PARLIAMENT OF NEW SOUTH WALES

Joint Standing Committee on the Office of the Valuer-General

Report on the Seventh General Meeting with the Valuer-General

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

Report No. 3/54 – December 2010

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

New South Wales. Parliament. Joint Committee on the Office of the Valuer General.
Report on the Seventh General Meeting with the Valuer General : together with answers to questions on notice, transcript of evidence and minutes of proceedings / Joint Committee on the Office of the Valuer General. [Sydney, N.S.W.] : the Committee, 2010. – [75] p. ; 30 cm. (Report ; no. 3/54)

Chair: Marie Andrews, MP.
"December 2010".
ISBN 9781921686290

1. New South Wales. Parliament. Joint Committee on the Office of the Valuer General. General Meeting with the Valuer General (7th)
2. New South Wales. Dept. of the Valuer-General.
I. Title.
II. Andrews, Marie.
III. Series: New South Wales. Parliament. Joint Committee on the Office of the Valuer General. Report ; no. 3/54

333.332 (DDC22)

Table of contents

Membership and staff ii
Committee functions iii
Abbreviations and explanations iv
Chair's foreword v
List of recommendations vii
Chapter One - Commentary 1
Introduction 1
Current status of the valuation program 2
Chapter Two - Issues carried over from the Sixth General Meeting 3
Introduction 3
Workforce capability, training and education of valuers 3
Pricing regime for valuation services 4
National licensing of valuers 4
Chapter Three - Issues arising at the Seventh General Meeting 6
Introduction 6
Section 149 planning certificates 6
Coastal protection services 7
Industrial contamination 9
Committee comment 10
Rating and taxation of shared facilities 11
Chapter Four - Issues arising out of the *Inquiry into the provisions of the Valuation of Land Act 1916* 13
Introduction 13
Quality control issues 13
Valuation methodology 15
Chapter Five - Conclusion 17
Appendix One - Transcript of evidence 22 October 2010 19
Appendix Two – Answers to questions on notice 37
Appendix Three – List of witnesses and submissions 42
Appendix Four – Committee minutes 43

Membership and staff

Chair	Ms Marie Andrews MP, Member for Gosford
Members	The Hon Kayee Griffin MLC (Deputy Chair)
	The Hon Matthew Mason-Cox MLC
	Ms Alison Megarrity MP, Member for Menai
	Mr Michael Richardson MP, Member for Castle Hill
Staff	Mr Russell Keith, Committee Manager (to 5 November 2010)
	Mr Bjarne Nordin, Senior Committee Officer
	Mrs Cheryl Samuels, Research Officer
	Ms Alexis Steffen, Committee Officer
	Ms Mohini Mehta, Assistant Committee Officer
Contact Details	Joint Standing Committee on the Office of the Valuer-General Parliament of New South Wales Macquarie Street Sydney NSW 2000
Telephone	02 9230 3050
Facsimile	02 9230 3309
E-mail	jscovg@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au

Committee functions

The Committee was first established in July 2003 as a joint statutory committee, and re-established in the 54th Parliament on 25 September 2008, 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

That:

(1) A joint standing committee, to be known as the Joint Standing Committee on the Office of the Valuer-General be appointed.

(2) The Committee's functions be:

(a) to monitor and review the exercise of the Valuer-General's functions with respect to land valuations under the *Valuation of Land Act 1916* and the *Land Tax Management Act 1956*, and in particular:
(i) to monitor the methodologies employed for the purpose of conducting such valuations,
(ii) to monitor the arrangements under which valuation service contracts are negotiated and entered into, and
(iii) to monitor the standard of valuation services provided under such contracts;

(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); and

(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.[1]

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

Abbreviations and explanations

Abbreviations

DCPs	Development Control Plans
IPART	Independent Pricing and Regulatory Tribunal
LEPs	Local Environment Plans
LPI	Land and Property Information
LPMA	Land and Property Management Authority
LVAG	Land Valuation Advisory Group
MDAFs	Mixed development apportionment factors
OSR	Office of State Revenue
OTEN	Open Training and Education Network
SEPPs	State Environmental Planning Policies

Explanations

Land 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.
Mass valuation system	refers to the generation of land values for multiple 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.

Chair's foreword

I have pleasure in presenting the Committee's Report on the Seventh General Meeting with the Valuer-General.

The Committee met with the Valuer-General on 22 October 2010 as part of its Inquiry into the provisions of the *Valuation of Land Act 1916*. As this was likely to be last time that the Committee would meet with the Valuer-General before the end of the 54th Parliament, the Committee took the opportunity to review several issues raised at previous meetings, and to discuss several other matters.

Matters arising from the Sixth General Meeting

Ongoing issues arising at the Sixth General Meeting related to: workforce capability; a pricing regime for valuation services; and the national licensing scheme. The Committee was pleased to see that good progress had been made in addressing the first two of these issues.

Legislation to implement a national licensing scheme for various occupations recently passed the New South Wales Parliament, and the scheme for valuers is scheduled to be introduced in 2013. In this Report, the Committee reiterates its previous recommendation that the New South Wales Government should press for the adoption of a national licensing model for valuers similar to the full registration regime for valuers that is currently available in New South Wales.

Matters arising at the Seventh General Meeting

Concern had been expressed to Committee members that land values and marketability were being affected by the issue of section 149 certificates by local councils or by industrial contamination. A further area of concern was that of rating and taxation of shared facilities. The Committee was therefore keen to discuss these issues with the Valuer-General.

During the *Inquiry into the provisions of the Valuation of Land Act 1916*, concern was expressed about quality control issues in the valuation process. The Committee was also interested to learn that the Land and Property Management Authority had recently issued an expression of interest for proponents to trial alternate valuation methodologies. While these issues fell outside of the Inquiry terms of reference, the Committee felt that they warranted further investigation.

The Valuer-General provided useful information to assist the Committee with its consideration of all these issues.

Current status of the valuation program

At the Seventh General Meeting, the Valuer-General also provided the Committee with an update on this year's valuation program. As his annual report is not due to be published until late November, the Committee found it very useful to be able discuss the current status of the program and the objection process with the Valuer-General.

Conclusion

This Committee was first established in 2003 and re-established in 2008 to monitor and review the exercise of the Valuer-General's functions with respect to land valuations. I am pleased to report that the Valuer-General has achieved substantial improvements to the land valuation system since our first meeting.

Over the past few years, the Committee has worked productively with the Valuer-General and his Office. Committee members have also taken a collaborative approach that has facilitated consideration of the issues raised during the Fifth, Sixth and Seventh General Meetings with the Valuer-General.

In conclusion I would like to thank the Valuer-General, Mr Philip Western, Ms Rachael Burn, Executive Manager-Projects, Office of the Valuer-General, and Mr Michael Parker, Acting Program Manager, Valuation Services, for their assistance in supporting the work of the Committee.

I would particularly like to express my thanks to the Members of the Committee and the Committee Secretariat for their work during the term of this Committee.

Marie Andrews MP
Chair

List of recommendations

Recommendation 1: The Committee recommends that the New South Wales Government press for the adoption of a national licensing model for valuers in 2013 similar to the full registration regime for valuers that is currently available in New South Wales.

Recommendation 2: The Committee recommends that, at the time that the Department of Services, Technology and Administration notifies the relevant council of land that is affected by the operation of sections 38 or 39 of the *Coastal Protection Act 1979*, similar advice also be provided to the Valuer-General.

Recommendation 3: The Committee recommends that the Valuer-General, in conjunction with the Department of Local Government and the Local Government and Shires Association, investigate the most appropriate mechanism to ensure that the Valuer-General is made fully aware of planning controls and restrictions together with other relevant factors that may impact upon land values.

Recommendation 4: The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

Recommendation 5: The Committee recommends that the Valuer-General, in conjunction with the Department of Local Government, the Local Government and Shires Association, and if appropriate, the Office of State Revenue, develop clear guidelines as to how valuations should be applied for rating purposes, where a shared facility is identified.

Chapter One - Commentary

Introduction

1.1 The Valuer-General is a statutory officer whose role is to oversee the land valuation process managed by Land and Property Information (LPI) to ensure fair, consistent and transparent land values for all stakeholders.[2] The Valuer-General provides land values to local councils for rating purposes, and to the Office of State Revenue for managing land tax, as well as to a number of other government agencies.

1.2 The role of the Committee is to monitor and review the exercise of the Valuer-General's functions with respect to land valuations. In particular, the Committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated and entered into, and the standard of valuation services provided under such contracts.

1.3 The Committee does not, however, have the ability to review individual valuations or objections to individual valuations. The processing of these issues remains the responsibility of the Valuer-General.

1.4 As part of its oversight function, the Committee regularly meets with the Valuer-General, Mr Philip Western, to examine matters contained in his annual reports and to review issues that may have been identified by the Committee.

1.5 The Committee also has the power to conduct inquiries into matters connected with the exercise of the Valuer-General's functions to which, in the opinion of the Committee, the attention of Parliament should be directed.

1.6 In this context, the Committee resolved in June 2010 to conduct an Inquiry into the provisions of the *Valuation of Land Act 1916*. The Committee's findings are contained in a separate report.[3]

1.7 The Committee met with the Valuer-General on 22 October 2010 as part of this Inquiry. As this was likely to be last time that the Committee would meet with him before the end of the 54th Parliament, the Committee took the opportunity to review several issues that were raised at the Fifth and Sixth General Meetings and to discuss other matters that were recently brought to the attention of members by constituents.

1.8 The Committee also took the opportunity to receive an update on this year's valuation program and to review some matters discussed at previous meetings.

---

2 Land and Property Information is a division of the Land and Property Management Authority.

3 Joint Standing Committee on the Office of the Valuer General, *Report on the Inquiry into the provisions of the Valuation of Land Act 1916*, Report no. 4/54, November 2010.

Current status of the valuation program

1.9 There are approximately 2.4 million land valuations produced annually in New South Wales.

1.10 Each year one third of those valuations are issued to local councils towards the end of November or beginning of December. The Valuer-General advised the Committee that approximately 745,000 will be issued to 53 different local councils this year, and released to the landowners in mid to late January or early February.[4]

1.11 The Valuer-General also noted that the Office of State Revenue (OSR) had been provided with all land valuations as at 15 September 2010, and that they would receive a copy of the Register of Land Values as at 31 December 2010. He understood that OSR will commence sending out land tax assessments at the beginning of 2011 and that this process will continue throughout 2011. [5]

1.12 He added that the land tax threshold for the 2011 land tax year would be $387,000, which was a slight increase from last year.[6]

1.13 Any person to whom the Valuer-General has given written notice of a valuation may lodge a written objection to any such valuation under the *Valuation of Land Act 1916*.

1.14 The Valuer-General noted that, as at Monday 18 October 2010, some 3,700 objections to the last round of notices had been received.

> This is an extremely pleasing result; it is less than 0.4 per cent of the total number of valuations we have issued either to local government or to the Office of State Revenue. That compares with, on average, about 12,000 objections which would have been received five years ago, so there is a substantial improvement there. The other very positive thing that has happened is that at this stage approximately 93 per cent of those objections have been completed. We would not expect that statistic to get much better than that, because there are obviously more objections continuing to come in as the Office of State Revenue issues land tax assessments. That is once again a great result.[7]

4 Transcript of evidence, 22 October 2010, p. 1.
5 Ibid, p. 1.
6 Ibid, p. 1.
7 Ibid, p. 1.

Chapter Two - Issues carried over from the Sixth General Meeting

Introduction

2.1 In its report on the Sixth General Meeting, the Committee made three recommendations regarding:

- workforce capability, training and education of valuers;
- a pricing regime for valuation services; and
- the national licensing scheme.

2.2 The Valuer-General informed the Committee that he was awaiting responses from a number of organisations in regard to those recommendations, particularly the Department of Education and Training, the Office of Fair Trading and the Treasurer in respect of the valuation services and pricing.[8] He also provided the following supplementary information with regard to the Committee's recommendations.

Workforce capability, training and education of valuers

2.3 For a number of years the Valuer-General has argued that one way of ensuring that there are enough valuers to meet current and future demand is by enhancing tertiary and diploma courses covering rating and taxing valuation. The Valuer-General has therefore been actively involved in discussions with tertiary institutions about improving the rating and taxing valuation component of accredited education courses in New South Wales.

2.4 In its reports on the Fifth and Sixth General Meetings with the Valuer-General, the Committee recommended that the New South Wales Government provide assistance to the Valuer-General in improving workforce capability and in gaining access to universities as required. [9]

2.5 At the Seventh General Meeting, the Valuer-General told the Committee that, in his capacity as one of the national councillors on the Australian Property Institute National Council, he is currently involved in the accreditation of the valuation programs of education institutions such as the University of Queensland, the Open Training and Education Network (OTEN) and the Sydney Institute of Technology.

> Through that process I will be able to have some good input into what training and what educational qualifications are then provided for valuers. Also, we are continuing to work on ensuring that other programs have the rating and taxing component in them. The Australian Property Institute is very much aware of the necessity to

[8] Ibid, p. 2.

