



PARLIAMENT OF NEW SOUTH WALES

Joint Standing Committee on the Office of the Valuer General

REPORT 1/56 – SEPTEMBER 2016

REPORT ON THE TENTH GENERAL MEETING WITH THE VALUER GENERAL



New South Wales Parliamentary Library cataloguing-in-publication data:

New South Wales. Parliament. Joint Standing Committee on the Office of the Valuer General.

Report on the Tenth General Meeting with the Valuer General / Joint Standing Committee on the Office of the Valuer General [Sydney, N.S.W.]: the Committee, 2016. – [70] pages ; 30 cm.
(Report ; no. 1/56)

Chair: Melanie Gibbons, MP.

“September 2016”.

ISBN 9781921012303

1. New South Wales. Parliament. Joint Standing Committee on the Office of the Valuer General. General Meeting with the Valuer General (10th).
2. New South Wales. Dept. of the Valuer-General.
 - I. Title.
 - II. Gibbons, Melanie.
 - II. Series: New South Wales. Parliament. Joint Standing Committee on the Office of the Valuer General. Report; no. 1/56.

333.332 (DDC22)

The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

Contents

Membership _____	ii
Terms of Reference _____	iii
Chair’s Foreword _____	v
List of Findings and Recommendations _____	vi
Glossary _____	viii
CHAPTER ONE – INTRODUCTION AND CONDUCT OF THE INQUIRY _____	1
CHAPTER TWO – VALUATION SYSTEM GOVERNANCE ARRANGEMENTS _____	4
SYSTEM OVERVIEW _____	4
CHAPTER THREE – CRITICAL VALUATION PROCESSES _____	8
ASSESSMENT METHODOLOGY AND PROBITY _____	8
VALUATION METHODOLOGY _____	9
LAND VALUE VERIFICATION AND REASCERTAINMENT _____	15
COMPLEX LAND VALUES _____	18
COMPULSORY ACQUISITIONS AND JUST TERMS VALUATIONS _____	21
LOCAL COUNCILS AND RURAL VALUATIONS _____	32
CONTRACTORS AND CONSULTANTS _____	35
CHAPTER FOUR – PUBLIC ENGAGEMENT AND ACCOUNTABILITY _____	41
PUBLIC INFORMATION AND EDUCATION STRATEGIES _____	41
APPENDIX ONE – LIST OF WITNESSES _____	57
APPENDIX TWO – EXTRACTS FROM MINUTES _____	58
MINUTES OF MEETING NO 2 _____	58
MINUTES OF MEETING NO 3 _____	58
MINUTES OF MEETING NO 4 _____	59
MINUTES OF MEETING NO 5 _____	61

Membership

CHAIR	Ms Melanie Gibbons MP, Member for Holsworthy
DEPUTY CHAIR	Mr Geoffrey Provest MP, Member for Tweed Heads
MEMBERS	Mr Stephen Kamper MP, Member for Rockdale The Hon. Gregory Pearce MLC The Hon. Ernest Wong MLC
CONTACT DETAILS	Joint Standing Committee on the Office of the Valuer General
TELEPHONE	02 9230 2843
E-MAIL	JSCOVG@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au/valuergeneral

Terms of Reference

Resolution passed 28 May 2015, Legislative Assembly, Votes & Proceedings No 9, Entry 9, p.126-127

That:

- (1) A Joint Standing Committee, to be known as the Joint Standing Committee on the Office of the Valuer-General be appointed.
- (2) The Committee's functions be:
 - (a) to monitor and review the exercise of the Valuer-General's functions with respect to land valuations under the Valuation of Land Act 1916 and the Land Tax Management Act 1956, and in particular:
 - (i) to monitor the methodologies employed for the purpose of conducting such valuations,
 - (ii) to monitor the arrangements under which valuation service contracts are negotiated and entered into, and
 - (iii) to monitor the standard of valuation services provided under such contracts,
 - (a) to report to both Houses of Parliament, with such comments as it thinks fit, on any matter connected with the exercise of the Valuer-General's functions referred to in paragraph (a) to which, in the opinion of the Committee, the attention of Parliament should be directed,
 - (b) to report to both Houses of Parliament any change that the Committee considers desirable to the Valuer-General's functions referred to in paragraph (a),
 - (c) 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.
- (3) The functions of the Committee not extend to the investigation of any matter relating to or arising from a particular valuation of a specific parcel of land.
- (4) The Committee consist of five members as follows:
 - (a) three members of the Legislative Assembly of whom two must be Government members and one must be a non-Government member, and
 - (b) two members of the Legislative Council of whom one must be a Government member and one must be a non-Government member.

- (5) Ms Melanie Gibbons, Mr Stephen Kamper, and Mr Geoff Provest be appointed to serve on the Committee as the members of the Legislative Assembly.
- (6) Notwithstanding anything contained in the standing orders of either House, at any meeting of the Committee, any three members of the Committee shall constitute a quorum, provided that the Committee meets as a joint committee at all times.
- (7) The Committee have leave to make visits of inspection within the State of New South Wales and other States and Territories of Australia.
- (8) A message be sent acquainting the Legislative Council of the resolution and requesting the Legislative Council appoint two of its members to serve with the members of the Legislative Assembly on the Committee, and to fix a time and place for the first meeting.

Chair's Foreword

This report continues the regular process of reviewing the Office of the Valuer General and examining the work of the Valuer General on a periodic basis. I am pleased to present this report on the Tenth General Meeting with the Valuer General.

The period between this report and the previous Committee's report has been longer than usual. This is due to the general election held on 28 March 2015, which prevented the then Committee from reviewing the Valuer General's Annual Report for 2013/14 in the previous Parliament. This current review therefore encompasses both the 2013/14 and 2014/15 Annual Reports of the Valuer General.

The intervening period has also seen the departure of the former Valuer General, Mr Phillip Western and the permanent appointment of Mr Simon Gilkes to the position. The Committee is pleased that this transition has been handled smoothly and that many of the changes recommended in the previous Committee's report into the land valuation system have been implemented or are in progress.

In general terms, the Committee is satisfied that the Valuer General is engaged in strengthening the accountability of the valuation process with a series of initiatives designed to boost public confidence in the system. This includes the publication of policies documenting the valuation methodologies applying to various types of land.

The Committee also notes that the Valuer General has taken steps to improve the quality and consistency of complex land valuations and has thoroughly revised previous practices and implemented new policies and procedures relating to the determination of compensation in the case of compulsory acquisitions.

The Committee supports the creation of a more customer-centric objection process and welcomes the Valuer General's efforts to ensure maximum consultation, transparency and procedural fairness in negotiations with landholders regarding compulsory acquisitions and objections to land valuations.

The Valuer General's responses to the nine recommendations set out in the report will be examined as part of the Committee's next General Meeting.

I would like to thank the Valuer General and his Office for their assistance in this Inquiry. I also wish to thank my Committee colleagues and Committee staff for their contributions and support.

Melanie Gibbons MP
Chair

List of Findings and Recommendations

- Recommendation 1 _____ 20
The Committee recommends that the Valuer General actively monitors Coal Seam Gas mining projects in New South Wales, with a view to prepare a set of binding policy guidelines to assist valuers.
- Recommendation 2 _____ 21
The Committee recommends that the Valuer General further expands research into the best data and methodologies to be used in the formulation of complex land values and continues to monitor the approaches taken to the valuation of complex land types in other jurisdictions.
- Recommendation 3 _____ 21
The Committee recommends that the Valuer General develops further policies and information brochures in relation to the valuation of land purchased for both domestic and commercial use on the waterfront.
- Recommendation 4 _____ 32
The Committee recommends that the Valuer General undertakes further independent market research to ascertain the experiences of landholders who have received compulsory acquisition notices, with a view to improving the current process, if required.
- Recommendation 5 _____ 35
The Committee recommends that the Valuer General continues to analyse customer feedback to monitor the needs of rural landholders and ensure that information published for landholders, whether in hard copy or on the website, is reviewed, and if necessary, updated to reflect any impact of new conditions affecting rural areas such as the recent council amalgamations.
- Recommendation 6 _____ 40
The Committee recommends that the Valuer General provides a comprehensive analysis of information relating to expenditure on contractors and consultants in future Annual Reports.
- Recommendation 7 _____ 45
The Committee recommends that the Valuer General, in implementing the new technology platform for the provision of landholder information, ensures that detailed profiles of website users are captured in order to customise and improve the delivery of digital services to all stakeholders.
- Recommendation 8 _____ 46
The Committee recommends that the Valuer General reviews the website to more prominently display links to Multicultural NSW on key information products as well as on the website itself.
- Recommendation 9 _____ 56
The Committee recommends that more detailed information in relation to court appeals be provided in subsequent Annual Reports. This should include an analysis of the facts regarding

the numbers of appeals to the court for both appeals against determinations of objections against a land value under the *Valuation of Land Act 1916* and for appeals against compensation decisions lodged under the *Land Acquisition (Just Terms Compensation) Act 1991*.

Glossary

API	Australian Property Institute
CSG	Coal Seam Gas
DFSI	NSW Department of Finance, Services and Innovation
IAB	Internal Audit Bureau
IPART	Independent Pricing and Regulatory Tribunal
IPTI	International Property Tax Institute
JSCOVG	Joint Standing Committee on the Office of the Valuer General
LGA	Local Government Area
LPI	Land and Property Information
MAC	Management Assurance Committee
MAF	Management Assurance Framework
NESB	Non-English Speaking Background
RMS	Roads and Maritime Services
SLA	Service Level Agreement

Chapter One – Introduction and conduct of the Inquiry

- 1.1 The Valuer General, as an independent statutory officer established by *The Valuation of Land Act 1916*, is charged with setting the standards and policies for the land valuation system in New South Wales. The principal products and services of the valuation system include providing valuation lists to local councils for levying rates; providing valuation lists to the Office of State Revenue for levying land tax; and providing independent determinations of compensation for the compulsory acquisition of land.
- 1.2 The Valuer General delegates the management of the valuation system to Land and Property Information (LPI). The service and performance standards required of LPI are detailed in a Service Level Agreement which is reviewed annually.
- 1.3 The role of the Joint Standing Committee on the Office of the Valuer General (JSCOVG) is to monitor and review the exercise of the Valuer General's functions regarding land valuations. In particular, the Committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated or entered into, and the standard of valuation services provided under such contracts. The Committee does not, however, have the ability to review individual valuations or objections to individual valuations.
- 1.4 As part of its oversight function, the Committee holds regular General Meetings with the Valuer General to examine matters contained in his Annual Reports and to review issues identified by the Committee.
- 1.5 The Committee also has the power to conduct inquiries into matters connected with the exercise of the Valuer General's functions to which, in the opinion of the Committee, the attention of the Parliament should be directed.

Appointment of Valuer General

- 1.6 Mr Simon Gilkes notified the Committee in writing on 5 November 2015 that he had been appointed to the position of Valuer General, for a period of seven years, commencing on 7 October 2015. Mr Gilkes had been temporarily acting in the role since 1 September 2014 while recruitment action was undertaken to replace Mr Philip Western, whose term expired on 31 August 2014.

Ministerial and departmental changes

- 1.7 The Administrative Arrangements (Administrative Changes – Ministers) Order 2015, dated 2 April 2015, changed the title of the Minister for Finance and Services, to which the Valuer General reports administratively, to the Minister for Finance, Services and Property.¹

¹ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p5.

- 1.8 The Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2015, dated 2 April 2015, changed the name of the Office of Finance and Services to the Department of Finance, Services and Innovation, effective from 1 July 2015.²

Background to current review

- 1.9 The Tenth General Meeting with the Valuer General was conducted against the background that the JSOVG, in the previous (55th) Parliament, had conducted a comprehensive Inquiry into the land valuation system in New South Wales. The Inquiry revealed systemic issues, particularly regarding fairness and transparency, and the Committee made significant recommendations for substantial reform in overall governance and the way the Valuer General and his delegates interact with landholders.
- 1.10 Due to the general election held on 28 March 2015, the then Committee was prevented from reviewing the Valuer General's Annual Report for 2013/14 in the previous Parliament. This current review therefore encompasses both the 2013/14 and 2014/15 Annual Reports of the Valuer General.

Conduct of the Inquiry

- 1.11 On 11 August 2015, the Committee resolved to conduct a general hearing pending receipt of the Valuer General's Annual Report for 2014/15 after the appointment of a new Valuer General.
- 1.12 In preparation for the hearing, and to familiarise the new Committee with the work of the Valuer General, the Committee conducted an informal inspection of the Office of the Valuer General and met members of the senior executive team on 6 May 2016. As part of the meeting, the Valuer General presented the Committee with a document entitled *Overview of the NSW Valuation System*, which is referred to extensively in this report.
- 1.13 The Tenth General Meeting with the Valuer General was conducted by the Committee on 13 May 2016. Evidence was taken from Mr Simon Gilkes, Valuer General and Ms Angela Shaw, Director, Valuation Services, Land and Property Information.
- 1.14 The meeting provided an opportunity for the Committee to examine and take evidence on the Valuer General's Annual Reports for 2013/14 and 2014/15, and to review the implementation of recommendations made in the *Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*.

² Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p6.

- 1.15 At the hearing, the Valuer General tendered a progress report on the implementation of recommendations made in the *Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*.³
- 1.16 Following the hearing, on 20 May 2016 the Committee sent a number of questions taken on notice and additional questions in writing to the Valuer General. The Valuer General provided responses on 10 June 2016, which are available on the Committee's webpage.

Structure of the report

- 1.17 The report comprises four chapters, including this introduction, which outlines the basis for the Inquiry. Chapter Two describes the operation of the valuation system and the functional and governance framework, whereas Chapter Three describes the specific components of land valuations and their impacts on landholders. Chapter Four deals with public information and education functions of the Valuer General's office, efforts to increase public engagement with the valuation process and accountability mechanisms.

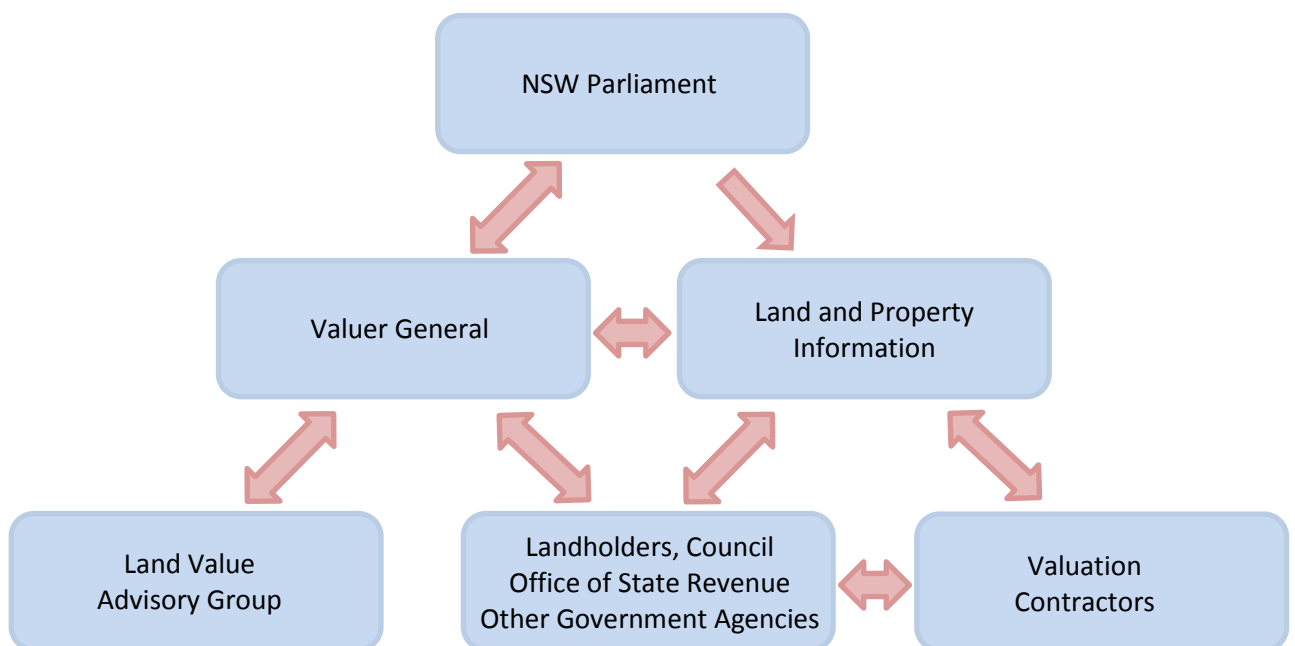
³ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016 viewed 13 May 2016
<<https://www.parliament.nsw.gov.au/committees/DBAssets/inquiryOther/Transcript/9957/Recommendations%20Progress%20Update%20-%20May%202016.pdf>>

Chapter Two – Valuation system governance arrangements

- 2.1 In order to provide a context for the determination and review of land valuations, this chapter describes the salient features of the valuation system and the resources available to the Valuer General to fulfil his statutory responsibilities.
- 2.2 The valuation system covers all land in New South Wales and the *Valuation of Land Act 1916* requires the land value of all land to be determined each year. Unoccupied Crown land and land in the Western Division that is not within the area of a rating or taxing authority are excluded from this requirement.
- 2.3 The system also requires the determination of compensation following the compulsory acquisition of land by government in accordance with the *Land Acquisition (Just Terms Compensation) Act, 1991*.

