomes of this work will certainly provide a vast improvement in the baseline data, as well as the outcomes that are achieved. Item 3 is in regard to the actual land value data review project. Members will recall that I initiated a pilot study approximately 21 months ago in Wingecarribee and Wollondilly, basically targeting more of an individual approach to valuations in an endeavour to get the valuations to be more consistent and accurate.

As a result of that pilot, the Ombudsman recommended in his report that we should migrate that project to the rest of New South Wales and that is part of the five-year review that I mentioned before that we will now undertake. Just in summary to give you an indication of how that will work, we have just tendered out 11 contract areas involving some 44 councils for valuation contracts to commence from 1 May 2006, and the land value review project is incorporated into those contracts. For the balance of contracts, they will require variations to existing contract terms and conditions. At the moment I am in the process of writing to those

contractors seeking variations of contract and for contractors to give an indication of what increase, in service fee, if any is likely to be in regard to the cost of valuation services.

As I said, this project will be undertaken over five-year period where effectively 20 per cent of properties will be reviewed each year. That could either involve a full inspection of a property or, where we have adequate data that we can substantiate—for example, there might have been an objection on the property and we have already visited it—then they will be done through what we call a valuation verification process at desktop level.

The next area is in respect of communication, and I will just go over it briefly. We instigated a call centre for 2004 valuations and then we have carried that on again this year. That has been a huge success in two ways. First, it has given the public an initial contact in which they can discuss their valuation issues, remembering that a large number of the issues that are raised by land owners are generic, a lot of them can in fact be resolved through that initial inquiry.

For 2005 we have some 25,500 calls to the call centre of which 83 per cent of those callers' were resolved at the call centre level rather than progressing on to a valuer. The second major point is that it allows the valuer staff to focus on the valuation as opposed to necessarily answering inquiries that could be handled by someone else. Once again, it adds value to the efficiency and the business processes.

Item 2 of "Communication" relates to the objection kit. I have probably covered that so I will skip over that aspect. The other important area where we have made some really good ground as far as communicating with the public is through the Valuer General's newsletter. We published the third newsletter with the notices of valuation, which were issued this year. Once again this has proved a huge success, to the tune that we actually have people ringing us up now wanting to go on to a mailing list for those. They were published for over 803,000 landowners and I have attached a copy for members at addendum 5. I am looking at putting a third newsletter out for July-August of this year and that will go out once again with the rating notices when the first instalment is issued by councils.

Item 4 is the General Valuation Sales Report, which I have already spoken to. We have also put out a product called "Your Land Value Brochure", which answers a number of questions in relationship to how land values are arrived at. The other major improvement which members will be aware of is the land valuation search facility that is now available on the web. Effectively a landowner can go and see what the current valuation is regardless of whether the landowner is receiving a valuation for rating purposes and therefore might only receive it once every three or four years. They can now go in and pick up interim valuations along the way and see how that relates, in any specific year, to their property. We have also vastly improved the information available on the web site and I have gone into what is provided there.

Item E relates to Contract Management and we have just recently tendered out new contracts for taxing and rating valuation services. These are for a three-year period commencing 1 May 2006 through to 30 April 2009. Members should note that we received a very good response from potential contractors. We had 51 offers for the 11 areas that we tendered out. Admittedly there were multiple tenders from some individuals but 21 tenderers actually applied to gain a contract. The tender evaluation committee is an independent body consisting of a number of stakeholder interests. This year there were some changes to contractors. If you look at item 1.8 on page 12 you will see that a large number of contracts have actually got new valuation service providers coming into the system. One firm, Westlink Consulting from Victoria, which is one of the major providers of mass valuation services in Victoria, has come into New South Wales and also a number of small organisations, particularly in rural areas, which is gratifying from my

point of view, are now looking for work in respect of mass valuation contracts with the Valuer General.

The second item there, is in regard to the Valuation Procedures Manual and I will not go into that in detail, but basically we are continuing to improve that. Once again we are getting more outcome rather than process focused. I see that it is the role of the valuation contractors to do that work. The role of the Land and Property Information is to audit those outcomes to ensure that they meet my requirements.

