

Joint Standing Committee on the Office of the Valuer General - 10th General Meeting

Responses to questions taken on notice and additional questions arising from the public hearing

Questions taken on notice

Coal seam gas

1. *(From page 2 of the 13 May 2016 transcript) Mr GILKES: Part of the study considered what happens in other jurisdictions. Once again, the evidence was not conclusive, to my understanding. I preface my remarks by saying that I am speaking from memory, so I will double-check this after the hearing and if there is any issue I will correspond back. My recollection is that in Queensland there was a decision made to make an across-the-board allowance from valuations.*

The report on the review referred to by the Valuer General (Land and Property Information, *Study of the Impact of the Coal Seam Gas Industry on Land Values in NSW* [2014]), is published on the website: <http://www.valuergeneral.nsw.gov.au/publications/reports>.

The Queensland Valuer General has confirmed that the position described in this report is largely unchanged. When determining annual statutory valuations, Queensland has continued the practice of giving an allowance to rural land valuations affected by coal seam gas production wells. This position was developed in 2009 in consultation with the community, as there was and still is insufficient sales data to reach a definitive view of the impact on the land values. The allowances range from 2-20% for affected grazing land, and are assessed on a case by case basis.

Compulsory acquisitions

2. *(From page 4 of the 13 May 2016 transcript) Have you withdrawn any determination in the two years you have been acting Valuer General?*

Over the last two years, the current Valuer General has changed one determination of compensation. This occurred in January 2016. It concerned a determination of compensation issued to an owner in connection with a coal seam gas pipeline easement. The owner raised additional relevant matters that had not been considered in the original valuation, and the determination was reviewed on that basis.

3. *(From page 5 of the 13 May 2016 transcript) Have there been many disputes as a result of compulsory acquisition of properties at South Strathfield for the WestConnex project? Can you provide the figures?*

No properties have been compulsorily acquired at South Strathfield. However, properties have been acquired at North Strathfield and the following figures are provided:

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

Sydney Airport

4. *(From page 9 of the 13 May 2016 transcript) Mr GILKES: Indeed. If I can address the point about the residential benchmarks first, my understanding is that when that was brought to the Land and Property Information's [LPI] attention, that they went back to the contract valuer in that case—I will have to confirm this afterwards, if you do not mind, because I do not have that detail with me because I am speaking from memory. My understanding is that LPI went back to the contract valuer at that point and they had made a mistake in compiling the report and included the wrong set of sales in the report.*

The statement above is correct. The automated sales report contained the wrong properties. The values for Sydney Airport are individually assessed, and the contract valuer subsequently provided a list of the sales actually used to determine the land values in Sydney Airport for the 2015 valuing year. The list includes:

- 12 Industrial sales from Bankstown, Rockdale, Botany, Canterbury, Marrickville and Rockdale LGAs
- 2 Enterprise Centre sales from Burwood and Liverpool LGAs
- 3 Public Recreation sales from Camden and Liverpool LGAs
- 3 Neighbourhood Centre sales from Liverpool LGA
- 1 Main Road Enterprise sale from Liverpool LGA
- 1 Business Park sale from Botany LGA.

The corrected sales are not available through the automated sales report.

Impacts arising from council amalgamations

5. *(From pages 9-10 of the 13 May 2016 transcript) With the council amalgamations that are going to happen within the next 12 months, what would you expect to be the impacts on the Land and Property Information service provision and its relationships with local councils or the operation of information systems?*

The following impacts to the valuation system have been identified:

- **Contracts and quality assurance activities**

Each valuation contract area contains one or more local government area (LGA). This means that all of the land values for a given council have been provided by a single contract valuer. Land and Property Information's (LPI) systems and processes are designed to enable contract valuer performance to be managed and quality assurance to be undertaken on an LGA basis.

Some amalgamated councils are now located across more than one contract area. This will require changes to either contracts or procedures and information systems, to enable the continued operation of contracts and quality assurance activities.

- **Delivery of land values to local councils**

Land values are provided in a single file to each council. It may take some time for amalgamated councils to implement new systems, and it is likely that the systems of predecessor councils will continue to be used for a period. This requires LPI to cater to the needs of each local council, including the requirement to deliver data to councils based on the previous LGA. Additionally, individual councils will likely attain readiness to receive land values based on the new boundaries at different points in time. This will require system changes and extensive consultation with local government.

The LPI amalgamation working group is currently identifying the best methods to deal with these impacts based on the principle that impacts to contracts and stakeholders be minimised. Additional engagement with Local Government NSW, the Office of Local Government, individual councils and contract valuers is required to determine the best approach.