SYSTEM OVERVIEW

- 2.4 The main stakeholders in the valuation system are set out in the following schematic⁴:



⁴Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p3.

Legislation

- 2.5 The *Valuation of Land Act 1916* establishes the role of the Valuer General and provides the statutory authority for the valuation system. The Valuer General regularly reviews the Act to determine where amendments are required.
- 2.6 The 2013/14 Annual Report of the Valuer General referred to amendments to the *Valuation of Land Act 1916* contained in the Statute Law (Miscellaneous Provisions) Bill 2014. These enable the Valuer General to authenticate valuation lists and supplementary lists in a manner the Valuer General considers appropriate (such as electronic authentication), replacing the more traditional requirement for those lists to be authenticated by means of a physical stamp or the Valuer General's signature.⁵ There were no amendments to the Act during 2014/15.
- 2.7 The *Land Acquisition (Just Terms Compensation) Act 1991* requires the Valuer General to determine the amount of compensation to be offered where property is compulsorily acquired.
- 2.8 More detailed descriptions of the processes underpinning the system are comprehensively covered in subsequent chapters.

Functional responsibilities of Valuer General and Land and Property Information

- 2.9 The main functions of the Valuer General, as set out in section 9 of the *Valuation of Land Act 1916*, are as follows:
- to establish and maintain the Register of Land Values
 - to enter into, manage and monitor valuation service contracts
 - to make valuations of land as authorised or required by or under any Act
 - to deal with objections and appeals against valuations under the Act.
- 2.10 The Valuer General determines the amount of compensation to be paid to a landowner when their land is compulsorily acquired by the Government. Compulsory acquisition occurs where land cannot be acquired by negotiation.
- 2.11 The Valuer General also determines the amount of compensation paid for the transfer of NSW Government land between Government authorities in accordance with *Treasurer's Directions 92/2 (469.02 and 469.03)*.⁶
- 2.12 A range of administrative services to support the land valuation system in NSW are provided by Land and Property Information (LPI), a division of the Department of Finance, Services and Innovation (DFSI). Under the provisions of a Service Level Agreement between the Valuer General and the Deputy

⁵ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p82.

⁶ NSW Treasury website, viewed 13 July 2016,

http://www.treasury.nsw.gov.au/_data/assets/pdf_file/0007/6559/Treasurers_directions-201604.pdf

Secretary of Land and Property Information, LPI provides the following services for the daily management of the valuation system:

- annual provision of land values for all properties on the Register of Land
- Values for rating and taxing purposes
- managing valuation service contracts and monitoring the performance of contract valuers
- maintaining the Register of Land Values
- ensuring the quality of land values
- managing the objection process
- overseeing the conduct of appeals to the Land and Environment Court
- providing customer service to landholders and stakeholders
- independently determining compensation for land that is compulsorily acquired.⁷

Reforms initiated after 2012/13 review

- 2.13 Chapter One made reference to a comprehensive Inquiry into the land valuation system in NSW conducted by the Committee in the previous Parliament. In its report, the Committee made a number of significant recommendations for substantial reform in governance arrangements.
- 2.14 While noting that not all recommendations were taken up, the most significant reforms adopted involved changes in administration and are described in greater detail later in this report. Chief among these are measures to improve transparency in decision making by issuing guidelines relating to valuation methodologies, to be reviewed annually.
- 2.15 Additional major initiatives include new mechanisms for compulsory acquisitions and the handling of objections and dispute resolution processes. These improvements, together with the publication of detailed annual performance reports, including the development of key performance indicators and better targeted financial information, should ensure greater accountability and responsiveness.
- 2.16 As well as expressing support for the implementation of these changes, the Committee notes that discussions are ongoing regarding the structure and presentation of future Annual Reports. The Committee welcomes continuing dialogue with the Valuer General in relation to the nature and scope of future Annual Reports.

⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p4.

Governance safeguards

- 2.17 The 2014/15 Annual Report of the Valuer General refers to improved governance arrangements through the implementation of a new structure to strengthen the oversight of the valuation system and LPI activities. This comprises a Valuation Joint Governance Board and a series of steering committees.
- 2.18 The steering committees oversee key service areas, including: rating and taxing valuations; compensation valuations; objections and appeals; and the Register of Land Values. Their role includes standard setting, performance monitoring, program approval and directing activities.
- 2.19 A Management Assurance Committee (MAC), chaired by the Valuer General, examines and oversees the identification, analysis, evaluation and treatment of risks.⁸
- 2.20 In response to further questions from the Committee following the public hearing, the Valuer General reported that this governance structure has now matured. The MAC also has oversight of the Management Assurance Framework (MAF), in accordance with the NSW Treasury TPP09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*.⁹
- 2.21 As a further enhancement to risk management, an independent audit of LPI's quality assurance processes was undertaken by the Internal Audit Bureau (IAB) in July 2014. This has resulted in the establishment of risk registers identifying risks to valuation outcomes at a local level. These registers incorporate reporting and recording of emerging risks, issue management and action plans to mitigate risks.¹⁰

⁸ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p55.

⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Questions 1&2, p5.

¹⁰ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 5, p7.

Chapter Three – Critical valuation processes

- 3.1 As previously described, the role and mission of the Valuer General is to provide accurate, consistent and fair valuations of all properties in New South Wales. These valuations form the basis of rates levied by local councils and the determination of State land tax. This chapter examines the methods by which valuation processes ensure the integrity of the valuations for rating and taxing purposes, as well as the procedures used to determine compensation when land is compulsorily acquired by government for infrastructure development and other public purposes.
- 3.2 The chapter also considers how valuations are performed in relation to specific categories of land such as rural land or more complex property types such as shopping centres, contaminated land, or land subject to Crown lease or heritage provisions, where the value assessment requires more detailed consideration and review. Also highlighted are a number of positive developments which have strengthened accountability and transparency during the two reporting years under review.

ASSESSMENT METHODOLOGY AND PROBITY

Overview of valuations for rating and taxing

- 3.3 The *Valuation of Land Act 1916* requires the land value of all land to be determined each year¹¹, resulting in approximately 2.5 million annual land valuations in NSW. Land value reflects the market value of the land as at 1 July in the year of valuation and is based on the vacant value of the land, not including structures and improvements. Each valuation is recorded in the Register of Land Values (the Register). The Register is the primary source of property sales and property address data in NSW.¹²
- 3.4 Land values support about \$6bn in State and Local Government revenue. All new land values are provided to the Office of State Revenue by 15 November each year for the levying of land tax.¹³ Approximately one third of land valuations are provided to local councils each year for rating purposes.¹⁴
- 3.5 The overall average cost per valuation in the 2014/15 reporting year was \$17.53 per property. In 2014, the Independent Pricing and Regulatory Tribunal (IPART) conducted a review of pricing of monopoly valuation services provided by the Valuer General to local government. This led to the adoption of a new

¹¹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p2.

¹² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p8.

¹³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p11.

¹⁴ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p8.

methodology for pricing valuations for the 2014/15 Annual Report. In the 2013/14 financial year, the average cost per valuation was \$17.08.¹⁵

- 3.6 During the period under review, an international benchmarking study conducted by the International Property Tax Institute (IPTI), across 50 jurisdictions, reported positively on the cost of the valuation system for NSW. IPTI's report found that the average cost per valuation of \$17.53 was about half the average cost of other jurisdictions around the world.¹⁶
- 3.7 Land and Property Information (LPI) manages the valuation system on behalf of the Valuer General. Based within the Department of Finance, Services and Innovation (formerly the Office of Finance and Services), LPI is responsible for providing annual land values for all properties on the Register in accordance with a Service Level Agreement with the Office of the Valuer General. LPI outsources the majority of land valuation services to external valuation firms and is responsible for managing the contracts and ensuring performance monitoring of contract valuers.¹⁷

VALUATION METHODOLOGY

Mass valuations

- 3.8 Mass valuation systems are commonly used around the world to determine valuations for municipal rates and other property based taxes. Mass valuation systems improve efficiency by taking a single valuation decision and applying it to a number of properties.
- 3.9 Valuation methods range from the simple indexation of values to complex mathematical and statistical algorithms. Mass valuation systems are typically based on the identification of groups (components) of properties that are comparable and expected to behave in similar ways in the market. This constitutes the standard method for rating and taxing valuations, known as the component system of mass valuation.¹⁸
- 3.10 Mass valuation methodologies are most suitable for homogeneous groups of properties. The component method has its limitations, particularly for complex property types or properties where there is limited market evidence.¹⁹ While valuations are made through a mass valuation process, each land value must be capable of being individually tested and supported against available market evidence.
- 3.11 Where directly comparable sales evidence is not available, a range of other evidence is used and adjusted for variations, subject to a structured risk

¹⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p60.

¹⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p12.

¹⁷ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p55.

¹⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p9.

¹⁹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p12.

management and quality assurance process.²⁰ Commonly applied quality assurance measures include a range of statistical tests to monitor and measure quality, along with a periodic review of the valuations and supporting information to ensure the valuation base remains sound.²¹

- 3.12 The basis of the valuation of a property is independently reviewed in the case of objections and appeals by landholders.²² When there is a compulsory acquisition, the Valuer General is required to independently assess the land value and determine the compensation to be paid to the landholder by the acquiring authority.²³

Valuation policies

- 3.13 During the period under review, 24 valuation policies were published on the Valuer General's website.²⁴ The policies were developed in response to recommendations made by the Joint Standing Committee on the Valuer General as part of its 2013 Inquiry into the NSW Land Valuation System in 2013.²⁵
- 3.14 The policies give valuers and the public guidance on a range of valuation methods and practices, including the determination of compensation in cases of compulsory acquisition, and are contractually binding on valuers. They cover the majority of valuation types including single residential land, high density residential land, commercial land, industrial land and rural land.
- 3.15 Policies are reviewed annually and new policies are published as they are developed.²⁶ In his overview of progress since the Ninth General Meeting, the Valuer General, Mr Simon Gilkes, highlighted the publication of policies, setting requirements for valuers and describing valuation methods as a key improvement which now provides greater transparency and accountability to the valuation process.²⁷
- 3.16 The valuation policies have now been through their first annual review. In December 2015, the Valuer General sent 102 invitations to a range of stakeholder organisations representing the property industry and professional bodies, government departments and contract valuers seeking feedback. Mr

²⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p12.

²¹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p9.

²² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p16.

²³ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p23.

²⁴ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 2, p2.

²⁵ Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, Recommendations 2 and 3, p73.

²⁶ Office of Finance and Services, *Annual Report 2014/15*, Office of the Valuer General's report, p56.

²⁷ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p1.

Gilkes advised that responses from stakeholders had been positive and no substantive amendments would therefore be made.²⁸

Procedural fairness

- 3.17 To strengthen accountability and procedural fairness, a new customer-centric land value review process was introduced during the period under review. A range of improvements have been made in the areas of dispute resolution, data and reporting as well as procedures to improve timeliness and efficiency.²⁹
- 3.18 The new process offers more opportunities for landholders to ask questions, provide information, make submissions and conduct conferences to ensure that they understand the independent role of the Office of the Valuer General in making and reviewing valuations, and determining compensation.³⁰ A full description of improved customer engagement issues and management procedures is detailed in the following chapter.

Valuations and quality

Quality assurance processes

- 3.19 The quality of land values is managed through a range of controls including: system based integrity checks of contractors' data; verifications performed by individual contract valuers; quality audits on specific property types; parallel valuations conducted under the supervision of the Land Valuation Advisory Group; and measurement against internationally recognised statistical tests. Specialised property information data bases used as part of the quality checking process are
- ValMap, which enables the integration of valuation and spatial data and
 - VALNET, which tests the integrity of the components, benchmarks, sales analysis and land values.
- 3.20 In addition to the above quality assurance systems, the University of Sydney undertakes an independent review of land values and statistical performance to measure the overall quality of values.³¹

Certification and authentication of land values

- 3.21 The quality of land values is certified at each level of the system. Contract Valuers provide a Quality Statement signed by a Director, for the valuations performed in each council area. LPI formally certifies compliance with a range of quality requirements prior to accepting annual values and the Valuer General certifies the quality of valuations provided to rating and taxing authorities.³²

²⁸ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 6 a), p8.

²⁹ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

³⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p1.

³¹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p13.

³² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p12.

- 3.22 In June 2014, the *Valuation of Land Act 1916* was amended to enable the Valuer General to allow for valuation lists and supplementary lists to be authenticated electronically, instead of by the traditional method of a physical stamp or the Valuer General's signature.³³ Authentication occurs when the file containing annual valuation and supplementary valuation lists is prepared for electronic delivery to councils and the Office of State Revenue.³⁴
- 3.23 The Valuer General delegates the power to authenticate valuation lists to a limited group of LPI officers. Mr Gilkes outlined how information security is built into the authentication process, advising that risks in relation to appropriate approval or delegation to apply values and produce lists are mitigated through systemic and procedural controls.³⁵

Probity of the tender evaluation process

- 3.24 The integrity of the valuation system is dependent on a range of risk management mechanisms, which protect the making of valuations from the influence of conflicts of interest. These mechanisms ensure the probity of the Valuer General and his officers, as well as of the tender evaluation process used in the outsourcing of valuation work by LPI to external contractors.
- 3.25 The Valuer General, in his 2014/15 report, advised that external valuation firms are thoroughly scrutinised through an independent open tender and rigorous evaluation process, which was explored by the Committee as part of the Ninth General Meeting.³⁶ In its report on the Ninth General Meeting, the Committee expressed satisfaction with the system in addressing probity issues relating to the tender evaluation process.³⁷ The role of contract valuers and additional information about conflict of interest issues are further discussed later in this chapter.

Independent audit

- 3.26 During the 2014/15 reporting year, the Valuer General initiated an independent audit of LPI's quality assurance processes. The audit, conducted by the Internal Audit Bureau (IAB) and completed in July 2014, made a number of recommendations to further improve the quality assurance system for valuations. The Valuer General reported that, as a result of the IAB audit, risk registers were introduced which enabled the identification of risks to valuation outcomes at a local level.
- 3.27 The audit also identified the need to improve quality assurance in recording processes. This was addressed with the development of a system based audit

³³ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p82.

³⁴ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 25, p24.

³⁵ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 25, pp24 -25.

³⁶ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p55.

³⁷ Joint Standing Committee on the Office of the Valuer General, Report on the Ninth General Meeting with the Valuer General, Report 3/55, November 2014, pp20-22.

and issues register.³⁸ The Valuer General reported that almost all of the IAB recommendations have been implemented, except the development of efficiency and effectiveness benchmarks for quality assurance activities. These were due to be implemented after July 2016, following further development of the time management system.³⁹

International benchmarking

3.28 The International Property Tax Institute (IPTI) is a not-for-profit organisation which is internationally recognised as a knowledge resource for property tax policy and practice. During the period under review, the Valuer General co-funded a benchmarking study to help identify aspects of best practice for property assessment and valuation agencies with Australasian Valuers General.