[9] Joint Standing Committee on the Office of the Valuer-General, *Report on the Fifth General Meeting with the Valuer-General,* Recommendation 1, p. viii; Joint Standing Committee on the Office of the Valuer-General, *Report on the Sixth General Meeting with the Valuer-General*, Recommendation 2, p. vii.

have that, and is working cooperatively in terms of trying to ensure that that occurs. [10]

Pricing regime for valuation services

2.6 As the primary customers of the valuation system, local government councils and the Office of State Revenue fund the valuation services in a 40/60 per cent split. However, there are a number of 'secondary' users of the system including other State Government agencies, the Commonwealth Grants Commission and private property information brokers. These 'secondary' users are either not charged at all or are charged the marginal or incremental cost of providing valuation services to that group.

2.7 The Committee was of the view that to ensure all agencies and other people who use valuation information are treated equally, an appropriate fee should be charged to all users to reflect the resource costs and expertise utilised to prepare these valuations. Therefore, in its Report on the Sixth General Meeting, the Committee recommended that the Valuer-General set appropriate fees for all users of valuation information and services. [11]

2.8 At the Seventh General Meeting, the Valuer-General reported that an independent analysis of the current prices charged for those services, outside of the statutory provisions to local government and to the Office of State Revenue, had been undertaken by KPMG. Their report was currently being considered by the Pricing and Access Committee of LPI, and a decision about how pricing should be altered, or in some cases implemented, was expected in early 2011.[12]

2.9 The Committee commends the Valuer-General for the work that has been undertaken to date to implement its recommendations relating to university training and fees for valuation services.

National licensing of valuers

2.10 In April 2009, the Council of Australian Governments formulated an International Agreement for a National Licensing System for Specified Occupations, including valuers. The first stage of the legislative framework to implement this process passed the Victorian Parliament in September 2010 (the National Law). A bill to adopt the National Law passed the New South Wales Parliament in November 2010.[13]

2.11 The National Law sets out the regulatory framework for the national licensing system that will see workers in licensed occupations all over Australia operating under one set of rules. The first part of the legislative framework establishes a national licensing scheme for the following occupations:

---

10 Transcript of evidence, Op cit,p. 2.

11 Committee on the Office of the Valuer-General, *Report on the Sixth General Meeting with the Valuer-Genera*l, Recommendation 2, p. vii.

12 Transcript of evidence, Op cit, p. 2.

13 *Occupational Licensing (Adoption of National Law) Bill 2010* (NSW), Explanatory Notes, accessed 31 October 2010.

(a) airconditioning and refrigeration;

(b) electrical;

(c) plumbing and gasfitting; and

(d) property-related occupations.

2.12 It is envisaged that valuers will be included in the second wave of occupations that will come into force in July 2013.

2.13 According to the Valuer-General, everything is on track for valuers to be part of the second wave of the national licensing scheme.

> At this stage, as far as I am aware, the committee, which was the Occupational Advisory Committee, which we were anticipating the Australian Property Institute would be asked to join, has not been implemented in respect of the valuation side of things at the moment. But that is still progressing and we are expecting that we will have representation on it. [14]

2.14 New South Wales currently has a full registration regime (similar to Western Australia and Queensland). This Committee has previously recommended 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.[15]

2.15 The Committee continues to believe that the registration regime currently in place in New South Wales should be the model for the national licensing scheme for valuers that is due to be implemented in July 2013. It therefore reiterates its previous recommendation that called on the New South Wales Government to press for the NSW model to be adopted as part of the second wave of the National Licensing Scheme for Specified Occupations.

Recommendation 1
The Committee recommends that the New South Wales Government press for the adoption of a national licensing model for valuers in 2013 similar to the full registration regime for valuers that is currently available in New South Wales.

[14] Transcript of evidence, Op cit, p. 3.
[15] Joint Standing Committee on the Office of the Valuer-General, *Report on the Fifth Meeting with the Valuer-General, Recommendation 3, p. 11;* Joint Standing Committee on the Office of the Valuer-General, *Report on the Sixth Meeting with the Valuer-General, Recommendation 3, p. 9.*

Chapter Three - Issues arising at the Seventh General Meeting

Introduction

3.1 At the Seventh General Meeting, the Committee took the opportunity to discuss with the Valuer-General the impact on land values of section 149 certificates and industrial contamination. A further area of concern was that of rating and taxation of shared facilities such as jetties, pontoons or shared car parks in a tenanted building.

3.2 One of the submissions to the *Inquiry into the provisions of the Valuation of Land Act 1916* also raised questions about quality control in some valuation services provided by the Office of the Valuer-General. The Committee also discussed these concerns with the Valuer-General at the meeting.

Section 149 planning certificates

3.3 The Chair of the Committee, Ms Andrews MP, reported that Gosford City Council had issued many section 149 certificates in her electorate that included information about the impact of rising sea levels on waterfront properties and changes arising out of a recent amendment to the *Coastal Protection Act 1979*. Concern had been expressed by her constituents that property values were declining and owners were having trouble selling their properties.

3.4 Section 149 planning certificates are issued in accordance with the *Environmental Planning and Assessment Act 1979* by local councils, usually when a property is to be redeveloped or sold, and contain information on how a property may be used and the restrictions on development.

3.5 Information to be disclosed in a section 149 certificate is set down in Schedule 4 of the *Environmental Planning and Assessment Regulation 2000*, and includes:

- Names of relevant environmental planning instruments and development control plans (DCPs);
- Zoning and land use under relevant State Environmental Planning Policies (SEPPS) and Local Environment Plans (LEPS);
- Complying development;
- Coastal protection under the *Coastal Protection Act 1979*;
- Mine subsidence;
- Road widening and road realignment;
- Council and other public authority policies on hazard risk restrictions;
- Flood related development controls information;
- Land reserved for acquisition;
- Contributions plans;
- Biodiversity certified land and Biobanking agreements under the *Threatened Species Conservation Act 1995;*
- Bush fire prone land;
- Property vegetation plans under the *Native Vegetation Act 2003*;
- Orders under *Trees (Disputes Between Neighbours) Act 2006*; and
- Site compatibility certificates and conditions for seniors housing, infrastructure and affordable rental housing.

3.6 Schedule 1 of the *Conveyancing Act 1919* also requires that a section 149 planning certificate be attached to the contract for sale when land is bought or sold.

Coastal protection services

3.7 One of the items that may appear on a section 149 certificate relates to whether or not land is affected by the operation of sections 38 or 39 of the *Coastal Protection Act 1979*. This legislation was recently amended by the NSW Parliament.[16]

3.8 The primary objective of the amendments to the *Coastal Protection Act* and related legislation was to improve the arrangements for managing coastal erosion risks. The amendments provide additional tools and options for local councils and landowners, as well as reinforcing coastal zone management planning as the way local solutions can be developed for erosion problems.

3.9 According to the Minister for Climate Change and the Environment, the Hon. Frank Sartor MP:

> Coastal erosion is a real issue facing many coastal landowners and local councils. Some 40 houses have been lost to erosion in recent decades and around 200 are currently under threat. Projected sea level rise in the future will increase significantly the number of houses at risk. The New South Wales Government announced a coastal erosion reform package last October to strengthen the current approach to managing erosion risks. It builds on current arrangements for coastal management under the *Coastal Protection Act*, the *Environmental Planning and Assessment Act* and the *Local Government Act*. These reforms comprise an integrated package of legislation, including this bill, and supporting guidelines.[17]

3.10 The *Coastal Protection and Other Legislation Amendment Act* includes several features that were of interest to this Committee, such as:

- the establishment of the New South Wales Coastal Panel to provide expert advice to councils and the Minister on significant coastal issues;
- an amendment to the *Local Government Act* to enable a local council to make and levy an annual charge for the provision of coastal protection services for rateable land that benefits from these services;
- an amendment to the *Conveyancing (Sale of Land) Regulation 2010* to provide that, in a contract for the sale of land, the vendor warrants that the land is not subject to an annual charge for the provision of coastal protection services under the *Local Government Act*; and
- the inclusion in a section 149 certificate issued in respect of land within the coastal zone of a statement of the risk category of the land under the regulations and of the likely response of public authorities to the risks posed by coastal hazards to the land as determined by the Minister under the regulations.

---

16 *Coastal Protection and Other Legislation Amendment Act 2010 (NSW)*

17 Sartor, MP, the Hon. F, NSW Legislative Assembly, Hansard 22 September 2010, Agreement in principle speech, *Coastal Protection and Other Legislation Amendment Bill 2010 (No. 2)*, p 25910.

3.11 The Committee was particularly interested to see that one of the members of the new Coastal Panel will be nominated by the Chief Executive Officer of Land and Property Management Authority (LPMA).[18] As LPMA manages the land valuation process, the Committee believes that its role on the Coastal Panel should ensure that the impact of coastal protection services upon land values will be considered in its provision of valuation services.

3.12 The amendments also allow local councils to levy a coastal protection service charge on landowners who have voluntarily contributed to building a new seawall or upgrading an existing seawall. The charge covers the cost to local councils of maintaining the works and managing any off-site erosion impacts. Landowners will be able to request an independent review of the costs of the charge every three years.

3.13 A further amendment allows details of land vulnerability to erosion and the expected council response to managing this erosion to be listed on section 149 certificates. According to the Minister, this will help future purchasers better understand the erosion problems associated with a particular parcel of land. [19]

3.14 Local councils have a legislative requirement to issue section 149 certificates upon request to existing or potential landowners who are considering redeveloping or purchasing a property. However, as mentioned earlier, one council had issued section 149 certificates to owners of waterfront and nearby properties that included information about the impact of rising sea levels on waterfront properties and changes arising out of a recent amendment to the *Coastal Protection Act 1979*.

3.15 Owners receiving these certificates were reportedly concerned about the impact that this would have on the land value and on the marketability of their properties. There was anecdotal evidence to suggest that property owners believed that they were now having trouble selling properties because of the existence of these certificates.

In response to a question from the Committee as to whether section 149 certificates could affect land values, the Valuer-General commented that:

> Our role, and that of rating and taxing contractors, is to interpret the market. The issuing of these certificates or even what is reported in the media can sometimes impact upon what people are prepared to pay for a property. It must be remembered that our valuers are experts in valuation for rating and taxing purposes and that they are extremely knowledgeable about what is happening in the area. If values are changing, they would reflect that in their valuations [20]

3.16 The Committee agrees it is important for a potential buyer or developer to be aware of any limitations or levies that may apply to a property. However, it remains concerned that properties may be significantly devalued as a result of projected sea level rises that cannot be quantified with any certainty.

3.17 When asked whether the Office of the Valuer-General was made aware of local councils issuing Section 149 certificates, Mr Parker, Acting Program Manager,

---

18 *Coastal Protection and Other Legislation Amendment Act 2010*, Explanatory notes.

19 NSW Legislative Assembly, Hansard 22 September 2010, Agreement in principle speech, *Coastal Protection and Other Legislation Amendment Bill 2010 (No. 2)*, p 25910.

20 Transcript of evidence, Op cit, p. 11.

Valuation Services, commented that contractors in the local area would be aware of all circumstances affecting market values. [21]

3.18 The Valuer-General added, however, that there is no legal requirement for local councils to advise his Office that a certificate had been issued. [22]

Industrial contamination

3.19 The Committee also examined how other factors such as industrial contamination might affect the valuation of a property. By way of example, Mr Richardson MP mentioned properties affected by the radioactive waste dump at Nelson Parade, Hunters Hill.

> This situation involves very valuable waterfront properties that have been contaminated to the extent that they are pretty well unsaleable. One family has had their house on the market for a couple of years and cannot sell it because of the contamination. They are not living there, so they are subject to land tax as well.[23]

3.20 The Valuer-General replied that this is a similar situation to the coastal scenario discussed above. Another example was underground petroleum tanks in service stations.

> The valuer would be expected to pick up on those issues by making appropriate inquiries of the relevant agencies. That is the same thing that would happen if they were undertaking a normal valuation in respect of a mortgage or to establish current market value. There is nothing different from that point of view. If we did not pick it up for any reason, it could be examined through the objection process. There would be an expectation once we were notified that inquiries would be made about the surrounding land. [24]

3.21 Mr Parker added that he thought that the Nelson Parade properties probably only have a one dollar value on them.

> I am not sure, but there are properties around the State that due to contamination only have a dollar. It would depend on the cost and what the market would dictate someone would pay for that site. I know the properties that you speak to and I am pretty sure that there would be very low land values on those properties.[25]

3.22 The Hon. Kayee Griffin MLC, asked how, in relation to sites like former service station sites, valuers would know the difference in value of those sites before and after remediation work had been carried out to remove petrol tanks.

3.23 Mr Parker replied that, under section 6A(1) of the Act, valuers would firstly assume that the site is vacant. That was one valuation, but there was also section 6A(2), which had regard to the improvements.

