

PARLIAMENT OF NEW SOUTH WALES



Joint Standing Committee on the Office of the Valuer General

Report on the Fifth General Meeting with the Valuer General

Together with answers to questions on notice, transcript of evidence
and minutes of proceedings

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Chair: Marie Andrews MP

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Committee functions

The Committee was first established in July 2003 as a joint statutory committee and operated until the end of the 53rd Parliament in early 2007.

The Committee was re-established as a joint standing committee in the 54th Parliament on 25 September 2008 as a joint standing committee, by resolution of the Parliament. The Committee comprises five members, including two members of the Legislative Council and three members of the Legislative Assembly.

Resolution Appointing Committee

- (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,
 - (b) 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,
 - (c) 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),
 - (d) 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 do not extend to the investigation of any matter relating to or arising from a particular valuation of a specific parcel of land.

Legislative Assembly Votes & Proceedings, 25 September 2008, No 85, item 21, p. 921
Legislative Council Minutes, 25 September 2008, No 67, Entry 27, p 806.

Chair's foreword

I have pleasure in presenting the Report on the Fifth General Meeting with the Valuer General.

The purpose of the meeting was to examine the Valuer General's annual report for 2007/08 and to revisit several issues raised by the previous Committee in its report of the Fourth General Meeting.

Mr Western provided the Committee with a comprehensive briefing on the changes that have been implemented since the Fourth General Meeting in 2006. The Committee congratulates him on the improvements that he has made to the performance of the valuation system in New South Wales.

I would also like to thank the members of the Committee and the secretariat for their participation in the General Meeting and contribution to the reporting process.



Marie Andrews MP
Chair

Abbreviations and Explanations

Abbreviations

IPART	Independent Pricing and Regulatory Tribunal
LGAs	Local Government Areas
LPI	Land and Property Information
LPIVS	Land and Property Information, Valuation Services
LVAG	Land Valuation Advisory Group
NOV	Notices of Valuation
OSR	Office of State Revenue
SLA	Service Level Agreement

Explanations

Land value/ unimproved value	land value reflects the market value of the land as at 1 July in the year of valuation and is based on the land being vacant. Most land in New South Wales is valued using the mass valuation approach, where properties are valued in groups called components.
Handcrafted valuation	refers to the individual valuation assessment of a particular property conducted by a valuer.
Mass valuation system	refers to the generation of land values for multiples properties at a given date. Mass valuations are generated by standardised computer methods as distinct from individual or handcrafted valuations.
Component method valuation	refers to the NSW methodology for generating mass valuations. The method involves grouping properties that are similar or are likely to change in value in similar ways. These groups or components contain benchmark properties, which are handcrafted and serve as a standard basis for mass generation of land values.
General re-valuations	refers to valuations that are reassessed by the Valuer General. General revaluations may be initiated because of formal objections by property owners or other mechanisms.

Findings and recommendations

The Joint Committee was re-established in 2008 as a Standing Committee to monitor and review the exercise of the Valuer General's functions with respect to land valuations. The Committee last met with the Valuer General in 2006 and finds that substantial improvements have been achieved with respect to the land valuation system in New South Wales since that meeting.

Issues carried over from the Fourth General Meeting

Four issues were identified that the previous Committee felt should be examined in the future: namely, improvement in objections management; workforce capability; information provided to strata property owners; and public confidence and accountability. This Committee has re-examined these issues and made the following findings.

Objections Management

The number of objections received to valuations and the management of those objections are key indicators of the performance of, and public confidence in, the valuation system. The Committee noted that the number of objections has fallen dramatically since 2004 and that this trend has continued with the current round of valuations.

A key element in the decline in the number of objections has been the availability of a call centre to answer initial customer enquiries. Statistics provided by the Valuer General indicate that approximately 85 per cent of calls are resolved without being referred to Land and Property Information, Valuation Services valuers and support staff.

Objection turnaround times are still below the target completion timeframe of 90 days. However, considerable work has been done around resources, processes and technology and the processing time for issuing a decision is currently on average about 111 days. The Committee was also pleased to learn that considerable work has been done on clearing the backlog of objections from previous years.

The Committee is satisfied that changes made to the objection management system have contributed to an improvement in turnaround times, and will continue to monitor progress on this issue.

Customer satisfaction survey

A customer satisfaction survey to evaluate customer experience and satisfaction with outsourced and in-house customer service was conducted in early 2008. The Valuer General told the Committee that a significant determination from the survey was that effective and prompt resolution of an enquiry is the key to higher customer satisfaction. A review of overall customer service had occurred in light of the survey results, and the Valuer General believed that the resulting changes had enhanced the ability of the outsourced call centre's staff to thoroughly answer customers' questions without the need to refer them to Departmental staff.

The Valuer General has requested funding to undertake further surveys using the initial survey as a benchmark with the aim of tracking performance. The Committee agrees that a

follow-up survey would be very useful in assessing the effectiveness of the changes made to call centre procedures as a result of the customer service review.

RECOMMENDATION 1: The Committee recommends that the New South Wales Government support the Valuer General's request for a follow-up customer satisfaction survey.

Workforce capacity

Strategies to address the shortage of qualified valuers

A related issue to objection management that was also raised at the Fourth General Meeting, was the availability of qualified practitioners in the valuation industry to undertake specific "unimproved land" valuation work. The previous Committee recommended in its report of that meeting that the New South Wales Government examine the workforce capability and qualification requirements for valuers with the aim of ensuring a diversity and breadth of professionals available to provide a contestable service to the Valuer General.

At the Fifth General Meeting, the Valuer General told the Committee that, although this recommendation had not been carried out, Land and Property Information, Valuation Services were implementing a range of strategies aimed at ensuring current and future needs were met. He noted that there were still not enough valuers to meet long term timeframe demands, with particular reference to the 90 day target for processing objection. However, because of the current property market downturn, valuers who had previously been engaged in other work, had become available to undertake work for the Valuer General. This was a short term solution, but one which would assist in meeting this year's targets. There had also been an increase in the number of graduates applying for positions as part of the succession plan.

The Valuer General suggested there are two ways of addressing the long term shortage of qualified valuers. One was through the implementation of improved technology and processes. The other was to look at getting more valuers qualified through enhancing tertiary and diploma courses to start introducing students to rating and taxing valuation, and by ensuring that these courses are meeting required standards and educational qualifications in respect of doing rating and taxing work. He noted that, from his point of view, government support for the direction he was taking, particularly in terms of access to universities, would be of assistance.

The Committee recognises the work that the Valuer General is doing to improve workforce capability and supports the inclusion of rating and taxing qualifications into degree and diploma valuation courses.

RECOMMENDATION 2: The Committee recommends that the New South Wales Government actively support the work of the Valuer General in improving workforce capability and in gaining access to universities as required.

National trade licensing system

In July 2008 the Council of Australian Governments agreed to establish a National Trade Licensing System to remove inconsistencies across State borders and to allow a more mobile workforce.

A national licensing system for valuers and conveyancers is planned to commence as soon as possible after July 2013 and an Occupational Advisory Committee for the valuation profession is to be established by April 2010.

The Valuer General told the Committee that New South Wales currently has a full registration regime (similar to Western Australia and Queensland) and the Committee believes that it is desirable that this regime be adopted as the national standard.

RECOMMENDATION 3: The Committee recommends that the New South Wales Government press for the adoption of a national licensing model similar to the full registration regime for valuers that is currently available in New South Wales.

Information provided to Strata property owners

The previous Committee had expressed concern that strata owners were disadvantaged because they did not receive information about the full land valuation of their strata property. The Committee recommended that the New South Wales Government examine the provision of valuation information to owners of strata properties, in particular information about the total land valuation of the strata property and its dissemination to individual lot owners.

The Valuer General has assured the Committee that strata owners are now able to access the same information about their land value as other property owners. The Committee is therefore satisfied that this recommendation has been addressed.

Public Accountability

Performance Reporting

A continuing theme in reports of the previous Committee was the need for a mechanism to assess the effectiveness of the Valuer General's public information materials in building confidence and accountability in the valuation system.

In November 2005 the Committee, in its review of best practice reporting, recommended that the Valuer General publish an annual performance report, separate from the annual report information provided in the Department of Lands annual report. The Valuer General subsequently told the Committee that it was anticipated that the performance report would be released in early 2007, to coincide with the distribution of notices of valuations. This matter was raised with the Valuer General in conjunction with the Fifth General Meeting. He advised the Committee that, although some preliminary work had been undertaken in the development of an annual performance report on the Office of the Valuer General, the proposal has been overtaken by circumstances. Many of the features that it was envisaged would be included in the proposed performance report have been included into the annual report. Furthermore, it was felt that two publications with basically similar

content was not perceived as making the most efficient use of funding, particularly as it was believed that there would be limited public interest in the performance report.

The Committee agrees that the performance information that is now included in the annual report has improved, but is not convinced that this fully meets the criteria for building confidence and accountability in the valuation system. The Committee will therefore review this issue again in the light of the performance information published in the 2008/09 annual report.

Issues arising at the Fifth General Meeting

Service Level Agreement

The Valuer General told the Committee that he was confident that Land and Property Information, Valuation Services were doing the job that he had asked of them. This year he would be looking at a changed service level agreement with one page of key performance indicators that will be reported against in the annual report.

The Committee looks forward to seeing the new agreement and to evaluating its effectiveness as a reporting mechanism to build public confidence and accountability.

Pricing regime for valuation services

The Committee noted that the pricing regime for the provision of valuation services to local government will change as of 1 July 2009 as a result of the Independent Pricing and Regulatory Tribunal (IPART) review of rating valuation services provided to local government by the Valuer General.

The Committee questioned whether it would be beneficial if agencies that currently received services from the Valuer General without charge were to pay for services rendered. Mr Western replied that the valuation system has become more accepted because of its accuracy and consistency and is now being used for purposes for which it was never intended. Over the next 12 months he would be looking at those agencies that currently receive free services with a view to them contributing something to the system.

The Committee will review the pricing regime with the Valuer General at the next general meeting.

Chapter One - Commentary

- 1.1 On 5 June 2009 the Committee conducted the Fifth General Meeting with the Valuer General, Mr Philip Western. This was the first general meeting to be held since the re-establishment of the Committee in September 2008. The Fourth General Meeting having been held on 23 October 2006.
- 1.2 The purpose of these general meetings is to examine the Valuer General on matters contained in his Annual Report for the previous financial year, together with any other matters that may have been identified by the Committee when fulfilling its oversight function.
- 1.3 At each general meeting the Valuer General provides the Committee with a written report that forms an ongoing reference document for the Committee's oversight function. His report to the Committee dated 5 June 2009, can be found at **Chapter Three** of this report.
- 1.4 The Committee also sent questions on notice to the Valuer General relating to four ongoing issues that had been raised by the previous Committee, together with matters identified in his annual report for the year ended 30 June 2008.¹ His responses to these questions can be found at **Chapter Two** of this report.

Highlights of the Valuer General's 2009 Report to the Committee

- 1.5 The Valuer General's report to the Committee dated 5 June 2009, maintains the format of his previous reports with sections titled: general valuations and overview; valuation system reform; contract management; and other issues.

General Valuations and Overview

1 July 2008 General Valuation

- 1.6 Following is a summary of the key points relating to the 1 July 2008 General Valuation that were highlighted in the Valuer General's report to the Committee dated 5 June 2009:
 - a total of approximately 2.4 million properties were valued as at 1 July 2008 producing a total land value of approximately \$901 billion. This represents an overall increase of approximately 3.3per cent compared to the 1 July 2007 total land value for New South Wales;
 - approximately 794 000 Notices of Valuations were issued in 42 Local Government Areas (LGA's) from mid January 2009;
 - up until 18 May 2009, 3,124 objections had been received to the 1 July 2008 valuations. This represents approximately 0.26per cent of valuations issued. At this stage it is anticipated that objections to the 1 July 2008 valuations will approximate the total numbers received for the 1 July 2007 valuation which is a pleasing result;

¹ The Valuer General's annual report is published as part of the New South Wales Department of Lands annual report. A copy of the report for the year ended 30 June 2008 can be obtained from: http://www.lands.nsw.gov.au/media/lands/pdf/annual_reports/ar_200708/2008_AR_VGs_report_Low_Res.pdf, accessed 11 June 2009.

- a copy of the Register of Land Values comprising approximately 2.4 million properties was sent to the Office of State Revenue, which had commenced issuing land tax assessments for approximately 423 000 properties;
- contracts were awarded for the provision of rating/taxation valuation services to the Valuer General in Lismore, Upper North Sydney, North Harbour and Warringah; and
- for the four months to the end of April 2009, the call centre received 35,510 calls. Approximately 85per cent of calls are resolved by the call centre without being referred to Land and Property Information, Valuation Services (LPIVS) valuers and support staff.²

Trends in land value increases

1.7 The Valuer General's report noted that the market trend had generally followed last year's pattern and that local government areas showing the greatest total median land value increases tended to be inland centres. Particular mention was made of the localities of Urana (81per cent), Broken Hill (50per cent), Kyogle (48per cent) and Guyra (34per cent).

1.8 Mr Western told the Committee that this trend had been there for the last two valuations. Prior to that, the focus had been more on the coast but land value increases had started to drift westwards as people found it was more expensive to live closer to the coast. 'Tree change' people were also moving inland. He went on to say that:

Broken Hill, in particular, is a very good example because over the last two years it has been among the top of the land value increases that we have had. That has been principally because, as I guess most of you know, Broken Hill effectively was subdivided into two parts, southern Broken Hill and northern Broken Hill, with the railway effectively dividing the two areas. What we have had is a massive surge in southern Broken Hill where land values were a lot lower compared to the other area. So there was actually quite a distance between the median values in those respective areas. They have actually started to come together. The other thing you need to be quite clear on is that, yes, there have been some massive increases, but they have been coming off some extremely low bases.³

Parallel Valuation Project

1.9 The Parallel Valuation Project involves the independent re-checking by a Working Group of the Land Value Advisory Group (LVAG) of a random sample of valuations around the State against the values generated by the mass valuation process.

1.10 The Valuer General reported that sample "parallel" valuations had been undertaken throughout the State, independent of valuation service contractors preparing the 1 July 2008 land values. He noted that the working group had reported back to the general Land Value Advisory Group meeting in mid April 2009 as follows:

A total of 170 properties were valued, comprising a mixture of residential, business, industrial, rural and village uses.

The working group advised that overall the residential valuations were superb but the industrial valuations appear to have greater variation.

² See Chapter Three, Valuer General's Report to the Committee dated 5 June 2009, p. 40.

³ See Chapter Four, Transcript of proceedings, 5 June 2009, pp. 50-51.

The working group noted that industrial properties are not as conducive to the mass valuation system as the other property types. The working group also said that there is a lack of understanding in analysing improved sales by private valuers, who undertake the parallel valuations. The working group advised that their preference is to prefer the figures of the Valuer General as opposed to the parallel valuation figures.⁴

- 1.11 Mr Western told the Committee that he was looking at changing the way in which parallel valuations were carried out. The Land Value Advisory Group had undertaken parallel valuations on an independent basis for the last four years because there was not a clear separation between the roles of the Valuer General, the contractors, and Land and Property Information. However, the restructuring work done over the last two years meant that there was now a clear separation of roles.

Part of the work done by Land and Property Information is an audit quality control process. They are continually looking at contractor's valuations, comparing those against statistics, and looking at sales just to ensure that they are on the ball in terms of where they are at as far as preparing valuations and final outcomes are concerned. I am of the view that one of the ways that we can improve that parallel valuation process is for Land and Property Information to undertake that on my behalf. That will have a number of benefits. First, it will mean that we can look at a shift to a higher number of valuations. By doing that through private contractors, the cost is actually quite considerable. We are obviously limited by the amount of money that we can invest in that as far as doing that is concerned.

Second, through doing it internally it will be a continuous process throughout the year so we can monitor it and keep a very close eye on it. What it will also allow us to do is to pick up very early trends that are happening, talk to the contractor about them, and get them resolved before valuations are issued. We will end up with fewer errors in the valuation process. There are a whole lot of benefits in terms of doing that. That proposal has been put to the Land Value Advisory Group whose members are going away to have a think about that. We have another meeting in July. The expectation is that they will come back and say yes or no in regard to that.⁵

Valuation system reform

- 1.12 Since the Fourth General Meeting the Valuer General has continued to implement reforms to the valuation system. The following section outlines progress on several major reform projects.

University of Western Sydney Research Project

- 1.13 In 2005 the Valuer General commissioned Associate Professor John MacFarlane from the University of Western Sydney (UWS) to undertake a research project to examine and improve aspects of the valuation system. The Valuer General has continued to work closely with Professor MacFarlane and a list of actions undertaken as a result of recommendations arising from the project appears in the Valuer General's Report (see page 42).
- 1.14 The Valuer General commented that:
- The outcomes and recommendations arising from Professor MacFarlane's work will assist in further improving the quality, consistency and accuracy of land values and associated data within the NSW valuation system for the benefit of all stakeholders.⁶

⁴ See Chapter Three, Valuer General's Report to the Committee dated 5 June 2009, p. 41.

⁵ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 49.

⁶ See Chapter Three, Valuer General's Report to the Committee dated 5 June 2009, p. 42.

Land Value Verification Project

1.15 In 2004 the Valuer General implemented a pilot study in two local government areas to examine the benefits of reviewing individual land values and associated data. The Land Value Verification Project commenced on 1 May 2006 and over the five years of the project all land values and attributable data for the 2.4 million valuations recorded on the Register of Land Value will be reviewed.

1.16 When asked by the Committee whether the project had resulted in improvements in the land values in New South Wales, Mr Western replied that there was no question in his mind that it had resulted in the improvement, accuracy and consistency of land values, as well as an improvement in the data associated with that.

We are now three years into that project, so we have reviewed effectively 60 per cent of the land values and the data. I think the proof is in the outcomes that we have achieved in the last, I guess, three years. Professor John Macfarlane from the University of Western Sydney undertakes some advice in respect to the valuation system for me independently, and he looks at a whole lot of statistics trying to see if we are getting better values and more accurate and consistent values. I am pleased to report that for 2008 three of our key indicators for quality of the valuations—what we call the co-efficient of dispersion, which looks at the accuracy of the land values, the PRD, which looks at the consistency of the valuations, and the MVP, which is the median value to price ratio—have improved significantly over the three years that we have been running this project. I will just give you a very quick example.