The Valuer General will provide an update on amalgamation activities in the 2015-16 annual report.

Valuation commission

6. *(From page 13 of the 13 May 2016 transcript) Can you confirm whether the former Valuer General had any conversations and the response from the Government... (were) any discussions held between the Valuer General's office and the Government?*

The Department of Finance, Services and Innovation (DFSI) has had carriage of these recommendations (Joint Standing Committee on the Office of the Valuer General, *Report on the Inquiry into the Land Valuation System and the Eight General Meeting with the Valuer General* [May 2013]) as it was considered inappropriate for the Valuer General to advise Government on these matters due to the potential conflict of interest.

The current Valuer General has not had any discussion with the Government regarding the possibility of appointing a Valuation Commission.

Website analytics

7. *(From page 15 of the 13 May 2016 transcript) Are you keeping analytics on where traffic is coming from on your new website?*

The Office of the Valuer General (OVG) uses website analytics to monitor the number of direct hits on each of the website pages and publications accessed on any particular day. At present, the data does not differentiate between hits from the general public and internal users. The website is expected to move to a new technology platform over the coming year. The potential for improved analytics will be considered as part of any technology change.

Website analytics are used to monitor the direct number of hits for the NSW Globe. Although it is possible to differentiate between hits from the general public and internal users, it is not possible to differentiate between the types of users e.g. valuation users from other NSW Globe users.

Additional questions

Governance

1. As has been reported in the 2014/15 Annual Report, the Valuer General has implemented a new governance structure to strengthen the oversight of the valuation system and the activities of Land and Property Information (LPI). The report states that the Valuer General has established a governance board and steering committees (p 55).

a) Are these additional to, or in place of, existing boards and review bodies within the organisation?

The 2014/15 Annual Report describes the governance structure that was implemented to strengthen oversight of the valuation system and the activities LPI provide on behalf of the Valuer General. Five steering committees were created to direct and monitor activities, each had oversight of key service areas: Rating and Taxing Steering Committee; Objections and Appeals Steering Committee; Compensation Valuations Steering Committee; Register of Land Values Steering Committee, and Contracts and Finance Steering Committee.

The governance structure has since matured, and the five steering committees and Management Assurance Committee (MAC) were rationalised into one Governance Board. The first meeting of the board was held on 22 March 2016.

The board is in addition to the Land Valuation Advisory Group, Valuation Joint Governance Board (responsible for setting the strategic direction of the valuation system) and the Land Value Improvement Group (that tests the rigour and integrity of values on the Register of Land Values).

2. The 2014/15 Annual Report states that the Valuer General now chairs the Management Assurance Committee following a review of the management of risk (p 55).

b) What factors generated this review of risk management and who conducted it?

Jori Consulting was commissioned in 2014 to review the effectiveness of the Management Assurance Framework (MAF) which had been implemented 12 months earlier. The review found that the MAF had been successfully implemented within Valuation Services and was developing into a mature system.

c) How does the Valuer General's participation strengthen the role of the Management Assurance Committee in overseeing the implementation of the Management Assurance Framework across business areas?

The MAC has oversight of the MAF. At its inception in early 2013, the MAC reported to the Valuer General and the independent quality function was fulfilled by the Senior Project Manager, Risk Management, OVG who did not sit on the MAC. As this was a project implementation role, it was removed from the OVG following the roll out of the MAF.

NSW Treasury TPP09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector* requires an independent chairperson with requisite knowledge and skills that is not directly involved in conducting operational MAF activities. The Valuer General joined the MAC as chair in September 2014. Because the Valuer General oversees valuation quality at a system wide level, the participation of the Valuer General ensures overall strategies support the management of risk.

3. The Land Valuation Advisory Group (LVAG) has senior property industry representation as well as a range of government stakeholders. It monitors the quality of land valuations and enables communication between the Valuer General and stakeholders.

a) The reports state that the group met three times in the 2014/15 (p 62) whereas it had four meetings in 2013/14 (p 83). Why were there fewer meetings in 2014/15?

The LVAG terms of reference requires a minimum of three meetings each calendar year. The group generally meets in three to four monthly intervals.

During the 2013/14 period, LVAG met on 12 August 2013, 11 November 2013, 18 March 2014, and 10 June 2014. During the 2014/15 period, LVAG met on 24 September 2014, 1 December 2014, and 29 April 2015.

b) How does the new governance structure impact on the Land Valuation Advisory Group?