> If the service station is currently operating and there is no reason to suspect major contamination, it would be valued on the basis of a service station site. Once we were aware that perhaps there was major contamination and the site

21 Ibid, p. 11.
22 Ibid, p. 11.
23 Ibid, p. 12.
24 Ibid, p. 12.
25 Ibid, p. 12.

> was not going to be used as a service station, then the contamination would be taken into account. It is all part of the valuation process, but section 6A(2) does change the concept a little bit in that we are looking at a site that is used as a service station and obviously generates income. That site would be valued on the fact that it is an existing service station site. [26]

Committee comment

3.24 Land values issued by the Valuer-General not only reflect market values, but have implications for council rates and land tax. It is therefore important that valuation contractors are fully aware of planning controls and other restrictions, together with other relevant factors such as industrial contamination, so that their valuations take into account any encumbrances to land use that may be in place.

3.25 As noted above, valuers are experts in valuation for rating and taxing purposes and the Valuer-General is confident that they are extremely knowledgeable about what is happening in a particular area. He told the Committee that, if values are changing, the valuers would reflect that in their valuations. That is the way that he would expect the process to work.[27]

3.26 The Committee noted, however, that there is no requirement in law for local councils to advise the Valuer-General when section 149 certificates are issued.

3.27 Sections 38 and 39 of the *Coastal Protection Act 1979* do not apply to section 149 certificates unless the Department of Services, Technology and Administration advises relevant local councils that the land is affected. The Committee believes that, if it does not already do so, it would be appropriate for the Department to also advise the Valuer-General at the same time as that information is provided to the relevant council.

3.28 The Committee also believes that there is merit in having a formal mechanism to advise the Valuer-General of changes to planning instruments such as those affected by the amendments to the *Coastal Protection Act*, or for changes to approved land use, particularly on sites known to be affected by industrial contamination.

3.29 The Committee is aware that there are arrangements in place for consultation between the Valuer-General and local councils. It considers, however, that the Valuer-General, in conjunction with the Department of Local Government and the Local Government and Shires Association, should investigate options for developing a formal mechanism for the exchange of information to ensure that the valuation contractors are made fully aware of any factors that may affect the land value. This could include consideration of whether there should be a legal requirement for local councils to advise the Valuer-General when a section 149 certificate has been issued, or when significant changes to land use occur.

[26] Ibid, p.12.
[27] Ibid, p.11.

Recommendation 2

The Committee recommends that, at the time that the Department of Services, Technology and Administration notifies the relevant council of land that is affected by the operation of section 38 or 39 of the *Coastal Protection Act 1979*, similar advice also be provided to the Valuer-General.

Recommendation 3

The Committee recommends that the Valuer-General, in conjunction with the Department of Local Government and the Local Government and Shires Association, investigate the most appropriate mechanism to ensure that the Valuer-General is made fully aware of planning controls and restrictions together with other relevant factors that may impact upon land values.

Rating and taxation of shared facilities

3.30 LPMA has ownership, control and management of Crown land below the Mean High Water Mark and administers this land in accordance with the *Crown Lands Act 1989* and the Crown *Lands Regulation 2006*.

3.31 A key policy objective of the *Domestic Waterfront Facility Policy 2009* in respect of the development and licensing of domestic waterfront facilities on Crown land is that:

> Shared domestic waterfront facilities are encouraged where it is appropriate or necessary to minimise the number of structures on Crown land and reduce cumulative impact. [28]

3.32 The Committee was therefore interested to know how rates are determined where property titleholders have a common asset, such riverfront properties with shared jetties and pontoons.

3.33 In particular, the Committee sought clarification from the Valuer-General as to how rates are determined where the name on the Crown lease is different from the name on the land title because it involves more than one property holder.

3.34 The Valuer-General advised the Committee section 14I of the *Valuation of Land Act* specifies that land that is Crown lease restricted is to have its land value determined taking into account the restrictions on the disposition or manner of use that apply to the land by reason of its being the subject of the lease concerned. He went on to say that:

> Section 26 of the Act allows for parcels of adjoining land, owned by the same person/persons, to be included in one valuation. Parcels of land with different zonings can be amalgamated provided that there are not separate buildings on each parcel.
>
> Section 27(2) of the Act states that lands which do not adjoin or which are separated by a road, or are separately owned, shall be separately valued,

[28] Land and Property Management Authority, *Domestic Waterfront Facility Policy 2009,* p. 2. http://www.lpma.nsw.gov.au/__data/assets/pdf_file/0009/120114/DWF_policy.pdf, accessed 18 November 2010.

> therefore if Crown Lands issue a licence for a jetty in a name or names different to the ownership details on the Certificate of Title for the adjoining land the Valuer-General is unable include the lands in one valuation.
>
> However, I am advised that where a shared facility is identified, landowners are now offered the choice of a joint licence or separate licences, before any processing action to implement the licence/*s* is undertaken.
>
> Where the landowner chooses a separate licence, and that licence is issued in the same name as the owner detailed on the Certificate of Title of the adjoining land, the Valuer-General, under section 26 of the Act can include the lands in one valuation.[29]

3.35 Anecdotal evidence suggests that some local councils levy a business rate for a shared jetty even though it involves residential properties. Landowners seeking clarification of how their rates were determined received conflicting advice from local councils and LPMA.

3.36 The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

3.37 Based on the advice from the Valuer-General, and the anecdotal evidence, the Committee also believes that there is a need for clearer guidelines to be developed that will assist local councils in determining appropriate rates for land involving shared facilities.

3.38 The Committee therefore recommends that the Valuer-General, in conjunction with the Department of Local Government, the Local Government and Shires Association, and, if appropriate, the Office of State Revenue, develop clear guidelines as to how valuations should be applied for rating purposes, where a shared facility is identified.

Recommendation 4:

The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

Recommendation 5:

The Committee recommends that the Valuer-General, in conjunction with the Department of Local Government, the Local Government and Shires Association, and if appropriate, the Office of State Revenue, develop clear guidelines as to how valuations should be applied for rating purposes, where a shared facility is identified.

[29] Answers to Questions on Notice, *Question no. 3. Rating and Taxation of Common Assets*.

Chapter Four - Issues arising out of the *Inquiry into the provisions of the Valuation of Land Act 1916*

Introduction

4.1 Some of the issues raised during the *Inquiry into the provisions of the Valuation of Land Act 1916* fell outside the Inquiry's terms of reference and were therefore not addressed in that report. However, the Committee felt that these issues warranted further investigation and took the opportunity to discuss them with the Valuer-General at the Seventh General Meeting.

Quality control issues

4.2 One of these, raised in the submission from NSW Revenue Professionals, related to quality control issues regarding the operation of the Office of the Valuer-General. Particular areas of concern to the organisation were: duplication of entries; the inappropriate cancellation of entries; ensuring that information regarding mixed development apportionment factors (MDAFs) are placed on the file; failing to cancel allowances that are no longer valid; and the quality of general revaluation and supplementary valuation lists.[30]

4.3 At the meeting Mr Michael Parker, Acting Program Manager, Valuation Services, addressed these issues.

4.4 He began by explaining that duplications occasionally occur when Old System Title properties are converted to Torrens Title, because they cannot be spatially recognised and they use a different system of legal description.

> The Old System, as you probably know, uses the old volume and book entry; Torrens Title is a lot and DP. So they are not spatially identifiable. Although we go to a lot of effort to align properties, check areas and things like that, it is really a hands-on situation that has to be done by individuals. So from time to time because of the nature of them some are missed. We also believe that that is a pretty rare event.[31]

4.5 Mr Parker agreed that inappropriate cancellations did occur from time to time.

> Again, that is a human process in our data group of putting properties together that perhaps should not be put together. We have tried to instigate processes and systems to make sure that does not happen. We are doing our best to work with the Ratepayers Association and local councils to make sure all these administrative sort of things are rectified.[32]

4.6 The submission from NSW Revenue Professionals requested that Land and Property Information (LPI) should ensure that, when a General Valuation takes place, the percentage associated with MDAFs are supplied within the file. Mr Parker responded that information regarding MDAFs was the responsibility of contract valuers.

---

30 NSW Revenue Professionals, Submission no. 10, p. 4.
31 Transcript of evidence, Op cit, p. 3.
32 Ibid, p. 2.

> We do run checks on all the MDAFs and other concessions to make sure that they have been delivered. So obviously anything that was delivered in the previous load that has not shown up in this year's load should show up. So there should not be many situations where that actually occurs. Again, the only reason that would possibly occur would just be because of human error. We do have computer checks on all those sort of things.[33]

4.7 In terms of the cancellation of allowances, Mr Parker noted that LPI provides valuations to local councils every three to four years, and a check is done on all the allowances, and whether they are applicable, at the date the valuation is made. He added, however, that currently LPI does not update whether those allowances should fall off in between the rating periods.

> Under the *Local Government Act* and under the *Land Tax Management Act* those authorities can go in and remove the allowances. I know this submission came from the NSW Revenue Professionals, and again I think it is a bit of whose responsibility it should be to remove those, whether that is theirs or whether that is ours, and we need to work with them. Perhaps we can provide them with more information just to assist them to be able to remove the allowances when they do lapse. The subdividers allowance particularly is probably the one that they are talking about because that only lasts three years from the date of registration of the deposited plan. So it is a bit of an administrative burden for them to check the dates of registration of the deposited plans and go back and see when if falls off and so forth. So perhaps we might be able to assist them in computer generating a list that will allow them to do that. [34]

4.8 The submission from NSW Revenue Professionals also expressed concern about a general loss of quality control in the issuing of General Revaluation and Supplementary Valuation Lists.

4.9 Mr Parker responded to this concern by commenting that LPI was working towards providing all data to a high standard. They have regular meetings with the NSW Revenue Professionals and local councils to try and work towards resolutions and to develop processes that will provide them with the highest quality data possible. [35]

4.10 The Valuer-General added that the number of errors affecting those matters raised by the NSW Revenue Professionals is minimal.

> There are very few of them that occur. However, I do appreciate that when they do occur they cause issues for councils in particular. As Mr Parker pointed out, we want to look to work with them more closely to address that situation.[36]

4.11 He went on to say that:

> I have one further comment to make in respect of the quality of the revaluation and the supplementaries that are issued. One thing that I am extremely proud of in regard to the New South Wales valuation system is that benchmarked against other worldwide jurisdictions from a qualitative point of view our valuations are of some of the highest calibre around. That is measuring it both

33 Ibid, p. 3.
34 Ibid, pp. 3-4.
35 Ibid, p. 4.
36 Ibid, p 4.

> statistically through tried and proven methods but also through our customer surveys that we undertake and in respect of the correspondence and feedback we are getting. That is not to say that we are sitting on our laurels. We are continuing to work to improve it.

4.12 The Committee is satisfied that the Valuer-General and LPI are working towards addressing the concerns raised by NSW Revenue Professionals, and will continue to monitor their progress.

Valuation methodology

4.13 Most land in New South Wales is valued using the mass valuation approach, where properties are valued in groups called components. The properties in each component are similar, or are expected to reflect changes in value in a similar way.[37]

4.14 Several submissions called for changes to the method by which land values are determined. However, as the Act does not specify the method by which land values are determined, the issues raised in these submissions fell outside the terms of reference of the Inquiry and were not addressed by the Committee in its Report.

4.15 However, the submission from LPMA noted that an expression of interest had recently been issued for proponents to trial alternate valuation methodologies in a pilot program to gauge opportunities for further improvements in efficiency and effectiveness. [38]

4.16 The Committee was keen to learn more about this, and asked the Valuer-General to explain the pilot program and to provide an update on its current status.

4.17 The Valuer-General replied that the idea behind it was that through the existing tender process for rating and taxing contractors, valuation contractors are offered the opportunity to look at alternative valuation methodologies.

> However, the contractors—and rightly so from my point of view—are focusing on getting the valuations done and they have not really got the opportunity to be able to experiment with alternative methodologies. We saw that there was an opportunity to do this through putting out a fresh tender specifically for them to be able to have a look at the alternative methodologies.
>
> We put a tender out mid-2010 and the tenders closed as at 8 August. We were pleased to receive eight submissions, expressions of interests, for tenders, which is a very pleasing result. We have undertaken initial analysis of those and have narrowed it down to a short list, which we are currently putting through an evaluation process—due diligence, probity—plus undertaking interviews.[39]

37 NSW Valuer-General's Report 2008-09, p. 22.
38 Land and Property Management Authority, Submission no. 9, p. 9,
39 Transcript of evidence, Op cit, p 6.

4.18 He expected to be in a position to notify those tenderers either late in 2010 or very early in 2011 with the objective of commencing the project proper in early 2011.

4.19 According to the Valuer-General, the intention is not to look at altering the existing valuation methodology, but to have another methodology available to prospective tenderers.