The final item in the list is in regard to legislation. I will give an update on Maurici. There has been no further appeal lodged in regard to that by Maurici in respect to technical issues. They have applied for costs through the Court and we are waiting on the outcome of that as the appeal was set down for hearing on 9 June 2006. I have currently got some legislative change going through in respect of amendments to the Valuation of Land Act required following the instigation of the Water Management Act but it is more of a technical issue in relationship to how local government can actually use the valuations we provide. This will allow them to use supplementary valuations on a prospective basis. So, in a nutshell, this means that we can give them the valuation now and they can use it further ahead whereas currently they can only use it in respect of a past valuation date for rating purposes. That probably covers my report.

**CHAIR:** Some aspects of the first question may have been covered by your opening statement, but can you just outline how the revision of benchmark property values might impact on the valuations in the short, medium and long term and what is the strategy for communicating the results of this review to the public generally and to landowners specifically?

**Mr WESTERN:** Basically, the expectation through implementing the land value review project will mean, in the research that we have undertaken so far, that there will not be substantive bulk changes to valuations; rather they are likely to be either individual properties or small groups of properties. In regard to when this might occur, the expectation would be, provided I am able to get the variations of contracts agreed to with individual contractors, that the first bite of the cherry, so to speak, will come through as at 1 July 2007, when approximately 20 per cent of the properties will have been reviewed and then it will be a progressive basis for the next five years.

As to how individuals will be notified, there will effectively be one of two ways in which that will be undertaken, and it is similar to the process we currently use. If there were major variations found in regard to either the land valuation data or to the land values, they would be undertaken generally through what we call a reascertainment process. We would actually go ahead and revalue that property as at the time the error was found and individuals would be notified. They would obviously have a right of objection as per normal but if there were issues which did not impact upon the valuations per se but could have an impact generally across component areas, they would tend to flow through to the next general valuation process, which effectively would be 12 months down the line. In a nutshell that covers question one.

**Mr RICHARD TORBAY:** Can you outline any group of valuations that have been undertaken since the last general meeting?

**Mr WESTERN:** By group valuations we are referring, once again, to reascertainments which might have been undertaken. I am pleased to report at this stage that there have been no major group revaluations undertaken other than in the Leeton local government area where there were, as a result of the Water Management Act, changes to approximately 148 properties. There were



errors in valuations released to landowners. This was as a result of incorrect land valuation data being entered onto the land valuation system. It was picked up quite early in the process and, therefore, we were able to advise landowners effectively within about two weeks of receiving their initial notice that there was an error. These have been corrected, councils been advised and I understand at this stage there has been no adverse publicity or inquiry from landowners as a result of those corrections.

**CHAIR:** In relation to changes in terms of the valuations for water, have there been objections to the individual valuations or have there been issues relating to individual local government areas apart from obviously this one where there was incorrect data?

**Mr WESTERN:** There has been some inquiry, as you would expect. For a large number of rural properties, some 17,500 it does result in substantial change to the valuations for those properties. My understanding at this stage is, yes, we have had some inquiries and we have had a few objections but they are not disproportionate to the number we would expect regardless of the changes we have made. There has been some publicity associated with the changes that have been made. They, however, have been more in relation to the impact on rates as opposed to necessarily the valuations themselves.

One of the major issues for local government was that they believed that there was not sufficient time to receive the valuations from the Valuer General, implement changes into their rates modelling and then to develop an appropriate rating regime for that local government area. The Government in November-December 2005 made a decision that the implementation of the requirement for rates modelling, through the issuing of supplementary valuations would be effectively delayed by 12 months from 1 July 2006 through to 1 July 2007, so effectively that has given between 12 and 18 months for councils to make those decisions in relation to rates modelling and my understanding at this stage is that the vast majority of councils have been very accepting of that decision and have moved on and started work. We have not issued all the valuations in that regard. Some will be undertaken through the supplementary process and that will effectively occur over the next six weeks. They will be issued both to landowners and to council.

**Mr ALLAN SHEARAN:** Can you outline what correspondence has been received detailing systemic complaints and concerns about the valuation system as distinct from specific valuation objections?

**Mr WESTERN:** The majority of correspondence that I get across my desk tends to be personalised to the extent that people are either concerned about the effect, not of the valuation itself but more in regard to their liability for a rating or taxing. I have listed here some typical examples of the sorts of things or questions I get asked or letters, and I will not go into those.