The new governance structure complements the work of the LVAG. Operations of LVAG are not directly impacted by the structure. The group continues to meet at least three times each calendar year.

Land and Property Information – Service Level Agreement

4. As stated in the 2014/15 Annual Report (p 55), the Valuer General delegates specific functions to Land and Property Information (LPI) to manage the valuation system on behalf of the Valuer General. The services and performance standards that LPI is required to deliver are detailed in a Service Level Agreement with the General Manager of LPI. The 2014/15 Annual Report states that the agreement is reviewed annually to ensure services are meeting stakeholders' needs.

a) What is the mechanism for reviewing the Service Level Agreement? Is it reviewed independently of the Valuer General?

The Service Level Agreement (SLA) is prepared through an annual consultative process between LPI and the OVG. Outside of this process, the SLA is informally reviewed from time to time as improvements are identified during meetings of management, OVG and LPI liaison meetings, reviews of the MAF by the MAC, and through the Governance Board.

The SLA has been reviewed independently: in May 2008 by the then Department of Lands Corporate Governance Unit, in June 2008 by Deloitte and in June 2013 by Ernst & Young.

b) What has been the outcome of the most recent review of the Service Level Agreement?

Recommended improvements from the independent reviews were incorporated into subsequent versions of the SLA.

As a result of structural reorganisation within DFSI, the 2016/17 SLA will be negotiated with the Executive Director, Property and Housing Group within DFSI.

c) The 2014/15 Annual Report states that the annual review of the agreement ensures that it is meeting stakeholders' needs. Does the review also consider accountability in the delivery of services?

Expectations of LPI are clearly articulated in the key performance areas and targets table, Annexure 1 to the current SLA. These include qualitative and quantitative measures to monitor outcomes.

Each KPI is assigned an owner that is responsible for ensuring the deliverable. Agreements with contract valuers support LPI in achieving the deliverables agreed in the SLA.

Independent Audit

5. The 2014/15 Annual Report (p 59) states that the Internal Audit Bureau (IAB) completed an audit of Land and Property Information's (LPI's) quality assurance processes in July 2014. The report states that it is expected that all IAB's recommendations would be implemented by the end of 2015.

a) What were the findings of the IAB audit and what were the key recommendations?

IAB reviewed the effectiveness of the quality assurance activities undertaken by LPI. The audit identified some aspects of quality assurance that needed improvement, and those areas where quality assurance objectives were effective.

A key finding was the importance of linking quality assurance activities and risks to valuation outcomes. This has been incorporated into operational procedures to plan resources and map audit activity.

As a result of the IAB audit, risk registers that identified risks to valuation outcomes at a local level were introduced. Risk registers incorporate reporting and recording of emerging risks, issue management and action plans to mitigate risk.

Improvements to the time management system have also been implemented and will make time recording and reporting more efficient.

The audit also identified the need to improve quality assurance recording processes. This has been addressed with the development of a system based audit and issue register.

b) Have all IAB's recommendations now been implemented?

All but one of IAB's recommendations have been implemented.

The final recommendation, to: "establish efficiency and effectiveness benchmarks for the QA process", also required enhancements to the SAP time management system to ensure effective management reporting. This recommendation has been partially implemented through the development of more appropriate time allocation data collection in SAP. Sufficient data will be available to inform the development of a set of efficiency and effectiveness benchmarks for quality assurance activities when these time allocation codes have been in place for one year (July 2016).

d) What has been the overall effect of the improvements made in relation to risk management, quality assurance, document management, monitoring procedures, and the establishment of benchmarks?

LPI has developed an annual risk based quality assurance program. Each quality assurance activity is risk assessed and acts as a control for a range of risks identified within LPI MAF risk registers.

LPI has now developed local area risk registers within each valuation contract area in response to the IAB recommendations. These registers identify risks to valuations that are particular to each district including properties that are to be recorded as high risk and verified annually. Parallel valuation audits undertaken in 2015 found that contract valuers' valuations for high risk properties were generally within acceptable parameters.

LPI has developed an Audit and Issues Register to centralise quality assurance document management and to improve recording and management of quality assurance activities and reporting of contract valuer performance. The register has improved consistency in quality assurance recording and issues management. Compliance issues are now risk assessed and reviewed by management to determine the degree of remedial action and contract management required, and to inform future procurement activities.

Publication of Guidelines for the Valuation of Land in NSW

6. In a letter to the Committee, dated 25 August 2014, following the Ninth General Meeting, the former Valuer General, advised that 'All the policies will be reviewed on an annual basis, commencing November 2015.' (Information from the Office of the Valuer General, Letter dated 25 August 2015 from Mr Philip Western, Valuer General, to Ms Melanie Gibbons, p 2)

a) Can you please update the Committee on progress with the annual reviews and comment on the process for undertaking these reviews?