For all those three standards, if we look at them, three years ago only 33 per cent of local government areas were complying with all those three standards. So only a third of the State. For the July 2008 valuation we are now up to 75 per cent of them complying. To be realistic, we probably will not get much in excess of that, simply because those statistics rely on a good sample of properties of sales that have occurred, and as you will be aware in a lot of local government areas there are very few sales so you cannot get a good sample. So we would expect that, yes, it might improve a wee bit more than that but we are pretty close to having it right.⁷

Issues carried over from the Fourth General Meeting

1.17 In its report of the Fourth General Meeting, the previous Committee expressed its belief that further monitoring and accountability checks on the Valuer General would be of benefit in maintaining public confidence in the land valuation system in New South Wales. Four issues were identified that the Committee felt should be examined in the future: namely, improvement in objections management; workforce capability; information provided to strata property owners; and public confidence and information provision.⁸

Objections management

1.18 The number of objections received to valuations, and the management of those objections, are key indicators of the performance of, and public confidence in, the valuation system.

⁷ See Chapter Four, Transcript of proceedings, 5 June 2009, p 54.

⁸ Parliament of New South Wales, Joint Committee on the Office of the Valuer General, 2006. *Report on the Fourth General Meeting with the Valuer General*, Report no. 53/05 – November 2006, p.vii and p.8.

Strategies to reducing the number of objections received

- 1.19 The Committee noted that the number of objections had fallen dramatically since 2005. When asked to explain the reasons for this, Mr Western replied that:

I think there are a number of reasons for that. One was the introduction of the three-year average in respect of land tax. Rather than having one single valuation, it was able to be averaged over time so that you do not get the same spikes and troughs that you tend to get just with issuing a single valuation. There is no doubt that that has assisted. However, I think we need to take some kudos in terms of why that has fallen so greatly.

- 1.20 He went on to say that:

When I first came into the role, we were averaging about 12,500 objections a year, and that was pretty consistent. That spiked when the land tax threshold was removed and it went up to about 18,000 a year for that one year when the land tax threshold was removed. As you rightly point out, since then it has come down to 5,000 or 5,500. I think a lot of that has to do with the transparency of the valuation system. We now provide a large amount of information to the public in respect of their valuations. They are able to access their valuations directly through the website. Even if it has not been issued for rating purposes, they can see it in between. We have been putting a lot of publicity out there about that. One of the mystics of the valuation also has been taken away in that we now make available sales information directly to the public. They can either ring our call centre or access it via the web, put in their reference property number, and it will automatically bring up for them all the sales and the locations that we have used to arrive at valuations in that area.

Rather than people perceiving that this was just simply a computer-generated value with no basis, they can now actually see that there is some substance behind it. The other thing that it also provides them, if they want, is the ammunition to object in terms of saying, "You have compared it with these properties. However, I actually don't think they are directly comparable for X, X and X." It has assisted them in terms of being able to put their objections in as well. You would expect that that would end up increasing the number of objections but, as I say, it has not. We can put that down to a lot of the communication that has been going on and information that has been made available. As I said within the answers to questions on notice, we are now regarded through most Western valuation jurisdictions as being a leader in rating and taxing valuations, which is fantastic. It is a big step up from where we were three to four years ago.⁹

The call centre

- 1.21 A key element in the decline in the number of objections has been the use of a call centre to answer initial customer enquiries.
- 1.22 Statistics provided by the Valuer General indicate that use of the call centre facility has increased dramatically, particularly during the peak period.¹⁰ He told the Committee that:

For 2006 and 2007 they were reasonably constant, at about 25,000 calls. I am putting it down to a number of reasons. One would be that the media focus at the time we put the valuations out was on the falling market, the global financial crisis and a whole lot of things happening around that. Our call centre is saying that a huge number of calls are related to that. People are ringing and saying, "My valuation has gone up." It will have because most of them are on a three-year revaluation cycle. In addition, we increased the valuations for 1 July 2008 throughout New South Wales. That is part of the drive I have spoken to the Committee about before to ensure that we have more accurate

⁹ See Chapter Four, Transcript of proceedings, 5 June 2009, pp 49-50.

¹⁰ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 2, pp. 17-18.

and consistent land values. Land was undervalued. We are nearly there in respect of that. There have also been inquiries about increases in land tax and the new thresholds in respect of properties above \$2.5 million.

It is not necessarily a bad thing to get those calls. First, it tells me that people thought they were able to communicate with us to find out what is going on. Secondly, when they do call, we are getting a high resolution rate. That rate is about 85 per cent, which is very good for a call centre. That means that we do not have to pass them on to valuers. Trained customer service people have been able to answer the queries. That has been really good. We have about 3,500 objections so far this year, and I am expecting that to rise to about 5,000. So it will be equivalent to where it was last year, which I actually think is very good result in respect where the market is at, what the general perception is out there in terms of the media, and what the market is doing, et cetera. That is a very good outcome.¹¹

1.23 During the peak season from January to June, the Sydney based call centre is outsourced but is solely devoted to meeting the needs of the Valuer General. For the remainder of the year, when call rates drop substantially, the call centre is located in Bathurst and is managed and run by Land and Property Information, Valuation Services.

1.24 Mr Western noted that:

Current call rates have dropped off substantively. We are currently getting, I think, in the region of 90 calls a day, which is well down from the peak where we were getting 350 or 400 a day.¹²

1.25 The Committee believes that strategies now in place such as improvements to the valuation system, better communication with land owners and the availability of the call centre have contributed to the fall in the number of objections received.

Customer satisfaction survey

1.26 A customer satisfaction survey to evaluate customer experience and satisfaction with outsourced and in-house customer service was conducted in early 2008. The results of that survey indicated that:

Overall the majority of survey participants were satisfied with the service they received, with 75per cent of customers that were referred to the Department rating their satisfaction with the service as high. Of our customers that dealt only with the outsourced call centre, 67per cent rated their satisfaction with our service as high. No area of service was rated by our customers as low.¹³

1.27 The Valuer General told the Committee that a significant determination from the survey was that effective and prompt resolution of an enquiry is the key to higher customer satisfaction and that a review of overall customer service had occurred in light of the survey results. Examples of some of the changes that were introduced as a result of that review can be found on page 32. He believed that these changes had enhanced the ability of the outsourced call centre's staff to thoroughly answer customers' questions without the need to refer them to departmental staff.

¹¹ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 48.

¹² See Chapter Four, Transcript of proceedings, 5 June 2009, p. 51.

¹³ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 8, p. 22.

- 1.28 The Valuer General added that funds had been requested for the upcoming financial year to undertake further surveys and that the initial survey has set a benchmark with the aim of tracking performance when a further survey is commissioned.¹⁴
- 1.29 The Committee believes that a follow-up survey would be very useful in assessing the effectiveness of the changes made to call centre procedures as a result of the customer service review and supports the Valuer General's request for funding.

RECOMMENDATION 1: The Committee recommends that the New South Wales Government support the Valuer General's request for a follow-up customer satisfaction survey.

Objections processing turnaround times

- 1.30 A key finding at both the Third and Fourth General Meetings was the need to improve turnaround times for the consideration of objections. In 2004/05, 52 per cent met the target turnaround time of 90 days. In 2005/06, however, performance fell dramatically, with only 26 per cent meeting the target. In 2006/07 this figure had fallen to 8 per cent. By 2007/08, however, performance had started to improve, with 16 per cent meeting the target, and this upward trend is continuing.¹⁵ According to the Valuer General's report to the Committee dated 5 June 2009, up to 18 May 2009 a total of 729 objections from the 1 July 2008 valuation had been reviewed and decisions advised to landowners, with only 95 objections on hand for longer than 90 days, representing a completion rate to date of 23.3 per cent.¹⁶
- 1.31 When asked why so many objections failed to be completed within the target turnaround time, the Valuer General explained that:
- The number of objections received has dropped since 2006/07, however new processes introduced in early 2007 initially slowed turnaround times for objections as they were being bedded in.
- Some of the changes included the establishment of a new team in early 2007, dedicated to processing objections and customer service, significant changes to the organisation structure within LPI and issuing each objector with an individual valuation report along with the outcome of their objection.¹⁷
- 1.32 He added that there were also issues with the quality and timeliness of the work provided by some of the new objection contractors.
- 1.33 A further issue had been that processing of a backlog of objections affected timeline statistics. In 2007/08, 3 000 objections from prior years were completed with 9 770 objections processed compared to 6 660 registered.¹⁸
- 1.34 Mr Western told the Committee that the 90 day turnaround figure was an extremely optimistic target, but it was one that he had in mind since he came into the role:

¹⁴ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 8, p. 23.

¹⁵ New South Wales Department of Lands, Annual Report 2007/2008, *Valuer General's Report*, p. 34, http://www.lands.nsw.gov.au/media/lands/pdf/annual_reports/ar_200708/2008_AR_VGs_report_Low_Res.pdf, accessed 11 June 2009.

¹⁶ See Chapter Three, Valuer General's Report to the Committee dated 5 June 2009, p. 41.

¹⁷ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 3, p. 19.

¹⁸ Chapter Two, Answers to questions on notice, 5 June 2009, Appendix E, p. 38.

We have been doing a lot of work around resources, processes and technology to get that down. At this stage for the year to date, our processing time for issuing a decision on average is about 111 days. That compares with the 2007/08 year when it was 145 days. It is coming down. We are getting there. We are not there yet, but we have made significant improvements in the four years that I have been in the role.¹⁹

- 1.35 According to the Valuer General, the use of technology had been a major factor in improving the processing of objections with over 37 per cent in 2008 being lodged by landowners using the online objection facility.²⁰ Other improvements in the better use of resources and more efficient processes have also contributed to improvements in turnaround times. The Committee was also pleased to learn that considerable work has been done on clearing the backlog of objections from previous years.
- 1.36 The Committee is satisfied that changes made to the objection management system have contributed to an improvement in turnaround times, and will continue to monitor progress on this issue.

Workforce Capacity

- 1.37 A related issue to objection management, which was also raised in the Fourth General Meeting, was the availability of qualified practitioners in the valuation industry for specific “unimproved land” valuation work. The previous Committee recommended in its report of that meeting that the New South Wales Government examine the workforce capability and qualification requirements for valuers with the aim of ensuring a diversity and breadth of professionals available to provide a contestable service to the Valuer General.²¹
- 1.38 When asked whether this examination had been carried out, the Valuer General replied that to date the Government had not done so, however, Land and Property Information, Valuation Services were working towards ensuring current and future needs are met by:
- reviewing the internal structure of the valuation groups to merge the two functions to enable multi-skilling;
 - establishing a Graduate and Trainee Valuer Program;
 - running statistical training for contractors to gain the skills required;
 - establishing a panel for objection and other special valuations to expand the rating and taxing work to other areas of the industry;
 - providing training and best practice examples to external contractors;
 - providing input into the Rating Valuation Practice Module training course run by the Australian Property Institute (API);
 - sponsoring many API conferences including one dedicated to rating and taxing valuations; and

¹⁹ See Chapter Four, Transcript of proceedings, 5 June 2009, p.48.

²⁰ New South Wales Department of Lands, Annual Report 2007/2008, *Valuer General's Report*, p. 32, http://www.lands.nsw.gov.au/media/lands/pdf/annual_reports/ar_200708/2008_AR_VGs_report_Low_Res.pdf, accessed 11 June 2009.

²¹ Parliament of New South Wales, Joint Committee on the Office of the Valuer General, 2006. *Report on the Fourth General Meeting with the Valuer General*, Report no. 53/05 – November 2006, p.10.

- the procurement policy on the panel favours providing work to a wide variety of valuation suppliers.²²
- 1.39 He commented, however, that there were still not enough valuers to meet timeframe demands, with particular reference to the 90 day target for processing objections.
- 1.40 When asked how this shortage may be overcome, Mr Western told the Committee that the amount of work involved in undertaking objection work was quite considerable. There are a number of valuers who undertake contract work for the Valuer General, and once they do this, they are unable to do objections in that particular area.
- 1.41 He added that in the past, because of the nature of the property market, valuers tended to have been involved in doing other work, such as mortgage work or work for funds management or trusts, and had not necessarily been interested in doing work for the Valuer General because it tends to be on a piecemeal basis.²³
- 1.42 Mr Western went on to say that:
- However, with the market downturn and, to some extent, the impact of the global economic crisis, we have actually found now that we have more valuers willing to assist, particularly looking to diversify their portfolio in respect of the business. So, this year, we have approximately 75 firms or sole practitioners involved in doing objection work. We are expecting at this stage that we will be able to meet most of the targets that I have set Land and Property Information in respect of meeting that. However, no doubt that situation will change when the upswing comes. That means that we have to try to find other ways of ensuring that we meet the targets we have set.²⁴
- 1.43 He suggested two ways of addressing the shortage of qualified valuers. One was through the implementation of improved technology and processes in respect of what contractors were expected to do and mechanisms to ensure that their work was being undertaken efficiently. The other was to look at getting more valuers qualified.
- 1.44 Mr Western continued:
- One of the issues that I have had, and I have noted it in the answers to your questions on notice, is that here in New South Wales there are three degree courses available for valuers and two diploma courses—one through the Sydney Institute of Technology and the other through the Open Training and Education Network. All those courses—other than possibly the Open Training and Education Network courses—do not have a huge content in respect of rating and taxing valuation. One of the aspects that I am currently looking at is how we can enhance those courses to start introducing students to rating and taxing valuation and ensuring that we are meeting required standards and educational qualifications in respect of doing the rating and taxing work. I am heading a working group of Australasian Valuer Generals at the moment that is looking at that whole aspect of qualification and course content to ensure that we can improve the number of resources and the skill of the resources involved in rating and taxing work.²⁵
- 1.45 When asked by the Committee how these courses had been allowed to develop without including this rating and taxing content, Mr Western replied:
- Universities and educational facilities today are governed by the dollar and they target where they can get students and where they are able to fund those students. So, rating

²² See Chapter Two, Answers to questions on notice, 5 June 2009, Question 4, pp. 19-20.

²³ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 47.

²⁴ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 47.

²⁵ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 47.

and taxing has not been seen in the past as a big part of that. The other major issue is that most students do not see rating and taxing work as being—and I do not mean this in derogatory terms—a sexy profession. Therefore, they have tended to move into funds management and those sorts of things as opposed to rating and taxing work. As I said, that shift has definitely started to change. For example, Land and Property Information interviewed a number of graduates to come on board as part of our succession plan and 12 months ago when we interviewed we had just on 40 applicants for the five or six roles that were up for grabs. This year there was the same number of roles involved and we had about 150 or 160 applicants, and they were all of a very high calibre. That shows how the field has shifted over that 12 months in respect of graduates with vastly different expectations.²⁶

- 1.46 The Committee observed that the Valuer General and Land and Property, Valuation Services seemed to be doing all the work in improving workforce capability and asked what assistance the Valuer General required from the Government in this regard. Mr Western commented that:

I guess, as an independent statutory officer, all I am looking for from the New South Wales Government is support in relation to that. I think the point you make is an extremely valid one. We have done a lot of work ourselves in respect of that and we will continue to do so. From my point of view it is more about government support in the direction I am taking workforce capability that would be of assistance. The other thing that might be worthwhile noting is that as of last week I was appointed junior vice-president of the Australian Institute of Valuers. As part of that role will I be on the Australasian Educational Committee for Valuers. So, through that avenue as well we will be able to look at doing some more work so far as educational qualifications and, as I talked about before, beefing up the amount of material that is in courses in respect of rating and taxation work.²⁷

- 1.47 In terms of what kind of practical support he required from the Government, Mr Western said that:

I think it would be just assisting as far as talking with universities, through that process, and ensuring we have access to the right people so we can get this off the line. The Government is not in the role of providing directly the courses themselves but that is a role it can assist with, in getting us access.²⁸

- 1.48 The Committee recognises the work that the Valuer General is doing to improve workforce capability and supports the inclusion of rating and taxing qualifications into degree and diploma valuation courses.

RECOMMENDATION 2: The Committee recommends that the New South Wales Government actively support the work of the Valuer General in improving workforce capability and in gaining access to universities as required.

National trade licensing system

²⁶ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 47.

²⁷ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 53.

²⁸ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 53.

- 1.49 In July 2008 the Council of Australian Governments agreed to establish a National Trade Licensing System to remove inconsistencies across State borders and to allow a more mobile workforce.
- 1.50 The national licensing system for valuers and conveyancers is planned to commence as soon as possible after July 2013 and an Occupational Advisory Committee for the valuation profession is to be established by April 2010.
- 1.51 The Valuer General told the Committee that New South Wales currently has a full registration regime (similar to Western Australia and Queensland). These states are covered by mutual recognition legislation and the Trans Tasman Mutual Recognition Agreement.
- 1.52 When asked what the implications might be for New South Wales registered valuers, the Valuer General commented that:
- For the valuation profession the outcome is unknown at this stage. The result could be to adopt national licensing based on a negative licensing model (i.e.: a statutory scheme that allows a person or a business to practice an occupation, unless they breach statutory based requirements); a model similar to the full registration regime in NSW; or the deregulation of the profession.²⁹

RECOMMENDATION 3: The Committee recommends that the New South Wales Government press for the adoption of a national licensing model similar to the full registration regime for valuers that is currently available in New South Wales.

Information provided to strata property owners

- 1.53 The previous Committee had expressed concern in the report of the Fourth General Meeting that strata owners were disadvantaged because they did not receive information about the full land valuation of their strata property. The Committee recommended that the New South Wales Government examine the provision of valuation information to owners of strata properties, in particular information about the total land valuation of the strata property and its dissemination to individual lot owners.
- 1.54 The Valuer General assured the Committee that landowners, including strata owners, can access their current land value online free of charge from the Department of Lands website (www.lands.nsw.gov.au) following a registration process. Strata owners can access both the land value for the site of the strata scheme and the proportional value for their lot based on unit entitlement.
- 1.55 A Notice of Valuation for the land value of the site of the strata scheme is issued to the secretary of the strata plan or the owners' corporation every three to four years to coincide with the issue of new land values to council for rating purposes. He added that it is common practice for the strata manager to distribute the Notice of Valuation to individual lot owners.³⁰
- 1.56 The Committee is satisfied that strata owners are now able to access the same information about their land value as other property owners, and that the Valuer

²⁹ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 20, p. 28.

³⁰ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 5, p. 20.

General has taken appropriate steps to ensure that the availability of this information is publicised.