3.29 The study covered approximately fifty jurisdictions and examined a wide range of issues, including the cost of running a valuation system and methods of quality assurance for community engagement. Mr Gilkes said that he had been pleased with the way New South Wales performed, as it had been 'well up in the rankings'. He noted that '... the important thing about IPTI is that they present opportunities to observe and understand what other jurisdictions are doing and identify the best practice'. He assured the Committee that, at the Office of the Valuer General:

We are always looking to find where other people are doing things better and to take on as many of those ideas as we can.⁴⁰

Independent decision making

3.30 In order to strengthen the integrity of the valuation review process, the Committee's 2013 Report recommended a Valuation Commission to replace the Office of the Valuer General. This Commission would comprise a Chief Valuation Commissioner, responsible for publishing and determining guidelines and for the general administration of the system. It would also include a Valuation Commissioner (Valuation Review/Compulsory Acquisitions) and a Valuation Commissioner (Mass Valuations).

3.31 The purpose of these positions was to ensure that there would be adequate separation of the original valuation and review functions.⁴¹ Mr Gilkes advised that, since the Committee's 2013 Inquiry, the Department of Finance, Services and Innovation (DFSI) has had carriage of these recommendations as it was considered inappropriate for the Valuer General to advise Government on these matters due to a potential conflict of interest.⁴²

³⁸ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 5a), p7.

³⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 5 b), p7.

⁴⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p12.

⁴¹ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Response to Recommendations 1, 18, 19, 20, 21, 22, 24 and 28, p1.

⁴² Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 6, p3.

3.32 Although the Government has not pursued the Commission option at the present time, Mr Gilkes agreed that the issue about the independence in decision-making was important. He said that LPI had tried to implement aspects of the recommendations administratively and explained that:

Within Land and Property Information, the structure of the valuation group includes three valuation managers. One is responsible for the initial creation of the annual valuation. That manager sets the processes and the quality assurance activities around that. Another manager is responsible for objections and appeals, and is separate from the creation of the valuations. The third manager is responsible for the compensation matters.⁴³

Committee comment

3.33 In the period under review, the accountability of the valuation process has been significantly strengthened by the publication of policies documenting the valuation methodologies applying to various types of land. The Committee supports the ready availability to landholders and contractors of these policies on the Valuer General's website. The Committee is also pleased to learn about the range of controls which are being developed and embedded in the land valuation system to ensure that valuations are accurate, impartial and credible.

3.34 Complementing the publication of valuation policies, the Committee acknowledges the substantial effort which has been made by the Office of the Valuer General, in conjunction with LPI, to reform the land value review process. This should ensure its procedural fairness in managing landholders' objections to valuations and in clarifying how compensation is determined for properties subject to compulsory acquisition by government authorities.

3.35 Independent auditing and benchmarking are important quality testing mechanisms enabling organisations to compare performance with practitioners in comparable areas and to optimise and seek fresh approaches to improving performance. The Committee commends the Office of the Valuer General for its commissioning of an independent audit of its quality assurance processes and for participating in international benchmarking activities. The Committee urges the Valuer General to explore further opportunities to evaluate and refine its processes within the valuation system by reference to external criteria of excellence.

3.36 The Committee is mindful of the reasons for its earlier concern about the level of independence in decision-making in relation to valuations, following its Inquiry into the NSW Valuation System. However, having considered the evidence presented in the two Annual Reports under review, the Committee is reassured that mechanisms are now in place to ensure transparency at all stages of the valuation process. In particular, the Committee commends the restructuring of the LPI valuation group to include three managers with clearly separated roles and functions: one being responsible for the initial creation of the annual valuation; another being responsible for the valuation processes and quality assurance activities; and a third having oversight of objections, appeal and

⁴³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, pp12-13.

compensation. The Committee will monitor these governance arrangements to ensure that the probity of the valuation system continues to be safeguarded.

LAND VALUE VERIFICATION AND REASCERTAINMENT

Land value risk ratings and verification

- 3.37 A systematic, risk based process of periodically verifying property data and land values ensures that the NSW valuation base remains sound.⁴⁴ The verification program provides for the individual review of land values and supporting data. The 2013/14 and 2014/15 Annual Reports indicated that the land value verification program, which was initially implemented in 2006, was enhanced in 2012 and has been extended to 2018.⁴⁵
- 3.38 Verification requires the contract valuer to individually review the area, title and zoning of each property to ensure it is correct; conduct a review of each property's use to determine the correct valuation basis under the *Valuation of Land Act 1916*; and to review attributes and the valuation level and consistency with surrounding land values to ensure the valuation is within an acceptable market range. Compliance with verification requirements is monitored by LPI as part of the annual quality assurance program.⁴⁶
- 3.39 The risk based program was introduced to ensure that all higher risk properties are individually reviewed each year and that medium risk properties are reviewed more frequently than low risk properties. The Valuer General provided a graphic representation of the types of properties at each level of risk at Figure 1, below:⁴⁷

⁴⁴ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p14.

⁴⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p.61 and Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p79.

⁴⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 a), p20.

⁴⁷ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 c), p22.

Figure 1 – Risk Levels by Type of Property and Percentage and Frequency of Verification per Property

Risk level	Risk rating	Property type	Property count (1/7/2015)	Verification % required p.a	Verification frequency per property
High	1	<ul style="list-style-type: none"> • All benchmark properties, • Properties subject to a successful objection in the previous year • Analysed sale properties • Shopping centres • Mines • Contaminated sites • Englobo subdivision parcels • High valued parcels of land. 	89,214	100%	Annual
Moderate	2	<ul style="list-style-type: none"> • Commercial zoned land • Industrial zoned land • Rural zoned land • Heritage restricted land • All parcels of land where the valuation has regards to requirements of the <i>Valuation of Land Act 1916</i>, other than valuations made solely on the basis of highest and best use (under s6A(1)). 	326,947	33.3%	3 years
Low	3	<ul style="list-style-type: none"> • Residential zoned land • Open space land • Special uses zoned land. 	2,097,921	16.6%	6 years

- 3.40 The Valuer General reported that a total of 2,621,265 verifications have been undertaken since verification began in 2012. However, while medium and low risk verification fully met requirements, further work would be necessary to ensure that all high risk properties were verified in 2016.⁴⁸
- 3.41 Under the previous verification program, 20 per cent of all properties were verified annually regardless of risk. Under the previous system, high risk properties may not have been reviewed for five years. Under the current verification program, the level of verification has risen to an average of 25 per cent of properties.⁴⁹
- 3.42 The Valuer General stated that improvement to valuation quality directly attributable to the verification program is difficult to determine quantitatively. However, he expected that ongoing review of properties' attributes and values would produce better valuations than if this was not done. He noted that the NSW Ombudsman had found in his October 2005 report, *Improving the quality of land valuations issued by the Valuer General*, that it was necessary to periodically review the base line data on which mass valuations are based.⁵⁰
- 3.43 The Valuer General further observed that in 2015, analysis by the Western Sydney University found that there was a significantly higher rate of objections to land value of properties in higher risk categories. He stated that since that time, the rate of change of land values on objections had fallen, suggesting the quality of valuations was improving. Furthermore, the rate of change to land values of

⁴⁸ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 a), p20.

⁴⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 b), p21.

⁵⁰ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 b), p21.

higher risk properties was comparable to that for land values of lower risk properties.⁵¹

Reascertainment of land valuations

- 3.44 The Valuer General is required by the *Land Acquisition (Just Terms Compensation) Act 1991* to independently determine the amount of compensation to be paid to the former landholder when land is compulsorily acquired by the Government. The Act empowers the Valuer General to amend a compensation notice to correct the amount of compensation offered if the Valuer General changes the determination of the amount to be offered, provided the offer of compensation in the notice has not been accepted, should substantive new evidence come to light that makes the determination unsound.⁵² However, the Valuer General stated that this would be a very serious decision to make.⁵³
- 3.45 In addition, the Valuer General has the power to quash (reascertain) land values under the *Valuation of Land Act 1916*.⁵⁴ Accordingly, there is an internal review mechanism to correct land values following an objection by a landholder, in cases where there has been a substantive error of fact or new evidence should have been considered.⁵⁵
- 3.46 In the period under review, considerable effort has been made by the Valuer General to strengthen communications with landholders to ensure that determinations of compensation are based on accurate information and the need for reascertainment is avoided, if possible.
- 3.47 In 2013/14, a program of improvements to provide more information to landholders was initiated to ensure their understanding of the compensation process.⁵⁶ Further progress has been made with the appointment of a coordinator for each determination to liaise with the affected landholder and ensure a free and open exchange of information.⁵⁷ ⁵⁸ Mr Gilkes informed the Committee that the focus of the conferencing process was to do as much of the consultation up-front so that at the point where the determination of consultation is issued, there should be no surprises.
- 3.48 Mr Gilkes explained that:
- The Lands Acquisition Act does allow me to withdraw a determination of compensation and to reissue. However, that is a very serious decision to make. For that to happen regularly would only serve to diminish the standing of the system.

⁵¹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 21 b), p21.

⁵² NSW Legislation website, Land Acquisition (Just Terms Compensation) Act 1991, s43A(2) and s43A(4), viewed 27 June 2016, <<http://www.legislation.nsw.gov.au/#/view/act/1991/22/part3/div3/sec43a>>

⁵³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p4.

⁵⁴ NSW Legislation website, *Valuation of Land Act 1916*, s14A(6), viewed 27 June 2016, <<http://www.legislation.nsw.gov.au/#/view/act/1916/2/part1b/div1/sec14a>>

⁵⁵ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Response to Recommendation 21, p1.

⁵⁶ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

⁵⁷ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p58.

⁵⁸ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p3.

We make every effort to make sure that everything is understood prior to the determination having been made. After the determination of compensation has been issued the owner is still offered the opportunity for further conferences and consultation. If through that process an error of fact arises or some substantive new evidence comes to light that will be considered and if it proves that is of such magnitude that it makes the determination of compensation issued unsound we will withdraw it and issue a new determination.⁵⁹

- 3.49 The Committee was interested to learn whether the Valuer General had withdrawn any determinations since his acting appointment in 2014. Mr Gilkes advised that over the last two years, he had changed one determination of compensation. That instance occurred in January 2016, when a determination of compensation was reviewed in connection with a coal seam gas pipeline easement, after the owner raised additional relevant matters which had not been considered in the original valuation.⁶⁰
- 3.50 During the 2013/14 annual reporting year, a Reascertainment Register was established as a central record of information about why land values are changed and to manage the approvals of those changes.⁶¹

Committee comment

- 3.51 The Committee was pleased to be updated on the land value verification program, designed to ensure that the mass valuation processes do not lead to deterioration in the quality of land values and supporting data. The Committee notes that further work is being undertaken in 2016 to ensure that valuations for all high risk properties are verified. The Committee looks forward to receiving further information on progress with the land value verification program at the next General Meeting.
- 3.52 With regard to the reascertainment of property valuations, the Committee agrees with the Valuer General that the main focus of the compensation determination process should be on minimising the need for reascertainments by maximising information provision and conferencing with affected landholders before a determination is made.
- 3.53 The Committee also welcomes the establishment of the Reascertainment Register, along with other improvements to data capture, integration, access and delivery of valuation and property information during the period under review. The Committee is pleased to note that these improvements have been prompted by its 2013 Inquiry into the Land Valuation System.

COMPLEX LAND VALUES

Complex Land Value Improvement Program

- 3.54 In November 2011, a program was established to improve the quality and consistency of land values for properties which, due to their complexity or lack of market evidence, required more detailed consideration and review. These

⁵⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p4.

⁶⁰ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 2, p1.

⁶¹ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p79.

property types include: shopping centres; contaminated land; domestic waterfront land subject to Crown lease or licence; land subject to coastal erosion; and land affected by heritage restrictions. During the 2013/14 reporting period, the program was expanded to include properties subject to the coal seam gas (CSG) industry.⁶²

Impact of the coal seam gas industry

- 3.55 A study, undertaken by LPI for the Valuer General, examined the sales prices of properties in areas where the CSG industry was present.⁶³ Mr Gilkes informed the Committee that the study had focussed on areas such as Gloucester and Camden, where extraction was planned or was occurring. While acknowledging that negative perceptions of coal seam gas may reduce the number of potential purchases and possibly increase the time for transaction of some properties, the evidence, to date, has not demonstrated any clear effect.⁶⁴ The report, *Study on the impact of the Coal Seam Gas industry on land values in NSW*, is published on the Valuer General's website.⁶⁵
- 3.56 The Committee was interested to learn to what extent land values would be affected by government policy with regard to the CSG industry. Mr Gilkes confirmed that 'when valuations are made they reflect all of the legal and policy environment that surrounds that class of properties.'⁶⁶ The study also considered how such land was valued in other jurisdictions, but again found that the evidence was inconclusive.
- 3.57 Mr Gilkes informed the Committee that, in view of the lack of a definitive view on the impact on land values, the Queensland Government had consulted with the community and has, since 2009, given an allowance to rural land valuations affected by coal seam gas production wells. The allowance ranges from 2 to 20 per cent for affected grazing land, assessed on a case by case basis.⁶⁷
- 3.58 The LPI Report found that the current LPI policy on the CSG industry and land valuations was considered to be appropriate and no further technical guidance was recommended at that stage.⁶⁸ Mr Gilkes advised that contract valuers had been instructed to monitor those areas very closely and to notify any change in the market⁶⁹

⁶² Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p79.

⁶³ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p79.

⁶⁴ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p2.

⁶⁵ Office of the Valuer General website: *Study on the impact of the Coal Seam Gas industry on land values in NSW*, February 2014, viewed 27 June 2016.

<http://www.valuergeneral.nsw.gov.au/_data/assets/pdf_file/0020/197003/Study_on_the_impact_of_the_Coal_Seam_Gas_industry_on_land_values_in_NSW.pdf>

⁶⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p2.

⁶⁷ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 1, p.1.

⁶⁸ Office of the Valuer General website: *Study on the impact of the Coal Seam Gas industry on land values in NSW*, February 2014, p4, viewed 27 June 2016

<http://www.valuergeneral.nsw.gov.au/_data/assets/pdf_file/0020/197003/Study_on_the_impact_of_the_Coal_Seam_Gas_industry_on_land_values_in_NSW.pdf>

⁶⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p2.

Land below the high-water mark

- 3.59 In 2015, the Office of the Valuer General developed a policy for valuation of land below the high water mark for domestic waterfront occupancies. The policy guides valuers on the methods to use and factors to consider when valuing such land for rating and taxing purposes. The policy was developed to ensure that valuations for this type of land are consistent and accurate, transparent and in line with the *Valuation of Land Act 1916*.⁷⁰
- 3.60 Mr Gilkes confirmed that the policy clarified and codified the practice in determining valuations for this type of land. He explained that one element of the value was the capitalised rent relating to jetties. He said that rents were set based on a range of valuations in the area. The rent was a proportion of the valuation, based on a formula set by the Independent Pricing and Regulatory Tribunal (IPART). He said that this was known in the market and people factored that into their decision-making when purchasing a property.⁷¹

Committee comment

- 3.61 The Committee notes that the Valuer General has taken steps to improve the quality and consistency of complex land valuations. In particular, the Committee commends the Valuer General for making the LPI report, *Study on the impact of the Coal Seam Gas industry on land values in NSW*, available to landholders via the Valuer General's website. Valuations of complex types of land are frequently contentious and can cause community misgivings about the integrity of the valuation process.
- 3.62 The Committee appreciates that the CSG industry is a relatively new industry in New South Wales, resulting in limited available evidence to establish the effect that such developments may have on land values. However, the Committee considers that its potential impact on land values requires further consideration.

Recommendation 1

The Committee recommends that the Valuer General actively monitors Coal Seam Gas mining projects in New South Wales, with a view to prepare a set of binding policy guidelines to assist valuers.

- 3.63 Based on the evidence submitted by the Valuer General to this General Meeting, the Committee is satisfied that robust systems and procedures are in place to ensure that valuations are formulated on the basis of accurate and reliable data. Nevertheless the possibility of error is always a reality, notwithstanding the strengthening of risk management in the valuation system, which has occurred during the reporting period.