> Therefore, it would provide some flexibility in terms of how they go about it. But, importantly, from my point of view it means that we have what would be a tried and true method as opposed to saying that we are not sure if this is going to work or not. So it has some massive benefits. The other thing it does is provide the rating and taxing contractors with a business outcome that potentially can provide them with better margins in respect of their business and hence better returns either to the business or to the shareholders. [40]

4.20 Members of the Committee look forward to seeing a report on the outcomes of the pilot program in the Valuer-General's annual report.

[40] Ibid, p 6.

Chapter Five - Conclusion

5.1 The Seventh General Meeting was the last opportunity that the Committee will have to meet with the Valuer-General before the end of the 54th Parliament. The Committee therefore appreciated the Valuer-General's opening remarks that provided an update on this year's valuation program.

5.2 The meeting with the Valuer-General also allowed the Committee to follow up several issues from previous meetings including workforce capability, a pricing regime for valuation services and the current status of a national licensing scheme for valuers.

5.3 The Committee commends the Valuer-General for the work that has been undertaken to implement its previous recommendations relating to workforce capability and fees for valuation services.

5.4 The national licensing scheme for valuers is due to come into force in 2013 and the Committee reiterates its previous recommendation that the Government should press for the adoption of a national licensing model based on the full registration regime for valuers currently available in New South Wales.

5.5 Several other issues such as the impact of section 149 certificates and industrial contamination on land values have been brought to the Committee's attention since the last meeting. After discussing these issues with the Valuer-General, the Committee remains concerned that properties may be significantly devalued as a result of the projected sea level rises that cannot be quantified with any certainty.

5.6 The Committee also recommends that mechanisms be developed for improving the exchange of information between local councils and government agencies to assist with the valuation process.

5.7 Advice was also sought from the Valuer-General as to how rates were determined for shared facilities such as jetties and pontoons.

5.8 Anecdotal evidence suggests that some local councils levy a business rate for a shared jetty even though it involves residential properties. Landowners seeking clarification of how their rates were determined received conflicting advice from local councils and LPMA.

5.9 The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

5.10 The Committee also recommends that the Valuer-General, in conjunction with the Department of Local Government, the Local Government and Shires Association, and if appropriate, the Office of State Revenue, develop clear guidelines as to how valuations should be applied for rating purposes, where a shared facility exists.

5.11 The original purpose of the meeting was to discuss issues arising out of the *Inquiry into the provisions of the Valuation of Land Act 1916.* The Committee's findings for this Inquiry appear in a separate report.

5.12 However, during the *Inquiry into the provisions of the Valuation of Land Act 1916*, concern was expressed about quality control issues in the valuation process and valuation methodology. The Committee was also interested to learn that the Land and Property Management Authority had recently issued an expression of interest for proponents to trial alternate valuation methodologies. While these issues fell outside of the Inquiry terms of reference, the Committee felt that they warranted further investigation. After discussing them with the Valuer-General at the Seventh General Meeting, the Committee is satisfied that no further action is required at this time.

5.13 The Committee thanks the Valuer-General and his staff for all assistance provided to the Committee.

Appendix One - Transcript of evidence 22 October 2010

REPORT OF PROCEEDINGS BEFORE

COMMITTEE ON THE OFFICE OF THE VALUER-GENERAL

INQUIRY INTO THE PROVISIONS OF THE VALUATION OF LAND ACT 1916

———

At Sydney on Friday 22 October 2010

———

The Committee met at 10.30 a.m.

———

PRESENT

Ms M. T. Andrews (Chair)

Legislative Council	**Legislative Assembly**
The Hon. K. F. Griffin	Ms A. P. Megarrity
	Mr M. J. Richardson

CHAIR: I declare open the public hearing for the inquiry into the provisions of the Valuation of Land Act 1916. Before the proceedings commence I ask everyone present to switch off their mobile phones; even if they are on silent mode, they interfere with the Hansard equipment. I thank Mr Western and Mr Parker for appearing before the Committee today.

PHILIP JOHN WESTERN, New South Wales Valuer-General, 9 Otago Parade, Yowie Bay, sworn and examined:

MICHAEL JAMES PARKER, Acting Program Manager, Valuation Services, 13 Green Street, Cronulla, affirmed and examined:

CHAIR: Mr Western, the Committee may wish to send you some additional questions in writing, replies to which will form part of your evidence to be made public. Would you be happy to provide a written reply to any further questions?

Mr WESTERN: Yes.

CHAIR: If you should consider at any stage during your evidence that certain evidence or documents you may 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 itself may subsequently publish the evidence if they so desire. Mr Western, would you now like to make an opening statement?

Mr WESTERN: Yes, if I may. I thought it might be useful to bring the Committee up to date with where we are at with the valuation program. Mr Parker and his team are currently in the process of putting together the final valuations as at 1 July 2010. That involves some 2.43 million valuations. As I said before, we issue approximately a third of those valuations each year. This year approx 745,000 will be issued to 53 different councils. We will be sending local government those values towards the end of November or the beginning of December this year, and they will also be released to the landowners in mid to late January and into early February.

In respect of the Office of State Revenue, we will provide them with all of the approximate 2.43 million valuations. They have already had provisional values provided to them as at 15 September. They will receive a copy of the Register of Land Values as at 31 December, and I understand they will also commence sending out land tax assessments at the beginning of 2011 and that process will continue throughout 2011.

The other matter I would like to bring to the attention of the Committee relates to objections. As you know, everyone who receives a Notice of Valuation or a land tax assessment has the right to object. Land and Property Information are continuing to process those objections currently. As at last Monday 18 October, we had received some 3,700 objections. This is an extremely pleasing result; it is less than 0.4 per cent of the total number of valuations we have issued either to local government or to the Office of State Revenue. That compares with, on average, about 12,000 objections which would have been received five years ago, so there is a substantial improvement there. The other very positive thing that has happened is that at this stage approximately 93 per cent of those objections have been completed. We would not expect that statistic to get much better than that, because there are obviously more objections continuing to come in as the Office of State Revenue issues land tax assessments. That is once again a great result.

The final matter I would like to bring to the attention of the Committee is that I am also charged with providing each year a land tax threshold. We have undertaken that work and the gazettal occurred last Friday. The land tax threshold for the 2011 land tax year will be $387,000. That is based on the average land value for the respective valuations for the three-year period 1 July 2007; 1 July 2008 and 1 July 2009. The previous land tax threshold last year was $376,000, so that has increased slightly, indicating an upward movement in land values over that period.

CHAIR: After our sixth general meeting the Committee made three recommendations—regarding university training, fees for valuation information and services, and the national licensing of valuers. Mr Western, has anything been done in response to those recommendations?

Mr WESTERN: Yes, we have commenced some work on that. At the moment we are awaiting responses from a number of organisations in regard to those recommendations. We have sent letters out to the Department of Education and Training, the Office of Fair Trading and the Treasurer in respect of the valuation services and pricing. In regard to university training, as I have made the Committee aware before, I am one of the national councillors on the Australian Property Institute National Council.. Part of the exercise I am involved in is the accreditation of some educational institutions in respect of their valuation component. I was recently involved in the accreditation for the University of Queensland, for their property program. During November I will also be involved in the accreditation of 2010 here in Sydney of OTEN and also the Sydney Institute of Technology, for their valuation programs. Through that process I will be able to have some good input into what training and what educational qualifications are then provided for valuers. Also, we are continuing to work on ensuring that other programs have the rating and taxing component in them. The Australian Property Institute is very much aware of the necessity to have that, and is working cooperatively in terms of trying to ensure that that occurs.

In respect of the fees for valuation services and products, the Committee will be aware that I asked KPMG to undertake an independent analysis of the current prices that have been charged for those services outside of the statutory provisions we make to local government and to the Office of State Revenue. They have now produced that report, and I have passed that on to Land and Property Information to put it to their Pricing and Access Committee for consideration. They are currently going through that process, and I am expecting a decision in respect of how pricing should be altered—or in some cases, how pricing should be implemented—in early 2011. So that is progressing quite nicely.

The other matter was in respect of the national licensing of valuers. There has been no change since the last meeting of this Committee. Everything is still on track, as I understand it, in that valuers will be part of national licensing in 2013. At this stage, as far as I am aware, the committee, which was the Occupational Advisory Committee, which we were anticipating the Australian Property Institute would be asked to join, has not been implemented in respect of the valuation side of things at the moment. But that is still progressing and we are expecting that we will have representation on it.

The Hon. KAYEE GRIFFIN: The submission from the NSW Revenue Professionals raised a number of quality control issues regarding your office. In particular, the duplication of entries, the inappropriate cancellation of entries, ensuring that information regarding mixed development appointment factors are placed on the file, failing to cancel allowances that are no longer valid, and the quality of general revaluation and supplementary valuation

lists. Are you aware of the circumstances leading to those concerns and what action are you taking in response to those concerns?

Mr WESTERN: I am aware of the concerns that have been raised. I will ask Mr Parker to respond to those.

Mr PARKER: If I could speak to each point. The duplications occasionally occur when Old System Title properties are converted to Torrens Title, because they cannot be spatially recognised and they use a different system of legal description. The Old System, as you probably know, uses the old volume and book entry; Torrens Title is a lot and DP. So they are not spatially identifiable. Although we go to a lot of effort to align properties, check areas and things like that, it is really a hands-on situation that has to be done by individuals. So from time to time because of the nature of them some are missed. We also believe that that is a pretty rare event.

Inappropriate cancellations do occur from time to time. Again, that is a human process in our data group of putting properties together that perhaps should not be put together. We have tried to instigate processes and systems to make sure that does not happen. We are doing our best to work with the Ratepayers Association and local councils to make sure all these administrative sort of things are rectified.

The MDAFs are provided by our contract valuers. It is their responsibility to provide those. We do run checks on all the MDAFs and other concessions to make sure that they have been delivered. So obviously anything that was delivered in the previous load that has not shown up in this year's load should show up. So there should not be many situations where that actually occurs. Again, the only reason that would possibly occur would just be because of human error. We do have computer checks on all those sort of things.

The next one is cancellation of allowances. LPI provides valuations to councils every three to four years. We do a check on all the allowances and whether they are applicable at the date the valuation is made. Currently we do not update whether those allowances should fall off in between the rating periods. Under the Local Government Act and under the Land Tax Management Act those authorities can go in and remove the allowances. I know this submission came from the NSW Revenue Professionals, and again I think it is a bit of whose responsibility it should be to remove those, whether that is theirs or whether that is ours, and we need to work with them. Perhaps we can provide them with more information just to assist them to be able to remove the allowances when they do lapse. The subdividers allowance particularly is probably the one that they are talking about because that only lasts three years from the date of registration of the deposited plan. So it is a bit of an administrative burden for them to check the dates of registration of the deposited plans and go back and see when if falls off and so forth. So perhaps we might be able to assist them in computer generating a list that will allow them to do that.

The quality of the general valuations and sup list, obviously LPI is working towards providing all our data to a high standard. We have regular meetings with the NSW Revenue Professionals; we have regular correspondence with councils and regular meetings with them. So all of these issues which are sort from an administrative viewpoint, we try and work towards resolutions with them and develop processes that will obviously provide them with the most quality that we can.

The Hon. KAYEE GRIFFIN: I ask a supplementary question. Are you mainly dealing with individual councils or do the local government issues come through the Local Government and Shires Association?

Mr PARKER: No, there are a number of avenues where those sorts of issues can be raised. Obviously local government individually can make representations to us but we have quarterly, I think it is, meetings with the NSW Revenue Professionals. There is a representative from local government on the Land Value Advisory Group. So there are a number of different avenues in which they can raise any difficulties and obviously we will address those.

Mr WESTERN: I might speak to that a bit later in one of the further questions that have been asked of us. But can I just add a further comment to what Mr Parker has said?

CHAIR: Yes.

Mr WESTERN: The number of errors that occur in respect of those matters that have been raised by the NSW Revenue Professionals is minimal. There are very few of them that occur. However, I do appreciate that when they do occur they cause issues for councils in particular. As Mr Parker pointed out, we want to look to work with them more closely to address that situation.

I have one further comment to make in respect of the quality of the revaluation and the supplementaries that are issued. One thing that I am extremely proud of in regard to the New South Wales valuation system is that benchmarked against other worldwide jurisdictions from a qualitative point of view our valuations are of some of the highest calibre around. That is measuring it both statistically through tried and proven methods but also through our customer surveys that we undertake and in respect of the correspondence and feedback we are getting. That is not to say that we are sitting on our laurels. We are continuing to work to improve it.

Mr MICHAEL RICHARDSON: Have you had a look at the submissions to the Committee?

Mr WESTERN: Not in detail.

Mr MICHAEL RICHARDSON: One of the issues that was raised by a number of those making submissions was that the different dates of application used by the rating and taxing authorities create inconsistency and complexity that serve no obvious purpose. The Property Management Authority, of course, was one organisation that took issue with the way things are done at the moment. What would be the cost of moving the taxing date to 30 June or, alternatively, moving the rating date to 31 December? Are there any practical issues or problems associated with that change?

Mr WESTERN: We received these questions yesterday so we have had sufficient time to be able to provide responses to them all. I would like to take that question on notice.