There had been one or two other letters put in to me. One would be, for example, for Mr Singer who has issues in relationship to the appropriateness of the valuation system in relationship particularly to land tax. He put his concerns to the Ombudsman. The Ombudsman initiated that investigation through that process and I have already alluded to the findings of the Ombudsman and the allegations made by Mr Singer about the system and they were found to be totally incorrect.

The other sort of inquiries that we get, one that I can think of is in regard to the Lake Macquarie Ratepayers Association who believe that there is a better way to provide the valuations. It has some ideas around looking at the sale of individual properties and then relating that back to the valuation system. That is part of obviously what we do in preparing land values currently. They

have just got a different view that it should be undertaken on improved capital values, including the building on it; that it should be related to every time that an individual property sells then the rating value should simply be based on that change in value for that particular property. So if the property did not sell you would not have any change to value. Now obviously from a rating and taxation point of view that provides major issues in terms of consistency and the use of it for a fair and transparent rating valuation system.

The important thing that all these inquiries highlight is that we are open to looking at how we can improve the valuation system all the time. Certainly all the correspondence that I put out, the brochures we issue, we are always very keen for the public or groups within the community to talk with us in terms of how we can make further improvements to the system.

**Mr ALLAN SHEARAN:** Recently there was a lot of publicity in the local papers in the northern part of my electorate around Richmond and the Hawkesbury City Council area in which concerns were expressed that most properties have received an increase in valuation of more than 78 per cent in such a short period of time. Would that be the normal type of correspondence you would receive of increases of that amount in the short time of three years?

**Mr WESTERN:** Rather than focussing on the valuation itself what it is today and whether it is correct, people tend to relate back to what the valuation was the last time they received it and, as you point out for most people that would be three years ago and so, therefore, try to translate that into what it means for rating. One of the normal questions we get is "My valuation has gone up 78 per cent. It automatically means that my rates are going to go up by 78 per cent" which is obviously an incorrect assumption, and that is part of some of the work we have been trying to do to assist people in understanding that that does not necessarily correspond into any rate increase, depending on whether you are on the average or above the average increase for that particular area.

In regard to the 78 per cent increase, for this year's valuations there have been variations above what people might have perceived as happened over the past 12 months in relationship to the market and so part of the increase is due to market change but part of the change in valuations is also in relationship to the Ombudsman's investigation when he said that the vast majority of valuations are conservative which one would expect in a mass valuation system and he thought that some work could be undertaken there in terms of giving them greater accuracy and consistency in the valuations themselves.

One of the aspects that he talked about was employing a consistent sales methodology right across the State. We implemented this for the 2005 valuations. That has meant that for some areas, because all contractors are using the same valuation methodology now, there is now consistency in terms of the process that is used. So there have been what I would term to be abnormal changes in valuations to implement that process which has meant that they do not necessarily in some areas relate directly to what the change in the market has been. But I emphasise that people should not focus on what the valuation increase is but more on "Here is my valuation that has been provided as of 1 July 2005. How does that sit in relationship to the market evidence that is actually available?" which is what the court looks at. To that end, the publication of the General Valuation Sales report which I talked about earlier has helped markedly in terms of people being able to better understand how that valuation has been arrived at.

**Mr ALLAN SHEARAN:** People come into my office and I try to explain to them that their rates are not going to increase by that amount but they are still astounded by the dramatic shift in valuation. I have gone through the pamphlet with them to try to explain how it is calculated but it does not seem to hit the mark.

**Mr WESTERN:** It is very difficult from the point of view that for most people all they say is that it is a taxation base, and it is more about what implications it has got for them in that respect. Some people cannot see the wood for the trees trying to work through the issue so that is what we have really been trying to work on to try to improve that transparency about understanding how we have arrived at the valuations. In the end we are obviously going to have issues because, as I said, it is a taxation base and generally people do not like paying taxes and therefore there will always be an element, regardless of what we do, the valuation system is always going to come under scrutiny in that regard.

**Mr RICHARD TORBAY:** What is your response to the Committee's best practise report?

**Mr WESTERN:** I have highlighted the response from Tony Kelly, Minister for Lands, to the parliamentary committee where he concurred with the committee's recommendations and advised that the Valuer General was going to commence work in respect of looking at how such a report might be implemented. I can now report to the Committee once again that overall I endorse the approach that has been taken. I believe that such a report will allow people to see transparency in the system, but importantly from my point of view, it will actually begin to show the independence of the Valuer-General in relationship to the valuation system itself and importantly that I am there to represent all stakeholders of New South Wales, not just the Government but indeed the landowners and the public as well. My intention is to have the first report published representing data as at 30 June 2006. We are already starting to commence some work in that regard and the work that has already been undertaken by this committee will go a long way to moving this along the right track.