Public accountability

Performance reporting

- 1.57 A continuing theme in reports of the previous Committee was the need for a mechanism to assess the effectiveness of the Valuer General's public information materials in building confidence and accountability in the valuation system.
- 1.58 In November 2005, the Committee, in its review of best practice reporting, recommended that the Valuer General publish an annual performance report, separate from the annual report information provided in the Department of Lands annual report. At the Fourth General Meeting the Valuer General told the Committee that it was anticipated that the first performance report would be released in early 2007, to coincide with the distribution of notices of valuations.³¹
- 1.59 In response to a question on notice, the Valuer General stated that:
- Although some preliminary work has been undertaken in the development of an Annual Performance Report on the Office of the Valuer General, the proposal has been overtaken by circumstances, including:
- The Office of the Valuer General currently reports within the Department of Lands Annual Report. This report has been upgraded to include many of the features that it was envisaged would be included in the Office of the Valuer General Performance Report.
 - With the State wide requirement for cost savings to be generated across government departments, it was felt that two publications with basically similar content was not perceived as making the most efficient use of funding.³²
- 1.60 The Committee followed up this question at the meeting, asking what the savings were from having only the integrated report, Mr Western replied:
- The simple answer is I do not know the exact dollar amount that that would be. The original intent of that was that the Department of Lands annual report is a very, very comprehensive document. It was extremely detailed and one of the big issues that I had—and I have talked about it here at this Committee—is that I wanted to have a more plain English-type document, one that the public could better understand. One of the ways of achieving that, I thought, was to look at providing our own independent performance report.
- However, the ground has shifted considerably since I originally had that vision in that the Department of Lands' annual report has become far more of a plain English document. The issue for me was twofold: first, I could see that it was going to be a duplication of data coming in because we had gradually moved what I was expecting to get out of the performance report into the annual report, so there was that issue. Second, I was concerned about: What would the reader distribution be if I actually published my own report? We had a consultant to do some initial work for us, which indicated that it was not necessarily going to be widely read. It may have been in the past where the performance of the valuation system was not up to expectations. However, that performance has enhanced considerably.³³

³¹ Parliament of New South Wales, Joint Committee on the Office of the Valuer General, 2006. *Report on the Fourth General Meeting with the Valuer General*, Report no. 53/05 – November 2006, p.4.

³² See Chapter Two, Answers to questions on notice, 5 June 2009, Question 11, p. 24.

³³ See Chapter Four, Transcript of proceedings, 5 June 2009, pp. 57.

- 1.61 The Committee agrees that the performance information included in the annual report has improved, but is not convinced that this fully meets the criteria for building confidence and accountability in the valuation system. The Committee will therefore review this issue again in the light of the performance information published in the 2008/09 annual report.

Communication strategy

- 1.62 An important aspect of building confidence and accountability is an organisation's communications strategy.
- 1.63 At the Fourth General Meeting the Valuer General told the Committee that he was looking at public feedback systems activities in other Commonwealth jurisdictions as a benchmark against NSW initiatives. His consultations revealed that, over the course of 2007/08, the public feedback aspect of the New South Wales valuation system had advanced considerably and was comparable to leading valuation agencies within British Columbia, Ontario and England/Wales. These initiatives included public feedback mechanisms giving direct access (both electronic and written) to the Office of the Valuer General, the call centre, the website and the Valuer General newsletters.³⁴
- 1.64 The newsletter is published twice yearly and distributed by local government councils with rates notices, to all members of Parliament and through the Valuer General's mailing list. Mr Western told the Committee that there has been a bigger uptake by councils of the 2009 newsletter and that the distribution has increased to 1.5 million copies from 1.2 million in 2008.³⁵ The newsletter is also available on the Department of Lands website at http://www.lands.nsw.gov.au/valuation/valuation_publications.
- 1.65 The Valuer General also publishes several fact sheets and brochures that explain the valuation system. Committee members noted that their electorate offices received queries about the valuation process from time to time and suggested that a small supply of this material be provided to all members of Parliament for their offices. The Valuer General agreed that this was an excellent idea.³⁶

Issues arising at the Fifth General Meeting

Service level agreement

- 1.66 In February 2007 responsibility for rating and taxing valuation tenders and contracts was transferred from the Valuer General to the Land and Property Information Division (LPI), Department of Lands. In addition to valuation contract management, LPI also audits valuations, processes objections, provides property information and data to valuation service contractors and the day-to-day management of valuations completed under the *Land Acquisition (Just Terms Compensation) Act 1991*. These services are formalised through an annual service level agreement, a copy of which appears in **Appendix Two**.
- 1.67 The Valuer General told the Committee that the format of the service level agreement between the New South Wales Valuer General and Land and Property Information NSW would be changed for the 12-month period beginning 1 July 2008:

³⁴ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 7, p. 21.

³⁵ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 59.

³⁶ See Chapter Four, Transcript of proceedings, 5 June 2009, p 52.

The service level agreement when I first came to this role was some 15 pages long and quite detailed in what the outcomes required. I persisted with that for at least 12 months until I began to get some confidence about what was happening with the valuation system and with the work that Land and Property Information was undertaking. You will now see in the appendix that is attached that it has been watered down somewhat in terms of the number of key performance indicators (KPIs) there. I am at the stage now where I am confident that Land and Property Information, Valuation Services are doing the job I require of them, so this year we will be looking at a service level agreement which effectively will have one page of key KPIs and they effectively will be the ones we will report against in our annual report. That is as close as I am going to get from an operational point of view. However, the main body of the service level agreement will be looking at the strategic direction of the valuation system. That is looking at where we are going to move it to in respect of information technology and a whole lot of aspects around that, including communication, again, with the public.³⁷

- 1.68 The Committee looks forward to seeing the new agreement and in evaluating its effectiveness as a reporting mechanism to build public confidence and accountability.

Pricing regime for valuation services

- 1.69 The pricing regime for the provision of valuation services to local government will change as of 1 July 2009 following a review of rating valuation services provided to local government by the Independent Pricing and Regulatory Tribunal (IPART).

- 1.70 The Valuer General told the Committee that KPMG had assisted him with a submission to the IPART review and had undertaken a comparative analysis of the costs of the NSW valuation system compared with the International Property Taxation Institute (IPTI) benchmarking survey and other confidential data held by KPMG.

- 1.71 This analysis had concluded that:

- Approximately 90 per cent of the costs of the NSW valuation system are either market tested or are broadly in line with comparable benchmarks.
- Land and Property Information, Valuation Services is considered a 'low cost' valuation service provider on the basis of the benchmarking study undertaken by IPTI.
- The efficiency of Land and Property Information, Valuation Services has not been at the expense of delivering a quality service.
- IPART had agreed with this analysis and findings; and
- With the communication enhancements that have been incorporated into the NSW valuation system over the past two to three years, the NSW valuation system is now well regarded by other valuation jurisdictions as being a good benchmark for them to aspire too.³⁸

- 1.72 The Committee asked the Valuer General, what other government agencies use Valuer General services and whether they were charged for those services?

- 1.73 The Valuer General responded that:

- NSW Fire Brigades use land values in their determination of levies which are imposed on the insurance industry and local councils. A fee of \$25,000 + GST p.a. is charged for the provision of land values.

³⁷ See Chapter Four, Transcript of proceedings, 5 June 2009, p. 53.

³⁸ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 7, pp. 21-22.

- NSW Maritime use land values for the calculation of rents for leases. Negotiations are occurring with NSW Maritime regarding charges for use of land values.
- Crown Lands within the Department of Lands use land values for the calculation of rents on some Crown Land. Negotiations are occurring with Crown Lands regarding the services they require and payment for these services.
- Commonwealth Grants Commission uses land values to assist in the allocation of Commonwealth grants between states and territories. The Valuer General provides land values without charge.³⁹

1.74 He added that:

The Valuer General, under the Land Acquisition (Just Terms Compensation) Act 1991, undertakes valuations to determine compensation for the compulsory acquisition of land where the acquiring authority (often government agencies and local councils) cannot reach an agreement as to the compensation to be paid. Work is carried out on a fee for service basis.

Land and Property Information also carries out a range of valuation work, for various state and local government entities, which is separately funded on a fee for service basis. Examples are asset valuations for financial reporting and management purposes, rental valuations, and valuations for sale or purchase of government property.

Valuation information is also used by private property information brokers and members of the public who purchase data on land values.⁴⁰

1.75 The Committee questioned whether it would be beneficial if those agencies such as the Grants Commission that currently received services without charge were to pay for services rendered. Mr Western replied:

I think, in an organisation and an environment where we are talking about transparency, et cetera, the simple answer to that is yes.

I guess one of the positive things, from my point of view—and it has two strings to it—is because the valuation system has become more accepted because of its accuracy and consistency, it is now being used for purposes for which it was never intended it would be used. It was simply there for straight rating and taxing. However, these other authorities have now seen some benefit in terms of being able to use it. Previously it was not used widely and it was pretty insignificant in respect to that wider use.

However, as you rightly point out, that situation has changed now. So one of the things we will be looking at over the next 12 months is actually looking at these other organisations contributing something to the valuation system because simply, where it is used, whether it is directly or indirectly, there will be objections that we are getting in theory to rating and taxing valuations which in fact may be to a rental that has been applied by another organisation. Now we cannot differentiate that at the moment but we do know anecdotally that that will be occurring.⁴¹

³⁹ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 17, p. 27.

⁴⁰ See Chapter Two, Answers to questions on notice, 5 June 2009, Question 17, p. 27.

⁴¹ See Chapter Four, Transcript of proceedings, 5 June 2009, pp. 57-58.

Commentary

- 1.76 Mr Western concluded by saying that this was a cost effectively back onto the major stakeholders, which is obviously the New South Wales Government and the Office of State Revenue or local government, which rightly they should not be paying.
- 1.77 The Committee will review the pricing regime with the Valuer General at the next general meeting.

Chapter Two - Questions on notice, with answers, 5 June 2009

Valuer General's Report to the Committee

1. As part of the agreed reporting regime developed between the Valuer General and the previous Joint Committee on the Office of the Valuer General, the Valuer General tabled a report at each general meeting that formed an ongoing reference document for the Committee's oversight function. This Committee would like to continue this reporting regime arrangement.

Would you be happy to provide the Committee with a written report which outlines significant reviews, issues and achievements since your 2006 report to the previous Committee, together with highlights of the 1 July 2008 valuation?

Answer

Separate report provided (Appendix A).

Ombudsman Investigation

2. Now that the recommendations made by the NSW Ombudsman in his 2005 report have been implemented, what impact has this had on improving the quality of the land valuation process?

Answer

The 2005 Ombudsman's Report into improving the quality of land values made 38 recommendations to further improve the valuation system.

All of the recommendations assigned to the Valuer General have been implemented.

Three recommendations were assigned to the Joint Parliamentary Committee.

The recommendation assigned to NSW Treasury on "a rolling average" for land tax was implemented in the May 2006 State budget.

In conjunction with a number of other projects being undertaken by Land and Property Information, Valuation Services (LPIVS) there has been a significant improvement in a number of key areas of the NSW valuation systems performance, including:

Call Centre

1 July 2008 valuations	35,501 calls (January to April)
1 July 2007 valuations	25,955 calls (January to April)
1 July 2006 valuations	25,690 calls (January to April)

85% of calls were resolved on the first contact.

Objections Received (as at 18 May 2009)

1 July 2008 valuations	3,124	objections
1 July 2007 valuations	5,491	objections
1 July 2006 valuations	8,540	objections
1 July 2005 valuations	12,851	objections

Qualitative Statistical Indicators (From 2004 to 2009)

Coefficient of Dispersion:

Residential (from 19 to 8)
Business (from 21 to 14)

Median Value to Price Ratio:

Residential (from 87% to 94%)
Business (from 78% to 90%)

Price Related Differential:

Residential (from 1.15 to 1.05)
Business (from 1.22 to 1.11)

Issues arising out of the 2006 meeting

In its report on the last meeting with the Valuer General in 2006, the previous Committee identified four main issues that should be examined in the future: namely, improvement in objections management; workforce capability; information provided to strata property owners; and public confidence and information provision (public accountability) [Joint Committee on the Office of the Valuer General Report no. 53/05, p.8]. We would like to follow up on these matters.

Objections Processing Turnaround Times

3. The Valuer General's 2007/08 Annual Report notes that a new team specifically focussed on processing objections and improving services to landowners has been set up and that new processes have been implemented [p.32]. The Performance Report shows an improvement over the preceding year but the average number of days to complete objections and the percentage of objections completed within 90 days still falls far short of the target figure [p.34]. Given that the number of objections has dropped significantly since 2006/07, why did so many objections fail to be completed within 90 days of the objection being received?

Answer

The number of objections received has dropped since 06/07, however new processes introduced in early 2007 initially slowed turnaround times for objections as they were being bedded in.

Some of the changes included the establishment of a new team, in early 2007, dedicated to processing objections and customer service, significant changes to the organisation structure within LPI and issuing each objector with an individual valuation report along with the outcome of their objection.

During this period LPI had to advertise, attract and engage private sector valuation companies to undertake this work. Initially there were issues with the quality and timeliness of the work provided by some of the new objection contractors.

Workforce capability

4. In its Report of the Fourth General meeting, the previous Committee recommended that the NSW Government examine the workforce capability and qualification requirements for valuers with the aim of ensuring a diversity and breadth of professionals available to provide a contestable service to the Valuer General. [Report no. 53/05, p. 9] Was this examination carried out and what was the outcome? Are there now sufficient valuers available in New South Wales with the required level of expertise?

Answer

To date the Government has not carried this out.

There still are not enough valuers to meet our timeframe demands, with particular reference to the 90 day target for processing objections.

With the current downturn in the property market we have seen both potential new contractors and actual new contractors wanting to take on the rating and taxing valuation work.

LPIVS are working towards ensuring our current and future needs are met by:

- Reviewing the internal structure of the valuation groups to merge the two functions to enable multi-skilling.
- Establishing a Graduate and Trainee Valuer Program .
- Running statistical training for contractors to gain the skills required.
- Establishing a panel for objection and other special valuations to expand the rating and taxing work to other areas of the industry.
- Providing training and best practice examples to external contractors.

- Providing input into the Rating Valuation Practice Module training course run by the Australian Property Institute (API).
- Sponsoring many API conferences including one dedicated to rating and taxing valuations.
- The procurement policy on the panel favours providing work to a wide variety of valuation suppliers.

Information provided to strata property owners

- 5. In its Report of the Fourth General meeting, the previous Committee recommended that the NSW Government examine the provision of valuation information to owners of Strata properties, in particular information about the total land valuation of the Strata property and its dissemination to individual lot owners. [Report no. 53/05, pp 10-12] How do individual strata property owners currently receive information about the BLOCK value of their land?**

Answer

Landowners, including strata owners can access their current land value online free of charge from the Lands website www.lands.nsw.gov.au following a registration process. Strata owners can access both the land value for the site of the strata scheme and the proportional value for their lot based on unit entitlement.

The availability of the land value search is promoted on the Lands website, *Your land value* brochure and through the Valuer General's newsletter which the majority of councils send out with the annual rates notice in July/August each year. The Valuer General also issues a newsletter in January/February of each year with the release of new Notices of Valuation and in July when many councils put the newsletter in with the first rates notice issued to ratepayers for the new financial year.

The brochure *Your land value review guide*, which is also available online, provides dedicated information on strata properties and lodging an objection to the land value.

A Notice of Valuation for the land value of the site of the strata scheme is issued to the secretary of the strata plan or the owners' corporation every three to four years to coincide with the issue of new land values to council for rating purposes. It is common practice for the strata manager to distribute the Notice of Valuation to individual lot owners.

Public Accountability

- 6. The Annual Report [p.31] notes that you have continued to implement an improved communications strategy. Can you explain this strategy and how is its performance measured?**

Answer

The cornerstone of the Valuer General's philosophy for the NSW valuation system is the 'Four Pillars' (Appendix C). These pillars (Quality, Accountability, Transparency and Independence), strategically form the centre piece of the valuation system business processes and procedures as well as our communications and customer service strategies.

LPIVS implement this philosophy through their own business plan (Appendix D) which aims to be proactive, clear, comprehensive and concise in communications with the public and stakeholders.

One way in which the strategy is measured for effectiveness is through our program of market research. The first survey was conducted in early 2008. Further surveys scheduled for later in the year were put on hold due to budget cuts in October. It is hoped these surveys will take place in the next financial year, subject to funding.

7. At the 2006 meeting with the previous Committee, you mentioned that you were looking at activities in other Commonwealth jurisdictions such as England, Vancouver and Quebec whose public feedback systems you felt were superior to NSW and could be used to benchmark against NSW initiatives. What was the outcome of this study? [Report no. 53/05, p. 3]

Answer

Consultation with leading overseas jurisdictions in 2008 revealed that over the course of 2007/2008 the public feedback aspect of the New South Wales valuation system had advanced considerably and was comparable to leading valuation agencies within British Columbia, Ontario and England/Wales. These initiatives included public feedback mechanisms giving direct access (both electronic and written) to the Office of the Valuer General, the call centre, website and the Valuer General newsletters.

A benchmarking study was undertaken by the International Property Taxation Institute (IPTI) involving valuation data from some of the major valuation jurisdictions throughout the western world including England, Wales, various provinces of Canada, various jurisdictions of the United States, New Zealand, Hong Kong and most Australian States.

KPMG assisted the NSW Valuer General with a submission to the Independent Pricing and Regulatory Tribunal (IPART) and undertook a comparative analysis of the costs of the NSW valuation system compared with the IPTI benchmarking survey and other confidential data held by KPMG.

This analysis concluded that:

- Approximately 90% of the costs of the NSW valuation system are either market tested or are broadly in line, if not below, comparable benchmarks.
- LPIVS is considered a 'low cost' valuation service provider on the basis of the benchmarking study undertaken by IPTI.
- The efficiency of LPIVS has not been at the expense of delivering a quality service.
- IPART agreed with this analysis and findings.

- With the communication enhancements that have been incorporated into the NSW valuation system over the past two to three years, the NSW valuation system is now well regarded by other valuation jurisdictions as being a good benchmark for them to aspire too.

8. What was the outcome of the customer satisfaction survey and what changes have been implemented as a result of comments made in the surveys? Will the intended further survey monitor trends and the impact of any changes implemented in response to the earlier survey?

Answer

The survey was undertaken to evaluate customer experience and satisfaction with outsourced and in-house (LPI) customer service.

Overall the majority of survey participants were satisfied with the service they received, with 75% of customers that were referred to the Department rating their satisfaction with the service as high. Of our customers that dealt only with the outsourced call centre, 67% rated their satisfaction with our service as high. No area of service was rated by our customers as low.

A significant determination from the survey was that effective and prompt resolution of an enquiry is the key to higher customer satisfaction. A review of our overall customer service has occurred in light of the survey results.

Procedure manuals and frequently asked questions have been expanded to ensure officers have the resources to respond to our customers' concerns.

More extensive property information is now available to officers at the outsourced call centre improving their ability to resolve enquiries. They also now have more extensive access to customer activity records which detail previous contact with our customer services.