⁷⁰ Office of the Valuer General website, Publications, Policies, *Valuation of land below high water mark (domestic waterfront occupancies)*, viewed 28 June 2016, <http://www.valuergeneral.nsw.gov.au/data/assets/pdf_file/0012/201162/Valuation_of_land_below_high_water_mark_policy.pdf>

⁷¹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p14.

- 3.64 In order to reassure community concerns about the validity of complex valuations, it is vital that the Valuer General continues to review, update and publish policies about the methodologies relating to complex land types.

Recommendation 2

The Committee recommends that the Valuer General further expands research into the best data and methodologies to be used in the formulation of complex land values and continues to monitor the approaches taken to the valuation of complex land types in other jurisdictions.

- 3.65 With regard to valuations relating to coastal land, the community will continue to maintain an interest, not only in value-adding factors such as jetty rentals, but in the possible adverse effects of climate change.

Recommendation 3

The Committee recommends that the Valuer General develops further policies and information brochures in relation to the valuation of land purchased for both domestic and commercial use on the waterfront.

COMPULSORY ACQUISITIONS AND JUST TERMS VALUATIONS

Compulsory acquisitions

- 3.66 The acquisition of land in NSW is undertaken in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991* (Just Terms Act) and applies to the acquisition of private land.⁷² While authorities can acquire land and interests in land for public purposes, most land is acquired through negotiation. Compulsory acquisition occurs when a purchase cannot be made by agreement.
- 3.67 In the case of a compulsory acquisition, the Valuer General is required to independently determine the compensation paid to the land holder by the acquiring authority.⁷³ Land and Property Information (LPI) manages the determination of compensation process under delegated authority from the Valuer General.⁷⁴ Between 1 July 2015 and 11 May 2016, the Valuer General issued 279 Just Terms determinations of compensation with a total value of just under \$365 million.⁷⁵
- 3.68 In addition to compulsory valuations made under the Just Terms Act, the Valuer General also makes compulsory valuations under the Treasurer's directions when lands are transferred between government agencies. The Valuer General reported that, to date, there have been a total of 303 determinations for

⁷² Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

⁷³ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p23.

⁷⁴ Office of the Valuer General, Fact Sheet, 'Compulsory Acquisition of Land', January 2015, viewed 6 June 2016 <http://www.valuergeneral.nsw.gov.au/data/assets/pdf_file/0017/200591/Compulsory_acquisition_-_2015_final.pdf>

⁷⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

compensation issued for the current financial year, including those made under Treasurer's directions, to a total value of \$412 million.⁷⁶

Work load and time frames

3.69 The Office of the Valuer General has observed that a significant workload is expected for the remainder of 2016, due to the substantial volume of planned infrastructure development projects. Potential acquisitions cited by the Valuer General are:

- by Roads and Maritime Services in the Sydney metropolitan area
- by Transgrid to formalise existing transmission easements
- by Transport for NSW, associated with the Sydney Metro City and Southwest rail project.⁷⁷

3.70 Specific projects potentially triggering the need for compulsory valuations include: NorthConnex; WestConnex; North West Rail Link; Bridges for the Bush; the Northern Beach Hospital; and Sydney Light Rail.⁷⁸

3.71 If the acquisition of land cannot be finalised through negotiation, it is compulsorily acquired by the relevant authority. This occurs when the acquiring authority publishes an acquisition notice in the Government Gazette, normally 90 days from the issue of the proposed acquisition notice. The Valuer General has 30 days from publication of the acquisition notice in the Government Gazette to provide the determination of compensation.⁷⁹

3.72 Mr Gilkes informed the Committee that there were a number of cases which, due to their complexity, prevented the Valuer General from meeting the time frame. He advised that:

the current average is 83 days to issue the determination of compensation from the date of gazettal. As you can see, there is a significant gap between that and the 30 day requirement. That would be significantly inflated by a small number of cases that go on for very long periods of time in which there is major complexity. There is certainly an issue with timing at the moment.⁸⁰

3.73 The Valuer General outlined the steps that have been taken to date to deal with the workload. He reported that LPI has placed a new senior manager in charge of the compensation process, as well as adding valuation resources to the Just Terms unit. He advised that the senior manager was also working with industry to find new contract valuers who could be engaged to assist.^{81 82}

⁷⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

⁷⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p25.

⁷⁸ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p62.

⁷⁹ Office of the Valuer General, Compulsory Acquisition Process, viewed 16 June 2016 , <http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/compulsory_acquisition_process>

⁸⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

⁸¹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

Acquisition valuations process improvements

- 3.74 In the period under review, the Valuer General published a policy, *Compensation following compulsory acquisition*, outlining a range of improvements to the determination of compensation process. The revised process was in response to recommendations of the Committee arising from its 2013 Inquiry into the Land Valuation System⁸³ and from an independent survey initiated by the Valuer General.⁸⁴ ⁸⁵ The survey evaluated the quality of information and service provided by LPI on behalf of the Valuer General during the determination process and also considered the landholder's experience more broadly.⁸⁶
- 3.75 The foremost principles of the new policy are:
- Improved transparency through the sharing of information between the acquiring authority, landholder and the Valuer General
 - Valuers must meet with landholders during the inspection process and where possible address issues and concerns
 - Disputes over matters of fact are to be resolved in consultation with stakeholders prior to compensation valuations being completed, wherever possible
 - All relevant material is to be considered a part of the determination process, whether from the landholder, the acquiring authority or from the Valuer General's own enquiries
 - Valuers are to be available for any conferences requested by the landholder or acquiring authority following the Valuer General's issue of a determination of compensation.⁸⁷
- 3.76 The Valuer General is required *under the Land Acquisition (Just Terms Compensation) Act 1991* to independently determine the amount of compensation to be paid by the acquiring authority to the former landholder in cases where the acquiring authority has not been able to settle an agreement with the landholder.
- 3.77 In the period under review, the Valuer General published a brochure, 'Compulsory Acquisition, NSW Valuer General's Role' which comprehensively explains in plain English the Valuer General's role and the compensation determination process. The brochure is available on the website of the Valuer

⁸² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p25.

⁸³ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Recommendations 2, 11- 15, pp2-5.

⁸⁴ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

⁸⁵ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

⁸⁶ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

⁸⁷ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p58.

General.⁸⁸ In addition, the Valuer General writes to landholders who are notified that a proposed acquisition notice has been issued advising them of the process and how to obtain further assistance and enclosing a copy of the brochure.⁸⁹

- 3.78 Mr Gilkes stressed that an important change with the new policy, compared with the past, is that ‘...it also sets out the requirements for the exchange of information within the process’.⁹⁰ After the matter is published in the Government Gazette, any information held by the Valuer General is exchanged with both parties to the acquisition. Mr Gilkes also advised that another important change was the way in which the determination for compensation is now issued:

The valuation report undertaken by the valuer acting on my behalf is now annexed to the determination of compensation. There had been concerns raised by some landholders in the past that the acquiring authority may not have passed the valuation report on.⁹¹

- 3.79 The Committee was interested to learn to what extent the Valuer General has evaluated the impact of the new information sharing processes in relation to dealing with landholders whose properties are compulsorily acquired. Mr Gilkes advised that a customer service survey covering the range of communications during the compulsory acquisition process would be introduced in the third quarter of 2016.⁹²

- 3.80 In addition, Mr Gilkes confirmed that feedback from landholders had been sought during development of the brochure titled *Compulsory Acquisition – NSW Valuer General’s Role*, which is available on the website and also mailed to landholders when they are notified that a proposed acquisition notice has been issued. He advised that former owners had given positive feedback, indicating that the brochure had helped them to understand their rights and obligations as well as the processes and options open to them.⁹³

Matters considered in determining compensation

- 3.81 In certain circumstances, there may be disputation about the terms of a compulsory acquisition. When no agreement has been reached with the landholder, the Valuer General is required to independently determine the compensation to be paid to the landholder by the acquiring authority. Relevant matters to be considered in determining the amount of compensation include:

- (a) The market value of the land on the date of its acquisition

⁸⁸ Office of the Valuer General, brochure, ‘Compulsory Acquisition NSW Valuer General’s Role’, February 2015, viewed 16 June 2016, <http://www.valuergeneral.nsw.gov.au/_data/assets/pdf_file/0017/201095/Compulsory_Acquisition.pdf>

⁸⁹ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General’s report, Section 6, p58.

⁹⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p3.

⁹¹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p3.

⁹² Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 15a), p15.

⁹³ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 16 a), p15.

- (b) Any special value of the land to the person on the date of its acquisition
- (c) Any loss attributable to severance
- (d) Any loss attributable to disturbance
- (e) Solatium
- (f) Any increase or decrease in the value of any other land of the person at the date of acquisition which adjoins or is severed from the acquired land by reason of the carrying out of, or the proposal to carry out, the public purpose for which the land was acquired.⁹⁴

3.82 Mr Gilkes advised that ‘solatium’ was a recognition of the landholder’s pain and suffering, when the principal place of residence was compulsorily acquired. Currently the maximum amount for payable for solatium is \$26,000, determined on an annual basis and adjusted for CPI.⁹⁵

Compulsory acquisitions for the South-West Rail Link

3.83 In its 2013 Inquiry into the Land Valuation System, the Committee reported on a case study of landholders at Leppington whose properties were acquired in 2010 to build the South West Rail Link. The landholders questioned the validity of the valuations performed in 2008, when the acquisition process commenced, and in 2010, when the acquisitions were finally made.

3.84 The landholders were concerned that the valuer had based the 2010 valuations on the previous valuation report made in 2008. In particular, the landholders were aggrieved that the valuations did not change, despite the release of land for urban development between 2008 and 2010.⁹⁶ The Committee found that the Valuer General’s process for negotiating compensation with landholders at that time lacked transparency and procedural fairness.⁹⁷

3.85 At the Tenth General Meeting, the Committee sought the Valuer General’s assessment of the issues in the light of the new policies and procedures introduced in response to the Committee’s 2013 report. Mr Gilkes confirmed that the previous consultation processes were not as well developed as they are now. He advised that the former Valuer General had subsequently lodged a complaint with the Australian Property Institute (API) regarding one of the valuers who was acting for some of the former owners at Leppington and that in October 2015, the API upheld the complaint.⁹⁸

⁹⁴ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p23.

⁹⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p5.

⁹⁶ Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, pp15-16.

⁹⁷ Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, p11.

⁹⁸ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p4.

- 3.86 With regard to the Leppington landholders' concerns that their valuations did not take account of the fact that Leppington was in the area south-west of Liverpool where land had been released for further development, Mr Gilkes explained that the requirement for valuations is that the land must be valued as it stands on the date of acquisition. He advised that:

All of those circumstances were taken into account. Naturally enough, there are a number of issues with the development of land and its impact on its value. Zoning is clearly one, but feasibility of developing the land for that purpose at the time is a key consideration. An assessment must be made of how soon that development is likely to be feasible and, taking into account the time value of money, that must be reflected in the valuation. If the likelihood is that the land cannot be developed economically, perhaps for 10, 15 or 20 years, the valuation must reflect that it has that future potential but that the potential does not exist today. It has long been held and accepted by courts that the best evidence of that is sales of land in comparable circumstances. The values made for the Valuer General were based on sales of land subject to those same influences.⁹⁹

Compulsory acquisitions for West Connex

- 3.87 During the period under review, a number of compulsory acquisitions have been undertaken for the WestConnex transport project, linking west and south-west Sydney with the central business district.¹⁰⁰ When asked whether there had been any disputes as a result of compulsory acquisition of properties at South Strathfield, Mr Gilkes informed the Committee that, while no properties had been compulsorily acquired at South Strathfield, 39 properties had been acquired at North Strathfield.
- 3.88 The Valuer General provided the following details regarding the number of compulsory acquisitions where conferences were held to address disputes in relation to the amount of compensation determined. He explained that this did not include any objections to the determination of compensation which may have been lodged with the Land and Environment Court. This was because, as court matters are between the former owner and acquiring authority, that information was held by Roads and Maritime Services (RMS).¹⁰¹

⁹⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p5.

¹⁰⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p5.

¹⁰¹ Correspondence from Mr Simon Gilkes, Valuer General, to Ms Melanie Gibbons MP, Committee Chair, dated 1 June 2016 and Responses to Questions Taken on Notice, Response No. 3, p2.

Figure 2 Property Acquisitions at North Strathfield

WestConnex - North Strathfield	Number	Comment
Proposed acquisition notices issued	39	Contract valuers on behalf of the Valuer General commenced work on all 39 matters. This work included meetings and discussions with all owners or their representatives to capture and discuss issues and concerns.
Acquisitions settled by Roads and Maritime Services through negotiation	35	
Compulsory acquisitions where the Valuer General was required to determine compensation	4	
Compulsory acquisitions where conferences were held to address disputes in relation to the amount of compensation determined by the Valuer General	2	Two conferences were conducted with the owners of 72 Concord Rd, North Strathfield concerning business and residential determinations of compensations.
Number of objections to the determination of compensation at North Strathfield lodged with the Land and Environment Court.	0	

- 3.89 Mr Gilkes cited WestConnex as an example of the Valuer General's new proactive approach to communicating and negotiating with landholders. Due to the volume of acquisition valuations to be made, the valuers acting on behalf of the Valuer General had commenced work before the compulsory acquisitions were formalised. During that time, the acquiring authority, Roads and Maritime Services, continued to negotiate with landholders.
- 3.90 The objective was to try to reach an agreed settlement. The valuers spoke to the owners to try to understand their issues and investigate the market to ensure that the valuation process was progressing. A more formalised conference was also available to landholders, if requested, and this could be independently facilitated by a trained mediator.¹⁰²
- 3.91 In response to a question about the compulsory acquisition of a number of commercial properties at St Peters in the vicinity of the WestConnex project, Mr Gilkes said that, in such cases, LPI would engage a specialist business valuer to inform the determination of compensation. In relation to the methodology used, he explained that:

Broadly there are two ways of looking at a business: one is its value for relocation to an alternative site and the other, if that is not feasible or practical, is the value of extinguishing the business. Generally both of those things will be considered as options in arriving at the valuation.¹⁰³

¹⁰² Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p6.

¹⁰³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

Compulsory acquisitions around Sydney Airport

- 3.92 The Committee also questioned the Valuer General about the valuation methodologies applied to Sydney airport, in view of public concern expressed by surrounding councils as to the validity of the comparisons on which the valuations were based.¹⁰⁴ Mr Gilkes advised that the automated sales report had contained the wrong properties. He explained that the values for Sydney Airport are individually assessed and confirmed that the contract valuer subsequently provided a list of the sales actually used to determine the land values in Sydney Airport for the 2015 valuation year.
- 3.93 The Valuer General also advised that the list included sales of a range of property types taken from surrounding local government areas. The property categories which were used as benchmarks included: enterprise centres; public recreation properties; neighbourhood centres; a main road enterprise property; and a business park.¹⁰⁵
- 3.94 Mr Gilkes noted that the airport, being Commonwealth land, was not subject to the planning controls of the local councils and so did not fit within the normal scheme of the zoning area. However, a master plan identified the use of sites such as industrial or business use within the airport area. He explained that it was possible to make comparisons between those areas and areas with equivalent market activity outside the airport.
- 3.95 However, there were sometimes complicating factors in making such comparisons. These include the allowances for mixed used sites and for density of floor space ratio applying to sites outside the airport area.¹⁰⁶ In the case of a fast food site, in considering the comparability of that with other sales outside the airport area, it would be important to consider whether the zoning of those other sites might permit other additional, higher uses as part of the average.¹⁰⁷
- 3.96 In relation to complicating factors in the valuation process, Mr Gilkes further advised that Sydney Airport Corporation had not always provided information about leases because of commercial-in confidence provisions.¹⁰⁸

Issuing the determination of compensation

- 3.97 The determination of compensation provides the amount of compensation payable as determined by the Valuer General, who then issues the determination to the acquiring authority.¹⁰⁹ The acquiring authority then issues the former landholder a compensation notice. This usually occurs within 30 days of the publication of the acquisition notice.

¹⁰⁴ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p9.

¹⁰⁵ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 4, p2.

¹⁰⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p9.

¹⁰⁷ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p9.

¹⁰⁸ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p9.