The valuation policies have been through their first annual review. Formal feedback was sought from stakeholders on the 24 published policies in December 2015, and feedback was accepted until the end of March 2016. A total of 102 invitations for comment were sent from the Valuer General to industry and professional bodies, government departments and contract valuers. Responses indicated support for the current policies. Accordingly, no substantive amendments will be made following the review.

In addition to contract valuers, stakeholders consulted include:

- Australian Valuers Institute
- Australian Property Institute
- Property Council of Australia
- NSW Revenue Professionals Inc.
- Royal Institute of Chartered Surveyors
- Office of State Revenue
- Land and Property Information
- Crown Solicitor's Office
- Land and Environment Court
- Joint Standing Committee on the Office of the Valuer General.

Performance Reporting and Performance Measures

7. The tables of Key Performance Indicators published on p 85 of the 2013/14 Annual Report and p66 of the 2014/15 Annual Report indicate, via footnotes to each table, that some performance targets have been adjusted over time.

a) What was the reason for these adjustments?

The footnotes for the Key Performance Indicators for each annual report are detailed separately in the tables below. It is noted that there is duplication as footnotes are carried forward where appropriate.

2013-14 Annual Report		
Key Performance Indicator	Change	Reason
% of calls responded to within 3 days	Target KPI of 85% changed to 95% in 2012/13 for follow up contact calls responded to within 3 business day	KPI adjusted to reflect improved performance however readjusted in 2014-2015 to align with SLA
% of objections to land values for land tax completed within 90 days	KPI changed in 2011 from a target of 30% completed in 90 days to 85% completed in 90 days Original KPI of 30% completed in 90 days	KPI adjusted to encourage and support service improvement to Office of State Revenue
% of objections to land value for land tax completed within 120 days	KPI changed in 2011 from a target of 75% completed in 180 days to 90% in 120 days Original KPI 75% in 180 days	KPI adjusted to encourage and support service improvement to Office of State Revenue
% of objections to land values completed within 90 days	Target KPI of 65% changed to 85% in 2012/13 for objections to land values completed within 90 days	KPI adjusted to align with SLA target and support performance improvement
% of objections to land values completed within 120 days	This measure was not reported in 12/13 SLA, target KPI is revised against target to be included in 13/14 SLA, from 80% to 90% for objections completed within 120 days	KPI to align with SLA target of 90% and support performance improvement
% of objections to land values completed within 180 days	Target KPI of 95% changed to 98% in 2012/13 for objections to land values completed within 180 days	KPI adjusted to align with SLA target and support performance improvement
Average number of days to complete objections	Target KPI of less than 90 days changed to less than 75 days in 2012/13 for the average number of days to complete objections	KPI adjusted to align with SLA target and support performance improvement

2014-15 Annual Report		
Key Performance Indicator	Change	Reason
% of calls responded to within 3 days	KPI of 95% was changed to 90% in 2014/15	KPI adjusted to align with SLA
% of objections to land values for land tax completed within 90 days	KPI changed in 2011 from 30% to 85% completed in 90 days	Adjusted to encourage and support service improvement to Office of State Revenue
% of objection to land values for land tax completed within 120 days	KPI changed in 2011 from 75% completed in 180 days to 90% completed in 120 days	Adjusted to encourage and support service improvement to Office of State Revenue
% objections to land values completed within 90 days	KPI of 85% changed to 80% in 2014/15	KPI adjusted to align with 2014-2015 SLA and recognise increase in processing times due to additional opportunities for customers to raise concerns
% objections to land values completed in 180 days	KPI of 95% changed to 98% in 2012/13	KPI adjusted to encourage/support further improvements to service
Average number of days to complete objections	KPI of 90 days changed to 75 days in 2012/13	KPI adjusted to encourage/support further improvements to service

b) What is the process for reviewing and approving changes in performance targets?

Performance targets are generally considered through an annual consultative process for the SLA.

Adequacy of Resources

8. The 2013 Report of the Inquiry into the Land Valuation System included Recommendation 28 which highlighted the need for the management of the land valuation system to be supported with adequate resources in order to ensure that activities are carried out in a timely and efficient manner.

a) Would you comment on the adequacy of resources in view of the additional demands which have been imposed on the Valuer General's office with upgrading of information systems and organisational reviews and reforms in response to the Inquiry into the Land Valuation System?