**CHAIR:** In terms of the recommendations in the best practise report, has there been any comment from the Land Value Advisory Group in relation to that proposal?

**Mr WESTERN:** No. The Land Value Advisory Group has not met since the publication of that report. Once again on 17 March this issue was going to be raised.

**CHAIR:** Together with the other issue that the Committee has asked you to provide some information you might also give the committee the views of the Land Value Advisory Group's comment on the best practise reporting process?

**Mr WESTERN:** Yes.

**Mr ALLAN SHEARAN:** The committee is seeking local councils' views on the frequency of provision of annual valuations to councils. Will you outline the key impacts for the Office of the Valuer General if variations to the current provision resume of valuations were made?

**Mr WESTERN:** I will not go into detail in respect of the answers that are provided there but I have a summation of what I have talked about. Currently in any one year for local government purposes we issue approximately 800,000 notices of valuation. One of the proposals that has been put forward to local government is that we issue in any one year up to 2.4 million valuations which is the entire valuations required under the Valuation of Land Register. It will be dependent upon whether or not if we issued every valuation every year, individuals had a right of objection to that valuation.

If that were the case effectively it would mean that there would be each year an additional 1.6 million valuations released, in addition to those currently provided. If we transposed the existing objection rate of 0.8 per cent across to that effectively there would be an increase in the number of objections in the vicinity of about 12,000. If you put that into dollars terms from a postage point of view, as far as putting out the notices, it is not a lot of money—we are probably talking about \$600,000 to \$800,000, but where the real cost comes in is in the potential processing of objections. That, as I have reported here, could mean, based on current numbers, an additional cost of about \$6.4 million a year to administer the objection process through a landowner having a right of objection every year.

**Mr ALLAN SHEARAN:** That is on the assumption there would be that sort of objection rate. I wonder if you issued them to ratepayers every year, instead of three years—that length of time is probably the stimulus for the objections?

**Mr WESTERN:** That would be the expectation. From my experience in New Zealand when we moved to the provision of annual valuation notices for a large number of local government areas we found that the objection rate did not alter even though the valuations were being issued annually.

**CHAIR:** Mr Western, do you have any further comment you want to make?

**Mr WESTERN:** No.

**CHAIR:** Would you take the requested information on notice?

**Mr WESTERN:** Yes.

**(The Committee adjourned at 3.25 p.m.)**

# Appendix One - Committee Minutes

## Minutes of Proceedings of the Committee on the Office of the Valuer General

Tuesday 26 July 2005

2- 4pm

Room 1153 Room, Parliament House

### Members Present

The Hon Kayee Griffin MLC, The Hon Don Harwin MLC, Mr Allan Shearan MP, Mr Steven Pringle MP, Mr Richard Torbay MP.

#### 1. Confirmation of minutes from Meeting 12

The Committee confirmed the Minutes of Meeting No 12, 17 June 2005 (subject to attendance amendment for Mr Richard Torbay on 17 June 2005). Moved Mr Pringle MP, and seconded Mr Harwin.

#### 2. Draft Report on the Second General Meeting with the Valuer General

The Committee considered the draft report and resolved, on the motion of Mr Torbay, seconded Mrs Griffin, that:

- the Chairman and Committee Manager be permitted to correct any incidental stylistic or typographical errors that are identified while preparing the Report for printing.
- the draft report be the Report of the Committee and that it be signed by the Chairman and presented to the House.

The Committee endorsed the draft press release on the motion of Mr Torbay and seconded by Mr Shearan. The Committee noted the intended tabling date of Friday 29 July 2005.

#### 3. General Business

The Committee noted correspondence that was tabled at the meeting.

#### 4. Next Meeting

The Chair advised that the next meeting would be held once Parliament session had commenced on 13 September 2005. Members would be advised of the date of the next meeting at a later date.

The meeting adjourned at 3:10pm.