Mr MICHAEL RICHARDSON: I appreciate it is a complex question.

Mr WESTERN: However, I would like to provide you with a quick overview of the complexity of the valuation dates, and to some extent I have provided that in my opening

statement. Our two principal government stakeholders are the Office of State Revenue and local government. They both have differing needs in respect of when they require to have the valuations provided. Currently under the Land Tax Management Act, the Office of State Revenue are required to have a finalised copy of the register of land values as at midnight on 31 December so they can commence issuing land tax assessments in early January. From a local government perspective, they need to have as close as possible to a finalised role by 30 June of the following year. So you have two competing interests there. There are reasons and rationale with both organisations as to why they required them at certain times.

From my point of view, it is important that we are able to do two things. One is to ensure that we provide them with the most accurate and consistent valuations that we can, but also to ensure that we bed down for them their respective valuation bases so that they can administer either through land tax or through rates and ensure that there are not going to be any repercussions with further objections. We have gone a long way to improving that situation through the processes that we have put in place. As I said in my opening statement, the significant reduction in objections is testament to the fact that we are bedding that down further. As I said, we will provide a more detailed response to that question in the next few days.

Ms ALISON MEGARRITY: In relation to evaluation methodology, the submission from the Land and Property Management Authority mentioned that it recently issued an expression of interest for proponents to trial alternate valuation methodologies in a pilot program to gauge opportunities for further improvements in efficiency and effectiveness. Can you explain the pilot program to the Committee and provide an update on its current status?

Mr WESTERN: I briefed the Committee at the sixth general meeting in respect to the alternate valuation methodology. Just to refresh you very quickly, the idea behind this project is that through our existing tender process for rating and taxing contractors, we already offer the opportunity for valuation contractors to provide innovation—in other words, to look at alternative valuation methodologies. However, the contractors—and rightly so from my point of view—are focusing on getting the valuations done and they have not really got the opportunity to be able to experiment with alternative methodologies. We saw that there was an opportunity to do this through putting out a fresh tender specifically for them to be able to have a look at the alternative methodologies.

We put a tender out mid-2010 and the tenders closed as at 8 August. We were pleased to receive eight submissions, expressions of interests, for tenders, which is a very pleasing result. We have undertaken initial analysis of those and have narrowed it down to a short list, which we are currently putting through an evaluation process—due diligence, probity—plus undertaking interviews. We expect to be able to be in a position to notify those tenderers either late in 2010 or very early in 2011 with the objective of commencing that project proper in early 2011. What this will mean is that we are not going to look to alter the existing valuation methodology that is there which, to refresh you very quickly, is the component method of valuation where we group like types of property together that we expect to increase in value or decrease in value by similar amounts within the market. Our contractors undertake analysis of sales in the location and then apply that to what we call benchmarks.

The idea of this would be to have available to prospective tenderers the availability of another methodology to be able to undertake the work, but that would be their choice to do.

Therefore, it would provide some flexibility in terms of how they go about it. But, importantly, from my point of view it means that we have what would be a tried and true method as opposed to saying that we are not sure if this is going to work or not. So it has some massive benefits. The other thing it does is provide the rating and taxing contractors with a business outcome that potentially can provide them with better margins in respect of their business and hence better returns either to the business or to the shareholders.

CHAIR: Mr Western, the Land and Property Management Authority in its submission on page 22 sets out the requirement under the Act that "The delegate who considers the objection must be a different person from and not subordinate to the person who made the decision against which the objection is lodged is no longer necessary." In support of this it cites the Ombudsman's report 2005, which says, "Excluding contract managers and persons of equivalent rank restricts the process." What burden is being imposed by the current provision? How would you be able to fairly manage the inherent conflicts involved in the same person or a subordinate considering an objection?

Mr WESTERN: I might just take you back to 2005 to the Ombudsman's report. As you rightly mentioned, he stated in that report that the system or procedures that were there were potentially causing some resourcing issues both for contract managers, within Land and Property Information, and for contractors themselves. At that stage the processes that we had in place meant that our contract managers were closely involved with the revaluation process that contractors were undertaking. Since that time, while our contract managers or our district valuers are still closely involved, they are not involved intimately in terms of a day-to-day operational basis. So the situation has changed from there.

There are two aspects from the burden perspective that cause us some issues with the existing procedures that we have in place, as required by the Act. One is, from my point of view, our existing rating and taxing contractors are best placed to be able to provide us with information in respect to, firstly, how they arrived at their valuations, secondly, how they undertook their analysis and, thirdly, their in-depth knowledge of a particular area. While to some extent we take into account all that through them providing sales information, it also means that we are not actually tapping into some of that information that they have got because we use an independent person or an independent valuer to undertake some of that work. So there is an issue around that in terms of making the best use of available information. The contractor has.

The other point is in terms of the availability of resource. I have spoken to this Committee before about it in the early stages. We did not, from my point of view, have enough contractors on board to undertake the reviews of land values where an objection had been lodged. Since that time we have put in place a number of procedures and processes to ensure that that has now become more efficient and effective. Also, as I spoke to you before, we have had a significant reduction in objections, which has now meant that we have sufficient resource and they are generally able to cover those objections and ensure they are reviewed in a timely manner. From a burden point of view they are the two issues. One is the availability of resource, which we have largely overcome. The other one is a potential cost issue in having an independent review undertaken as opposed to getting the contractor to do some of that work.

I need to point out to this Committee that I have no intention of moving away from having that independent review. That, for me, provides true transparency in the valuation process. It is a situation that we here in New South Wales are privileged to have. No other

State or in New Zealand or, to my knowledge, in other Western jurisdictions has that independent review to the extent that we do. So it is something I think we should continue to hold on to and, once again, it provides transparency in the process.

The second part of the question was in regard to managing those inherent conflicts with the contractors being involved. As I said before, we have had some significant enhancements to the valuation system to overcome some of those hurdles. One of them is in terms of the quality controls that we put in place and the second one, obviously, in terms of the transparency of the decisions we make either through the issuing of Notices of Valuation or through the objection process.

I will just mention now a couple of the enhancements that we have made to ensure that those conflicts are avoided. One is that we have improved processes in place both for our rating and taxing contractors. For our internal valuers who are involved with the contractors as far as examining their work, we have Contract Managers in place to ensure that contracts are being adhered to and requirements under the Processes Manual, and also we have a number of milestones which contractors are required to go through to ensure the accuracy and consistency of the land values.

Land and Property Information also have in place a sophisticated audit process, which is undertaken 12 months of the year. So, once again, this ensures that where there are conflicts or issues occurring they can be picked up quite quickly. We have constant monitoring of the valuation process and a peer review process, and I think, importantly, we have on top of that an independent review being undertaken through the services of Associate Professor John McFarlane of the University of Western Sydney, who I have spoken about before. This is integral in ensuring that he is continually digging into the system to look at various aspects of it to find where there are deficiencies in areas that we can improve in, and that assists us also in quickly picking up where there are issues with the system. Having said all that, I am of the view that the hurdles that were there before have now been overcome and that we can move forward as far as making more use of the contractors to assist us with the objection review process.

The Hon. KAYEE GRIFFIN: Mr Western, councils have expressed concern that valuations they have been using for some time for rating purposes may be the subject of an objection when those valuations are used for the first time by the Office of State Revenue and that this could have an effect going back two to three years, given the council cycles. Do similar provisions apply in other Australian jurisdictions that permit a ratepayer to have two opportunities to lodge an objection, and what would be the consequence of limiting objections to 60 days after an owner is first notified of a valuation?

Mr WESTERN: Once again, a reasonably detailed response is required. I will need to talk, obviously, with other jurisdictions who, incidentally, I am meeting up with next week. May I take that question on notice and provide a written response to the Committee?

Mr MICHAEL RICHARDSON: Could I just commend you on your statement that you wanted to maintain the independence of the objection process? That is fundamental to the integrity of the whole valuation system, and we could go right back to the bad old days if you did not do that. Just in the context of talking about objections, a submission to the Committee alleged that your office was carrying out aggressive valuations, particularly in respect of industrial land, with the onus placed on homeowners and business operators to prove that your valuation is not correct. It also complained that the onus was on

homeowners and business operators who had the least supporting resources or expertise to challenge that valuation, in other words, to make the objection. Would you like to comment on that assertion?

Mr WESTERN: Obviously that is a view that they have got and they are entitled to. I would certainly have said that prior to my taking up the role of Valuer-General that may well have been the case. Some of the decisions that we made had no transparency in them in that they just simply provided either a "Yes, your objection is accepted and we have amended it", or, if they did not amend it, there was no explanation provided as to why it had not been amended. We have gone to significant lengths to ensure that we provide sufficient information to landowners to assist them with understanding the valuations and how they are arrived at, particularly in respect of them having to provide us with sales evidence as to why they think the objection is wrong.

So, to that extent, we now provide, as part of the process, what we call a general valuation sales report which each individual objector either receives when they lodge their objection via the Internet or by calling our call centre and getting that information through them. If we issue what we call an objection kit, which has got all this information with it, a general valuation sales report is also provided with that. So they can use that information, which our contractors have also had available to them, to be able to prove that there is an issue with valuation and that it should be altered. That does not stop them from going and getting other evidence as well, and we would certainly obviously encourage that to occur.

So I think from my point of view there has been a big change in terms of process and, as I said, I think overall that is reflected through the significant reduction and objections that we actually do receive and also in terms of the amount of correspondence or reduction in correspondence that I personally get across my desk and that the Minister receives as well. Having said that, once again, I am very, very keen to continue to improve that process and the transparency of the decisions that we make, and we are continuing to work on improving the general valuation sales report to be able to provide them with more information to assist them in terms of lodging their objection.

Mr MICHAEL RICHARDSON: Pro rata would you get more objections to residential valuations, to commercial valuations or to industrial valuations, because industrial valuations, I think, are particularly difficult, are they not?

Mr WESTERN: I might ask Mr Parker to comment on that, but certainly, from my point of view, on a pro rata basis we would receive more objections to residential. For example, if I just do a quick comparison with the City of Sydney CBD, which, as you will be aware, a significant amount of those properties within the State which are land-tax liable rest within the City of Sydney CBD, we have undertaken a significant campaign to work with landowners and the Property Council to ensure that we are providing them with good information, and that has resulted in a reduction in the number of objections we receive directly out of the city.

Mr PARKER: I would say that residential still provides us with the most objections, and even though industrial might be more complex it does not seem to generate the same activity of objections. I am not sure what the reasons are; I do not have any facts as to exactly how it would correlate to in numbers.

Mr MICHAEL RICHARDSON: Maybe because it is a commercial matter and they can write it off against tax?

Mr PARKER: Possibly. There is obviously more emotion involved in residential and people challenge that more readily.

Ms ALISON MEGARRITY: This will be a very long and complex question because I must provide some background. My constituents are confronting a very confusing situation. I am sure that it is not unique to my electorate; any member who has riverfront properties in his or her electorate would know of similar cases. Please bear with me as I work my way through it.

This question pertains to the situation where property titleholders have a common asset. In this case it involves riverfront properties with jetties and pontoons. The waterways authorities strongly encourage people to enter into joint arrangements to install pontoons in an attempt to reduce building on rivers. In some cases the construction of these facilities has been approved only if it involves a joint asset. Accordingly, each year a Crown land rental must be paid to the waterway authority for the ground underneath the jetty or pontoon. A concession is applied for river or water-access-only properties. That is the clear direction to owners of these properties.

As best as I can understand it, where the situation involves an individual property titleholder who has a pontoon or a jetty, its worth is included as part of the property valuation and that flows through to the council for rating purposes. If the jetty or pontoon adds $10,000 to the value of the property, that might attract an extra $25 in council rates. It has been put to me that with shared pontoons and jetties, where the name on the Crown lease is different from the name on the land title because it involves more than one property holder, the Valuer-General must issue a separate valuation and the council then issues a separate rates notice. Instead of the person with the individual property and jetty paying perhaps an extra $25 a year in rates, the council levies a minimum amount—which is a business amount even though this involves residential properties—of about $450. The levy is imposed at the business rate because if it were imposed at the residential rate, it would also attract stormwater and domestic waste charges amounting to more than $300.

The property owners have tried to resolve this impasse by going to the Land and Property Management Authority and to the council. However, both parties say the other authority must deal with it and that computers cannot divide the pontoon between the properties. Apparently the Land and Property Management Authority suggested that the titleholders concerned contact their local member to sort out this anomaly. To rub salt into the wound, different councils may have been implementing the charge at different rates and times and, as you have explained, from time to time the Valuer-General re-evaluates areas to ensure that the valuations are within the market range. Some of this may have come to light only when those new valuations were issued and perhaps for the first time councils have responded in this way. I am putting two and two together. The property owners received a letter from the council containing good news about a revaluation undertaken by the Valuer-General and informing them that their property rates would be reduced. However, because they have a shared jetty or pontoon, the council will now charge the minimum business rate, which can be shared, but might mean an impost of $200 each instead of perhaps $25 if the levy had been part of their individual property council rates calculation. I am not sure whether you can assist with this. It seems to be an anomaly and that different

levels of government are telling these people different things and they are caught in the middle.