We have implemented more frequent data transfer between the Department and the outsourced call centre improving the currency of information available to customer service centre staff. Transfer of data now occurs twice daily, previously it occurred overnight.

In line with the survey finding that effective and prompt resolution is the key to higher customer satisfaction, these changes have enhanced the ability of the outsourced call centre's staff to thoroughly answer customers' questions without the need to refer them to Departmental staff.

If an enquiry cannot be answered during the initial call it will be referred to a specialist staff member such as a registered valuer or land data manager and the customer will be advised of the time frame for follow up action.

The Valuer General has introduced a key performance indicator to ensure the majority of referred enquiries are answered within three days.

We have improved our monitoring process for follow up calls referred from the outsourced call centre to the Department. An electronic monitoring system generates a report of outstanding calls which are followed up by a member of the customer service team to ensure calls are responded to in a timely manner.

Further surveys will be subject to funding. Funds have been requested for the upcoming financial year. The initial survey has set a benchmark with the aim to track performance when a further survey is commissioned.

9. The Annual Report [p.32] also notes that priority is placed on answering enquiries from the Minister and landowners with a thorough and timely response. Is there a target timeframe from receipt of the inquiry in which to respond? If so, what percentage of responses achieved this target? What factors may affect the ability of your office to provide a thorough response within the target timeframe?

Answer

There are four timeframes for answering Ministerial correspondence, as set down by the Minister's office:

- Immediate (Priority – ASAP)
- Urgent (One week)
- Early (Two weeks)
- Routine (Three weeks).

The average time taken to answer Ministerial correspondence by the Office of the Valuer General:

- 7 days
- 3 days.

The Office of the Valuer General has a 14 day timeframe for answering correspondence sent directly to the Valuer General. Statistics were not kept prior to October 2007. The average time taken to answer correspondence sent directly to the Valuer General in 2008 was 5 days.

Turnaround times for correspondence can be affected by numerous factors. Complex matters may involve obtaining advice from several different areas such as valuation managers, contract valuers and the Crown Solicitors Office. If during the research phase of a response an error is uncovered it is our policy to rectify this. This may slow the issue of a final response. Absence of any relevant staff needed during the research or sign off stages may also affect response times.

10. The Annual Report [p. 32] notes that a full review of the valuation section of the Department of Lands website commenced in June 2008. Has this been completed and what were the findings of the review?

Answer

The review of the valuation section of the Department of Lands website was completed in late 2008.

The content of the valuation section was evaluated to ensure the information available meets the requirements of our customers, is accurate, up to date and accessible.

In addition to updating information, an additional page was added to provide direct access to the Valuer General's media releases.

The valuation section of the website is subject to ongoing monitoring to ensure accuracy and currency of information.

Performance Reporting

11. Previous reports have recommended that the Valuer General publish an annual Performance Report separate from the annual report information provided in the Department of Lands Annual Report. At the 2006 meeting, you indicated your intention to release a Performance Report in early 2007 to coincide with the distribution of Notices of Valuations. [Report no. 53/05, p. 4] Was the Performance Report released as indicated?

Answer

Although some preliminary work has been undertaken in the development of an Annual Performance Report on the Office of the Valuer General, the proposal has been overtaken by circumstances, including:

- The Office of the Valuer General currently reports within the Department of Lands Annual Report. This report has been upgraded to include many of the features that it was envisaged would be included in the Office of the Valuer General Performance Report.
- With the State wide requirement for cost savings to be generated across government departments, it was felt that two publications with basically similar content was not perceived as making the most efficient use of funding.

12. The Service Level Agreement between the NSW Valuer General and Land and Property Information NSW lists several key performance indicators and targets, as does the Valuer General's Report on p. 34 of the Annual Report. How is performance against these KPIs and targets monitored and what steps are taken if targets are not met? How often are they reviewed?

Answer

The Service Level Agreement (SLA) is the key document which specifies the requirements of LPIVS by the Office of the Valuer General as well as specifying the key performance indicators (KPI's) for a range of activities.

The SLA is between the Valuer General and the General Manager, LPI.

The SLA is for a 12 month period commencing on 1 July each year (See Appendix B).

The SLA has been refined considerably over a number of years and moved focus from largely operational activity towards a focus on governance and higher level requirements.

The primary KPI's are monitored on a monthly basis through regularly generated reports. Regular weekly meetings are also held between the Office of the Valuer General and the Chief Valuer, LPIVS. Where there are any concerns as to performance these are discussed and recommendations provided for improved performance.

The Chief Valuer, LPIVS also provides a monthly report and update to the LPI Executive Management Group on progress against the primary KPI's.

Where non performance is a continuing issue then a plan to remedy would be implemented with agreed requirements and dates. Publication of non performance is also available through both the LANDS Annual Report and the Joint Parliamentary Committee.

13. The Land and Property Information Division Strategic Plan for 2008-2013 is available on the Department of Lands website. Does the Office of the Valuer General also have a strategic plan? If so, is it publicly available?

Answer

The Valuer General is responsible for the regulatory functions relating to the NSW valuation system.

The cornerstone of the Valuer General's philosophy for the NSW valuation system is the 'Four Pillars' (Appendix C). These pillars (Quality, Accountability, Transparency and Independence), strategically form the cornerstone of the valuation system business processes and procedures as well as importantly our customer service.

LPIVS implement this philosophy through their own business plan (Appendix D).

14. According to the Annual Report [p.34], not only were many of the performance targets not achieved in 2007/08, but in some instances the achievement rate was in fact lower than for the previous year. What are the reasons for this?

Answer

Please see the table at Appendix E for an explanation for each relevant performance target.

Land verification project

15. Did the Land Value Verification Project meet its 40% target by 30 April 2008 and what is the status of the project? [Annual Report, p. 32]

Answer

Refer to the Valuer General's Update Report (Appendix A) – 5 June 2009.

As of 31 December 2008 60.57% of properties had been verified.

This project is an integral part of the ongoing improvement of land values and associated data within the NSW valuation system since its instigation approximately three years ago.

It is the intention for the project to continue to be embedded in the NSW valuation system for the foreseeable future.

Statistical research project

- 16. What is the status of the statistical research project that you are undertaking with the University of Western Sydney to examine and improve aspects of the valuation system? Has any action been taken in response to the findings of the project to date? [Annual Report pp. 32-3]**

Answer

Refer to the Valuer General's Update Report (Appendix A) – 5 June 2009.

Funding of Valuation Services

- 17. The Committee notes that the pricing regime for the provision of valuation services to local government will change as of 1 July 2009. Apart from local councils and the Office of State Revenue, what other government agencies use Valuer General services? Are they charged for those services?**

Answer

- NSW Fire Brigades use land values in their determination of levies which are imposed on the insurance industry and local councils. A fee of \$25,000 + GST p.a. is charged for the provision of land values.
- NSW Maritime use land values for the calculation of rents for leases. Negotiations are occurring with NSW Maritime regarding charges for use of land values.
- Crown Lands within the Department of Lands use land values for the calculation of rents on some Crown land. Negotiations are occurring with Crown lands regarding the services they require and payment for these services.
- Commonwealth Grants Commission uses land values to assist in the allocation of Commonwealth grants between states and territories. The Valuer General provides land values without charge.

The Valuer General, under the *Land Acquisition (Just Terms Compensation) Act 1991*, undertakes valuations to determine compensation for the compulsory acquisition of land where the acquiring authority (often government agencies and local councils) cannot reach

an agreement as to the compensation to be paid. Work is carried out on a fee for service basis.

Land and Property Information carries out a range of valuation work, for various state and local government entities, which is separately funded on a fee for service basis. Examples are asset valuations for financial reporting and management purposes, rental valuations, and valuations for sale or purchase of government property.

Valuation information is also used by private property information brokers and members of the public who purchase data on land values.

Water Management Act

- 18. Has the Water Management Act working group of affected councils and the Department of Local Government completed its examination of possible changes to what improvements are included in the land value for rating purposes? [Annual Report p. 33]**

Answer

A representative of the Valuer General has met with the Water Management Act working group to answer questions and provide detailed advice on the *Valuation of Land Act 1916*.

I have been advised that most councils have established their rating structures using the new valuations (ex water) within the parameters set by the Department of Local Government.

The working group last met on 30 April 2008, no further issues have been raised for discussion. A representative of the Valuer General continues to be available to assist affected councils and the Department of Local Government.

Valuation system benchmarking

- 19. What is the outcome of your work with overseas and other Australian jurisdictions to improve the NSW valuation system, the quality of land values and the delivery of efficient valuation outcomes? [Annual Report p. 33]**

Answer

The NSW Valuer General continues to work closely with a number of leading valuation jurisdictions both within Australasia and internationally, including all Australian states and New Zealand; United Kingdom (through the Valuation Office Agency [VOA] in England); British Columbia Assessment Authority, Municipal Property Assessment Corporation (MPAC, Ontario, Canada); and with the International Property Taxation Institute (IPTI, Toronto, Canada)

With regard to international benchmarking more detailed commentary is provided within the answer to Question on Notice 7.

The Australasian Valuer Generals (including all Australian states and territories and New Zealand) continue to work on best practice benchmarking as part of their desire to improve valuation systems throughout Australasia. The Australasian Valuer Generals meet annually to discuss current issues of common interest as well as the development of best practice in other jurisdictions and how that might be applied to their own particular valuation system.

COAG national licensing system for specified occupations

At the Council of Australian Governments (COAG) meeting of 3 July 2008 it was agreed that a national licensing system would be implemented for specified occupations including valuers. An Intergovernmental Agreement was subsequently made at the COAG meeting held on 30 April 2009 and a Decision Regulation Impact Statement issued.

20. Can you explain the proposed national licensing system for valuers. How will this differ from current NSW licensing requirements and what is the likely impact on valuers in New South Wales?

Answer

In July 2008 COAG agreed to establish a National Trade Licensing System (NTLS) to remove inconsistencies across State borders and to allow a more mobile workforce.

Property agents (in which valuers are included) is one of the occupations covered

Objectives and Principles

The objectives of the national system, to be set out in legislation, are to:

- a) ensure that licences issued by the national licensing body allow licensees to operate in all Australian jurisdictions;
- b) ensure that licensing arrangements are effective and proportional to that required for consumer protection and worker and public health and safety, while ensuring economic efficiency and equity of access;
- c) facilitate a consistent skill base for licensed occupations;
- d) ensure effective coordination exists between the national licensing body and relevant jurisdictional regulators;
- e) promote national consistency in:-
 - i. licensing structures and policy across comparable occupational areas,
 - ii. regulation affecting the conduct requirements of licensees, and
 - iii. the approaches to disciplinary arrangements affecting licensees;
 - iv. provide flexibility to deal with jurisdiction or industry specific issues; and
 - v. provide access to public information about licensees.

National Licensing is planned for two stages with the first to commence in 2012 for property agents (other than valuers and conveyancers).

National licensing is planned to commence as soon as possible after July 2013 for valuers and conveyancers.

Groups known as the Occupational Advisory Committees will advise the National Licensing Board which advises COAG.

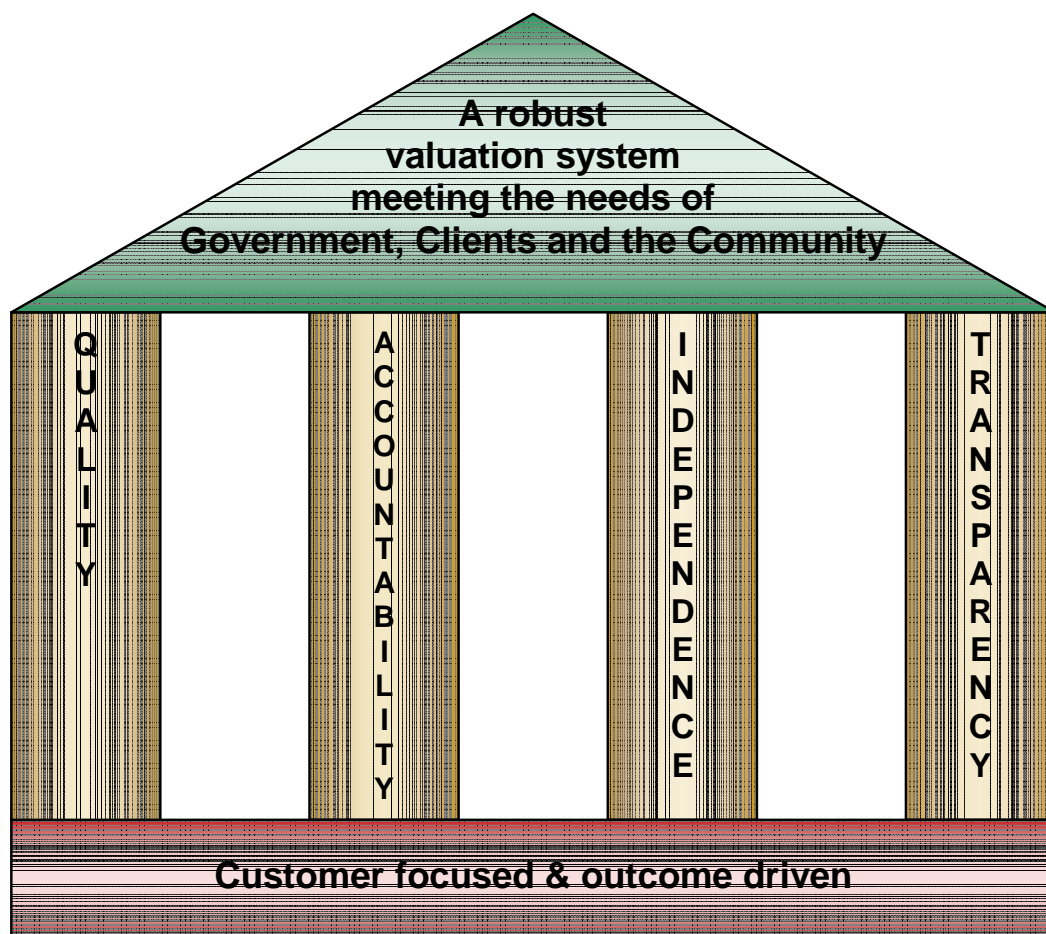
It is expected that an Occupational Advisory Committee for the valuation profession will be established by April 2010 and that the Australian Property Institute will be asked to join as a primary industry organisation.

New South Wales currently has a full registration regime (similar to Western Australia and Queensland). These states are covered by mutual recognition legislation and the Trans Tasman Mutual Recognition Agreement.

For the valuation profession the outcome is unknown at this stage. The result could be to adopt national licensing based on a negative licensing model (i.e.: a statutory scheme that allows a person or a business to practice an occupation, unless they breach statutory based requirements); a model similar to the full registration regime in NSW; or the deregulation of the profession.

Appendix C

The Four Pillars



Appendix D**VALUATION SERVICES BUSINESS PLAN
2008 – 2013**

STRATEGIC GOAL: CUSTOMERS Our customers' needs and requirements will be our primary focus in designing our products, services and delivery channels.		
STRATEGY	ACTIONS	TARGET
Continue to develop and expand our liaison groups and consultation channels	<p>Formalised liaison with local government</p> <p>Memoranda of Understanding with Local Government</p> <p>Formalised Contractor Liaison Processes</p> <p>Formalised Liaison with Land & Environment Court/ CSO</p> <p>Formalise liaison with major acquiring authorities</p> <p>Crown Lands</p> <p>Develop liaison with other state valuation jurisdictions</p> <p>Australian Property Institute Increase involvement in study group</p>	<p>2008/2009 Regional level liaison action plan</p> <p>2008/2009 Accountabilities in position descriptions</p> <p>Rating professionals/LGMA</p> <p>Implement Plan from July 2009</p> <p>July 2009 Formalise liaison requirements in manager's performance agreements. Finalise Valuation Services Appendix for MOU with LGMA by end 2008</p> <p>Take up target: 25% of councils by July 2010 50% of councils by July 2012 75% of councils by July 2014</p> <p>Undertake a survey to determine the best format by end of 2008 Implement in early 2009</p> <p>Document process for communication 2008/2009 Arrange 2 Meetings per year with Crown Solicitors and Chief Justice commencing 2008/2009</p> <p>Document process for communication 2008/2009 Arrange 2 meetings per year with major acquiring authorities.</p> <p>Establish liaison action plan</p> <p>Develop Plan June 2009</p> <ul style="list-style-type: none"> • Rating & Taxing • Asset Valuations <p>Develop a list of recommended topics for study group review during 2008 and each year.</p>
Invest in a regular program of market research to gather customer feedback on our existing products and services as well as information on products and services our customers want	Develop and implement a schedule of customer surveys.	<p>Councils 2009/2010</p> <p>Objectors Survey 2008/2009 and every 2 years</p> <p>Call Centre 2009/2010 and every 2 years</p> <p>CSV Customers 2008/2009</p>
Involve our customers more in designing and developing our products and services	Analyse Survey and liaison results to identify demand for new products/services	Annually following survey

STRATEGY	ACTIONS	TARGET
Inform our customers more about the products and services we provide	<p>Proactive, clear, comprehensive and concise communications with public and stakeholder.</p> <p>Improve the consistency and quality of technical advice to valuation contractors, industry and landowners.</p> <p>Ensure valuation reports are clearly rationalised, supported by evidence and written in customer friendly language.</p>	<p>Hand over of publications from OVG during 2008 document review</p> <p>Introduce 'Practice Note' protocol by September 08</p> <p>Develop formal training program for valuation contractors October 2008</p> <p>Established formalised review & scoring of objection reporting 2008/2009</p>
Improve our complaints handling processes	<p>Formalise process for logging and tracking complaints with OVG</p> <p>Public/customer complaints/ correspondence enquiries other than objections</p>	<p>Document agreed process December 2008</p> <p>Improvements to contact manager December 2008</p> <p>Implement monitoring regime February 2009</p>