¹⁰⁹ Office of the Valuer General website, Land Values , Compulsory Acquisitions, Issuing the Determination, viewed 28 June 2016,

<http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/compulsory_acquisition_process/determination_of_compensation>

- 3.98 The compensation notice officially notifies the former landholder that the land has been compulsorily acquired and provides the offer to pay the amount of compensation determined. The notice also advises the landholder of the right to object to the amount of compensation offered.¹¹⁰
- 3.99 As part of the improvements in the determination of compensation process for the period under review, the Valuer General developed an enhanced Certificate of Determination, which includes the valuation report as an annexure.¹¹¹ In 2014, the Valuer General wrote to acquiring authorities to inform them of the change to the determination of compensation form and the requirement to provide former owners with the valuation report.
- 3.100 The Committee sought further reassurance that acquiring authorities were complying with this new requirement. Mr Gilkes advised that the Certificate of Determination states that the valuation report is annexed and includes contact details for the LPI coordinator assigned to the matter, should the former owner require information or assistance. This information alerts a former owner to the availability of the valuation report should it not be provided by the acquiring authority.¹¹²

Disagreement with determination

- 3.101 Part 3 of the *Valuation of Land Act 1916* provides for an objection process for the review of land values. A landholder not satisfied with the land value or property description recorded on the Notice of Valuation or land tax assessment can lodge an objection. If the landholder is not satisfied with the Valuer General's determination of the objection, Part 4 of the Act gives the right to appeal the decision in the Land and Environment Court.¹¹³ An appeal must be made to the Court no later than 60 days from the date of issue of the objection determination letter.¹¹⁴
- 3.102 Section 66 of the *Land Acquisition (Just Terms Compensation) Act 1991* provides for the dispossessed landholder, where land is compulsorily acquired, to lodge an objection to the amount of compensation offered by the authority of the State. Dispossessed landholders who are not satisfied with the compensation determined must lodge an objection within 90 days with the Land and Environment Court. The Land and Environment Court may also consider an objection to a compensation determination received outside the 90 day period, if there is good cause for the late objection.¹¹⁵

¹¹⁰ Office of the Valuer General website, Compulsory Acquisitions, Compensation Notice, viewed 28 June 2016, <http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/compulsory_acquisition_process/compensation_notice>

¹¹¹ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p58.

¹¹² Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 17 a), p16.

¹¹³ NSW Legislation website, *Valuation of Land Act 1916*, viewed 30 June 2016, <<http://www.legislation.nsw.gov.au/#/view/act/1916/2/part4>>

¹¹⁴ Office of the Valuer General website, Land Values, Objection and Appeal Rights, viewed 29 June 2016 <http://www.valuergeneral.nsw.gov.au/land_values/objection_and_appeal_rights>

¹¹⁵ Office of the Valuer General website, Compulsory Acquisitions, Objection and Appeal Rights, viewed 29 June 2016,

- 3.103 Court proceedings dealing with claims for compensation involve the acquiring authority and the landholder. If an objection is not lodged within 90 days, the offer of compensation is deemed to be accepted. If an objection is lodged with the court, the acquiring authority is not bound by the offer to pay the amount of compensation which was determined by the Valuer General and may contend for a lower amount. However, the offer remains open for acceptance until the court determines the proceedings.¹¹⁶
- 3.104 In the case of appeals against compensation determinations, Mr Gilkes advised that if the matter was referred to the Land and Environment Court, the Valuer General is not generally a party to those cases. He noted that there were circumstances where the Valuer General may be joined as a third party but that was relatively rare.¹¹⁷ However, information about the number of objections to the determination of compensation lodged with the Land and Environment Court would need to be obtained from the acquiring authority.¹¹⁸
- 3.105 As explained by Mr Gilkes at the Tenth General Meeting, the new consultation processes with landholders, help to minimise the risk of misunderstanding occurring before the determination is made:
- The right of appeal to the Land and Environment Court is unchanged. We have put in place a conferencing process where at any point during the lead-up to issuing the determination of compensation the landholder or acquiring authority can request a conference and that will be attended by the valuer, naturally enough, and quite often someone from Land and Property Information who is coordinating the process. That is to ensure that there is a free and open exchange of information. The focus we have pursued is to get as much of that work done up-front before the determination of compensation is issued so that at the point where that determination is issued there should not be surprises in it.¹¹⁹
- 3.106 Neither Annual Reports, in the period under review, provided detailed information about the number of appeals to the Land and Environment Court, either for appeals against compensation determinations or appeals against determinations against objections to land values. However, a table provided in the Valuer General's *Overview of the NSW Valuation System*, presented to the Committee at a briefing on 6 May 2016, indicates that of 5,000 objections received annually, approximately 50 proceed to court.¹²⁰
- 3.107 More detailed discussion of the appeals system is set out in the following chapter.

<http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/objection_and_appeal_rights>

¹¹⁶ Office of the Valuer General, Compulsory Acquisition Process, Disagreement with Determination, viewed 29 June 2016

<http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/compulsory_acquisition_process/disagreement_with_determination>

¹¹⁷ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p.5.

¹¹⁸ Correspondence from Mr Simon Gilkes, Valuer General to Ms Melanie Gibbons MP, Committee Chair, dated 1 June 2016.

¹¹⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p.4.

¹²⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p.8.

Just Terms Manager

- 3.108 Following its 2013 Inquiry into the Land Valuation System, the Committee recommended that key information concerning land subject to a non-mass valuation determination be captured, stored and centralised electronically. Recommendation 29 of the report set out a detailed inventory of information to be captured.)¹²¹
- 3.109 The 2014/15 Annual Report advised that in July 2014, a program of works to improve business processes and information systems had commenced. As part of this program, the Just Terms Manager was released on 1 July 2015, providing a central repository for all compensation determinations.
- 3.110 The information captured includes: details of the land and landholder; the purpose of the valuation; information about the valuer; any objections; and any alterations to the land value. The Valuer General advised that this data repository has significantly improved workflow management and reporting capabilities with regard to Just Terms compensation matters.¹²²

Committee comment

- 3.111 As was observed in the Committee's report on its 2013 Inquiry, many of the issues which caused concern to Leppington landholders were unlikely to have arisen if landholders had been afforded a fair hearing and there had been sufficient accountability in the land valuation process.¹²³
- 3.112 The Committee is therefore pleased that in the period currently under review, the Valuer General has thoroughly revised previous practices and implemented new policies and procedures relating to the determination of compensation in the case of compulsory acquisitions. With the risk of misunderstandings being minimised prior to the determination being finalised, it is possible that less appeals may be made in future to the Land and Environment Court.
- 3.113 The Committee also welcomes the Valuer General's response to the specific reforms contained in Recommendations 2 and 11 to 15 of the Committee's Report on its 2013 Inquiry into the Land Valuation System.¹²⁴ These laid the basis for a negotiation process based on engagement with the landholder and specified a range of procedural fairness mechanisms to ensure that the landholders concerns were fully and transparently considered.
- 3.114 The Committee is assured by the Valuer General's evidence that communication with the landholder is given primacy in the new determination of compensation process and that proactive communication with the landholder is now being

¹²¹ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Response to Recommendation 29, p7.

¹²² Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 20 a), p18.

¹²³ Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, piv.

¹²⁴ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Recommendations 2, and 11- 15, pp2-5.

regularly undertaken in relation to acquisition valuations for current projects, such as WestConnex.¹²⁵

3.115 The Committee is mindful that, as a result of the volume of planned infrastructure development projects scheduled in New South Wales, the Valuer General faces the challenge of managing a significant number of acquisition valuations to the end of 2016 and beyond. The Committee will therefore be interested to review the impact on the LPI's performance of the additional work load at its next General Meeting.¹²⁶

3.116 In addition, the Committee is concerned to ensure that the open communications principles at the core of the new compensation negotiation process are not compromised as a result of the greater work load on the Just Terms Unit of LPI.

Recommendation 4

The Committee recommends that the Valuer General undertakes further independent market research to ascertain the experiences of landholders who have received compulsory acquisition notices, with a view to improving the current process, if required.

LOCAL COUNCILS AND RURAL VALUATIONS

Local councils

3.117 Local councils are key recipients of services provided by the Office of the Valuer General, receiving new land values every three to four years.¹²⁷ Of the 2,500,000 land values assessed annually, approximately one third are issued to local councils for the annual levying of rates. When LPI has approved the new values for issue, LPI staff visit councils to explain the valuation process and outcomes.¹²⁸

3.118 The Valuer General then writes to each council receiving new valuations, providing details of the quality assurance processes and formal certification of the values.¹²⁹ Local Government NSW and the Office of Local Government are represented on the Land Valuation Advisory Group, which monitors the quality of land valuations and provides a channel for communication between the Valuer General and stakeholders.¹³⁰ ¹³¹The pricing of the Valuer General's services to local councils is monitored by the Independent Pricing and Regulatory Tribunal (IPART).¹³²

¹²⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p6.

¹²⁶ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p25.

¹²⁷ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p84.

¹²⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p8.

¹²⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p12.

¹³⁰ Ms Angela Shaw, Director, Valuation Services, Land and Property Information, Transcript of evidence, 13 May 2016, p12.

¹³¹ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p62.

¹³² Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

- 3.119 As a rating and taxing authority, local councils have a right of objection to land values. The Valuer General advised that councils sometimes lodge an objection on the basis of a fact not previously known or because they hold a different view. He said that such objections were dealt with through the normal process, whereby an independent review of the land value is conducted and the matter treated in the same way as for any other landholder.¹³³ In the period under review, the Valuer General has encouraged more extensive liaison with councils and sought feedback on the quality of information provided.^{134 135}
- 3.120 Ninety-seven per cent of responses to a 2014 survey of all NSW councils confirmed that the information provided by the Valuer General was meeting their needs.¹³⁶ Moreover, in addition to LPI staff in 13 offices around the State liaising with regional groups of councils, a new position of Manager of Customers and Stakeholders has been created within the LPI structure to ensure consistency in the information provided, effective from 1 July 2016.¹³⁷

Impact of council amalgamations

- 3.121 On 12 May 2016, the NSW Government announced the amalgamation of local councils into 19 new councils¹³⁸. The Committee questioned the likely impact of this development on the valuation system. Mr Gilkes advised that the principal impacts would be on valuer contracts and quality assurance activities, as well as the delivery of land values to local councils.¹³⁹

Contracts and quality assurance activities

- 3.122 Mr Gilkes informed the Committee that each valuation contract area contains one or more local government areas (LGAs). This means that all land values for a given council have been provided by a single contract valuer. LPI's systems and processes are designed to enable contract valuer performance to be managed and quality assurance to be undertaken on an LGA basis. As some amalgamated councils are now located across more than one contract area, this will require changes to either contracts or procedures and information systems, to enable the continued operation of contracts and quality assurance activities.¹⁴⁰

Delivery of land values to local councils

- 3.123 Mr Gilkes advised that land values are provided in a single file to each council. He said it may take some time for amalgamated councils to implement new systems and it was likely that the systems of predecessor councils would be used for a period. This will require LPI to cater to the needs of each local council, including delivering data to councils based on the previous LGA. He said that individual

¹³³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p12.

¹³⁴ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

¹³⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p58.

¹³⁶ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

¹³⁷ Ms Angela Shaw, Director, Valuation Services, Land and Property Information, Transcript of evidence, 13 May 2016, p12.

¹³⁸ The Hon. Mike Baird MP, NSW Premier, and The Hon. Paul Toole MP, Minister for Local Government, 'Nineteen new councils created in NSW today', *Media Release*, 12 May 2016, viewed 16 June 2016, <<https://www.nsw.gov.au/media-releases-premier/nineteen-new-councils-created-nsw-today>>

¹³⁹ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 5, p3.

¹⁴⁰ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 5, p3.

councils would also be likely to become ready to receive land values, based on the new boundaries, at different points in time. This would require system changes and extensive consultation with local government. A working party to examine the impact on operations has been established within the LPI.¹⁴¹

Committee comment

3.124 The Committee is reassured by statements from the Valuer General that the provision of valuation services will not be impaired by the amalgamation of NSW councils. However, the Committee appreciates that for LPI there will be a challenging transition period during which LPI staff, and their counterparts in local councils and in the Office of State Revenue, will need to adjust to changes in operational matters such as the way contracts and files are managed.

3.125 The Committee commends the LPI in taking proactive action and establishing a working party to examine all the impacts on its procedures and formulate the necessary solutions. The Committee will seek further information about the outcome of consequent operational changes at the next General Meeting.

Rural valuations

3.126 During the reporting period of the 2013/14 Annual Report, a new rural sales report was piloted in the Walcha and Mid-Western Regional local government areas.¹⁴² Mr Gilkes explained that valuation sales reports, which were available to landholders via the Valuer General's website or a call centre, had previously proved not to be helpful to rural landholders. This was because those reports were system-generated and based on the sales which valuers had analysed in the area where the property was located.

3.127 However, in the case of rural properties, there was variability between rural properties, requiring analysis of a much broader range of evidence. A specific report was therefore produced for rural landholders based on the whole local government area.¹⁴³

3.128 Mr Gilkes reported that the pilot of the rural sales report had proved successful, however:

The problem was that the process was quite expensive, getting those special reports written, and that was a cost on top of the existing contract cost in the area. Because of that, we concluded that we had to find a somewhat different way to achieve that objective.¹⁴⁴

3.129 The Valuer General informed the Committee that final contractor reports, covering every local government area in the State, are now published on the Valuer General's website. He advised that, in light of the pilot study, LPI had reformulated the required content of the final contract report which described the valuation process in each local government area. From 1 March 2015,

¹⁴¹ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 5, p3.

¹⁴² Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p79.

¹⁴³ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p8.

¹⁴⁴ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p8.

contract valuers have been required to base their reports on the new requirements.¹⁴⁵

3.130 Mr Gilkes noted that:

The end result is quite comparable in respect of the information available for rural properties but it has expanded that to being a report about the valuation process in the whole local government area.¹⁴⁶

Committee comment

3.131 The Committee notes that the Valuer General has implemented continuous improvement measures to generate information for landholders, in a form which is publicly accessible and which addresses the specific needs of rural landholders, as well as providing enhanced information about the whole local government area. However, the Committee urges the Valuer General to be mindful that rural landholders may from time to time have information requirements that diverge from urban landholders' needs.

Recommendation 5

The Committee recommends that the Valuer General continues to analyse customer feedback to monitor the needs of rural landholders and ensure that information published for landholders, whether in hard copy or on the website, is reviewed, and if necessary, updated to reflect any impact of new conditions affecting rural areas such as the recent council amalgamations.

CONTRACTORS AND CONSULTANTS

The role of contractors

3.132 LPI outsources the majority of land valuation services to external valuation firms, scrutinised through an independent open tender and evaluation process.¹⁴⁷ Valuation contractors provide services under contracts to the Deputy Secretary, LPI.¹⁴⁸ LPI engages qualified contract valuers across NSW and monitors their performance, with contracts let for services in defined geographic areas for terms of up to five years.¹⁴⁹

3.133 The valuers determine annual land values within their areas and must provide a Quality Statement signed by a Director, for the valuations in each council area.¹⁵⁰ The peak load of making new land values occurs between 1 July, the date on

¹⁴⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p8.

¹⁴⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p8.

¹⁴⁷ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p55.

¹⁴⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p3.

¹⁴⁹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p7.

¹⁵⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p12.

which all land values are based, and 15 October. This ensures that all new land values are provided to the Office of State Revenue by 15 November each year.¹⁵¹

- 3.134 Contract valuers manage the valuation process through valuation production systems which they own or license.¹⁵² Contract valuers are legally bound by the valuation policies published on the website of the Valuer General, as was recommended by the Committee in its 2013 Report on the Inquiry into the Land Valuation System.¹⁵³

Improved reporting practices

- 3.135 From 1 March 2015, following a review of contractors' reporting practices, the Valuer General implemented new reporting requirements, including making reports easier to understand for customers outside the property industry.¹⁵⁴ From January 2016, contract valuer reports have been published on the Valuer General's website.¹⁵⁵

- 3.136 The Committee was interested to learn how the LPI ensured that contractors followed the required reporting standards. The Valuer General advised that guidance is provided to contractors on reporting formats and requirements through the Rating and Taxing Procedure Manual, regular discussions in monthly meetings and interaction with relevant LPI officers.¹⁵⁶

- 3.137 All valuations made pursuant to the *Land Acquisition (Just Terms Compensation) Act 1991* that underpin determinations of compensation are 'speaking valuations'. This means that contract valuers must fully rationalise the valuation, clearly stating the basis and evidence upon which the valuation has been made. They must also clearly indicate the extent of enquiries undertaken in making a compensation valuation recommendation.¹⁵⁷

- 3.138 In relation to valuation reports in compulsory acquisition cases, Mr Gilkes informed the Committee that:

The valuation reports have been improved significantly. We require the contract valuers producing those to fully detail the assumptions and conclusions they have reached in arriving at the valuation, to specifically address the claims of the owner and any issues they have raised during the process, and importantly to show how the amount of compensation has been determined.¹⁵⁸

¹⁵¹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p11.