Mr WESTERN: I understand the question. I also appreciate that it is an extremely complex issue involving pontoons and—

Mr MICHAEL RICHARDSON: Let the pontoons flow free!

Mr WESTERN: —both valuation and rating. I will take the question on notice and provide a written response.

Ms ALISON MEGARRITY: But please tell me that it is not simply that the computers cannot divide the pontoon.

Mr WESTERN: No. I am happy to say that that would be a new one to me. There is no way that it would be anything to do with computers.

CHAIR: It probably relates to my electorate as well.

Ms ALISON MEGARRITY: One of the councils said that it also applies to shared car parks in a tenanted building. I do not know that for a fact, but I have been told that where a piece of property is in more than one name that creates a separate valuation and therefore a separate rate. I am sure councils are pleased about that because they want those rates.

CHAIR: Following on from that question, my electorate also has a number of waterfronts. Gosford City Council, in its wisdom, has issued many section 149 certificates that include information about the impact of rising sea levels. I have had people protesting outside my office about this, but that is beside the point. The main concern is property values declining. It is claimed that property owners are having trouble selling properties. This has happened only in the past six months or so. I am probably answering my own question, but do those certificates affect the valuation of a property?

Mr WESTERN: Our role and the role of our rating and taxing contractors is to interpret the market. The issuing of these certificates or even what is reported in the media can sometimes impact upon what people are prepared to pay for a property. It must be remembered that our valuers are experts in valuation for rating and taxing purposes and that they are extremely knowledgeable about what is happening in the area. If values are changing, they would reflect that in their valuations. That is the way I would expect the process to work.

CHAIR: Is your office made aware of councils issuing such certificates?

Mr PARKER: The contractors in that local area would be aware of all of those circumstances. They generate media reports, inquiries and so on. We would certainly want them to be aware of that.

CHAIR: But there is no requirement in law for councils to advise you of that situation?

Mr WESTERN: No.

Mr MICHAEL RICHARDSON: This is an interesting issue. You would be aware of the work that I have done with regard to the radioactive waste dump at Nelson Parade, Hunters Hill. This situation involves very valuable waterfront properties that have been contaminated to the extent that they are pretty well unsaleable. One family has had their house on the market for a couple of years and cannot sell it because of the contamination. They are not living there, so they are subject to land tax as well. How would the contamination affect the valuation of that property?

Mr WESTERN: That is a similar situation to what we would expect with the coastal scenario. We would expect the valuers to examine that. It is obviously a major issue, not necessarily their—

Mr MICHAEL RICHARDSON: There is industrial pollution elsewhere.

Mr WESTERN: Underground petroleum tanks in service stations come to mind. The valuer would be expected to pick up on those issues by making appropriate inquiries of the relevant agencies. That is the same thing that would happen if they were undertaking a normal valuation in respect of a mortgage or to establish current market value. There is nothing different from that point of view. If we did not pick it up for any reason, it could be examined through the objection process. There would be an expectation once we were notified that inquiries would be made about the surrounding land.

Mr MICHAEL RICHARDSON: There is always the possibility that the landowner would not want to see the value of his property falling, is there not?

Mr WESTERN: Yes, I believe so. Is that is correct Mr Parker?

Mr PARKER: Yes, I think the Nelson Parade properties probably only have a dollar on them. I am not sure, but there are properties around the State that due to contamination only have a dollar. It would depend on the cost and what the market would dictate someone would pay for that site. I know the properties that you speak to and I am pretty sure that there would be very low land values on those properties.

The Hon. KAYEE GRIFFIN: Talking about remediation, and particularly sites like former service station sites, how would it work if the remediation work has not been done and the tanks have not been taken out and all those sorts of things, how do you know the difference in terms of say the value of those sites before and after?

Mr PARKER: There are two sections of the Act. Firstly, under 6A(1) we assume that the site is vacant. That is one valuation, but we also have section 6A(2) which has regard to the improvements. If the service station is currently operating and there is no reason to suspect major contamination, it would be valued on the basis of a service station site. Once we were aware that perhaps there was major contamination and the site was not going to be used as a service station, then the contamination would be taken into account. It is all part of the valuation process, but section 6A(2) does change the concept a little bit in that we are looking at a site that is used as a service station and obviously generates income. That site would be valued on the fact that it is an existing service station site.

CHAIR: Mr Western, in the Ombudsman's report on improving the quality of land valuations issued by the Valuer-General, October 2005, the Ombudsman recommended that the date for land valuations be changed to 1 March to allow contractors more time for

data integrity and other quality checks. Why have those recommendations not been implemented? Contractors have reported that the current time frame increases costs. Is there any reason to think that these increased costs will not be passed on to the cost of the services that your office purchases? What other options might address the inefficiencies caused by the current time difficulties experienced by contractors?

Mr WESTERN: I might just bring the Committee up-to-date in respect of the original Ombudsman's recommendation which was made to the Minister. As a result of that recommendation I undertook a large amount of consultation with various organisations, namely New South Wales Treasury, the Office of State Revenue, the Department of Local Government, the Local Government and Shires Association, who are representing various councils, and also I sought input from the Land Value Advisory Group, which, as you are aware, has a number of participants from throughout the property industry as well as local government.

Rather than just put one date to them, I proposed to them three dates: either looking at maintaining the status quo, which is 1 July; the 1 March date which was proposed by the Ombudsman; and then an intermediary one, which was 1 May. The feedback from that consultation was mixed. Predominantly the feedback was that they were indifferent to changing the date from their perspective. The other side of the coin was the impact that those dates have as far as both the valuers who are undertaking the work goes and also Mr Parker's team in respect of auditing that valuation work. It is not actually the date itself that causes the issue. It is more the relationship between that date and when we issue or have to have these final values available to issue to either the Office of State Revenue, in particular, or to landowners which causes or did cause the issues.

Since that recommendation we have undertaken a large amount of work to improve the valuation system, which has been brought to the attention of the Committee, but what we have also ensured has happened is that we have spread the work that is undertaken not just down to a few months when we are due to issue the valuations, but across 12 months of the year. Just as an example, there are some contractors who would rest on their laurels, to put it bluntly, for most of the year—this is not all the contractors but some of them—and then undertake all the sales analyses in the last couple of months leading up to the date of valuation, and hence the works have cascaded up into one particular area. So one of the areas we have worked on is to ensure that that sales analysis has been undertaken over 12 months of the year to spread that burden. Also what it ensures is that the contractors are more up-to-date in terms of what is happening with the market. So they know where the market is going and what impacts on various categories, so that when they get to 1 July it is not all happening at once, they have actually got a very good idea before it happens. That is one aspect.

The other aspect is that Land and Property Information Valuation Services now undertake audits throughout the year to assist in that process as well. We also now have an agreement with the Office of State Revenue where we receive through from them a list of effectively provisional sales that are occurring where a document has had to be lodged with the Office of State Revenue in regard to stamp duty. So we have got an early indication there of what is happening in respect of values. Also, now we have improved technology, both the capability within ValNet itself, that is the database used by Land and Property Information Valuation Services, but also as far as examining values and the spread of values spatially through things like Val Map, which is available to contractors as well.

One of the issues is: do you look at changing the dates when the Office of State Revenue and local government require valuations—as I said before, there are specific reasons at this stage as to why they need them and at those times—or do you look potentially to alter the valuation date? The major issue that I have always had, and every time I talk about this to various groups, is that the wider the gap is between the valuation date and the date that we issue the valuations to landowners, the greater the issue is in respect of landowners being able to understand their land value. Generally, landowners are only aware of what is happening in the market today. They are actively reading media, there are always property sections in news print, there are things happening on radio and television which indicate where the market is at. So their perception is all about today. To suddenly have to ask them—at this stage we are only talking about six months difference—to reflect in terms of what the market was back then is a difficult circumstance. To widen that gap further to nine months where you can have significant value movements or market changes, is even more difficult to do. I am very keen to try and keep that gap as narrow as I possibly can.

Having said that, the last review that we undertook on that was back in 2005 when the Ombudsman undertook his investigation. From my point my point of view, I think it would be timely to have another look at that valuation date to see if there is any need to look at altering either, one, the valuation date itself or, secondly, in terms of when information is provided to our major stakeholders.

The Hon. KAYEE GRIFFIN: Mr Western, the Committee has received conflicting views on the impact of the exclusion of works of irrigation from the definition of land improvements under the Act. One council suggested that the removal of any provision in the Act that exempts irrigation improvements from being excluded from the valuation for rating purposes could be beneficial. However, another submission argues that the development of irrigation infrastructure does nothing in itself to enhance the productive value of the land, as it is useless without access to water. Would there be any benefit in removing the exemption for works of irrigation from the Act?

Mr WESTERN: It might assist the Committee if I go through the process that was undertaken when those changes occurred. The changes that occurred in 2005 were a result of the original Act, which was the Water Management Act 2000. There are a number of instruments associated with water and land. They include an instrument called an access licence, which effectively entitles the owner of that licence to a share of the water resource. That particular instrument is tradable—in other words, it is not part of the land—and therefore from our perspective we do not value that. The second instrument is what is called a water use approval, which gives the person who is on the land the right to be able to use the water. The third instrument is the works approval, which gives them the ability to construct works on the land to assist with the water supply—for example, it might be border dykes or things like that. As I said, the access licence itself is tradable, so the water use and works approval is something that we do value.

In 2005 we were the first State to take account, in our land values, of the removal of water. That was a long and involved process affecting a large number of rural local government areas. We worked very closely in respect of that with the Department of Local Government. They were active in terms of recognising that for a lot of councils the removal of the water would mean a reduction in their rating base that they would be able to utilise. They were also very much aware that it would potentially result in a redistribution of the rates, with those farms that previously had irrigation works being more valuable than dryland

farming. However, with the removal of the water it would mean that a lot of the irrigation farms would then be comparable to dryland farms effectively. So there was the rates redistribution issue as well.

In undertaking that work in removing the water from the land value, we advised all affected councils by letter, the process that we would use to do that, and the timing as far as achieving that result. We also made the offer in that letter that, should they require assistance in terms of understanding it, or assistance in terms of using that valuation base for rating purposes or integrating rates into the values we were issuing, we were quite happy to assist. A number of councils took up that offer, which was pleasing.

However, a number of councils preferred, to put it bluntly, to sit back and watch others to see what was going to happen and what results would be achieved. But I think more importantly there was an attitude of some of them to sit back and wait to see how things worked with other councils and how they might be able to be implemented into their system. There were also a number of what I would call innovative councils who decided that maybe if we were to include the works—in other words, those landforms in dams and things like that—in the land value, that would assist in terms of raising the value of those properties and hence potentially alter the rating distribution. I have to say that many councils were reluctant to put in place any form of differential between the dryland farmers and the irrigation farmers, simply because they saw it as politically unpalatable to do so.

As a result of those submissions, the Local Government and Shires Associations at one of their annual conferences put up a submission to the Minister for Lands for the Value-General to examine the inclusion of works in the land value. As a result of that, the Local Government and Shires Associations put in place a working group which contained some representatives of affected members, being councils with irrigation properties in them, and we were asked to provide expert advisory services for that group as well. That group had a number of meetings. But gradually as time went on, simply with the passage of time individual councils ended up resolving many of their issues. As time progressed, the working group disestablished itself. In fact, at a Land Value Advisory Group meeting I had last week I talked to the Local Government and Shires Associations representative who was involved in that original working group, and he said that to his knowledge no councils were now touting for the inclusion of the improvements.

Mr MICHAEL RICHARDSON: There is one: we have got it.

Mr WESTERN: There has to be one there. But certainly to his knowledge there were none. It provides lots of issues for us in terms of doing that. It would increase the cost of undertaking the valuations, because we would have to inspect those properties and we would have to source information correctly. In the end, it is a rating issue. As I said, the majority of councils have ended up resolving many of their issues. We are simply putting the valuations in place. That is the situation as it stands at the moment.

Mr MICHAEL RICHARDSON: In the same vein is the issue of mining. Some councils are concerned that the Act does not permit annual variations where there are rapid increases in production within an existing mining lease, and this prevents them from leasing at a fair and equitable rate. What capacity exists under the Act for councils to have land revalued in those circumstances?

Mr PARKER: The Act currently allows for valuations to made in circumstances where there is a change, under section 14A. Generally what is meant by "circumstances of change" is things like change in zoning, change in size of the property, or change in dimensions. Obviously, during a program you will have properties that split and change circumstances. That allows the Value-General to redetermine those valuations on a yearly basis, or as they occur. In the case of the expansion of the mines, if there were a change to the lease area that would trigger one of these actions, under section 14A. I think the submission is referring to where perhaps within a lease the mining operator manages to expand their operations—

Mr MICHAEL RICHARDSON: If you have an open-cut mine, it is suddenly doubled in size?