STRATEGIC GOAL: COMPREHENSIVE We will be the central point of access for a full range of land information, data sets, products and services including those we will source through other government or private sector organisations or the community.		
STRATEGY	ACTIONS	TARGET
Improve existing core data sets	<p>Improve the quality of data in the Register of Land Values.</p> <p>Ensure valuation consistency</p> <p>Improve Document Management</p> <p>Review planning data content and format to capture standardised zones.</p>	<p>Establish annual data cleansing targets by end June each year.</p> <p>Percentage of LGAs meeting statistical KPIs in key zones: SLA Targets: 90% by 2013</p> <p>Document Management Program Integration with Valnet, Lawmaster and Trim</p> <p>Develop Trim implementation plan by end 2008 Implement by June 2009</p> <p>Objection Document Management System February 2009</p> <p>Feasibility study by December 2008. Implementation by February 2010.</p>
Develop new products and services	<p>Crown Lands Services</p> <p>Investigate potential quality assurance & or Valuation Management role in state asset valuation</p> <p>Investigate potential with Local Government, of reducing duplication in maintaining the Register of Land Values and Council rating records.</p> <p>Enhance SIX to provide valuation information to the public</p> <p>Development of land value index</p>	<p>Develop crown lands service strategy December 2008</p> <p>Initiate investigation 2008/2009</p> <p>initiate discussions with LGMA 2008/2009</p> <p>Develop business proposal by March 2009. Implementation by Jan 2010 valuations</p> <p>Investigate cooperative development of Land Value Index June 2009</p>
Provide access to land and property information held by other organisations	Investigate access for additional data sets via six portal	<p>initiate discussion with Department of Planning by December 2008</p> <p>Review other available SIX channels by June 2009.</p> <p>Include questions about other data in Contactor surveys.</p>

STRATEGY	ACTIONS	TARGET
Develop systems to receive and process data	Expand automated data checking facilities Review the load and monitoring of land value verification.	Objection document management February 2009 Supplementary valuation load March 2009 Market data & Annual values August 2009 Valuation Analysis Package June 2009 Detailed review of data load rules by end June 09 Mid point review of verification program March 2009

STRATEGIC GOAL: INTEGRATED Our system of sourcing, processing and storing data will be world's best practice to ensure seamless and cost effective management of and access to NSW land and property information.		
STRATEGY	ACTIONS	TARGET
Review our data to ensure it is accessible and useful to those who need it	<p>Review of Local Government data requirements</p> <p>Review Contractor data requirements</p>	<p>Consult with major software suppliers by 2009/2010</p> <p>Undertake a review of contractor systems by August 2009</p> <p>Identify data review proposals by March 2010.</p>
Ensure our data is kept current to meet the needs of our customers	<p>Improve Supplementary turn around times</p> <p>Improve objection turn around times</p> <p>Streamline processing of verification of land value exceptions</p>	<p>Design and implement automated exception reporting March 2009</p> <p>Design and implement automated management and exception reporting by June 09</p> <p>Automated reporting on objections over \$1 Million by 08/09</p> <p>Develop rationalised policy on separation and independence of in-house objection reporting February 09 & communicate it.</p> <p>Investigate streamline objection requirements in Valuation of Land Act June 09.</p> <p>Land value verification review March 2009</p>

STRATEGIC GOAL DIGITAL Our information will be transmitted electronically and our transactions with our customers, partners and suppliers will increasingly be conducted through electronic channels

STRATEGY	ACTIONS	TARGET
Manage our data in digital form using the best technology available	Increase automated data exchanges.	Fully electronic exchange with contractors March 2010 Eplan integration planning March 2009 Eplan Integration June 09 Review GURAS data exchanges June 2009 Objection document management system February 2009
Invest in new digital products	Lidar & enhanced imagery products Develop a medium term plan for SIX valuation channel & valmap / valnet	Investigate potential application of Lidar as data becomes available in 2009/10 Develop proposal for 2010/2011 capital program Feb 2010
Replace analogue products with digital products	Digital NOVs Electronic objection decisions	Investigate pilot program 2008/2009 GPR agencies 2009/2010 Major Landholders/Councils 2010/2011 Other landholders 2013 Implement opt-in option for electronic objection determinations by February 2009
Convert manual processes to digital	Electronic processing of objections	Objection Document Management Project Feb 2009
Convert paper records into digital form	Procedures and instructions in electronic format	Mini-site for Valuation Services - Procedures Dec 2008

STRATEGIC GOAL MEASURABLE We will set measurable targets to be achieved by 2013 based on customer priorities and world's best practice.		
STRATEGY	ACTIONS	TARGET
Set a program for change with targets based on customer priorities for more comprehensive, integrated, digital products and services	<p>More systematic and objective valuation audit processes and reporting.</p> <p>More objective and evidence based reporting of valuation quality.</p>	<p>Develop audit program recording & reporting Dec 2008 and implement 1 July 2009</p> <p>Valuation Analysis Project June 2009</p>
Compare our costs and prices for products and services with benchmarks	<p>Review benchmarks for rating & taxing valuation costing</p> <p>IPART review every 5 years</p>	<p>Establish annual review of benchmarks 2008/2009</p> <ul style="list-style-type: none"> • International property tax institute • Australian Valuers General Benchmarking <p>Initiate review of pricing for IPART 2011/2012</p>
Test our quality standards against benchmarks of leading organisations	Review benchmarks for rating & taxing valuation quality	<p>Identify sources of benchmark information by June 2009</p> <p>Publish benchmark comparison in Annual Report June 2010</p>

Appendix E

Indicator	2006/2007	2007/2008	Explanation
per cent Notices issued within 31 Days ***This relates to Supplementaries ***	98.2per cent	89.7per cent	Reason for non-compliance relates to minor timing differences month to month, supplementary valuations are always issued in the last week of the month. There is non compliance with this KPI when a month where the supplementaries are issued early in the last week is followed by one where the valuations are issued late in the last week. There was also a non-compliance over the December/January period as December supplementaries were run early to avoid the Christmas period and January supplementaries were run late to avoid the period of issue of general valuations. Issue of supplementary valuations to councils on a fortnightly schedule commenced from 1 July 2008 to address this non-compliance.
per cent Notices of Valuation for general valuation issued to property owners by 16 January	100per cent	15.3per cent	In 2007/2008 the KPI Target was changed for 1 July 2007 Notices of Valuation to be issued to property owners by 8 February 2008. This target had full compliance. All Notices were issued by 4 February 2008.
per cent general valuations issued to relevant councils by 30 November	100per cent	80per cent	In 2007/2008 the KPI Target was for General Valuations to be issued to all requiring councils by 15 December 2007. This target was achieved with full compliance.
per cent supplementary valuations to council within 31 days	96.4per cent	95.4per cent	This is the same explanation as 1 above.
per cent objections to land values for land tax completed within 90 days	8per cent	6per cent	Performance figures show that the average number of days to complete objections for the period 1 July 2007 to 30 June 2008 was reduced from 169 days from the previous period to 140 days. It also shows that 3000 objections from prior years were completed in 2007/2008 with 9770 objections processed compared to 6,660 registered. The processing of a backlog of objections has therefore affected these timeliness statistics. This figure may also be affected as there was also a data issue in being able to identify land tax specific objections for measuring performance. This issue has now been rectified and land tax objection statistics are now accurate.

Chapter Three - Report prepared by the Valuer General for the Committee, 5 June 2009⁴²

Report to the Joint Committee on the Office of the Valuer General

5 June 2009

Office of the Valuer General

⁴² This was provided as Appendix A to the Valuer General's answers to questions on notice, which are reproduced at Chapter 2 of this report.

General Update Report and Overview

A. General Valuations and Overview

1. 1 July 2008 General Valuation

- 1.1 A total of approximately 2.4 million properties were valued as at 1 July 2008 producing a total land value of approximately \$901 billion.
- 1.2 This represents an overall increase of approximately 3.3% compared to the 1 July 2007 total land value for New South Wales.
- 1.3 Approximately 794 000 Notices of Valuation were issued in 42 Local Government Areas (LGA's) from mid January 2009. (For list of LGA's see Tab 1)
- 1.4 Notices of Valuation (NOV) were posted to landowners in the period mid January to early February 2009.
- 1.5 Accompanying the NOV's was various literature including information explaining the valuation procedure and the availability of the objection process. A newsletter from the Valuer General was also provided.
- 1.6 Councils were advised of the new valuations for rating purposes in late November to early December 2008.
- 1.7 The Office of State Revenue received as at 31 December 2008 a copy of the Register of Land Values comprising approximately 2.4 million properties. From these land values land tax liability is established and land tax assessments issued.
- 1.8 The Office of State Revenue commenced issuing 2009 land tax assessments in mid January 2009, representing approximately 423,000 properties.
- 1.9 The market trend has generally followed last year's pattern with the LGA's showing the greatest increases tending to be inland centres.
- 1.10 The LGA's that experienced the highest total median land value increases in excess of 10% (for the 12 month period to 1 July 2008) were the inland localities of Urana (81%), Broken Hill (50%), Kyogle (48%) and Guyra (34%).
- 1.11 The City of Sydney, a non-general valuation district, increased in excess of 13% over the 12 months to 1 July 2008.
- 1.12 An outsourced call centre is in place to answer initial customer enquiries during the peak period. Off peak the call centre will be managed and run by Land and Property Information, Valuation Services (LPIVS).
- 1.13 For the four months to the end of April 2009, the call centre received 35,510 calls. Approximately 85% of calls are resolved by the call centre without being referred to LPIVS valuers and support staff.

2. 1 July 2008 Objections

2.1 Up until 18 May 2009, 3,124 objections have been received to the 1 July 2008 valuations. This represents approximately 0.26% of valuations issued. Work on processing these continues. At this stage it is anticipated that objections to the 1 July 2008 valuations will approximate the total numbers received for the 1 July 2007 valuation which is a pleasing result.

2.2 The majority of these objections will be sent to valuation contractors for an independent review of the land values. As at 18 May, a total of 729 objections had been reviewed and decisions advised to landowners. This represents a completion rate to date of 23.3% of total 1 July 2008 objections received.

2.3 As at 18 May only 95 objections had been on hand for longer than 90 days.

3. Parallel Valuation Project – 1 July 2008 Land Values

3.1 The Land Value Advisory Group (LVAG) has undertaken parallel valuations, independent of valuation service contractors preparing the 1 July 2008 land values.

3.2 This has involved valuers (not those involved in the original valuation for the contract area) undertaking sample “parallel” valuations throughout the State.

3.3 The Working Group, comprising members of the LVAG, reported back to the general LVAG meeting in mid April 2009.

3.4 A total of 170 properties were valued as part of this exercise throughout the State, comprising a mixture of residential, business, industrial, rural and village uses.

3.5 The working group advised that overall the residential valuations were superb but the industrial valuations appear to have greater variation.

3.6 The working group noted that industrial properties are not as conducive to the mass valuation system as the other property types. The working group also said that there is a lack of understanding in analysing improved sales by private valuers, who undertake the parallel valuations. The working group advised that their preference is to prefer the figures of the Valuer General as opposed to the parallel valuation figures.

B. Valuation System Reform

1. University of Western Sydney Research Project

1.1 The Valuer General has continued to work closely with Associate Professor John MacFarlane from the University of Western Sydney (UWS) to undertake further work to improve the New South Wales valuation system.

1.2 Currently the Valuer General has a 12 month contract with UWS to utilize Professor John MacFarlane's expertise and knowledge to continue to provide expert knowledge and advice to the Valuer General.

1.3 A number of recommendations have been made as a result of this ongoing work. Actions undertaken on the valuation system to date include:

- The establishment of a project to increase the number of properties individually valued within a component, to further improve the accuracy and consistency of land values in the Register of Land Values.
- Analysis of contractor performance against key quality assurance standards.
- Analysis by contract area of outcomes against key quality assurance standards.
- A continuing independent analysis of reviewed objections both by local government contract and by valuation contractor.
- Maximising the use of objection outcomes to apply to the next general valuation round.
- An independent state wide qualitative analysis of land value outcomes by local government area.
- Consideration of a possible alternative valuation model to assist with qualitative audits being undertaken across the State.

1.4 The outcomes and recommendations arising from Professor MacFarlane's work will assist in further improving the quality, consistency and accuracy of land values and associated data within the NSW valuation system for the benefit of all stakeholders.

2. Land and Value and Data Review Project

2.1 This project flows on from an initial successful pilot project undertaken by the Valuer General in the Wollondilly and Wingecarribee local government areas.

2.2 A principle recommendation from the 2005 Ombudsman's Report was to extend this project to all local government areas in the State.

2.3 The Government has supported the project by providing ongoing funding.

2.3 The project commenced from 1 May 2006 and the requirements have been incorporated into all existing and new contracts.

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

2.5 To date approximately 60.57% of properties recorded on the Register of Land Values have been verified.

C. Contract Management

1. Valuation Services Tenders 2009

- 1.2 In late 2009 a tender was advertised for the provision of rating/taxation valuation services to the Valuer General, commencing 1 May 2009.
- 1.2 A total of four contracts were put up for tender (Lismore; Upper North Sydney; North Harbour and Warringah). Tenders closed on 22 December 2008
- 1.3 In response a total of 20 tenders were received; Lismore 2; Upper North Sydney 6; North Harbour 5 and Warringah 7.
- 1.4 A tender evaluation committee comprising the following members was established:
- Chief Valuer, LPIVS
Program Manager (Contracts and Business Administration), LPIVS
Program Manager (Valuation Audit), LPIVS
Office of State Revenue Representative
Local Government and Shires Association representative
NSW Rating Professionals representative
- Non voting
- Development Program Support Unit representative, LPI
Office of the Valuer General representative
Independent Probity Officer
- 1.5 The evaluation was based upon the following criteria:
- (a) The tenderer's capability, including quality and availability of staff (and/or sub-contractors) proposed to conduct the work (Employment Management Plan). Weight – 15%.
 - (b) Contract Management Plan including draft Project Plan. Weight – 12%.
 - (c) Valuation Methodology. Weight – 9%.
 - (d) Experience including performance against existing or recent public or private sector contracts. Weight – 11%.
 - (e) Tenderer's capacity and ability to take on additional work. Weight – 7%.
 - (f) Tenderer's application of information technology in the performance of the contract. Weight – 4%.
 - (g) Quality assurance, including any innovations that would improve the quality of the valuation service and outcomes. Weight – 12%.
 - (h) Degree of compliance with the specification and contractual requirements of this tender. Not Scored.
 - (i) Compliance with NSW Government procurement policy. Not Scored.

(j) Cost - Weight –30%.

1.6 The successful tenders and prices (incl. GST) were:

- Lismore, Southern Cross Valuation Services (\$493,900)
- Upper North Sydney, Crown Valuation Services (\$374,000)
- North Harbour, Crown Valuation Services (\$401,500)
- Warringah, Quotable Value Australia (\$330,000).

1.7 The contracts are for two years and 10 months (with a one plus one year option at the discretion of the General Manager, LPI).

D. Other Issues

1. Land and Tax Threshold 2009

1.1 Pursuant to the *Land Tax Management Act 1956*, the Valuer General determined the following amounts in respect of the 2009 land tax year:

- The determined indexed amount for the 2009 land tax year is \$380,000.
- The average of the indexed amounts for the 3 year period is \$368,000.
- The amount of \$368,000 has been determined as the tax threshold for the 2009 land tax year.

Chapter Four - Transcript of Proceedings, 5 June 2009

REPORT OF PROCEEDINGS BEFORE

JOINT STANDING COMMITTEE ON THE OFFICE OF THE VALUER GENERAL

FIFTH GENERAL MEETING WITH THE VALUER GENERAL

At Sydney on Friday 5 June 2009

The Committee met at 9.00 a.m.

PRESENT

Ms M. T. Andrews (Chair)

Legislative Council

The Hon. K. F. Griffin
The Hon. M. R. Mason-Cox

Legislative Assembly

Ms A. P. Megarrity
Mr M. J. Richardson

PHILIP JOHN WESTERN, Valuer General, Office of the New South Wales Valuer General, Queens Square, Macquarie Street, Sydney, sworn and examined:

CHAIR: Thank you for attending the fifth general meeting with the Valuer General. I particularly welcome Mr Michael Richardson, the member for The Hills. I hope he is making a good recovery from his accident. Before proceedings commence, I remind everyone to turn off their mobile phones, even if they are in silent mode, as they interfere with the recording equipment. Mr Western, thank you for appearing before the Committee today. I am advised that you have been issued with a copy of the Committee's terms of reference and also a copy of Legislative Assembly Standing Orders 291, 292 and 293 relating to the examination of witnesses, is that correct?

Mr WESTERN: I am aware of them.

CHAIR: The Committee has received your written answers to questions on notice. Is it your desire that they form part of your formal evidence?

Mr WESTERN: Yes, it is.

CHAIR: If you consider at any stage during your evidence that certain evidence or documents you wish to present should be heard or seen in private by the Committee, the Committee will consider your request. However, the Committee or the Legislative Assembly subsequently may publish the evidence if they desire. Do you wish to table the service level agreement between yourself and Land and Property Information, which was attached to your answers, or do you wish for it to be treated as a confidential document?

Mr WESTERN: I am happy for that to be tabled.

Document tabled.

CHAIR: Would you like to make an opening statement?

Mr WESTERN: No, I do not.

CHAIR: From the answers you have provided to the Committee—they were very detailed and informative—I noticed that the number of objections to valuations certainly has decreased substantially, but the response time to objections is just a little over what we were targeting. One reason you gave is the shortage of valuers. Could you advise the Committee of any ideas on how the shortage may be overcome?

Mr WESTERN: When I say there is a shortage of valuers in the State, it reflects more that the amount of work involved in undertaking objection work for the Valuer General is quite considerable. Also, we have a number of valuers who undertake contract work. Once they undertake contract work they are unable to do objections in that particular area. So, we have to farm out those objections to other contractors. The nature of the work is that currently we are receiving round about 5,500 objections every year. It was 12,000 when I first started, so it has come down considerably. The fact is that it will still take time to be able to do that. In the past, because of the nature of the property market, valuers tended to have been involved in doing other work, such as mortgage work or work for funds management,

trusts or things like that, and have not been necessarily interested in doing work for the Value General because it tends to be on a piecemeal basis, sort of once a year.

However, with the market downturn and, to some extent, the impact of the global economic crisis, we have actually found now that we have more valuers willing to assist, particularly looking to diversify their portfolio in respect of the business. So, this year, we have approximately 75 firms or sole practitioners involved in doing objection work. We are expecting at this stage that we will be able to meet most of the targets that I have set Land and Property Information in respect of meeting that. However, no doubt that situation will change when the upswing comes. That means that we have to try to find other ways of ensuring that we meet the targets we have set. There are two ways we can do that. One is through implementation of improved technology. We are working on that and various other aspects at the moment. The other one is to look at our processes in respect of what we expect the contractors to do and what we do to try to ensure it is being undertaken efficiently.

There is a third aspect—that is, to look at getting more valuers qualified. One of the issues that I have had, and I have noted it in the answers to your questions on notice, is that here in New South Wales there are three degree courses available for valuers and two diploma courses—one through the Sydney Institute of Technology and the other through the Open Training and Education Network. All those courses—other than possibly the Open Training and Education Network courses—do not have a huge content in respect of rating and taxing valuation. One of the aspects that I am currently looking at is how we can enhance those courses to start introducing students to rating and taxing valuation and ensuring that we are meeting required standards and educational qualifications in respect of doing the rating and taxing work. I am heading a working group of Australasian Valuer's Generals at the moment that is looking at that whole aspect of qualification and course content to ensure that we can improve the number of resources and the skill of the resources involved in rating and taxing work.