¹⁵² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p7.

¹⁵³ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 3, p2.

¹⁵⁴ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p59.

¹⁵⁵ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 22 a), p22.

¹⁵⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 22 b), p22.

¹⁵⁷ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 23 a), p23.

¹⁵⁸ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p4.

- 3.139 In relation to speaking valuations, Mr Gilkes confirmed that the quality assurance process focussed on ensuring that the reports address requirements and are easy to understand.¹⁵⁹

Audit and Issues Register

- 3.140 The Audit and Issues Register was developed in 2014 to record issues and outcomes of formal audits on contract valuer performance undertaken by LPI. The Valuer General reported that, throughout 2015, updates were made to the Register to enhance its useability and reporting capabilities in relation to LPI's quality assurance and continuous improvement activities.¹⁶⁰

The tender evaluation process and management of conflicts of interest

- 3.141 At the Ninth General Meeting, the Committee examined broader probity issues relating to the tender evaluation process. In particular, the Committee explored whether the profile of the Tender Evaluation Committee was appropriate, whether its members are required to fill out conflict of interest forms and whether members had appropriate skills.
- 3.142 It also investigated how the Tender Evaluation Committee and the independent probity officer dealt with conflicts of interest and whether potential bidders/service providers were aware of LPI's policy on conflict of interest. The Committee was satisfied with the system the Valuer General had put in place to address any probity issues related to the tender evaluation process.¹⁶¹
- 3.143 In responses to questions arising from the Tenth General Meeting, Mr Gilkes advised that conflicts of interest are reported in a number of ways. He stated that all Tender Evaluation Committee members are required to sign an agreement, under the Department of Finance Services and Innovation *Code of Conduct, Probity and Confidentiality for Procurement*, declaring any real or perceived conflicts of interest.
- 3.144 In addition, an independent probity advisor attends all evaluation meetings, provides advice to LPI on its systems for managing conflicts of interest and prepares a final report on LPI's compliance with government probity principles. Probity officers are engaged through a request for quotation process. Current LPI practice is to engage the same probity officer for no more than two consecutive years.
- 3.145 Mr Gilkes further advised that during the two years under review, the probity reports indicated that the evaluation processes and governance arrangements have been effective and the probity principles were observed.¹⁶²

¹⁵⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 23 b), p23.

¹⁶⁰ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 20 a), p18.

¹⁶¹ Joint Standing Committee on the Office of the Valuer General, Report on the Ninth General Meeting with the Valuer General, Report 3/55, November 2014, pp20-22.

¹⁶² Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 24 a), p23.

- 3.146 If, at any stage during the tender process, a conflict of interest arises, members of the Tender Evaluation Committee are required to report this to the Chair. It is the responsibility of the Chair to determine the seriousness of the conflict and the action that may be required. At the commencement of each evaluation meeting, the Chair asks all Committee members to declare any conflicts of interest.¹⁶³
- 3.147 Mr Gilkes advised that, during the years under review, no instances concerning Members of the Tender Evaluation Committee were deemed to be breaches of conflict of interest. Mr Gilkes stated that members of the Tender Evaluation Committee notify when they have had professional working relationships with current contractors. However, these types of relationships were acceptable, unavoidable and unlikely to cause conflicts of interest.¹⁶⁴
- 3.148 The Committee was interested to learn how the tender evaluation process is monitored for risk following implementation of a new governance structure during the 2014/15 reporting year.¹⁶⁵ Mr Gilkes advised that tender risks are reported through the Management Assurance Committee (MAC). In addition, the tender evaluation process is monitored by the independent probity advisor, as well as by a representative of the Office of the Valuer General.¹⁶⁶
- 3.149 During the Tenth General meeting, the Valuer General noted that, in the case of compulsory acquisition valuations, it can be difficult to find valuers with the relevant knowledge and skill who are not conflicted. This is because their valuation advice is sought by landholders and by the acquiring authority. Mr Gilkes advised that 'Quite often a large number of valuers are excluded from the process on the basis of a conflict of interest.'¹⁶⁷

Committee comment

- 3.150 During the period under review, a major focus of the Valuer General has been to further implement recommendations from the Committee's Inquiry into the Land Valuation System, in order to improve transparency and accountability. The evidence presented to the Tenth General meeting has outlined the improvements to governance arrangements which have been implemented to strengthen oversight of the valuation system and the activities of LPI. The Committee is satisfied that that the tender evaluation process is being adequately monitored under the structured risk management system within the Valuer General's revised governance framework.
- 3.151 The Committee is satisfied that the Valuer General takes his responsibility seriously to safeguard the independence of valuations and to monitor the probity of the tendering process. However, the Committee will continue to ask questions

¹⁶³ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 24 a), p24.

¹⁶⁴ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 24 b), p24.

¹⁶⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p.55.

¹⁶⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 24 c), p24.

¹⁶⁷ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p7.

about the scrutiny exercised over contracts to ensure that vigilance is maintained over time.

Consultants

- 3.152 The Annual Reports for 2013/14 and 2014/15 made anecdotal references to a number of independently conducted studies to evaluate activities and/or the impact of improvements implemented in response to the Committee's 2013 Inquiry into the Land Valuation System. The 2013/14 Annual Report referred to a Roy Morgan Research survey to measure the quality of service provided to customers when they contacted LPI by phone. The performance compared the results achieved in previous surveys conducted in 2008 and 2010 and improvement was identified with regard to several service factors.¹⁶⁸
- 3.153 The 2013/14 Annual Report stated that an independent market researcher was to be engaged to conduct interviews with a sample of landholders who had received a determination of compensation under the *Land Acquisition (Just Terms Compensation) Act 1991*. The purpose of this research was to identify opportunities to improve interactions and communication with landholders who had participated in the negotiation of compensation process.¹⁶⁹ Further outcomes of this research were discussed in the 2014/15 Annual Report, including reference to the implementation of specific improvements under *Acquisition Valuation Process Improvements*.^{170 171}
- 3.154 In the 2014/15 reporting period, the Valuer General commissioned the Internal Audit Bureau of NSW (IAB) to conduct an independent audit of LPI's quality assurance processes. All recommendations made by IAB were scheduled to be implemented by the end of 2015.¹⁷²
- 3.155 In response to questions sent after the Tenth General Meeting, the Valuer General advised that in 2014, Jori Consulting was commissioned to review the effectiveness of the Management Assurance Framework (MAF), which had been implemented one year earlier. The review found that the MAF had been successfully implemented in the Valuation Services area and that it was developing into a mature system.¹⁷³
- 3.156 The Valuer General also noted that periodically, there have been independent reviews of the Service Level Agreement (SLA). The most recent of these was conducted by Ernst and Young in June 2013. He confirmed that recommended improvements from the independent reviews were incorporated into subsequent versions of the SLA.¹⁷⁴

¹⁶⁸ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, pp78-79.

¹⁶⁹ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p78.

¹⁷⁰ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

¹⁷¹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p24.

¹⁷² Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p59.

¹⁷³ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 2 b), p5.

¹⁷⁴ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Questions 4 a) and 4 b), p6.

- 3.157 Expenditure on Contractors and Consultants is itemised in the Valuer General's Financial Reports for 2013/14¹⁷⁵ and 2014/15.¹⁷⁶ However, there was no comparative analysis or narrative to explain the details of and reasons for the expenditure.

Committee comment

- 3.158 The Committee commends the initiative taken by the Valuer General in seeking independent evaluation of the quality of key services delivered by LPI and of the quality assurance processes underpinning the valuation system. The Committee urges the Valuer General to continue to test the integrity of the valuation system by commissioning further studies from time to time.
- 3.159 The Committee does have concerns, however, with the expenses data for contractors and consultants provided in the Valuer General's financial reports, particularly the insufficient explanation accompanying the data to make the information meaningful for external readers.

Recommendation 6

The Committee recommends that the Valuer General provides a comprehensive analysis of information relating to expenditure on contractors and consultants in future Annual Reports.

¹⁷⁵ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p81.

¹⁷⁶ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p59.

¹⁷⁶ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p64.

Chapter Four – Public engagement and accountability

- 4.1 The provision of clear and accessible information to property holders and the general community about the process of determining fair and accurate land valuations in New South Wales is a critical part of maintaining trust and support for the Office of the Valuer General.
- 4.2 This chapter will review the progress which the Valuer General has made with the implementation of reforms to increase the provision of public information and education; to address the information needs of Non-English Speaking Background (NESB) landholders or prospective land purchasers; and to provide improved services to customers, as well as monitoring and reporting on customer satisfaction levels.
- 4.3 The chapter will also consider the improvements which the Valuer General has made to the objection process and dispute resolution service in order to enhance the fairness and accountability of the valuation system. The chapter concludes with a brief examination of litigation and compensation mechanisms.

PUBLIC INFORMATION AND EDUCATION STRATEGIES

Property information

- 4.4 One of the principal products and services provided by the Valuer General is the property information it makes available to government, industry and the community as part of the State's land information network.¹⁷⁷ The Office of the Valuer General publishes a wide range of information to assist the public to understand the valuation process.¹⁷⁸
- 4.5 During the period under review, the Valuer General published 24 policies on his website, in response to the Committee's recommendation on the issuing of public guidelines following its 2013 Inquiry into the Land Valuation System.¹⁷⁹ These policies give valuers and the public clear guidance on a range of valuation methods covering the major types of land valuations, including single residential, high density residential, commercial, industrial and rural land.¹⁸⁰
- 4.6 The Valuer General informed the Committee that:

We now make more information about land values and valuation data available than ever before, including: land values for all properties for the past five years and property sales information available free of charge through the NSW Globe; annual

¹⁷⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p2.

¹⁷⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p7.

¹⁷⁹ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 2, p2.

¹⁸⁰ Office of Finance and Services, *Annual Report 2014/15*, Office of the Valuer General's report, p56.

valuation reports for all local government areas, providing information about the property market and how land values have been determined; and land value data showing typical and median values.¹⁸¹

The Valuer General's website

4.7 The Valuer General launched a new customer focussed website in December 2013.¹⁸² The new site provides a range of publications explaining land values, valuation methodologies and associated processes, as well as providing channels for lodging objections and enquiries.¹⁸³ The website provides a link to NSW Globe for accessing sales and land values.¹⁸⁴ The Valuer General informed the Committee that:

....there has been an ongoing and marked increase in the traffic through the website as we have promoted that and built up the amount of information that is available there. Over the past two years we have had a continuous program of finding new things that we can publish through the website and making those available. That seems to lead to increased traffic as that becomes more known.¹⁸⁵

4.8 In response to Committee questions, Mr Gilkes advised that his Office used website analytics to monitor the number of direct hits on each page and the publications accessed on any day. However, at present, the data does not differentiate hits from the general public from internal users. He reported that the website was expected to move to a new technology platform over the coming year and advised that the potential for improved analytics would be considered as part of the technology change.¹⁸⁶

The NSW Globe

4.9 From January 2015, land values for all properties in NSW were published on the NSW Globe.¹⁸⁷ This portal provides free access to a wide range of information including, maps, imagery and property data. Land values are available for the last five years for all current properties, whereas property sales are available from the year 2000 onwards. Users can view details of individual sales or produce reports.¹⁸⁸ Ms Angela Shaw, Director, Valuation Services, LPI, informed the Committee that: 'NSW Globe is one of the best ways we have been able to open up valuation information to the public.....It is a great tool for customers to be able to understand how valuations are made.'¹⁸⁹

¹⁸¹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p1.

¹⁸² Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p77.

¹⁸³ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p20.

¹⁸⁴ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p20.

¹⁸⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p16.

¹⁸⁶ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 7, p4.

¹⁸⁷ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

¹⁸⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p21.

¹⁸⁹ Ms Angela Shaw, Director, Valuation Services, Land and Property Information, Transcript of evidence, 13 May 2016, p14.

- 4.10 Ms Shaw noted that there is a land value search facility on the website, which provides a bit more detail than that available on the Globe. At present, the facility is limited to five free searches. Landholders needing help in conducting such a search could find a brochure of instructions on the website and LPI has created a video tutorial, available on YouTube.¹⁹⁰
- 4.11 In response to questions, Mr Gilkes confirmed that website analytics are used to monitor the direct number of hits for the NSW Globe. He advised that, although it is possible to differentiate between hits from the general public and internal users, it is not possible to differentiate between types of users.¹⁹¹

Plain English

- 4.12 During the 2014/15 reporting year, a project was undertaken to improve the quality of written information. This included reviewing and developing valuation information in plain English and developing new templates for correspondence and training staff in using plain English.¹⁹² In addition, a new format for the Notice of Valuation was adopted, to improve the clarity of information. This includes information about the new land review process which broadens the criteria for lodging objections, and provides landholders with more opportunity to have their land value reviewed.¹⁹³

Public education

- 4.13 In recognition of the need to satisfy varying information requirements across a range of data, the Valuer General has a number of communication strategies. Mr Gilkes advised that while his vision was to expand digital delivery, it was also necessary to provide a range of other ways of connecting with the community.¹⁹⁴
- 4.14 A primary community education function is the periodic release of new land values and the publication of explanatory information to help landholders understand the basis on which their council rates and land taxes are calculated. Once values have passed all quality tests and approved for release, the values are issued to local councils for rating purposes every three to four years and to the Office of State Revenue each year for land tax. The values are also sent to landholders on notices of valuation or land tax assessments.¹⁹⁵
- 4.15 The information provided on the residential notices of valuation is designed to assist the landholder to understand the valuation. Each notice of valuation contains a chart giving a comparison of the trend in the median land value of residential properties compared to the trend in the median sale price of residential properties in the council area. This enables landholders to quickly

¹⁹⁰ Ms Angela Shaw, Director, Valuation Services, Land and Property Information, Transcript of evidence, 13 May 2016, p14.

¹⁹¹ Office of the Valuer General, Responses to Questions Taken on Notice, Response No. 7, p4.

¹⁹² Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p58.

¹⁹³ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

¹⁹⁴ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p16.

¹⁹⁵ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p18.

identify how well the trend in land values matches the broader real estate market in their area.¹⁹⁶

- 4.16 The release of the values is supported by a media campaign which includes print, television, radio and on-line channels. The campaign advises that new land values are being issued and provides information about the trends upon which the land values have been based. A contact centre is also available to answer queries and provide information. The issuing of notices and land tax assessments results in around 30,000 calls between January and May each year.¹⁹⁷
- 4.17 In January and July each year, the Valuer General publishes a newsletter containing information on land values and ratings. The newsletter is published on the Valuer General's website, after consultation with local councils, and is issued with council rates notices. In the case of the July 2016 newsletter, the Valuer General advised that approximately 1.1 million copies would be distributed.¹⁹⁸
- 4.18 Other actions taken to promote public understanding include: council visits to explain the valuation process and outcomes; making available a wide range of publications on the Valuer General's website; and providing objection kits to assist landholders to object to their land value. This kit includes information about the objection process, an objection form and the property sales report showing sales analysed in the locality of the property.¹⁹⁹

Industry engagement

- 4.19 The Land Value Advisory Group is the principal stakeholder liaison group for the Valuer General. It comprises representatives of the property industry, as well as rating and taxing authorities.²⁰⁰ Among the organisations represented are: the Australian Property Institute; the Property Council of Australia; the Shopping Centre Council of Australia; the Real Estate Institute-NSW; the Office of State Revenue; and the NSW Office of Local Government.²⁰¹
- 4.20 The Land Valuation Advisory Group was established in 2000, in response to recommendations of the 1999 Report into the *Operation of the Valuation of Land Act* (the Walton Report). Objectives of the group include: monitoring and reviewing the quality of land values; ensuring the dissemination of information to relevant industry bodies; suggesting areas for research; and overseeing projects for improvement of the NSW valuation system.²⁰² The Advisory Group met four times during the 2013/14 financial year²⁰³ and three times in 2014/15.²⁰⁴

¹⁹⁶ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p19.