## **Minutes of Proceedings of the Committee on the Office of the Valuer General**

**Monday 7 November 2005**

**2- 4pm**

**Room 1153 Room, Parliament House**

### **Members Present**

The Hon Kayee Griffin MLC, The Hon Charlie Lynn MLC, Mr Allan Shearan MP, Mr Steven Pringle MP, Mr Richard Torbay MP.

### **1. Welcome and confirmation of minutes from Meeting 13**

The Chair welcomed Mr Charlie Lynn MLC and vote of thanks to Mr Harwin MLC.

The Committee confirmed the Minutes of Meeting No 13, 26 July 2005. Moved Mr Shearan MP, and seconded Mr Torbay MP.

### **2. Briefing from NSW Ombudsman on his report of 4 October 2005**

The Chair welcomed Ombudsman officials:

- Mr Bruce Barbour Ombudsman
- Mr Greg Andrews Assistant Ombudsman
- And Also Mr Philip Western, Valuer General

The Ombudsman and Assistant Ombudsman gave a briefing on the recommendations from the Report on “Improving the Quality of Land Valuations issued by the Valuer General”.

### **3. Draft Report on the Best Practice Reporting Review**

The Secretariat tabled proposed amendments to the review report to incorporate information from the Ombudsman report. The Committee considered the draft report and resolved, on the motion of Mr Torbay MP, seconded Mr Pringle MP, that:

- the Chairman and Committee Manager be permitted to correct any incidental stylistic or typographical errors that are identified while preparing the Report for printing.
- the draft report be the Report of the Committee and that it be signed by the Chairman and presented to the House.

The Committee endorsed the draft press release on the motion of Mr Pringle MP and seconded by Mr Lynn MLC.

The Committee noted the intended tabling date of the week commencing on Monday 14 November 2005.

### **4. Tabled Correspondence**

The Committee noted correspondence that was tabled at the meeting. Two items were drawn to the Committee’s attention.

- Note the feedback from the Privacy Commissioner on concerns about publishing sales report data. Privacy Commissioner has said it is satisfied with the VG proposal.

- Note a letter from Mr Singer, received on 7 November requesting the cessation of issue of 2005 land valuation notices.

### **5 General Business/ Next meeting**

The Committee agreed to have a final meeting in early December – short focus.

Meeting will consider proposed response to NSW Ombudsman's Report. Suggest that the Committee agree to monitor the VG actions on the Ombudsman's report as part of the Committee oversight duties. However note that the Committee, the NSW Government and the VG are not required to formally respond until 9 December 2005.

Meeting may consider a response to Mr Singer.

Meeting will also consider a brief for consultancy for cost benefit project.

Meeting will set date for Third General Meeting in lat Jan / early Feb (sitting time)

Meeting closed at 4pm.

## **Minutes of Proceedings of the Committee on the Office of the Valuer General**

**Friday 2 December 2005 - 10:00am**

**Room 1153 Room, Parliament House**

### **Members Present**

The Hon Kayee Griffin MLC, The Hon Charlie Lynn MLC, Mr Allan Shearan MP.

### **Apologies**

Mr Steven Pringle MP, Mr Richard Torbay MP.

### **1. Confirmation of Minutes from Meeting 14**

The Committee confirmed the Minutes of Meeting No 14, Moved Mr Shearan MP, and seconded Mr Lynn MLC.

### **2. Consideration of Committee's response to Ombudsman's report recommendations**

The Committee noted the recommendations from the Report on "Improving the Quality of Land Valuations issued by the Valuer General" by the Ombudsman including recommendations relating to the Committee.

The following motions were supported by Mr Lynn MLC and seconded by Mr Shearan MP:

- That the Committee give in principle support for a targeted consultation with Councils on the potential impact of annual valuation notice provision.
- That the Committee authorise the Secretariat to develop a survey letter for distribution to Councils in January 2006.
- That the Committee approve the draft letter to the NSW Ombudsman.

### **3. Tabled correspondence**

Five items were tabled:

1. 7 November 2005, Mr Singer to the Committee (3 pages)
2. 10 November 2005, Mr Singer to the Committee (acknowledgement of acknowledgement) (1 page)
3. 21 November 2005, Mr Grove (Clerk of the Legislative Assembly) to the NSW Crown Solicitor (1 page)
4. 23 November 2005, Crown Solicitor to Mr Grove – (clarification fax)
5. 25 November 2005, Mr Singer to the Committee (4 pages)

### **4. General Business**

The Committee moved to thank the Secretariat for its work in 2005. Moved by Ms Griffin MLC and seconded by Mr Shearan MP.