Mr MICHAEL RICHARDSON: How have these courses been allowed to develop without including this rating and taxing content? Do they not view that as being important?

Mr WESTERN: Universities and educational facilities today are governed by the dollar and they target where they can get students and where they are able to fund those students. So, rating and taxing has not been seen in the past as a big part of that. The other major issue is that most students do not see rating and taxing work as being—and I do not mean this in derogatory terms—a sexy profession. Therefore, they have tended to move into funds management and those sorts of things as opposed to rating and taxing work. As I said, that shift has definitely started to change. For example, Land and Property Information interviewed a number of graduates to come on board as part of our succession plan and 12 months ago when we interviewed we had just on 40 applicants for the five or six roles that were up for grabs. This year there was the same number of roles involved and we had about 150 or 160 applicants, and they were all of a very high calibre. That shows how the field has shifted over that 12 months in respect of graduates with vastly different expectations.

Mr MICHAEL RICHARDSON: It is an ill wind in other words.

The Hon. KAYEE GRIFFIN: In terms of the Ombudsman's investigation question—question No. 2—the objections received by the call centre for 1 July 2008 valuations were

3,501. Can you explain the reason for that high number and also tell us the number processed and decisions issued?

Mr WESTERN: There was a substantive increase. For 2006 and 2007 they were reasonably constant, at about 25,000 calls. I am putting it down to a number of reasons. One would be that the media focus at the time we put the valuations out was on the falling market, the global financial crisis and a whole lot of things happening around that. Our call centre is saying that a huge number of calls are related to that. People are ringing and saying, "My valuation has gone up." It will happen because most of them are on a three-year revaluation cycle. In addition, we increased the valuations for 1 July 2008 throughout New South Wales. That is part of the drive I have spoken to the committee about before to ensure that we have more accurate and consistent land values. Land was undervalued. We are nearly there in respect of that. There have also been inquiries about increases in land tax and the new thresholds in respect of properties above \$2.5 million.

It is not necessarily a bad thing to get those calls. First, it tells me that people thought they were able to communicate with us to find out what is going on. Secondly, when they do call, we are getting a high resolution rate. That rate is about 85 per cent, which is very good for a call centre. That means that we do not have to pass them on to valuers. Trained customer service people have been able to answer the queries. That has been really good. We have about 3,500 objections so far this year, and I am expecting that to rise to about 5,000. So it will be equivalent to where it was last year, which I actually think is very good result in respect where the market is at, what the general perception is out there in terms of the media, and what the market is doing, et cetera. That is a very good outcome.

At the moment, most of our objections are out there with contractors. They are starting to process them and we are starting to get those coming back in. But I guess one point that I would make, if I may, is that one of the concerns I have had has been driving towards this 90-day turnaround. It is an extremely optimistic target, but it is one I have had in my sights ever since I came into this role. We have been doing a lot of work around resources, processes and technology to get that down. At this stage for the year to date, our processing time for issuing a decision on average is about 111 days. That compares with the 2007-08 year when it was 145 days. It is coming down. We are getting there. We are not there yet, but we have made significant improvements in the four years that I have been in the role.

The Hon. KAYEE GRIFFIN: I have another question that relates to parallel valuations. Are you looking at examining the way in which parallel valuations are carried out in the future?

Mr WESTERN: We are looking at that. The parallel valuations in the past have been carried out by the Land Value Advisory Group, which is a group of industry representatives who advise me in respect of valuation methodologies, et cetera. They have undertaken the parallel valuations on an independent basis for me for the last four years. One of the reasons that we were keen to do that is because there was not a clear separation between the role of the Valuer General, the role of the contractors, and the role of Land and Property and Information in terms of overseeing the contracts. However, with the restructuring work we have done over the last two years, there is now a clear separation of roles.

Part of the work done by Land and Property Information is an audit quality control process. They are continually looking at contractors' valuations, comparing those against

statistics, and looking at sales just to ensure that the contractors are on the ball in terms of where they are at as far as preparing valuations and final outcomes are concerned. I am of the view that one of the ways that we can improve that parallel valuation process is for Land and Property Information to undertake that on my behalf. That will have a number of benefits. First, it will mean that we can look at a shift to a higher number of audit valuations. By doing that through private contractors, the cost is actually quite considerable. We are obviously limited by the amount of money that we can invest in that as far as doing that is concerned.

Second, through doing it internally it will be a continuous process throughout the year so we can monitor it and keep a very close eye on it. What it will also allow us to do is to pick up very early trends that are happening, talk to the contractor about them, and get them resolved before valuations are issued. We will end up with fewer errors in the valuation process. There are a whole lot of benefits in terms of doing that. That proposal has been put to the Land Value Advisory Group whose members are going away to have a think about that. We have another meeting in July. The expectation is that they will come back and say yes or no in regard to that.

CHAIR: Ms Megarrity, do you have any questions?

Ms ALISON MEGARRITY: I had two questions that Hon. Kayee Griffin has asked, albeit not in identical terms, but the answers to those questions have provided the information I needed.

The Hon. MATTHEW MASON-COX: Mr Western, I have a couple of questions. I noticed that the objections received have fallen dramatically since 2004 to around about a quarter in 2008. That is a terrific turnaround. I wondered why that is the case. Can you give us an explanation as to why the objections have reduced so dramatically?

Mr WESTERN: I think there are a number of reasons for that. One was the introduction of the three-year average in respect of land tax. Rather than having one single valuation, it was able to be averaged over time so that you do not get the same spikes and troughs that you tend to get just with issuing a single valuation. There is no doubt that that has assisted. However, I think we need to take some kudos in terms of why that has fallen so greatly.

The Hon. MATTHEW MASON-COX: Why not?

Mr WESTERN: When I first came into the role, we were averaging about 12,500 objections a year, and that was pretty consistent. That spiked when the land tax threshold was removed and it went up to about 18,000 a year for that one year when the land tax threshold was removed. As you rightly point out, since then it has come down to 5,000 or 5,500. I think a lot of that has to do with the transparency of the valuation system. We now provide a large amount of information to the public in respect of their valuations. They are able to access their valuations directly through the website. Even if it has not been issued for rating purposes, they can see it in between. We have been putting a lot of publicity out there about that. One of the mystics of the valuation also has been taken away in that we now make available sales information directly to the public. They can either ring our call centre or access it via the web, put in their property reference number, and it will

automatically bring up for them all the sales and the locations that we have used to arrive at valuations in that area.

Rather than people perceiving that this was just simply a computer-generated value with no basis, they can now actually see that there is some substance behind it. The other thing that it also provides them, if they want, is the ammunition to object in terms of saying, "You have compared it with these properties. However, I actually don't think they are directly comparable for X, X and X." It has assisted them in terms of being able to put their objections in as well. You would expect that that would end up increasing the number of objections but, as I say, it has not. We can put that down to a lot of the communication that has been going on and information that has been made available. As I said within the answers to questions on notice, we are now regarded through most western valuation jurisdictions as being a leader in rating and taxing valuations, which is fantastic. It is a big step up from where we were three to four years ago.

The Hon. MATTHEW MASON-COX: I notice in the general update that local government areas have experienced the highest total median land value increases in excess of 10 per cent for inland localities such as Urana, Broken Hill, Kyogle and Guyra. I wondered why that is the case. I found that interesting, particularly because you would expect the trend to go the other way, perhaps.

Mr WESTERN: That trend has been there in respect of inland and regional centres for the last two valuations that we have undertaken. Prior to that, as most of you will be aware, the focus was more on the coast where there were some massive increases. What we have tended to find now is that those land value increases from the coast have started to drift westwards as people found that they were more expensive on the coast. We also had the tree change where people started moving inland.

Mr MICHAEL RICHARDSON: Broken Hill?

The Hon. MATTHEW MASON-COX: To Urana? They are all heading to Urana?

Mr MICHAEL RICHARDSON: The fastest-growing town in New South Wales.

Ms ALISON MEGARRITY: It is all from the redistribution: You realise this.

Mr WESTERN: Broken Hill, in particular, is a very good example because over the last two years it has been among the top of the land value increases that we have had. That has been principally because, as I guess most of you know, Broken Hill effectively was subdivided into two parts, southern Broken Hill and northern Broken Hill, with the railway effectively dividing the two areas. What we have had is a massive surge in southern Broken Hill where land values were a lot lower compared to the other area. So there was actually quite a distance between the median values in those respective areas. They have actually started to come together. The other thing you need to be quite clear on is that, yes, have been some massive increases, but they have been coming off some extremely low bases.

The Hon. MATTHEW MASON-COX: When was the last time you did Broken Hill?

Mr WESTERN: They are revalued every year, although they are not issued for rating purposes every year.

The Hon. MATTHEW MASON-COX: When are they issued for rating purposes—every three years?

Mr WESTERN: Every three years or every four years. Most are on the three-year cycle, although some local government areas are, still on a four year cycle.

The Hon. MATTHEW MASON-COX: We all feel that pain when that comes through.

Mr WESTERN: Yes. Part of the whole idea in terms of our communication policy and as far as putting more information out is concerned is to address that. I will give you an example. At Urana, it surged by 92 per cent, but the reason for that was that the median land value in 2007 was \$2,500 and the median land value in 2008 is now \$4,800. Most of those big increases you are seeing are coming off an extremely low base. It is a big increase percentage-wise, but not a huge increase in terms of dollars. Of course, that does not necessarily mean that people's rates change dramatically either. All there is generally is a redistribution, particularly for there. Various sectors, commercial, business, rural and lifestyle have roughly increased the same. So, we would not expect there would be huge fluctuations as far as rates are concerned between those properties.

Ms ALISON MEGARRITY: Your answers so far have highlighted the importance of good communication, particularly from your call centre staff handling inquiries, and that has an effect on statistics. These days, many people tend to share call centres and have multipurpose call centres, but I assume yours is a dedicated facility. Would you know off the top of your head how many people are employed in your call centre?

Mr WESTERN: Off the top of my head I would not know exactly. During the peak season, which is effectively from the start of January through to the beginning of June, we have an outsourced call centre—it is here in the city—but it is solely devoted to meeting our needs, so that takes the peak off. We have just finished that and we have now moved back to an in-house call centre, which is situated at Bathurst. It is also part of our objection processing; these people are experienced in understanding valuation work. To my knowledge, there are around about five or six people associated with that. Current call rates have dropped off substantively. We are currently getting, I think, in the region of 90 calls a day, which is well down from the peak where we were getting 350 or 400 a day.

Ms ALISON MEGARRITY: Both with the outsourced in peak times and the in-house, the sort of training they are provided with, not only in technical expertise but in customer service, where do you obtain that sort of training to bring them up to the skills that are required?

Mr WESTERN: That is a good question. With the outsourced call centre, that expertise is there, other than getting them up to speed with the valuation process.

Ms ALISON MEGARRITY: Which is, I assume, not an easy thing?

Mr WESTERN: No, it is not easy, but the great thing about it is we have retained that same contract for the past three years so they become very proficient. One of the encouraging things was last year they had a lot of temporary staff and a lot of that temporary staff asked could they be involved in the valuation side again.

Ms ALISON MEGARRITY: We see that as a trend with the valuation, but the pendulum is swinging.

Mr WESTERN: That was certainly pleasing. As far as our in-house call centre goes, we get external consultancy in to assist in our customer service training

Ms ALISON MEGARRITY: They must be very good, that is what I am saying, perhaps other call centres could use the same people?

Mr WESTERN: It is located here in New South Wales

CHAIR: I notice the call centres and website, but I am also aware that a lot of people are not computer literate—and I put myself in that category as well. I find those two brochures you gave to the Committee members when we had the unofficial meeting quite invaluable for my electorate. Would it be asking too much if a small supply could be provided to members of Parliament for their offices?

Mr WESTERN: Absolutely.

CHAIR: I think I am speaking on behalf of all of us, we get inquiries on land valuations from time to time. I have a small supply of those brochures in my electorate office, and I find them invaluable.

Ms ALISON MEGARRITY: That is why I asked about communication. In our work, we recognise how important it is that our staff can provide information that will save unnecessary ministerial inquiries, and so on.

Mr WESTERN: When we issue the valuations each year we put a letter out to all MPs which explains that these valuations have been issued and we issue a sample of those. However, I think your idea of putting some more out there is an excellent one.

Mr MICHAEL RICHARDSON: Your answer to question 4, workforce capability, to go back to that issue, and the supply of valuers, "... the previous Committee recommended the NSW Government examine the workforce capability and qualification requirements for valuers with the aim of ensuring a diversity and breadth of professionals available to provide a contestable service to the Valuer General". You answered, "To date the Government has not carried this out." If I look at what you listed there to see what the LPIVs are doing to remedy this situation and at what you already said about looking at improving courses available to valuers, you seem to be doing all this work. Mind you, you are the Government, but there is a dichotomy, a differentiation, between the Government and the Valuer General. Are you looking for more assistance from the Government? Do you think it could speed up the process?

Mr WESTERN: I guess, as an independent statutory officer, all I am looking for from the New South Wales Government is support in relation to that. I think the point you make is an extremely valid one. We have done a lot of work ourselves in respect of that and we will continue to do so. From my point of view it is more about government support in the direction I am taking workforce capability that would be of assistance. The other thing that might be worthwhile noting is that as of last week I was appointed junior vice-president of

the Australian Institute of Valuers. As part of that role will I am on the Australasian Institute of Valuers Educational Committee for valuers. So, through that avenue as well we will be able to look at doing some more work so far as educational qualifications and, as I talked about before, beefing up the amount of material that is in courses in respect of rating and taxation work.

Mr MICHAEL RICHARDSON: In practical terms, how could the Government assist the process?

Mr WESTERN: I think it would be just assisting as far as talking with universities, through that process, and ensuring we have access to the right people so we can get this off the line. The Government is not in the role of providing directly the courses themselves but that is a role it can assist with, in getting us access.

Mr MICHAEL RICHARDSON: So, it is not a high-cost process, it is a matter of the Government emphasising the need for these additional qualifications to be incorporated into the courses?

Mr WESTERN: Absolutely correct, yes.

The Hon. KAYEE GRIFFIN: The service level agreement for the next 12-month period—this relates to question 12—is being considered at the moment. Are any changes being proposed in the new agreement?

Mr WESTERN: Yes, there are. The service level agreement when I first came to this role was some 15 pages long and quite detailed in what the outcomes required. I persisted with that for at least 12 months until I began to get some confidence about what was happening with the valuation system and with the work that Land and Property Information was undertaking. You will now see in the appendix that is attached that it has been watered down somewhat in terms of the number of key performance indicators [KPIs] there. I am at the stage now where I am confident that Land and Property Information valuation services are doing the job I require of them, so this year we will be looking at a service level agreement which effectively will have one page of key KPIs and they effectively will be the ones we will report against in our annual report. That is as close as I am going to get from an operational point of view. However, the main body of the service level agreement will be looking at the strategic direction of the valuation system. That is looking at where we are going to move it to in respect of information technology and a whole lot of aspects around that, including communication, again, with the public. So, yes, it will definitely change this year.

The Hon. KAYEE GRIFFIN: Has the land value verification project resulted in improvements in the land values in New South Wales?

Mr WESTERN: Yes. There is no question in my mind that it has resulted in the improvement, accuracy and consistency of land values, as well as an improvement in the data associated with that. I guess, for me, we are now three years into the project. Just for members' benefit, I had an original pilot I was working on here close to Sydney, really looking at the accuracy of data and how we could improve it. Recognising that we were in a mass valuation situation, how could we actually improve the accuracy and consistency of the data? So we ran a pilot in Wingecarribee and Wollondilly with one of the contractors to

see what impact it would have if we looked at each property individually more often than what we were. We carried the project out and that went extremely well.

The Ombudsman then had an investigation into the valuation system in 2005, and as part of that project he recommended that we actually use the basis of what we had done and put it right across the State for every local government area. The Ombudsman was of the view that this was going to be an extremely expensive project to do and therefore his view was that we should undertake it probably over a 15-year period. So effectively we would be reviewing each of the individual properties over that time. My view was that 15 years was far too long. It could be a bit like painting the Sydney Harbour Bridge; you will get to one end and it is time to start again. I went to the Government and produced a business case saying that if we looked at it over a five-year period, we could significantly enhance the valuation system itself, we could reduce the number of projections and we could allow the public to have a greater confidence in the valuation system. That was endorsed by the Government and we embarked upon that.

We are now three years into that project, so we have reviewed effectively 60 per cent of the land values and the data. I think the proof is in the outcomes that we have achieved in the last, I guess, three years. Professor John Macfarlane from the University of Western Sydney undertakes some advice in respect to the valuation system for me independently, and he looks at a whole lot of statistics trying to see if we are getting better values and more accurate and consistent values. I am pleased to report that for 2008 three of our key indicators for quality of the valuations—what we call the co-efficient of dispersion, which looks at the accuracy of the land values, the PRD, which looks at the consistency of the valuations, and the MVP, which is the median value to price ratio—have improved significantly over the three years that we have been running this project. I will just give you a very quick example.

For all those three standards, if we look at them, three years ago only 33 per cent of local government areas were complying with all those three standards. So only a third of the State. For the July 2008 valuation we are now up to 75 per cent of them complying. To be realistic, we probably will not get much in excess of that, simply because those statistics rely on a good sample of properties of sales that have occurred, and as you will be aware in a lot of local government areas there are very few sales so you cannot get a good sample. So we would expect that, yes, it might improve a wee bit more than that but we are pretty close to having it right.

The Hon. MATTHEW MASON-COX: In relation to resources, how many staff are in your office?

Mr WESTERN: In my own office?

The Hon. MATTHEW MASON-COX: Yes.

Mr WESTERN: I have 4½ full-time employees.

The Hon. MATTHEW MASON-COX: What do they do?

Mr WESTERN: I have a valuer who provides me directly with policy and advice in regard to technical aspects of the valuation system, also working on quality and the set of

standards that we want to set for Land and Property Information. There is one administrative assistant, who just looks after the day-to-day running of the office from an administration point of view. The others are effectively involved in assisting with answering correspondence from the public. One of the things we have done—and you will have seen it in the publications—is that we make the Office of the Valuer General extremely accessible. If people have concerns or issues they want to raise, they can feel free to do so. So they are mainly involved in answering those queries.