¹⁹⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p18.

¹⁹⁸ Office of the Valuer General, Correspondence by email to the Committee, dated 21 June 2016.

¹⁹⁹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p18.

²⁰⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p3.

²⁰¹ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p83.

²⁰² Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p83.

²⁰³ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p83.

Committee comment

- 4.21 The Committee notes the strong emphasis placed on the publication of information about the land valuation system in responding to the Committee's recommendations from its 2013 Inquiry into the Land Valuation System. In particular, the Committee is impressed by the innovative approach taken by the Valuer General in launching the Globe search tool so that landholders are empowered to research, and, if necessary, query the basis of their land valuations.
- 4.22 The Committee is also pleased that the Valuer General is reviewing the information made available to landholders, to ensure that it is in plain English and free of technical language which could be intimidating or confusing for landholders. The Committee looks forward to receiving further updates on improvements to the public information program at future General Meetings.
- 4.23 With regard to website analytics, the Committee urges the Valuer General to take the opportunity, in moving the website to a new technology platform, to establish a system which will enable the capture of more detailed profiles of users of the website. This would be helpful in customising the delivery of increased digital services, which the Valuer General has indicated are planned for the future, in order to ensure that the needs of private landholders, the property industry as well State and local government entities continue to be met effectively.

Recommendation 7

The Committee recommends that the Valuer General, in implementing the new technology platform for the provision of landholder information, ensures that detailed profiles of website users are captured in order to customise and improve the delivery of digital services to all stakeholders.

NESB INFORMATION PROVISION

- 4.24 People from non-English speaking backgrounds have varying degrees of familiarity and facility in the English language. Multicultural NSW Language Services provide comprehensive interpreting and translation services in 104 languages and dialects, including Auslan (Australian sign language). Services are available to all NSW Government agencies, private and commercial organisations, community groups and individuals.²⁰⁵
- 4.25 Mr Gilkes informed the Committee that: 'We do not as a matter of course publish all our policies multiple times in different languages.'²⁰⁶ However, contact details for the interpreter services are provided on the notice of valuation for people who have other languages.²⁰⁷

²⁰⁴ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, Section 6, p62.

²⁰⁵ Multicultural NSW website, Our Services, Interpreting and Translation, viewed 14 June 2016, <http://multicultural.nsw.gov.au/our_services/interpreting_translation/>

²⁰⁶ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p15.

²⁰⁷ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p14.

Committee comment

- 4.26 The Committee welcomes the acknowledged need to cater for landholders or prospective purchasers from non-English speaking backgrounds in the provision of valuation services. However, the Committee wishes to ensure that there are no additional barriers for potential users of valuation services in the multicultural community of NSW. The Committee is particularly concerned to ensure that landholders whose land is compulsorily acquired, or who wish to have their land valuation reviewed, are fully aware of their right to have translation assistance.
- 4.27 The Committee urges the Valuer General to analyse customer feedback and use of the website to ascertain more fully the needs of clients from a non-English speaking background. The Committee looks forward to receiving further information about improvements to assist landholders and land purchasers from non-English speaking backgrounds at a future General Meeting.

Recommendation 8

The Committee recommends that the Valuer General reviews the website to more prominently display links to Multicultural NSW on key information products as well as on the website itself.

CUSTOMER SERVICE IMPROVEMENTS

- 4.28 Creating the best environment for client engagement involves a process of continuous improvement. At the Tenth General meeting, the Valuer General informed the Committee that:
- I want to lead a valuation system that is both transparent and fair, that is focused on service to customers through open engagement, and where staff and contractors are recognised for their professionalism.²⁰⁸
- 4.29 Mr Gilkes referred to the new conferencing process, introduced during the period under review, as an example of how his organisation is directly engaging with landholders.²⁰⁹ He said that 'New processes are providing landholders with more opportunities to share information, ask questions and raise and resolve their concerns.'²¹⁰
- 4.30 Particular improvements cited by the Valuer General included: the appointment of a coordinator for each objection; to provide the landholder with a single point of contact for information; introduction of conferences to discuss issues and resolve disputes; and making information easier to understand through the use of plain English in correspondence. All staff have been trained in writing in plain English and key staff have been trained in dispute resolution.²¹¹
- 4.31 Dispute resolution procedures provide more opportunities for landholders to have conferences at different stages of the valuation or review process²¹². The

²⁰⁸ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p1.

²⁰⁹ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p16.

²¹⁰ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p1.

²¹¹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 14 a), p14.

²¹² Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p56.

revised procedures for reviewing objections are designed to create more opportunities for customers to have their concerns addressed and disputes resolved before an objection is determined.²¹³ A Customer Relationship Manager, accredited as a mediator, has been appointed to facilitate conferences, in cases of disputes.^{214 215}

- 4.32 The Valuer General has confirmed that since the appointment of a coordinator for each objection, customers have been able to refer queries to a specific person. While the efficiency and effectiveness of the coordinator role has not been quantitatively measured, a limited pilot study seeking feedback on the objection process found that 75 per cent of respondents agreed, or strongly agreed that they were treated fairly by staff. Mr Gilkes advised that further customer evaluation of the new land value review process is being conducted and the results will be reported in the 2015/16 Annual Report.²¹⁶

Service delivery model

- 4.33 Under the Service Level Agreement with the Valuer General, the LPI provides customer service directly to landholders to explain valuations, address concerns and resolve disputes. The Office of the Valuer General is the primary escalation point for complaints.²¹⁷
- 4.34 During the peak enquiry period following the issue of valuations, a call centre provides first level enquiry services. More complex enquiries, which cannot be answered using standard scripts, are escalated to LPI staff with specialist knowledge. In off peak times, LPI manages enquiry services internally.²¹⁸
- 4.35 During the 2013/14 reporting year, the Valuer General launched a new customer service charter.²¹⁹ The Valuer General's website gives customer service undertakings to resolve a customer's phone query on the first call; respond to correspondence within ten business days; and complete a review of a land value or property information within 90 days.²²⁰ The website provides a contact point for customers' online enquiries and a separate feedback page for providing

²¹³ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 14 a), p14.

²¹⁴ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 14, p4.

²¹⁵ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 11 a), p12.

²¹⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 9 b), p10.

²¹⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p7.

²¹⁸ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p7.

²¹⁹ Office of Finance and Services, Annual Report 2013/14, Office of the Valuer General's report, p77.

²²⁰ Office of the Valuer General website, Customer Service, viewed 14 June 2016, <http://www.valuergeneral.nsw.gov.au/customer_service>

comment as well as providing access to the Valuer General's complaints handling policy.²²¹

Conferencing

4.36 During the period under review, a range of improvements were made to the customer engagement and issues management process. Broadly, the new customer engagement procedures include:

- More conferences with landholders to resolve issues
- More opportunities for landholders to provide and receive information
- Establishing a Customer Relationship Manager position to independently facilitate conferences
- Training staff in dispute resolution.²²²

4.37 All customers and stakeholders are entitled to a general conference where they require an outstanding issue or other dispute to be resolved. Additional conferences are built into the process for the review of land valuations in response to objections and for compulsory acquisition compensation negotiations.²²³

4.38 The above procedural fairness mechanisms were introduced to address a number of the Committee's recommendations following its 2013 Inquiry into the Land Valuation System.²²⁴ The 2014/15 Annual Report stated that a Conference Manager system was being developed to provide a central repository for conference information and reporting.²²⁵ The Conference Manager was released in March 2016.²²⁶

4.39 The Valuer General explained that the Conference Manager records and tracks conferences undertaken as part of the dispute resolution process. It is integrated with other modules in the Valnet information system, enabling cohesive information management and reporting. New efficiencies provided by Conference Manager include a simplified reporting capability on key procedural fairness metrics such as the number and frequency of conferences and rates of appeal.²²⁷

²²¹ Office of the Valuer General website, Customer Service Feedback, viewed 14 June 2016, <http://www.valuergeneral.nsw.gov.au/customer_service/feedback>

²²² Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p17.

²²³ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, pp56-57.

²²⁴ Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Responses to Recommendation 11, p3; Recommendations 13 and 14, p. 4; Recommendation 15, p5; and Recommendations 25 and 26 p6.

²²⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p60.

²²⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 20 a), p19.

²²⁷ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 20 a), p18.

- 4.40 A pilot study was conducted during the 2014/15 reporting period to assess customer sentiments concerning procedural fairness, transparency and general satisfaction with the objection process.²²⁸ More detailed information about improvements to the objections procedures is provided in the following section of this chapter.

Committee comment

- 4.41 The Committee is pleased that the Valuer General has given priority to improving customer engagement and procedural fairness mechanisms during the period under review. The Committee notes that updates and enhancements to information systems are ongoing. At the next General Meeting, the Committee would appreciate receiving more detailed analysis of customer feedback, in particular feedback from landholders about their experiences when requesting a land valuation review and when participating in the compulsory acquisition compensation process.

Objections and Dispute Resolution Processes

The objections process

- 4.42 As outlined in the previous chapter of the report, dealing with objections and appeals against valuations is one of the key functions of the Valuer General under the *Valuation of Land Act 1916*.²²⁹ The Act also provides the objection and appeal rights of landholders and rating and taxing authorities.²³⁰ LPI manages the objection process as part of its Service Level Agreement with the Valuer General.²³¹
- 4.43 During the period under review, a more customer-centric land value review process came into operation in response to the Committee's 2013 Inquiry recommendations regarding procedural fairness, dispute resolution and data collection.²³² The new process offers more opportunities for customers to ask questions, provide information, make submissions and have conferences. The criteria for lodging objections were expanded, increasing the opportunity for landholders to have their land value reviewed.²³³
- 4.44 The main principles of the review process are as follows:
- A coordinator is allocated to each landholder to manage the process
 - The land value is independently reviewed by a valuer not involved in the original valuation process

²²⁸ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p60.

²²⁹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p2.

²³⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p5.

²³¹ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p4.

²³² Office of the Valuer General, Progress Update on Inquiry into Land Valuation System Recommendations, May 2016, see Responses to Recommendation 11, p3; Recommendations 13 and 14, p4; Recommendation 15, p5; and Recommendations 25 and 26 p6.

²³³ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General's report, p57.

- LPI outsources most objection reviews
 - The valuer talks to the landholder to discuss the valuation and understand their concerns
 - The review compares the land value to available market evidence and the objection is allowed or disallowed
 - An individual valuation report addressing the landholder's concerns and explaining the decision is issued to the landholder.²³⁴
- 4.45 Landholders may request a conference to discuss their land value or any other issue they may have at any stage of the process. If a conference identifies substantive errors or additional information that should have been taken into account, the decision will be checked.²³⁵ A Customer Relationship Manager, accredited as a mediator, has been appointed to facilitate conferences.²³⁶
- 4.46 Objectors have 60 days to lodge an objection. The last date to object is printed on the front of the Notice of Valuation or 60 days from the issue date printed on the land tax assessment.²³⁷ Current legislation allows for the Valuer General to accept out of date objections, provided a statutory declaration is submitted to support such an objection.^{238 239}
- 4.47 Objection kits are provided to assist landholders to object to their land value. These include information about the objection process, and objection form and property sales report showing the sales that have been analysed in the locality of the property.²⁴⁰

Performance measurements for resolving objections

- 4.48 Under Section 35C(4) of the *Valuation of Land Act 1916*, an objection is taken to be disallowed if the objection has not been determined within 90 days after being lodged with the Valuer General. Performance targets reported by the Valuer General in each Annual Report under review include targets for completing objections in 90 days, 120 days and 180 days. The Valuer General advised that these timeframes have been set to acknowledge that some objections may take longer than 90 days to complete due to: the complexity of

²³⁴ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p16.

²³⁵ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p16.

²³⁶ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 14, p4.

²³⁷ Office of the Valuer General website, Request a Review, Lodging an Out of Date Objection, viewed 15 June 2016, <http://www.valuergeneral.nsw.gov.au/land_values/request_a_review/lodging_an_out_of_date_objection>

²³⁸ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 6, p2.

²³⁹ Office of the Valuer General website, Request a Review, Lodging an Out of Date Objection, viewed 15 June 2016, <http://www.valuergeneral.nsw.gov.au/land_values/request_a_review/lodging_an_out_of_date_objection>

²⁴⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p18.

the matter; difficulty in resourcing with contractors or skilled staff; or quality checking requirements.²⁴¹

- 4.49 During the 2013/14 reporting year, 67 per cent of objections were completed within 90 days and in 2014/15 the completion rate improved, with 76 per cent of objections meeting the 90 day target. Each of these was an improvement on the 2012/13 performance completion rate of 59 per cent in 90 days.
- 4.50 The Valuer General pointed out that the improved rate has occurred notwithstanding improvements to quality assurance, customer service and dispute resolution processes giving increased procedural fairness for landholders. The Valuer General advised that: ‘The benefits of incorporating these changes for landholders are considered to outweigh the target completion of all objections within a 90 day timeframe.’²⁴²
- 4.51 The Valuer General further noted that the improved timeliness can be attributed to proactive reporting. He informed the Committee that the LPI has developed an on-line dashboard which highlights how objections are tracking against the 90, 120 and 180 day targets. The dashboard has allowed management to address resourcing and other issues that may be preventing their timely completion. The LPI provides a snapshot of the dashboard to the Office of the Valuer General on a weekly basis.²⁴³

Landholder feedback pilot study

- 4.52 During 2014, a pilot project was conducted to consider the impacts of enhancements to the land value review process. Landholders in three local government areas were provided with a draft objection decision in a preliminary report and the opportunity to provide additional feedback prior to the review being finalised. The Valuer General reported that the pilot was broadly successful but provided insufficient evidence to fully assess the merits of preliminary reports.²⁴⁴ In 2015, the pilot was expanded to randomly sample 10 per cent of all objections to provide a statistically representative sample.²⁴⁵
- 4.53 As at 2015, 461 objections from a total of 3,975 were included in the pilot. A customer survey was distributed to 1,600 landholders who lodged objections throughout 2015. Of the recipients, 108 landholders had taken part in the pilot conducted in three local government areas. Based on an overall survey response rate of 12.7 per cent, the survey showed that the majority of customers had positive perceptions of the objection process.²⁴⁶

²⁴¹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 12 a), p12.

²⁴² Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 12 b), p13.

²⁴³ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 12 c), p13.

²⁴⁴ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General’s report, p57.

²⁴⁵ Office of Finance and Services, Annual Report 2014/15, Office of the Valuer General’s report, p57.

²⁴⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 10 a), p11.

- 4.54 The Valuer General advised that analysis of the data to date suggests that landholders were more likely to have an objection decision overturned in their favour if they were included in the Preliminary Report Pilot. The Valuer General also noted that the Preliminary Report Pilot had a negative impact on objection completion timeframes.²⁴⁷
- 4.55 On average, objections that were part of the pilot took an extra 46 days to complete. This delayed objection decisions being issued to landholders and also significantly impacted on key stakeholders including local government and the Office of State Revenue. The Valuer General has advised that the evaluation is being finalised and will be reported in the next Annual Report.²⁴⁸

Objection volumes

- 4.56 In 2013/14, the number of completed objections was 5,726 whereas, 4,337 objections were completed in the 2014/15 reporting year. Of the objections completed in 2013/14, 54 per cent were objections to land values issued for local government rates and 46 per cent were to land values issued for land tax. In the 2014/15 reporting year, 56 per cent of objections were to values issued for local government rates and 44 per cent related to land tax.²⁴⁹
- 4.57 The 5,100 objections registered in 2015 represent around 0.4 per cent of land values issued. Less than 35 per cent of objections completed in 2015 required a change to land value.²⁵⁰
- 4.58 The Committee sought information from the Valuer General regarding the particular local government areas which were the focus of disputed valuations. In his written response to questions, the Valuer General provided an annexure listing disputed valuations by local government areas.²⁵¹
- 4.59 The website provides information about the land value review process and an on-line objection facility.²⁵² Fifty per cent of objections were lodged on-line during 2015. The Valuer General plans to improve on-line objection facilities to increase on-line lodgement in the future.²⁵³

Committee comment

- 4.60 The Committee commends the Valuer General's achievement in creating a more customer-centric objection process. The Committee finds that the new land value

²⁴⁷ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 10 a) and b), p11.