Mr PARKER: Yes. So, instead of getting 400,000 tonnes or whatever, they are getting 800,000 tonnes. That is not something that we have in the past actually accounted for on a progressive basis. The valuation would take the circumstances into account as at the date the valuation was made, when we delivered the values to the councils, every three or four years. I am not so sure that if we were advised of such an expansion that the Valuer-General would not have discretion to be able to review that value. But that would be based on the circumstances and we would need to see the submission and so forth as to what actually occurred.

Mr MICHAEL RICHARDSON: So we could actually advise the councils that made these submissions that it is open to them to write to the Valuer-General asking for a revaluation of that property?

Mr WESTERN: Under section 60A councils have the ability to be able to ask the Valuer-General to provide a fresh valuation but there are certain restrictions around that. It normally refers to a planning instrument, a water right being acquired or going somewhere else, where there is damage, for example, through slip or erosion or things like that, and we can account for that, or where it has been affected by a coastal hazard or something. There is opportunity within the existing Act for the Valuer-General to be able to make a fresh valuation but the council would need to let us know the circumstances in which they are looking for this amended valuation.

I have a close relationship with the Mining Related Councils, which represents large local government areas that have got significant mining interest. This issue has been raised through that in the past and I have worked closely with them in respect of the particular issues. We have made similar comment there; that they need to put a submission into us to have a look at to make a decision as to whether we can revalue or not under the current requirements of the Act.

Mr MICHAEL RICHARDSON: I thought this was interesting, but it is a much broader question than I think we would have time to consider right now. The suggestion was made in a submission to the Committee by NSW Revenue Professions that councils should have the option of using improved capital value or unimproved capital value depending on the council's requirements for determining valuations, stating that this option was already available in other States. I do not know whether that is the case or not. I gather it used to be but it may not be now. But that is a really big issue that goes right to the heart of valuation for land tax and council rating purposes in this State. Do you have any view on that matter?

Mr WESTERN: Just to give you some background. Again, you are correct that within different States different there are different systems of valuation. As you are aware here in New South Wales we use land value. Queensland up until two months ago used what they used to call an unimproved land value, which was a true unimproved value back to its original state as opposed to what it might be today. They have since amended their Act to effectively mirror what the New South Wales definition of land value is. Within Victoria, councils have the option of using what is called an improved capital value, a land value or an annual rental value. Those various scenarios apply to other States as well.

Mr MICHAEL RICHARDSON: Councils have the option?

Mr WESTERN: Councils have the option to make that decision.

Mr MICHAEL RICHARDSON: But they would go to their Valuer-General and ask him?

Mr WESTERN: And they would ask him to do that.

Mr MICHAEL RICHARDSON: To do the valuation—

Mr WESTERN: Or whoever is doing it. In the case of Victoria, it is the councils who are responsible for doing the valuations and the Valuer-General simply oversees them. New Zealand, for example, has got exactly the same provisions, in terms of an annual rental value, a capital value or a land value. Up until, and I stand corrected, I think the mid 1990s there was information collected in respect of capital value or held on our files—is that right?

Mr PARKER: Well we had all the old records but I am not sure they were updated in the 1990s.

Mr WESTERN: As Mr Parker pointed out, they have not been updated since that time and some of them have probably been archived. There are effectively a number of options that could be looked at here for New South Wales but I would point out two things. One is the cost associated in terms of doing that. To update the valuation system in the case of a capital value system would mean being able to get on to our system all the improvements. Understanding that that a large amount of role maintenance would need to be undertaken to update that as building permits are issued and things like that. So a capital value system would come at a significant cost over and above what the existing system is currently costing as far as producing land values. I think the other thing that would need to be considered is that we have got the current valuation system in such a position now where it is widely accepted by the public and therefore to change it could really, I guess, throw the cat amongst the pigeons in terms of putting the whole system on its ear in the understanding of the system. That has downstream ramifications for councils as well, having to change their rating systems and the administration of it and all those things. That was a long answer—

Mr MICHAEL RICHARDSON: It is a big question.

Mr WESTERN: —but to put it succinctly, the option is there.

CHAIR: Mr Western and Mr Parker I thank you for appearing before the Committee today. As I said at the outset, if the Committee has any other questions they will be

forwarded to you. The Committee also congratulations you on the very efficient way in which you are carrying out your office.

(The witnesses withdrew)

(The Committee adjourned at 11.55 a.m.)

Appendix Two – Answers to questions on notice

SEVENTH MEETING WITH THE VALUER-GENERAL
22 OCTOBER 2010

QUESTION ONE: DIFFERENT DATES OF APPLICATION USED BY RATING AND TAXATION AUTHORITIES (transcript pp. 3-4)

Mr MICHAEL RICHARDSON: One of the issues that was raised by a number of those making submissions was that the different dates of application used by the rating and taxing authorities create inconsistency and complexity that serve no obvious purpose. The Property Management Authority, of course, was one organisation that took issue with the way things are done at the moment. What would be the cost of moving the taxing date to 30 June or, alternatively, moving the rating date to 31 December? Are there any practical issues or problems associated with that change?

RESPONSE:

Both Office of State Revenue and Local Government Councils have specific reasons for maintaining the current dates. The potential implications of aligning the major two valuation stakeholders would be significant.

Moving the 'rating year' from 30 June to 31 December to align with the 'land tax year.'

Moving the 'rating year' from 1 July to the prior 31 December would mean land values were being used for rating purposes prior to Notices of Valuation being issued to landowners and there would have been no opportunity for objections to be lodged or reviewed prior to Councils' rates notices being issued.

There would be other major implications for Councils. Moving the rating year to the prior 31 December would shift Councils operating year to a calendar year basis. This would have a significant impact on Councils in the interim as well as long term. There would be additional resource requirements and one off cash flow implications. Importantly moving the 'rating year' in NSW to this date would mean NSW was out of alignment with other States and territories. This would have implications for Council reporting cycles at a National level.

Moving the 'land tax year' from 31 December to 30 June to align with the 'rating year'.

If the 'land tax year' was moved to 30 June, this would result in the issued land values being at least 12 months old before they were issued on land tax assessments. Currently they are approximately six months old when issued. The main implication is that the greater the interval between when the values 'as at' and the date of issue the more likely it is for landowners to contest the land value. Most people are only aware of what they are reading and hearing within the media today rather than what was happening at least 12 months ago.

A further complication is land tax assessments are based upon a three year average. This means that even where Council rates are based on a current general valuation, the land tax assessment value will not be the same. Even if the two dates were aligned, the final year land value used for compiling the three year average for the land tax assessment and rating purposes would only be the same value for approximately one-third of all land tax

properties. There would only be 100% alignment if either Councils adopted annual land values or land tax reverted to using general valuations instead of annual valuations.

If land values were issued annually for all properties there would be substantially higher costs to the valuation system. This would be comprised of for example increased costs of issuing preparing valuations, posting of additional Notices of Valuation, and a likely increase in the number of objections received each year, many of which may relate to land which is not subject to land tax or be in force as a council rating value..

There could also be potential cash flow issues for land tax revenues with the 'land tax year' being adjusted by an initial six month period.

QUESTION TWO: OBJECTIONS (transcript p. 5)

The Hon. KAYEE GRIFFIN: Mr Western, councils have expressed concern that valuations they have been using for some time for rating purposes may be the subject of an objection when those valuations are used for the first time by the Office of State Revenue and that this could have an effect going back two to three years, given the council cycles. Do similar provisions apply in other Australian jurisdictions that permit a ratepayer to have two opportunities to lodge an objection, and what would be the consequence of limiting objections to 60 days after an owner is first notified of a valuation?

RESPONSE:

Attached at Table 1 is a chart summarising the objection provisions in other States/Territories and New Zealand.

The majority of other States/Territories and New Zealand have the ability for landowners to object more than once, and to object outside the legislated objection period. The only jurisdictions that have an objection provision limited to the first time a valuation is notified to a landowner are Queensland and Tasmania, however there still remains a right of review outside of the official objection period. Within the Northern Territory there is no land tax, hence landowners can only object to a land value on the Valuation Notice.

Currently within the NSW valuation system there are 'checks and balances' which limit the opportunity to object to a land value more than once. A second objection is only valid if there is fresh evidence provided to demonstrate that the land value may be incorrect.

Although difficult to quantify it is likely that putting in place the right to object to a land value only once would lead to a greater number of objections, increased costs and a likely increase in the timeframes to resolve objections. As a result it is reasonable to assume that a greater number of value changes would be required to be notified to Office of State Revenue and local councils. This would also extend the time for the rating and taxing databases of our principle customers to become stable.

Such a change from current procedures could also be seen to undermine the improved public confidence in the NSW valuation system as well as being seen to decrease transparency, equity and fairness.

QUESTION THREE: RATING AND TAXATION OF COMMON ASSETS (transcript p.7)

Ms ALISON MEGARRITY: This will be a very long and complex question because I must provide some background. My constituents are confronting a very confusing situation. I am sure that it is not unique to my electorate; any member who has riverfront properties in his or her electorate would know of similar cases. Please bear with me as I work my way through it.

This question pertains to the situation where property titleholders have a common asset. In this case it involves riverfront properties with jetties and pontoons. The waterways authorities strongly encourage people to enter into joint arrangements to install pontoons in an attempt to reduce building on rivers. In some cases the construction of these facilities has been approved only if it involves a joint asset. Accordingly, each year a Crown land rental must be paid to the waterway authority for the ground underneath the jetty or pontoon. A concession is applied for river or water-access-only properties. That is the clear direction to owners of these properties.

As best as I can understand it, where the situation involves an individual property titleholder who has a pontoon or a jetty, its worth is included as part of the property valuation and that flows through to the council for rating purposes. If the jetty or pontoon adds $10,000 to the value of the property, that might attract an extra $25 in council rates. It has been put to me that with shared pontoons and jetties, where the name on the Crown lease is different from the name on the land title because it involves more than one property holder, the Valuer-General must issue a separate valuation and the council then issues a separate rates notice. Instead of the person with the individual property and jetty paying perhaps an extra $25 a year in rates, the council levies a minimum amount—which is a business amount even though this involves residential properties—of about $450. The levy is imposed at the business rate because if it were imposed at the residential rate, it would also attract stormwater and domestic waste charges amounting to more than $300.

The property owners have tried to resolve this impasse by going to the Land and Property Management Authority and to the council. However, both parties say the other authority must deal with it and that computers cannot divide the pontoon between the properties. Apparently the Land and Property Management Authority suggested that the titleholders concerned contact their local member to sort out this anomaly. To rub salt into the wound, different councils may have been implementing the charge at different rates and times and, as you have explained, from time to time the Valuer-General re-evaluates areas to ensure that the valuations are within the market range. Some of this may have come to light only when those new valuations were issued and perhaps for the first time councils have responded in this way. I am putting two and two together. The property owners received a letter from the council containing good news about a revaluation undertaken by the Valuer-General and informing them that their property rates would be reduced. However, because they have a shared jetty or pontoon, the council will now charge the minimum business rate, which can be shared, but might mean an impost of $200 each instead of perhaps $25 if the levy had been part of their individual property council rates calculation. I am not sure whether you can assist with this. It seems to be an anomaly and that different levels of government are telling these people different things and they are caught in the middle.

Mr WESTERN: I understand the question. I also appreciate that it is an extremely complex issue involving pontoons and—

Mr MICHAEL RICHARDSON: Let the pontoons flow free!

Mr WESTERN: —both valuation and rating. I will take the question on notice and provide a written response.

Ms ALISON MEGARRITY: But please tell me that it is not simply that the computers cannot divide the pontoon.

Mr WESTERN: No. I am happy to say that that would be a new one to me. There is no way that it would be anything to do with computers.

CHAIR: It probably relates to my electorate as well.

Ms ALISON MEGARRITY: One of the councils said that it also applies to shared car parks in a tenanted building. I do not know that for a fact, but I have been told that where a piece of property is in more than one name that creates a separate valuation and therefore a separate rate. I am sure councils are pleased about that because they want those rates.

RESPONSE:

I am advised that Crown Lands published its Domestic Waterfront Facility Policy in 2009 and that a key policy objective is that shared domestic waterfront facilities are encouraged where it is appropriate.

The *Valuation of Land Act 1916* (the Act) provides the statutory basis for determining land values that are used for levying of rates and taxes. Section 14I of the Act specifies that land that is *Crown lease restricted* is to have its land value determined taking into account the restrictions on the disposition or manner of use that apply to the land by reason of its being the subject of the lease concerned.

Section 26 of the Act allows for parcels of adjoining land, owned by the same person/persons, to be included in one valuation. Parcels of land with different zonings can be amalgamated provided that there are not separate buildings on each parcel.

Section 27 (2) of the Act states that lands which do not adjoin or which are separated by a road, or are separately owned, shall be separately valued, therefore if Crown Lands issue a licence for a jetty in a name or names different to the ownership details on the Certificate of Title for the adjoining land the Valuer General is unable include the lands in one valuation.