There are obviously a few ministerials that come through as well. However, they have dropped off substantively in the last two to three years. But they are also involved in assisting with things like developing a service level agreement with Land and Property Information, annual reporting, media inquiries. There is a whole raft of things in that particular area. The bulk of those staff actually do not work on valuation activity per se; that is more handled by Land and Property Information valuation services.

The Hon. MATTHEW MASON-COX: So essentially your functions, in terms of delivering outcomes, are performed by Land and Property Information?

Mr WESTERN: That is correct, yes.

The Hon. MATTHEW MASON-COX: That is the call centre work as well. The valuation work is basically done by independent contractors?

Mr WESTERN: Correct.

The Hon. MATTHEW MASON-COX: Do you think that is the best way of actually delivering the services that you are required to deliver as an independent statutory officer?

Mr WESTERN: When you say that do you mean in terms of the outsourcing of the valuations or the way we have it set up?

The Hon. MATTHEW MASON-COX: Just the whole delivery of your function.

Mr WESTERN: Yes I do. I have these arguments continually with my counterparts around the country, many who have in-house valuers. They perform all of the valuations in house; they undertake the objections in house. My belief is that the greater independence that you can give the valuation system as far as keeping it away from rating and taxing or outside government, the more confidence the public can have in respect of those valuations that they have been arrived at independently. The set up we have here in New South Wales is effectively that the Office of the Valuer General, my office, I see as being I guess in a governance role and really the guardian of the land valuation system. So we are impartial in respect of both the Government and the landowners so we are working for both parties, trying to get the best outcomes possible for everyone involved.

The role of Land and Property Information valuation services is more in an operational capacity, overseeing the actual operations of the valuation system rather than the governance. They are looking at aspects in terms of quality control, actual delivery of the services, contract management and all those other things to improve the timeliness and effectiveness of the valuation system. In respect of outsourcing of the valuation service itself, that is a drive that started back in 1998. However, when I came in I believed that the

market was mature enough for the whole of the private sector to be able to take that out, and that is why we looked to take out the services from what was the State Valuation Office within Government. At that stage they had about, from memory, nearly 35 per cent of the contracts. We outsourced that to the private sector as well. I think that has worked extremely well. What it has allowed is that the public can see now that the people who are directly involved in preparing the valuations know the local area, know the real estate market in that particular locality and therefore they can relate to it—

The Hon. MATTHEW MASON-COX: Rather than being centralised in an office in Sydney.

Mr WESTERN: —rather than centralised. That is not to say that under a system if you had it in house you would not have those regional offices. It just provides that extra degree of independence in terms of the process and removes it one further step away from the rating and taxing authorities themselves.

The Hon. MATTHEW MASON-COX: Are you satisfied that the training programs you have in place ensure that the quality outcomes and accountability are there so that those processes are not compromised by that type of outsourcing arrangement?

Mr WESTERN: Absolutely. We have a number of checks and balances in the system, which other States are also looking at, even in terms of trying to put into their own internal systems as far as monitoring that. They believe it is effectively a trendsetter in respect of the services.

Mr MICHAEL RICHARDSON: You said in answer to question 11 on performance reporting that you did not think there was a need to publish an annual report separate to the Department of Lands annual report because of costs considerations. You say that the State provided a climate for costs savings generated across government departments. I am just wondering how much you would actually save from having the two reports, the Lands report and the Valuer General's report, integrated together. I do not know how much of the Lands report is actually the Valuer General's, but let us say that you have 40 or 50 pages, you are still going to have to publish those 40 or 50 pages and there is only a small additional cost in binding that is going to be the saving. How much do you actually think you would save?

Mr WESTERN: The simple answer is I do not know the exact dollar amount that that would be. The original intent of that was that the Department of Lands annual report is a very, very comprehensive document. It was extremely detailed and one of the big issues that I had—and I have talked about it here at this Committee—is that I wanted to have a more plain English-type document, one that the public could better understand. One of the ways of achieving that, I thought, was to look at providing our own independent performance report.

However, the ground has shifted considerably since I originally had that vision in that the Department of Lands' annual report has become far more of a plain English document. The issue for me was twofold: first, I could see that it was going to be a duplication of data coming in because we had gradually moved what I was expecting to get out of the performance report into the annual report, so there was that issue. Second, I was concerned about: What would the reader distribution be if I actually published my own report? We had a consultant to do some initial work for us, which indicated that it was not necessarily going

to be widely read. It may have been in the past where the performance of the valuation system was not up to expectations. However, that performance has enhanced considerably. You will note that even from the amount of media coverage we get now, yes, there is generally a bit less now, compared to what it was four years ago—

Mr MICHAEL RICHARDSON: It was huge then.

Mr WESTERN: It has virtually dropped off the radar to some extent.

Ms ALISON MEGARRITY: Touch wood.

Mr WESTERN: I always do.

Ms ALISON MEGARRITY: You do not know what *A Current Affair* has on tonight.

Mr MICHAEL RICHARDSON: I am conscious of these cost constraints that you have been talking about and you also say that the pricing regime for local government valuation services is going to change as of 1 July but that you do work for New South Wales Maritime, Crown Lands and the Commonwealth Grants Commission?

Mr WESTERN: Yes.

Mr MICHAEL RICHARDSON: And you do all of that for nothing. Do you think that is fair? Would it be beneficial if those agencies were to pay for services rendered?

Mr WESTERN: I think, in an organisation and an environment where we are talking about transparency, et cetera, the simple answer to that is yes.

Mr MICHAEL RICHARDSON: Particularly the Grants Commission?

Mr WESTERN: I guess one of the positive things, from my point of view—and it has two strings to it—is because the valuation system has become more accepted because of its accuracy and consistency, it is now being used for purposes for which it was never intended it would be used. It was simply there for straight rating and taxing. However, these other authorities have now seen some benefit in terms of being able to use it. Previously it was not used widely and it was pretty insignificant in respect to that wider use. However, as you rightly point out, that situation has changed now. So one of the things we will be looking at over the next 12 months is actually looking at these other organisations contributing something to the valuation system because simply, where it is used, whether it is directly or indirectly, there will be objections that we are getting in theory to rating and taxing valuations which in fact may be due to a rental that has been applied by another organisation. Now we cannot differentiate that at the moment but we do know anecdotally that they will be occurring.

Mr MICHAEL RICHARDSON: You have to deal with those and that is a cost?

Mr WESTERN: And that is the cost effectively back onto the major stakeholders, which is obviously the New South Wales Government and the Office of State Revenue or local government, which rightly they should not be paying.

Mr MICHAEL RICHARDSON: I am wondering also whether you are expecting land values to fall over the next two or three years because obviously that would have an impact on budget outcomes and, if so, by how much?

Mr WESTERN: I think the answer to that is if I had a crystal ball and knew that, I would be a millionaire by now.

The Hon. MATTHEW MASON-COX: A professional view?

Mr WESTERN: The simple answer is that when we prepared the valuations as at 1 July 2008 the full impact of the global economic downturn was not being felt.

Mr MICHAEL RICHARDSON: You had an increase at that point?

Mr WESTERN: The market was in decline. There were fewer sales being transacted. There were obviously less overseas funds available for development work.

Mr MICHAEL RICHARDSON: Before that year 2007-08 you actually had an increase?

Mr WESTERN: Yes. In fact, for the 12 months through to 1 July 2007, overall for the State we had about a 4.3 per cent increase. The city of Sydney, for example, increased in value over those 12 months by some 26 per cent. For 2008, as I said, early on we were still getting similar increases occurring in early 2008. When we got to July 2009 the heat had started to come out of the market. There were still sales occurring but they were certainly less frequent than what they were and there had been a slight increase in the vacancy rate in the city. So for that 12-month period we were only looking at a 12 per cent increase in the city.

The impact of that crisis will continue and is continuing at the moment. Certainly if we were looking to revalue the city today I would expect overall that the valuations would be below where they are at the moment. However, between now and 1 July, which is not all that far away—it is a wee bit unknown what will happen—but certainly the evidence at the moment is indicating clearly that if there is any increase in values, it will be very, very small overall, if any increase at all. We are expecting a slight fall in values in the eastern suburbs. A lot of those prestige houses, we have definitely seen a fall-off in the market in those particular areas.

The Hon. MATTHEW MASON-COX: A fall-off in Palm Beach?

Mr WESTERN: I do not know about Palm Beach. If I can hand this around, this newsletter is one that we are about to distribute to local government. It is only a draft at this stage and we are due to finalise it over the next week. This is going to go out with the first rates notices, which go out from local government councils right across New South Wales. There are two reasons I wanted to give you that. It is just to let you know that councils see some value in terms of doing this. It looks like we are going to have a distribution on this of about 1.5 million copies going out compared to about 1.2 million this time last year, so there has been a bigger take-up by councils. Particularly in respect of your question, I just wanted you to see that graph on the top where we are showing the trend in overall sale prices. You can see that top line is effectively metropolitan Sydney and the eastern suburbs. So you can

see how that has started to fall off for 2007, a slight decline in 2008, through to the latest sales information is indicating that it has come down again. So we would be expecting that there will be a fall in values in the eastern suburbs for this coming revaluation.

Mr MICHAEL RICHARDSON: The greater impact on government revenues is not going to be from a fall in property prices impacting on land tax; it is probably going to be because there are fewer properties being sold, is that right?

Mr WESTERN: And certainly the transactions are indicating that the market has come off in terms of where those sales actually are.

CHAIR: Just looking at the valuations issue and the 42 districts, why is Gosford not there? I can see Wyong on the Central Coast but not Gosford.

Mr WESTERN: I would hope that the reason for that would be that we did not issue a valuation for Gosford this year. What happens is that there are 144 local government areas in New South Wales. We issue approximately one-third of them every year for rating purposes, so Gosford was not in this round that has been undertaken. I think it was actually last year we undertook Gosford.

CHAIR: Would you like that document to be included as part of your response to the Committee?

Mr WESTERN: I am happy for that to be included.

CHAIR: Many thanks, Mr Western, and good luck with all your endeavours.

Mr MICHAEL RICHARDSON: I must say that in 2005 my office was inundated with people complaining about land tax issues, and it does not get that now.

CHAIR: I have to say the same thing for the Gosford electorate too. The numbers have gone right down.

Mr MICHAEL RICHARDSON: Mind you, that has something to do also with the amount of media coverage of the issues that tends to stir people up.

CHAIR: Yes, and the action taken and certainly having Mr Western on board. Congratulations Mr Western on your—was it an election or an appointment?

Mr WESTERN: It was an election.

CHAIR: I thank you, Mr Western. You have been most generous with your time and your answers. I take this opportunity on behalf of the Committee to congratulate you on improving out of sight the performance of the valuation system in this State. Before the hearing concludes I ask members for a resolution to publish the transcript of the witness's evidence on the Committee's website, after making corrections for any inaccuracies, and the answers to any questions taken on notice in the course of today's meeting.

Motion by the Hon. Kayee Griffin, seconded by Mr Michael Richardson, agreed to:

That the transcript of today's evidence, together with answers to any questions taken on notice in the course of today's hearing, be put on the Committee's website after making corrections for any inaccuracies.

(The witness withdrew)

(The Committee adjourned at 10.03 a.m.)

Chapter Five - Document tabled at Fifth General Meeting, 5 June 2009

Total Valuations by district issued 1 July 2008

Ballina	14,146
Balranald	1,498
Baulkham Hills	52,593
Blacktown	92,970
Boorowa	1,843
Bourke	2079
Brewarrina	1092
Canterbury	33,049
Carrathool	2,048
Central Darling	1,865
Cobar	3,274
Coffs Harbour	25,773
Cowra	7,279
Eurobodalla	23,268
Gloucester	3,120
Goulburn Mulwaree	14,034
Great Lakes	23,257
Greater Hume	6,409
Gundagai	2,542
Harden	2,433
Hawkesbury	22,948
Hay	2,014
Hornsby	46,161
Hunters Hill	3,680
Ku-ring-gai	33,362
Lachlan	4,342
Leichhardt	17,775
Liverpool	50,074
Maitland	26,176
Manly	9,703
Mosman	6,888
Richmond Valley	9,883
Shoalhaven	54,730
Sutherland	60,631
Temora	3,854
Tumut	6,223
Tweed	29,001
Upper Hunter	7,224
Warrumbungle	6,272
Wentworth	3,708
Wollondilly	16,034
Wyang	59,033
42 Districts	794,288

Appendix One: Committee Minutes

Minutes of Proceedings of the Joint Standing Committee on the Office of Valuer-General (no. 1)

5.30 pm Tuesday 21 October 2008

Parliament House

Members Present

Ms Andrews, MP

The Hon Kaye Griffin, MLC

The Hon Matthew Mason-Cox, MLC

Ms Megarrity, MP

Mr Richardson, MP

Introduction

The Clerk of the Legislative Assembly opened the meeting and read the following extracts from the Votes and Proceedings of the Legislative Assembly —

Thursday 25 September 2008, entry no 21--

“Joint Standing Committee on the Office of the Valuer-General

Mr Aquilina moved, by leave:

That:

- (1) A Joint Standing Committee, to be known as the Joint Standing Committee on the Office of 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,
 - (b) 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,
 - (c) 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),

(d) 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 do 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 Andrews, Ms Megarrity and Mr Richardson be appointed to serve on such 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 sit during the sittings or any adjournment of either or both Houses.

(8) The committee have leave to make visits of inspection within the State of New South Wales and other states and territories of Australia.

(9) 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."

25 September 2008, entry no 29--

"Joint Standing Committee on the Office of Valuer-General

Mr SPEAKER

The Legislative Council desires to inform the Legislative Assembly that it has this day agreed to the following resolution:

1. That this House agrees to the resolution in the Legislative Assembly's message of Thursday 25 September 2008 relating to the appointment of a Joint Standing Committee on the Office of the Valuer-General.
2. That the representatives of the Legislative Council on the Joint Standing Committee on the Office of the Valuer-General be Ms Griffin and Mr Mason-Cox.

3. That members be notified in writing by the Clerk of the Legislative Assembly of the time and place for the first meeting of the committee.

Legislative Council
25 September 2008

PETER PRIMROSE
President"

Election of Chair and Deputy Chair

Pursuant to Standing Order 282—

Resolved, on the motion of Ms Megarrity, seconded by Ms Griffin:

That Ms Andrews be elected Chair of the committee.

Resolved, on the motion of Ms Andrews, seconded by Ms Megarrity:

That Ms Griffin be elected Deputy Chair of the committee.

Procedural Motions

Resolved, on the motion (in globo) of Ms Griffin, seconded by Ms Megarrity:

1. That arrangements for the calling of witnesses and visits of inspection be left in the hands of the Chair and the Committee Manager to the committee.
2. That, unless otherwise ordered, witnesses appearing before the committee shall not be represented by any member of the legal profession.
3. That, unless otherwise ordered, witnesses appearing before the committee shall not be represented by any member of the legal profession.
4. That, unless otherwise ordered, when the committee is examining witnesses, the press and public (including witnesses after examination) be admitted to the hearing being conducted by the committee.
4. That persons having special knowledge of the matters under consideration by the committee may be invited to assist the committee.
5. That press statements on behalf of the committee be made only by the Chair after approval in principle by the committee or after consultation with Committee members.
6. That, unless otherwise ordered, access to transcripts of evidence taken by the committee be determined by the Chair and not otherwise made available to any person, body or organisation: provided that witnesses previously examined shall be given a copy of their evidence; and that any evidence taken in camera or treated as confidential shall be checked by the witness in the presence of the Committee Manager to the committee or another officer of the committee.
7. That the Chair and the Committee Manager to the committee be empowered to negotiate with the Speaker through the Clerk of the Legislative Assembly for the provision of funds to meet expenses in connection with advertising, operating and approved incidental expenses of the committee.

8. That the Chair be empowered to advertise and/or write to interested parties requesting written submissions.
9. That upon the calling of a division or quorum in either House during a meeting of the committee, the proceedings of the Committee shall be suspended until the committee again has a quorum.
10. That the Chair and the Committee Manager make arrangements for visits of inspection by the committee as a whole to undertake the entire itinerary.
11. That pursuant to Standing Order 297, evidence, submissions or other documents presented to the committee which have not been reported to the House are not be disclosed or published by any Member or by any other person unless first authorised by the House or the committee.

Deliberation

- The Clerk of the Legislative Assembly advised the committee regarding secretariat staffing; and
- The committee deliberated on possible work programmes and inquiries, including obtaining a briefing from the Valuer-General.

The committee adjourned at 5.50 pm until a date to be determined.

Minutes of Proceedings of the Joint Standing Committee on the Office of Valuer-General (no. 2)

3.30 pm Thursday 4 December 2008

Parliament House

Members Present

Ms Andrews, MP

The Hon Matthew Mason-Cox, MLC

The Hon Kaye Griffin, MLC

Mr Richardson, MP

Apology

Ms Megarrity, MP

Minutes

Resolved, on the motion of Ms Griffin, seconded by Mr Mason-Cox:

That the minutes of the meeting held on 21 October 2008 be confirmed.

Briefing

The Clerk-Assistant (Procedure) provided a background briefing for the committee on the work of the committee in the previous Parliament, recent reports of the Valuer General and on issues relating to the IPART review of prices charged by the Valuer General for providing valuation services to local government.

The committee deliberated.

The committee adjourned at 3.55 pm until a date to be determined.

Minutes of Proceedings of the Joint Standing Committee on the Office of Valuer-General (no. 3), 10.00 am Friday 13 March 2009

Parliament House

Members Present

Ms Andrews, MP

Ms Megarrit, MP

The Hon Kaye Griffin, MLC

Mr Richardson, MP

Apology

The Hon Matthew Mason-Cox, MLC

Minutes

Resolved, on the motion of Mr Richardson, seconded by Ms Griffin:

That the minutes of the meeting held on 4 December 2008 be confirmed.

Briefing

Mr Philip Western was admitted.

Mr Western then briefed the committee on the background to the work of the Office of Valuer General and an overview of the land valuation system.

Briefing concluded.

The committee adjourned at 11.20 am until a date to be determined.

Minutes of Proceedings of the Joint Standing Committee on the Office of Valuer-General (no. 4) 9.00 am Friday 5 June 2009

Parliament House

Members Present

Ms Marie Andrews, MP (Chair)
The Hon Matthew Mason-Cox, MLC
Mr Michael Richardson, MP

The Hon Kayee Griffin, MLC (Deputy Chair)
Ms Alison Megarrity, MP

In Attendance

Ms Cheryl Samuels, Ms Amy Bauder

The Chair opened the meeting at 9.05 am.

Public Hearing

1. Fifth General Meeting with the Valuer-General

Mr Philip Western, New South Wales Valuer-General was sworn and examined.