²⁴⁸ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 10 a) and b), p11.

²⁴⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 13 a) and c) p13.

²⁵⁰ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p16.

²⁵¹ Office of the Valuer General, Responses to Questions Additional Questions Arising from the Public Hearing, Response to Question 13 b), p13 and Appendix A pp27-33.

²⁵² Office of the Valuer General website, Land Values , Request A Review, viewed 15 June 2016, <http://www.valuergeneral.nsw.gov.au/land_values/request_a_review/how_to_lodge_an_objection>

²⁵³ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p22.

review process has provided a procedurally fair process for the consideration of objections and a transparent and accountable process for reviewing land valuations and making final determinations as to their validity. The Committee welcomes the use of a pilot study to evaluate the impact of allowing the objector to consider the draft objection decision and give feedback prior to the objection decision being finalised.

- 4.61 The Committee notes preliminary feedback suggesting that the additional consultation mechanism has a negative impact on timeframes. It further notes that this may adversely affect transactions with local councils and with the Office of State Revenue, all of which are primary stakeholders. On the other hand, the Committee is mindful that the detriment must be weighed against the Valuer General's concern to build maximum procedural fairness provisions into customer service processes, as recommended by the Committee in its 2013 Inquiry into the Land Valuation System.²⁵⁴
- 4.62 The Committee looks forward to receiving a full report on the outcome of the evaluation in the forthcoming Annual Report and to discussing these issues further with the Valuer General at the next General Meeting. The Committee finds merit in conducting ongoing studies to monitor the impact on all stakeholders of the land value review and compensation negotiations processes.

Dispute resolution

- 4.63 Recommendations made in the Committee's 2013 Inquiry report called for the establishment of a dispute resolution system to supplement reforms in the processes of reviewing valuations. This was considered to be particularly necessary in cases of landholder objections and/or compulsory acquisitions, where the system must be adequately resourced and documented.²⁵⁵ In response to these recommendations, dispute resolution procedures were implemented across the objection process.
- 4.64 Requirements were clarified to ensure that valuers reviewing objections contacted landholders to discuss their concerns and to specifically address such concerns in the valuation report. In 2014/15, six facilitated conferences were held with landholders, after the issuing of the objection decision.²⁵⁶
- 4.65 With regard to resourcing the dispute resolution system, the Valuer General advised that a Customer Relationship Manager position was created and filled to implement and oversee the process. In addition, key LPI personnel were trained in dispute resolution during 2015, with resources being made available to provide ongoing training as required.²⁵⁷ However, the objection process and customer service matters requiring dispute resolution have resulted in a decline in

²⁵⁴ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Response to Recommendation 11, p3; Recommendation 14, p4; Recommendation 15, p5; Recommendation 26, p.6.

²⁵⁵ Office of the Valuer General, *Progress Update on Inquiry into Land Valuation System Recommendations*, May 2016, see Recommendations 14 and 15, pp4 and 5.

²⁵⁶ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 13 d), p14.

²⁵⁷ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 11 a), p12.

timeliness, in order to ensure that quality and additional process requirements are achieved.²⁵⁸

- 4.66 The Valuer General has advised that a Conference Manager Information system was implemented in March 2016, to record and track conferences undertaken as part of the dispute resolution process.²⁵⁹ The Valuer General has further advised that the dispute resolution aspect of the objection review system is still maturing. Landholders participating in facilitated conferences are asked to complete a survey from the Valuer General after the conference. The purpose of the survey is to monitor and report on the quality of service and to make sure it is meeting customers' needs. Feedback from landholders is being used to further improve the conference process.²⁶⁰

Committee comment

- 4.67 In recommending the establishment of a dispute resolution system following its 2013 Inquiry into the Land Valuation System, the Committee emphasised the need for collaboration between valuers and landholders in the case of valuation objections and compulsory acquisitions. The Committee was of the view that, if the review process was sufficiently inclusive, it was more likely to result in a determination that is understood and accepted.²⁶¹ The Committee therefore welcomes the Valuer General's assurance at the Tenth General Meeting that customer service improvements including conferencing, dispute resolution and information exchange have now been implemented.
- 4.68 In its 2013 Report, the Committee also recommended the development and publication of procedural guidelines to support the dispute resolution processes. It suggested that such guidelines should canvass issues such as the independence of any chairpersons used in conferences, the factors that will be considered when deciding whether more conferences are required, the use of case managers and any other appropriate matters.
- 4.69 The Committee stressed that the purpose of those guidelines was to give stakeholders certainty, while not limiting the development of the dispute resolution system.²⁶² It is noted that the Valuer General's webpage titled 'Our Service to You', includes a brief summary of the improvements to the customer service process implemented from January 2015.²⁶³ However, the Committee urges the Valuer General to consider the need for a more comprehensive

²⁵⁸ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 8 a), p10.

²⁵⁹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 20 a), p18.

²⁶⁰ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 14 b), pp14-15.

²⁶¹ Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, p87.

²⁶² Joint Standing Committee on the Office of the Valuer General, *Land Valuation System – Report on the Inquiry into the Land Valuation System and the Eighth General Meeting with the Valuer General*, Report 2/55, May 2013, pp88-89.

²⁶³ Office of the Valuer General website, Land Values , Our service to you, viewed 23 June 2016, <http://www.valuergeneral.nsw.gov.au/customer_service/our_service_to_you>

statement setting out the principles and procedures of the dispute resolution process for reference by landholders and other parties seeking reviews of land valuations or disputing compensation determinations.

- 4.70 The Committee supports the new land value review process, including dispute resolution mechanisms, and its current evaluation throughout 2016 and notes that the findings of this study will be reported in the next Annual Report.

Litigation and Compensation Mechanisms

Compulsory acquisition appeal rights

- 4.71 Former landholders of compulsorily acquired property, not satisfied with the amount of compensation determined by the Valuer General and offered to them by the acquiring authority, can lodge an objection with the Land and Environment Court.²⁶⁴

- 4.72 The Annual Reports for the period under review did not provide details regarding objections against the Valuer General's valuation decisions which proceeded to appeal. Mr Gilkes explained that:

Once the determination of compensation is issued, the landholder has 90 days in which to make a decision about whether or not to accept it. They can choose to object to it and have the matter referred to the Land and Environment Court. However, at that point the matter reverts to being between the landholder and the acquiring authority. Generally speaking, I am not a party to those court cases. There are circumstances where the Valuer General may be joined as a third party, but that is relatively rare.²⁶⁵

- 4.73 Mr Gilkes informed the Committee that as court matters are between the former owner and the acquiring authority, he would need to seek advice from the acquiring authority.²⁶⁶

Objection and appeal rights

- 4.74 If the landholder does not agree with a decision on an objection, it is also possible to appeal to the Land and Environment Court. The first stage in the court process is a mediation conference facilitated by the Court.²⁶⁷ An appeal must be made to the Court no later than 60 days from the date of issue of the objection determination letter.²⁶⁸ Within 60 days after the decision on appeal becomes final, the Valuer General must take any action that is necessary to give effect to

²⁶⁴ Office of the Valuer General website, Compulsory Acquisition, Appeal Rights, viewed 22 June 2016 <http://www.valuergeneral.nsw.gov.au/compulsory_acquisitions/objection_and_appeal_rights>

²⁶⁵ Mr Simon Gilkes, Valuer General, Office of the Valuer General, Transcript of evidence, 13 May 2016, p5.

²⁶⁶ Correspondence from Mr Simon Gilkes, Valuer General to Ms Melanie Gibbons MP, Committee Chair, dated 1 June 2016.

²⁶⁷ Office of the Valuer General, *Overview of the NSW Valuation System*, Presentation to the Joint Standing Committee, 6 May 2016, p17.

²⁶⁸ Office of the Valuer General website, Land Values, Objection and Appeal Rights, viewed 22 June 2016, <http://www.valuergeneral.nsw.gov.au/land_values/objection_and_appeal_rights>

the decision, which may include altering the Register of Land Values in any relevant respect.²⁶⁹

- 4.75 The Valuer General advised that 97 such appeals, pursuant to s35 of the *Valuation of Land Act 1916*, were made in the statutory time during the 2013/14 reporting year and 25 in the 2014/15 reporting year.²⁷⁰
- 4.76 Decision letters provided to landholders at the conclusion of an objection invite landholders to contact their coordinator if they have any objections to the report. The Valuer General advised that an internal review of a valuation determined on objection is available in certain circumstances. This avoids unnecessary referral to the Land and Environment Court and enhances procedural fairness for landholders. He informed the Committee that a final policy on correcting a valuation previously determined on objection would be issued later in 2016.²⁷¹

Committee comment

- 4.77 The Committee welcomes the Valuer General's efforts to ensure maximum consultation, transparency and procedural fairness in negotiations with landholders regarding compulsory acquisitions and objections to land valuations. This is designed to prevent, as far as possible, the need for landholders to litigate appeals in the Land and Environment Court. The Committee also appreciates that, in the case of determinations of compensation where legal action is taken, information about court matters resides with the acquiring authority and not the Valuer General.
- 4.78 However, the number of appeals against objection decisions or against compensation for compulsory acquisitions is a measure of the success, or otherwise, of the Valuer General's new conference process for objections and compulsory acquisitions. While appreciating that the Valuer General is not usually involved in court actions where compensation appeals are involved, the Committee would nevertheless appreciate receiving more detailed information about appeals in subsequent Annual Reports.

Recommendation 9

The Committee recommends that more detailed information in relation to court appeals be provided in subsequent Annual Reports. This should include an analysis of the facts regarding the numbers of appeals to the court for both appeals against determinations of objections against a land value under the *Valuation of Land Act 1916* and for appeals against compensation decisions lodged under the *Land Acquisition (Just Terms Compensation) Act 1991*.

²⁶⁹ NSW Legislation website, *Valuation of Land Act 1961*, viewed 22 June 2016, <<http://www.legislation.nsw.gov.au/#/view/act/1916/2/part4/div1/sec41>>

²⁷⁰ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 13 e), p.14.

²⁷¹ Office of the Valuer General, Responses to Additional Questions Arising from the Public Hearing, Response to Question 10 b), p.11.

Appendix One – List of Witnesses

Friday 13 May 2016 Macquarie Room Parliament House

Witness

Organisation

Mr Simon Gilkes, Valuer General

Office of the Valuer General

Ms Angela Shaw, Director, Valuation Services

Land and Property Information

Appendix Two – Extracts from Minutes

MINUTES OF MEETING NO 2

Tuesday 11 August 2015
Room 1254, Parliament House

Members Present

Ms Melanie Gibbons (Chair), Mr Geoff Provest (Deputy Chair), Mr Greg Pearce, Mr Stephen Kamper, Mr Ernest Wong

Officers in Attendance

Bjarne Nordin, Christopher Herbert

The Chair commenced the meeting at 1:15pm.

1. Confirmation of Minutes

Resolved, on the motion of Mr Provest, seconded by Mr Kamper:

That the minutes of the meeting held on 3 June 2015 be confirmed.

2. Tenth General Meeting with the Valuer General

The Committee agreed to conduct a hearing at a date to be determined in November this year pending receipt of the Valuer General's Annual Report for 2014/15 and the appointment of a new Valuer General.

3. Next Meeting

The Committee adjourned at 1:22pm, until a date and time to be determined.

MINUTES OF MEETING NO 3

10:00am on Wednesday 6 May 2016
Office of the Valuer General
Queens Square, Macquarie St

Members Present

Mr Geoff Provest (Deputy Chair), Mr Stephen Kamper, Mr Ernest Wong.

Officers in Attendance

Bjarne Nordin, Jacqueline Isles, Christopher Herbert.

1. Apologies

Ms Melanie Gibbons (Chair), Mr Greg Pearce.

2. Visit of Inspection – Office of the Valuer General (OVG)

The Committee received briefings on the role and functions of the Valuer General and the operations of the NSW land valuation system, from the following OVG officials:

- Mr Simon Gilkes, Valuer General
- Ms Angela Shaw, Director Valuation Services
- Mr Geoff Thompson, Program Manager Compensations, Valuation Services
- Mr Michael Davidson, Acting Chief Valuer.

3. Next Meeting

The Committee adjourned at 12:15 pm until 9.45am, Friday 13 May 2016 at Parliament House.

MINUTES OF MEETING NO 4

9:45 am on Friday 13 May 2016

Macquarie Room, Parliament House

Members Present

Ms Melanie Gibbons (Chair), Mr Geoff Provest (Deputy Chair), Mr Stephen Kamper, Mr Greg Pearce, Mr Ernest Wong.

Officers in Attendance

Bjarne Nordin, Jacqueline Isles, Christopher Herbert.

The Chair commenced the meeting at 9:45 am.

1. Apologies

There were no apologies

2. Confirmation of Minutes

Resolved, on the motion of Mr Wong, seconded Mr Kamper: That the minutes of the meeting no 2, held on 11 August 2015 and Meeting No 3, held on 6 May 2016, be confirmed.

3. ****

4. Public Hearing

Resolved on the motion of Mr Pearce, seconded Mr Provest that the following procedural motions be adopted:

4.1 Witnesses

That the Committee invites the witnesses listed in the notice of the public hearing for Friday 13 May 2016 to give evidence in relation to the Tenth General Meeting with the Valuer General.

4.2 Media

That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 13 May 2016 in accordance with the NSW Legislative Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

4.3 Transcript of evidence

That the corrected transcript of evidence given on 13 May 2016 be authorised for publication and uploaded on the Committee's website.

4.4 Answers to Questions on Notice

That witnesses be requested to return answers to questions taken on notice within 14 days of the date on which the questions are forwarded, and that once received, answers be published on the Committee's website.

4.5 Documents Tendered During the Public Hearing

That documents tendered during the public hearing be accepted by the Committee and published on the Committee's website.

The Committee adjourned at 9.55am to conduct a public hearing.

5. Public hearing – Tenth general meeting with the Valuer General

The Chair opened the public hearing at 10:00 am.

Witnesses, the public and the media were admitted.

The following witnesses were affirmed and examined:

- Mr Simon Gilkes, Valuer General
- Ms Angela Shaw, Director, Valuation Services.

Evidence concluded, the witnesses withdrew.

The witnesses tabled the following document:

- Progress report on the activities of the Office of the Valuer General.

The Chair closed the hearing at 12:15 pm.

6. Next meeting

The committee adjourned until Wednesday 24 August 2016, at Parliament House.

MINUTES OF MEETING NO 5

1:00 pm, 24 August 2016
Room 1254, Parliament House

Members Present

Ms Melanie Gibbons (Chair), Mr Geoff Provest (Deputy Chair), Mr Stephen Kamper, Mr Greg Pearce, Mr Ernest Wong.

Officers in Attendance

Bjarne Nordin, Jacqueline Isles, Ze Nan Ma.

The Chair commenced the meeting at 1:00 pm.

1. Apologies

There were no apologies

2. Confirmation of Minutes

Resolved, on the motion of Mr Pearce, seconded Mr Kamper: That the minutes of the meeting no 4, held on 13 May 2016, be confirmed.

3. Consideration of Chair's Draft Report – Tenth General Meeting with the Valuer General

Resolved on the motion of Mr Kamper, seconded Mr Wong: That the Committee adopts the recommendations as set out in the report.

Resolved on the motion of Mr Pearce, seconded Mr Wong:

- i. That the draft report be the report of the Committee and that it be signed by the Chair and presented to the House.
- ii. That Committee staff be permitted to correct stylistic, typographical and grammatical errors.
- iii. That, once tabled, the report be published on the Committee's webpage.

4. General Business

The Committee deliberated on arrangements for reviewing the next Annual Report of the Valuer General.

5. Next meeting

The Committee adjourned at 1.08 pm until a date and time to be determined.