However, I am advised that where a shared facility is identified, landowners are now offered the choice of a joint licence or separate licences, before any processing action to implement the licence/s is undertaken.

Where the landowner chooses a separate licence, and that licence is issued in the same name as the owner detailed on the Certificate of Title of the adjoining land, the Valuer General, under section 26 of the Act can include the lands in one valuation.

Table 1

Jurisdiction	Objection Instrument	Objection Period	Comments
New South Wales	Notice of Valuation Land Tax Assessment	60 days from the date of issue of Notice of Valuation and Land Tax Assessment.	Valuer General has the discretion to accept objections outside of the 60 days (must be an acceptable reason).
New Zealand	Notice of Valuation	30 working days – revaluation. 20 working days – roll maintenance.	Landowners may request new valuation during currency of valuation roll New valuation must preserve uniformity with comparable roll parcels not sales. Councils can charge a fee for this service.
Queensland	Notice of Valuation	60 days after valuation is issued.	Late objections may be accepted due to specific circumstances. Cannot object to land tax assessment. Objection period may be extended where owner requests to have their land classified as rural.
Western Australia	Rate Assessment Land Tax Assessment	60 days from the making of the general valuation within the gazette.	Valuer General may extend objection period if reasonable cause – on a case by case basis. There is no continuous right of objection.
Tasmania	Notice of Valuation	60 days from the receipt of a Notice.	Landowners can request a review outside of the 60 day period of receiving a Notice of Valuation. However this is called 'section correspondence' (not an objection). The valuation may be reviewed however the objector has no right to take the matter to the Land Valuation Court. This also applies to Land Tax Notices.
South Australia	Land Tax Assessment Rates Notice Emergency Services Notice SA Water Rates Notice	60 days from the date of service of each Notice.	Landowner can object. Valuer General has the discretion to extend the 60 day period (must be 'reasonable' cause). There is no continuous right of objection.
Northern Territory	Valuation Notice	30 days to object.	There is no opportunity to object outside of this period. No land tax in Northern Territory.
ACT	Land Tax Assessment Valuation Notice	60 days upon issue of the Valuation Notice.	No right to objection outside of 60 day period.
Victoria	Rates Notice Land Tax Notice	Within two months of the issue of a Rates Notice and/or Land Tax Notice.	There is no option of a late objection or continuous right of objection.

Appendix Three – List of witnesses and submissions

List of submissions

No.	Author	Organisation
1.	Ms Hylda Rolfe	Individual
2.	Mr Richard Sharpe	Individual
3.	Mr R.A. Macpherson	Macpherson Property & Management
4.	Mr C.J. Danzey	Individual
5.	Mr Alfred Goding	Individual
6.	Mr Murray Edmondson	Southern Alliance Valuation Services Pty Ltd
7.	Mr Joe Gilles	Giles Payne & Co
8.	Mrs Margaret MacDonald-Hill	Association of Mining Related Councils
9.	Mr Warwick Watkins AM	Land and Property Management Authority (LPMA)
10.	Mr John Towers	NSW Revenue Professionals Inc
11.	Mr Collin Jennings	Royal Institution of Chartered Surveyors (RICS)
12.	Mr Aaron Jones	Blayney Shire Council
13.	Ms Carolynne James	Northern Sydney Regional Organisation of Councils (NSROC)
14.	Mr Lachlan Robertson	Robertson & Robertson Consulting Valuers
15.	Mr Col Coupland	Individual
16.	Mr Greg Murdoch	Murray Shire Council
17.	Mr Peter Fitzgerald	City of Botany Bay Council
18.	Mr Phillip Lyons	Australian Property Institute
19.	Mr Ross Earl	Moree Plains Shire Council
20.	Mr Michael Murray	Gwydir Valley Irrigators Association

Transcript of evidence - Public Hearing 22 October 2010

Mr Philip Western
NSW Valuer-General
Office of the Valuer-General

Mr Michael Parker
Acting Program Manager
Valuation Services
Land and Property Information

Appendix Four – Committee minutes

Minutes of Proceedings of the Joint Committee on the Office of the Valuer-General (No 14)

Tuesday, 22 June 2010 at 5.40 pm

Parliament House – Room 1254

Members Present:

Ms Marie Andrews MP (Chair)

The Hon Kayee Griffin MLC

The Hon Matthew Mason-Cox MLC

Ms Alison Megarrity MP

Mr Michael Richardson MP

1. Minutes

Resolved, on the motion of Ms Megarrity:

That the minutes of the meeting held on 8 June 2010 be confirmed and published.

2. The Committee discussed possible inquiry topics

Resolved, on the motion of Mr Richardson:

That the Committee inquire into the provisions of the Valuation of Land Act 1916 with particular reference to:

(1) The efficiency and effectiveness of the current provisions of the Act;

(2) Its application to stakeholders; and

(3) Any related matter.

Resolved, on the motion of Ms Griffin:

That the Committee announce the commencement of the Inquiry by: issuing a newspaper advertisement publicising the terms of reference and seeking submissions; contacting relevant stakeholder groups and writing to other appropriate organisations and individuals requesting submissions; and publishing the terms of reference and submission requirements on the Committee's Parliamentary website.

3. Next meeting

The meeting adjourned at 5.57 pm until 31 August 2010 at 5:30 pm.

Minutes of Proceedings of the Joint Committee on the Office of the Valuer-General (No 15)

Tuesday, 31 August 2010 at 5.33 pm

Parliament House – Room 1254

Members Present:

Ms Marie Andrews MP (Chair)
The Hon Kayee Griffin MLC
The Hon Matthew Mason-Cox MLC
Ms Alison Megarrity MP
Mr Michael Richardson MP

1. **Minutes Resolved**, on the motion of Ms Griffin**:**
   That the minutes of the meeting held on 22 June 2010 be confirmed and published.

2. **Correspondence**

   The following correspondence was noted:
   a. Rejected submission from Ms Tregeagle dated 4 July 2010 and reply from Acting Committee Manager dated 5 July 2010.
   b. Letter from Kerry Hickey MP dated 26 July 2010 raising concerns regarding the valuation of a certain property.

3. **Inquiry into the Provisions of the Valuation of Land Act 1916**

   Resolved, on motion of Mr Richardson:
   That the Committee authorises the publication of the submissions received and orders that they be placed on its website.

4. The Committee requested that a list of key issues arising out of the submissions be prepared and circulated to members. Possible witnesses for a public hearing to be held in October were also discussed.

5. **Next meeting**

   The meeting adjourned at 5.58pm until a date to be advised.

Minutes of Proceedings of the Joint Committee on the Office of the Valuer-General (No 16)

Tuesday, 21 September 2010 at 5.37pm

Parliament House – Room 1254

Members Present:

Ms Marie Andrews MP (Chair)
The Hon Kayee Griffin MLC
The Hon Matthew Mason-Cox MLC
Ms Alison Megarrity MP
Mr Michael Richardson MP

1. Minutes

Resolved, on the motion of Ms Griffin:
That the minutes of the meeting held on 31 August 2010 be confirmed and published.

2. Inquiry into the Provisions of the Valuation of Land Act 1916

The Committee discussed the Key Issues briefing paper.

Resolved, on motion of Ms Megarrity:
That the Committee asks the Chair to arrange a general meeting with the Valuer General to discuss issues raised in the submissions.

3. Next meeting

The meeting adjourned at 5.53 pm until a date to be advised.

Minutes of Proceedings of the Joint Committee on the Office of the Valuer General (No 17)

Friday 22 October 2010
Parliament House – Room 814/815 at 10.30 am

Members Present:

Ms Marie Andrews MP (Chair)
The Hon Kayee Griffin MLC
Ms Alison Megarrity MP
Mr Michael Richardson MP

Apology:

The Hon Matthew Mason-Cox MLC

1. Public Hearing – Seventh General Meeting with Valuer General incorporating the Inquiry into the Provisions of the Valuation of Land Act 1916

The Public was admitted at 10:30am.

Mr Philip Western, Valuer General was sworn and examined.

Mr Michael Parker, Acting Program Manager, Valuation Services, Land and Property Management Authority was sworn and examined.

Evidence completed witnesses withdrew.

The Committee adjourned the hearing at 11:55 am and reconvened at 11:56 am for a deliberative meeting.

2. Minutes

Resolved, on the motion of Ms Megarrity:
That the minutes of the meeting held on 21 September 2010 be confirmed and published.

3. Inquiry into the Provisions of the Valuation of Land Act 1916

Resolved, on the motion of Mr Richardson:
That the Committee authorises the publication of submission no 20 from Gwydir Valley Irrigators and orders that it be placed on its website.

Resolved, on the motion of Ms Griffin:
That the transcript of the witnesses' evidence be published on the Committee's website, after making corrections for recording inaccuracy, along with the answers to any questions taken on notice in the course of today's hearing.

4. Next meeting

The meeting adjourned at 12.05 pm until Tuesday 23 November 2010 at 5.30 pm.

Minutes of Proceedings of the Joint Committee on the Office of the Valuer- General (No 18)

Tuesday 23 November 2010
Parliament House – Room 1254 at 5.35 pm

Members Present:

Ms Marie Andrews MP (Chair)
The Hon Kayee Griffin MLC
The Hon Matthew Mason-Cox MLC
Ms Alison Megarrity MP
Mr Michael Richardson MP

1. Resolved, on the motion of Ms Griffin:
That the minutes of the meeting held on 22 October 2010 be confirmed and published.

2. Report of the Seventh General Meeting with the Valuer-General

Consideration of Chair's Draft Report

Resolved: 'That the draft report be considered Chapter by Chapter'.
Moved: Mr Richardson.

Chapter One – Commentary
Resolved: 'That Chapter One be agreed to without amendment'**.**
Moved: Mr Mason-Cox.

Chapter Two – Issues carried over from the Sixth General Meeting
Resolved: 'That Chapter Two be agreed to without amendment'.
Moved: Ms Megarrity.

Chapter Three – Issues arising at the Seventh General Meeting

Delete paragraph 3.16 and insert:

3.16 The Committee agrees it is important for a potential buyer or developer to be aware of any limitations or levies that may apply to a property. However, it remains concerned that properties may be significantly devalued as a result of the projected sea level rises that cannot be quantified with any certainty.

Delete Recommendation 3 and insert:
Recommendation 3:
The Committee recommends that the Valuer-General, in conjunction with the Department of Local Government and the Local Government and Shires Association, investigate the most appropriate mechanism to ensure that the Valuer-General is made fully aware of planning controls and restrictions together with other relevant factors that may impact upon land values.

Insert after paragraph 3.35:

The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

Paragraph 3.37:
Insert "Department of Local Government" before "the Local Government and Shires Association".

Insert new recommendation 4:
Recommendation 4:
The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, that the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.

Recommendation 4:
Insert "Department of Local Government" before "Local Government and Shires Association".

Resolved: 'That Chapter Three be agreed to as amended'.
Moved: Mr Richardson.

Chapter Four – Issues arising out of Inquiry into the provisions of the Valuation of Land Act 1916
Resolved: 'That Chapter Four be agreed to without amendment'.
Moved: Mr Mason-Cox.

Chapter Five – Conclusion
Paragraph 5.5:
Insert after "After discussing these issues with the Valuer-General",

> the Committee remains concerned that properties may be significantly devalued as a result of projected sea level rises that cannot be quantified with any certainty.

Delete paragraph 5.6 and insert instead:

> Advice was also sought from the Valuer-General as to how rates were determined for shared facilities such as jetties and pontoons.
>
> Anecdotal evidence suggests that some local councils levy a business rate for a shared jetty even though it involves residential properties. Landowners seeking clarification of how their rates were determined received conflicting advice from local councils and LPMA.
> The Committee recommends that, where facilities such as jetties or pontoons are shared between 2 or more landowners, the value of that asset should be apportioned to each parcel of land and included in the valuation of the individual property.
>
> The Committee also recommends that the Valuer-General, in conjunction with the Department of Local Government, the Local Government and Shires Association, and if appropriate, the Office of State Revenue, develop clear guidelines as to how valuations should be applied for rating purposes, where a shared facility exists.

Resolved: 'That Chapter Five be agreed to as amended'.
Moved: Ms Griffin.

Appendices One to Four
Resolved: 'That Appendices One to Four be agreed to without amendment'.
Moved: Mr Mason-Cox.

Recommendations
Resolved: 'That Recommendations 1 and 2 be agreed to without amendment, that Recommendation 3 and 4 be agreed to as amended, and that a new recommendation 4 be inserted'.
Moved: Ms Megarrity.

Adoption of Report
Resolved: 'That the Committee adopts the report on the Seventh General Meeting with the Valuer-General, as amended and authorises the Secretariat to make appropriate final editing and stylistic changes, as required'.
Moved: Mr Richardson.

Publication of the Report
Resolve: 'That, once tabled, the Report be placed on the Committee's website'.
Moved: Mr Richardson.

3. General Business

There being no general business, the Committee adjourned at 6.20 pm (sine die).