Mr Western tabled the following papers:

- Report of the Valuer General to the Committee dated 5 June 2009
- Answers to questions on notice 5 June 2009, nos 1 – 20
- Service Level Agreement between the NSW Valuer General and Land and Property Information NSW for the period 1 July 2008 to 30 June 2009
- Valuations issued 1 July 2008
- Draft newsletter from the NSW Valuer General, dated July 2009.

Evidence concluded, the Chair thanked the witness and the witness withdrew at 10.00 am.

Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:

That the evidence presented by the witness be made public and that the transcript of the evidence be published on the website after any necessary corrections under S.O. 293.

Deliberative meeting

2. Minutes

Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:

That the minutes of the meeting held on 13 March 2009 be confirmed and published.

3. Draft Report

Resolved, on the motion of Mr Richardson, seconded by Ms Griffin:

That in relation to the 5th General Meeting with the Valuer General, the Committee's report shall consist of:

- Chapter One - Commentary
- Chapter Two - Report prepared by the Valuer-General
- Chapter Three - Questions on notice and the Valuer-General's response

- Chapter Four - Transcript of Proceedings 5 June 2009
- Appendix One - Committee Minutes.

4. Possible Inquiry Topics

Resolved, on motion of Ms Griffin, seconded Mr Richardson, consideration of possible inquiry topics was deferred until the next meeting.

The committee adjourned at 10.06 am until Tuesday 23 June 2009 at 5.30 pm.

Draft Minutes of Proceedings of the Joint Standing Committee on the Office of Valuer-General (no. 5)

5.30 pm Tuesday 23 June 2009

Parliament House

Members Present

Ms Marie Andrews, MP (Chair)

Ms Alison Megarrity, MP

The Hon Kayee Griffin, MLC (Deputy Chair)

Mr Michael Richardson, MP

Apologies

The Hon Matthew Mason-Cox, MLC

In Attendance

Mr Les Gonye, Mrs Cheryl Samuels, Ms Amy Bauder

The Chair opened the meeting at 5.31 pm.

5. Minutes

Resolved, **on the motion of Ms Megarrity, seconded by Mr Richardson:**

‘That the minutes of the meeting held on 5 June 2009 be confirmed and published’.

6. Report of the Fifth General Meeting with the Valuer General

Resolved, **on the motion of Mr Richardson, seconded by Ms Griffin:**

‘That the draft report be considered Chapter by Chapter’.

Chapter One - Commentary

It was agreed that the word ‘actively’ be inserted into Recommendation 2. The recommendation as amended, to read: ‘The Committee recommends that the New South Wales Government actively support the work of the Valuer General in improving workforce capability and in gaining access to universities as required.’

Resolved, **on the motion of Mr Richardson, seconded by Ms Megarrity:**

‘That Chapter One – Commentary be agreed to, as amended’.

Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:

‘That Chapter Two – Report prepared by the Valuer General for the Committee dated 5 June 2009 be agreed to.’

Resolved, **on the motion of Mr Richardson, seconded by Ms Griffin:**

‘That Chapter Three – Questions on notice, with answers, 5 June 2009 be agreed to.’

Chapter Four – Transcript of Proceedings

At the request of Ms Megarrity, it was agreed that the word ‘education’ appearing in paragraph 4, page 54 of the transcript of proceedings of the draft report be deleted and the word ‘valuations’ be inserted.

Resolved, on the motion of Ms Megarrity, seconded by Mr Richardson:

'That Chapter Four – Transcript of Proceedings 5 June 2009 be agreed to, as amended.'

Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:
'That Appendix One – Committee Minutes be agreed to'.

Resolved, on the motion of Ms Megarrity, seconded by Mr Richardson:
'That Appendix Two – Service Level Agreement be agreed to'.

In accordance with the amendment made to Recommendation 2 in Chapter One,
Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:
'That the Findings and Recommendations be agreed to, as amended'.

Resolved, on the motion of Ms Megarrity, seconded by Mr Richardson:
That:

- (1) the draft Report, as amended, be the Report of the Committee and that it be signed by the Chair and tabled; and
- (2) the Chair and the Secretariat be permitted to correct stylistic, typographical and grammatical errors'.

Resolved, on the motion of Ms Griffin, seconded by Mr Richardson:
'That, once tabled, the Report be placed on the Committee's website'.

7. Sixth General Meeting with the Valuer General

Resolved, on motion of Mr Richardson, seconded by Ms Megarrity:
'That the Committee hold the Sixth General Meeting with the Valuer General on a date to be fixed in October/November 2009 to review issues raised in the report of the Fifth General Meeting.'

8. Time and date of next meeting

The committee adjourned at 5.46pm until Tuesday 1 September 2009 at 5.30 pm.

Appendix Two: Service Level Agreement between NSW Valuer General and Land and Property Information NSW for the period 1 July 2008 to 30 June 2009⁴³

Service Level Agreement

between

NSW Valuer General

and

Land and Property Information NSW

for the period

1 July 2008 to 30 June 2009

⁴³ This was provided as Appendix B to the Valuer General's answers to questions on notice, which are reproduced at Chapter 2 of this report.

LPI NSW

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LPI NSW

Introduction

This Service Level Agreement has been prepared via consultative process between Land and Property Information NSW as the service provider and the Valuer General as its customer.

The agreement is for the period 1 July 2008 to 30 June 2009. A formal review will commence no later than 1 June of each year by the Valuer General and the General Manager (LPI). Ongoing changes (may be made by agreement) on an "as required basis".

Parties in signing the document, agree to ongoing consultation and cooperation required to make this Service Level Agreement a success.

Purpose

The purpose of this Service Level Agreement (SLA) is to define the services and performance levels that Land and Property Information NSW (LPI NSW) is required to deliver to the Valuer General, and to help establish monitoring and reporting systems, and practices which will facilitate the delivery of high quality valuation services and their continuous improvement.

The SLA details:

- Which services are to be delivered and maintained.
- Which outputs/outcomes are "In Scope" where LPI NSW is responsible and which are 'Out Of Scope' where the Valuer General is responsible.
- How the quality of the services will be determined.
- How the performance of the services will be measured and reported.

Statutory Authority and Delegations

The Valuer General does not, by this Agreement, transfer to the General Manager LPI or to officers within LPI NSW generally, his statutory authority to enter into valuation service contracts, to make valuations under the *Valuation of Land Act 1916 (the Act)* or any other Act or to deal with Objections and Appeals under the *Act*.

Appropriate Delegations to positions within LPI NSW to carry out specific functions as detailed in the formal Instrument of Delegation are attached to this Agreement.

LPI NSW

Billing and Payment Arrangements

LPI NSW shall collect and retain all valuation revenues from the provision of statutory valuation and other services, specifically from Office of State Revenue (OSR) and local councils and from agencies paying for valuation services. In so doing, the General Manager LPI shall be accountable for the performance of LPI Valuation Services in the provision of the valuation services provided on behalf of the Valuer General and against the KPI's within this SLA.

The costs associated with the operation of the Valuer General's Office will be subject to negotiation with the Director General of Lands and funding issues will be dealt with outside this agreement.

LPI NSW shall pay all costs (such as salaries, consultancy, accommodation, utilities, IT support) required for the provision of the services specified in this Agreement.

Planning and Budgeting

The Valuer General shall advise the General Manager LPI of program and other requirements that are known to or planned to be undertaken by him.

The General Manager LPI shall prepare annual budgets that detail the anticipated costs of services, including provision for capital development funding. A copy of the agreed budget for LPI Valuation Services is to be provided to and endorsed by the Valuer General.

Both the Valuer General and the General Manager LPI shall ensure that LPI NSW has appropriate and adequate facilities and resources to undertake this Agreement and both shall use all reasonable endeavours to secure required financial allocations.

LPI NSW shall develop systems, procedures and guidelines considered necessary for the Valuer General to meet his statutory obligations, and will be resourced to ensure timely delivery. LPI NSW will at the completion of this agreement demonstrate efficiency in operation for the time of the agreement and projected improvements in the short, medium and long term.

LPI NSW shall develop a system for accounting for time, cost and resources required to undertake the operation of the functions of the Valuer General and undertake an on going program of developing improvements and efficiencies in its operational delivery of the valuation system and service delivery under this SLA.

LPI NSW

Communications

Communications by both parties shall follow agreed protocols particularly in regard to processing Ministerial Correspondence making a clear distinction on what matters should be dealt with by the Valuer General and by LPI.

The Valuer General shall keep the General Manager LPI informed of:

- Ministerial and other key issues related to valuation services.
- Any developments in valuation and other statutory programs.

The General Manager LPI shall keep the Valuer General informed of:

- Any impediments to the completion of the agreed activities, and the means by which performance shall be achieved.
- All LPI Valuation Services activities that may impact on the Valuer General's statutory role and functions, and the anticipated impacts of those activities on this Agreement.

LPI NSW will ensure that the Office of the Valuer General shall have reasonable access to the staff, resources, workings and functions of the operations of LPI Valuation Services and will provide input to LPI Valuation Services programs through participation:

- In weekly meetings liaison meetings with the Chief Valuer.
- On the Valuation Audit Steering Committee.

LPI NSW shall also report details and progress of matters raised as requiring or likely to require attention by the Valuer General

Reporting

The General Manager LPI will report on progress against each individual KPI as notated within the SLA. Eg: "Turnaround time YTD for objections (Quarterly)

LPI NSW

Terms and Definitions

Name of Term	Definition
In scope services	Those measurable outputs and outcomes which are delivered by LPI Valuation Services to the Valuer General, and which have been agreed by the parties as being achievable within LPI Valuation Services existing resources.
Out of scope services	<p>Services for which the Valuer General is responsible:</p> <ul style="list-style-type: none"> a) essential inputs from Valuer General (such as timely request for service and comprehensive briefing) b) services or resources which are under Valuer General's control, but impact on achieving service provider's KPIs c) related tasks which may be assumed by Valuer General to be part of the service but cannot be provided within the existing resources of the service provider <p>It is important to cover out of scope areas to prevent the Valuer General and /or General Manager LPI having different understandings of which services are being supplied.</p>
Key Performance Indicator - KPI	<p>This is a specific measure of performance, which is used to monitor and report its level of achievement.</p> <p>KPI's have to be accurately defined so there is no doubt what is being measured.</p> <p>Measurements can be hard - quantitative (can be physically measurable) or soft - qualitative (satisfaction measured through surveys, observations etc.).</p> <p>Example of KPI "Timely Delivery":</p> <p>"Monthly average of the number of days between the date when order is received from the customer and the date when ordered goods are delivered to the customer".</p>
Target	<p>A level of KPI which should be achieved. Targets will commonly include both a measurement and a proportional element.</p> <p>Normally actual KPI measurements for several past periods are examined to determine a realistic target.</p> <p>Example of Target for above KPI :</p> <p>"90% within 5 days"</p>
Source data	<p>The records, or methods which will provide the raw data for the calculation of KPI</p> <p>Example of Source Data for above KPI:</p> <p>"Computer log of customer orders and delivery dockets"</p>

LPI NSW

Description and Scope of Services to Be Provided By LPI NSW

The description and scope of the services required from LPI Valuation Services by the Valuer General are as listed in the following table.

The levels of performance achieved in each service will be monitored, for the majority of KPIs on a monthly basis using KPIs listed in the table. Also listed are the KPI targets to be achieved, and the source data from which each KPI will be extracted.

Appendix Two: Service Level Agreement between NSW Valuer General and Land and Property Information NSW for the period 1 July 2008 to 30 June 2009 TPF FPT

LPI NSW

Services, Scope, Key Performance Indicators, Targets and Source Data for LPI NSW

PERIOD: 1 JULY 2008 – 30 JUNE 2009

SERVICE	OUT of SCOPE	IN SCOPE RESPONSIBILITIES FOR LPI NSW	KPI	KPI TARGET	SOURCE DATA
1. Valuation System Efficiency	Provide appropriate delegations and advise changes to priorities and changes to policy.	Objections and Appeals	Turnaround time YTD for objections (Quarterly)	25 % < 90 days from registration	Valnet
				60% of total < 120 days from registration	Valnet
				95% of total < 180 days from registration	Valnet
		Supplementary Valuations	Turnaround time YTD to complete and issue supports from registration in Valnet (Quarterly)	85% within 90 days (being reviewed)	Valnet
		Recording of Time and Cost	Develop appropriate time management and accounting system to record information to assess accurate costs of the valuation system (Quarterly)	Average < 65 days	Valnet
		Supplementary Valuation Costs	Overall costs per completed supplementary valuation (Annually)	Implement new system by end September 2006	Chief Valuer
		Objection Costs	Overall costs per completed objection (Annually)	To be agreed based on 2008/09 data	Lawmaster
		Mass Valuation Costs	Overall cost per completed mass valuation contract entry (Annually)	As above	Lawmaster
		Measure Overall Costs	Overall cost of valuation system per valuation (Annually)	As above	Lawmaster
				< \$12 per valuation	Valnet/Lawmaster

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LPI NSW					
SERVICE	OUT of SCOPE	IN SCOPE RESPONSIBILITIES FOR LPI NSW	KPI	KPI TARGET	SOURCE DATA
2. Valuation Accuracy		Measure valuation accuracy	Meet MVP KPI target parameters (Annual)	Measure as a percentage of LGA's complying across each of: A (residential), B (Business), I (Industrial), R (Rural) zonings. MVP 85% – 100% Targets: A > 95% B > 80% I > 80% R > 80%	Valnet
		Land Value Verification Project	Percentage of land values verified in period 1 May 2006 - 30 April 2009 (Quarterly)	At least 60% of land values state wide to be verified for period 1 May 2006 – 30 April 2009 *	Valnet/Chief Valuer
		Increase the average number of benchmark and representative properties state wide. Development of parameters and policy to be based upon the recommendations provided within Professor John MacFarlane's report "Ongoing Development of the NSW Mass Valuation System" October 2006.	Percentage of components across State that meet the required standard (Annual)	20% by 30 th June 2009	Valnet
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LPI NSW

SERVICE	OUT of SCOPE	IN SCOPE RESPONSIBILITIES FOR LPI NSW	KPI	KPI TARGET	SOURCE DATA
3. Valuation Consistency	Provide appropriate delegations and advise changes to priorities and changes to policy.	Measure valuation consistency	Meet COD and PRD target parameters (Annually). COD: A <10, B,C (City) ,I,R < 15 PRD: 0.95 – 1.03	Measure as a percentage of LGA's complying across each zonings. COD: A>95%, B,C,I,R >80% PRD: A> 85%, B,C,I,R > 60%, < 2.0% Notices issued*	Valnet
4. Data Quality	Provide appropriate delegations and advise changes to priorities and changes to policy.	Returned Notices of Valuation Provision of bulk ASON amendments annually Correct errors and omissions in the Register (Quarterly)	Percentage of returned Notices (Annually) Percentage of councils (where Notice of Valuations being issued) providing bulk ASON amendments annually (Annually) Number of invalid lot plan records (6 monthly) Lots recorded in ITS but not in Valnet (6 monthly) Number of properties without an area (6 monthly) Number of Non – Lot DP land descriptions (6 monthly)	> 90% of LGA's due for valuations as at 1/7/08.* <	

Appendix Two: Service Level Agreement between NSW Valuer General and Land and Property Information NSW for the period 1 July 2008 to 30 June 2009 TPF FPT

LPI NSW

SERVICE	OUT of SCOPE	IN SCOPE RESPONSIBILITIES FOR LPI NSW	KPI	KPI TARGET	SOURCE DATA
5. Customer Service	Provide advice of external feedback or aspects of service.	Issue 1 July 2008 NOV to landowners Delivery of supplementaries Delivery of provisional values to OSR Delivery of land values to Councils Local Government Memorandum of Understanding (MOU) Customer satisfaction surveys Call centre response times Resolved calls/contacts – Call Centre Time for initial contact with the landowner following a referral from the Call Centre Time to resolve calls – LPI	Percentage of General Valuation NOV's issued on time (Annually) Issue supplementary valuations to Councils and OSR (Annually) Percentage of provisional land values provided (Annually) Percentage of General Valuation lists provided (Annually) Implement an agreed generic MOU with Local Government Managers' Association (Annually) Design, implement, complete and evaluate an objection survey in conjunction with OVG (Quarterly) Average response time to answer call (Quarterly) Percentage of calls resolved by Call Centre (Quarterly) Time to contact landowner on referral from the Call centre (Quarterly) Time for LPI to resolve issues with landowner on referral from Call Centre (Quarterly)	100% by 8 February 2009 95% of supplementaries issued within 31 days of completion in Valnet * 100% by 30th September 2008 100% by 15 December 2008 By 30 June 2009 for 09/10 year. 31 st March 2009 < 20 seconds > 85% 80% within 3 days 80% within 5 days	Valnet Valnet Valnet Valnet Chief Valuer Survey Call Centre Report Call Centre Report Valnet Valnet

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Appendix Two: Service Level Agreement between NSW Valuer General and Land and Property Information
NSW for the period 1 July 2008 to 30 June 2009TPF FPT

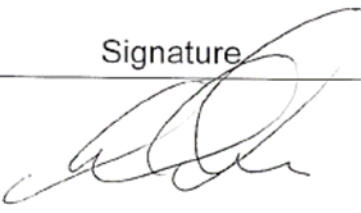
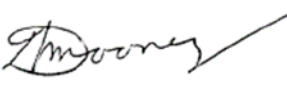
LPI NSW					
SERVICE	OUT of SCOPE	IN SCOPE RESPONSIBILITIES FOR LPI NSW	KPI	KPI TARGET	SOURCE DATA
5. Customer Service (cont)		Completion of requests from OVG for information	Average number of days to complete responses from the Office of the Valuer General (Quarterly)	95% < 24 hours urgent 95% < 7 days non urgent	TRIM - /ACCESS
		Determine compensation in accordance with the Land Acquisition (Just Terms Compensation) Act	Number of Determinations of Compensation issued in accordance with the Act, unless otherwise agreed (Quarterly)	95 % of determinations before due date	Lawmaster
		Response time to written queries from landowners	Number of days for LPI to resolve written queries from landowners	80% in less than 7 days	Valnet
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SIGNATORIES

It is agreed that the contents of this document will govern the provision of services from LPI NSW to the Valuer-General.

The Key Performance Indicators as identified in this SLA will be monitored and reported in the Monthly Performance Reports from General Manager LPI to Valuer-General.

The term of this Service Level Agreement is for the period 1 July 2008 to 30 June 2009. A formal review will be commenced by the Valuer General and the General Manager LPI by 1 June 2009. Ongoing changes (may be made by agreement) on an "as required" basis.

	Signature	Date
Philip Western Valuer General		22 July 2008
Des Mooney General Manager, LPI		22 July 2008