### **5. Next Meeting**

The Committee agreed that the 3<sup>rd</sup> General Meeting should be scheduled for the second sitting week in the first session of 2006 (6-10 March).

Meeting closed at 10:20am

## **Minutes of Proceedings of the Committee on the Office of the Valuer General**

**Monday 6 March 2006, 2-4pm**

**Room 814/815, Parliament House**

### **Members Present**

The Hon Kayee Griffin MLC, The Hon Charlie Lynn MLC, Allan Shearan MP, Mr Richard Torbay MP

### **1. Apologies and Welcome**

The Chair noted apologies from Mr Steven Pringle and welcomed new Member Mr Charlie Lynn MLC replacing Mr Don Harwin MLC.

### **2. Third General Meeting with the Valuer General**

The General Meeting commenced at 2:05pm.

Mr Philip John Western, New South Wales Valuer-General, Land Titles Office, Sydney, was sworn and examined. The Valuer General tabled his third review report and was questioned on his answers to questions on notice.

The Valuer General took several Questions taken on Notice during the hearing. The questioning concluded, the Chair thanked the witness and the witness withdrew at 3:30 pm.



### **3. Confirmation of minutes from Meeting 15**

The Committee confirmed the Minutes of Meeting of 2 December 2005. Moved Mr Shearan MP, and seconded Mr Torbay MP.

### **4. Correspondence and other business**

The Committee resolved to defer consideration of correspondence and other business until the next meeting to be held on 27 March 2006 subject to Member's availability. Moved Mr Shearan MP, and seconded Mr Torbay MP.

Meeting adjourned at 3:45pm.

## **Minutes of Proceedings of the Committee on the Office of the Valuer General**

**Monday 27 March 2006, 12pm**

**Room 1136, Parliament House**

### **Members Present**

The Hon Kayee Griffin MLC, Mr Allan Shearan MP, Mr Steven Pringle MP,

#### **1. Confirmation of Minutes from Meeting 16**

Minutes confirmed, moved Ms Griffin MLC, seconded Mr Shearan MP.

#### **2. Consideration of Correspondence**

The Committee noted a summary of recent correspondence prepared by the Secretariat. The Committee considered a series of letters from Mr David Singer. The Committee agreed that Mr Singers letter concerning issues with the NSW Ombudsman inquiry and Valuer General's activities should be provided to the NSW Ombudsman and Valuer General for comment. The Committee agreed that a further interim reply to Mr Singer should be sent noting the issues he has raised are outside the Committee's jurisdiction.

**Moved Mr Shearan MP, seconded Mr Pringle MP**

#### **1. Council Survey**

The Committee considered a summary of survey responses from Councils concerning provision of annual valuations. The Secretariat advised that further responses including those from peak bodies were pending. The Committee deferred consideration and action on the survey to the next Committee meeting when all responses were received.

Mr Shearan MP suggested that the Committee consider further consultation with peak bodies involved in the valuation industry on receipt of survey comments. The Committee also agreed to forward the survey information to the Valuer General for information and discussion at the next Committee meeting. Moved Mr Pringle and seconded Ms Griffin.

Appendix One – Committee Minutes

Ms Griffin MLC, noted that she had been invited to make a presentation on the Committee's activities to the annual Australian/ New Zealand Valuer General's Conference on April 12 2006 in Manly, Sydney.

**2. Correspondence and other business**

The Committee resolved to defer consideration of correspondence and other business until the next meeting to be held on 27 March 2006 subject to Member's availability. Moved Mr Shearan MP, and seconded Mr Torbay MP.

Mr Pringle MP tabled a letter from Mr Barnard regarding questions to the Valuer General. The Committee noted the letter and agreed to forward it to the Valuer General for reply.

Mr Pringle MP also raised concerns raised by constituents about valuations in the Riverstone area. Mr Pringle MP stated that current valuations varied substantially and there were concerns about the impacts on Council rates and land tax for retirees and other residents on low incomes. The Committee moved to raise this with the Valuer General at its next meeting.

**3. Next Meeting**

The Committee proposed its next meeting to be either 26 May or 2 June depending on confirmation of all members availability.

Meeting adjourned at 12:30pm.