The majority of demands on resources are on LPI, rather than the OVG.

LPI is currently resourced with a small project team and has invested in capital projects to enable the development of information systems as recommended by the Committee. LPI has invested capital funds for many years, however the system related reforms recommended by the Committee have been prioritised over other projects.

Regarding other system and process changes, LPI has committed to ensuring these initiatives are resourced. However, areas such as the objection process and customer service matters that require additional dispute resolution functions have resulted in a decline in timeliness to ensure that quality and additional process requirements are achieved.

In its' 2014 *Review of Prices for Land Valuation Services provided by the Valuer General*, IPART addressed concerns regarding the adequacy of resourcing following the Committee's recommendations. The Valuer General, in his submission, committed to absorbing the majority of costs associated with improved transparency, reporting and capabilities through a combination of efficiency improvements. IPART advised that if the Valuer General's cost base increased significantly during the five year determination period due to the implementation of Committee recommendations, that a new determination may be made. At this stage, this is not considered necessary.

Customer Engagement and Issues Management

9. As part of the redesign of the land value review process, a customer service officer is now assigned to each land value review to keep the customer informed and ensure all concerns are addressed (Annual Report 2013/14, p 77 and Annual Report 2014/15, p 56).

a) Is case management more efficient and effective as a result of appointing a co-ordinator to manage customer liaison in cases of objections to land valuations?

Since the appointment of a coordinator for each objection, customers have been able to refer queries to a specific person. Many have developed a working relationship with the coordinator and anecdotal evidence suggests that people prefer to have a single point of contact.

The efficiency and effectiveness of the role of the coordinator has not been quantitatively measured. However, the objection survey (referred to in question 10, above) found a majority of customers reported positive perceptions of the objection process including staff interactions. 75 per cent of respondents agreed, or strongly agreed, that they were treated fairly by staff.

b) What is the process for measuring, evaluating and reporting efficiency gains as a result of the redesign of the land value review process and other customer service improvements?

An evaluation, including a customer survey, of the new land value review process commenced in early 2016. The evaluation is being finalised and will be reported in the Valuer General's 2015/16 Annual Report.

Land Value Review and Preliminary Report Pilot

10. The 2013/14 Annual Report referred to a pilot study in three local government areas to assess the improvements to the process for managing objections and reviewing valuations (2013/14 Annual Report, p 77). According to the 2014/15 Annual Report, this study provided insufficient evidence due to its focus on three local government areas. In 2014/15 the study was therefore expanded to randomly sample 10 per cent of all objections to provide a statistically representative sample (2014/15 Annual Report, p 57).

a) The pilot was due to be evaluated in late 2015. Has this now been completed? If so what were the findings and how have they been implemented?

As stated in question 9b), above, the evaluation of the pilot is being finalised. The pilot was extended into the peak objection period for the 2015 calendar year and broadened to encompass a random sample of 10 per cent of all objections. As at December 2015, 461 objections from a total of 3,975 were included in the pilot.

A customer survey was distributed to 1,600 landholders who lodged objections throughout 2015. 108 of the recipients had been included in the Preliminary Report Pilot.

The overall survey response rate was 12.7 per cent. The survey responses showed that the vast majority of customers had positive perceptions of the objection process. Landholder perceptions were not impacted by inclusion in the pilot. However, analysis of data suggests that landholders were more likely to have an objection decision overturned in their favour if they were included in the Preliminary Report Pilot.

b) What has been the impact of giving landholders more time to make further submissions? Are you still able to comply with the prescribed time frame for completing objections?

The Preliminary Report Pilot had a negative impact on objection completion timeframes. On average, objections that were part of the pilot took an extra 46 days to complete. This delayed objection decisions being issued to landholders and also significantly impacts key stakeholders including local government and the Office of State Revenue.

Decision letters provided to landholders at the conclusion of an objection invite landholders to contact their coordinator if they have any concerns with the objection report. The Valuer General's *Interim policy on correcting a valuation previously determined on objection*, provides for internal review of a valuation determined on objection in certain circumstances. This avoids unnecessary referral to the Land and Environment Court and enhances procedural fairness for landholders. This approach is unlikely to significantly impact the timely resolution of objections. The interim policy is currently being reviewed and a final policy will be issued in the second half of 2016.

Dispute Resolution

11. The 2014/15 Annual Report refers to the launch of a new dispute resolution process for rating and taxing valuations (2014/15 Annual Report, p 56). Recommendation 15 of the Joint Standing Committee's 2013 Inquiry into the Land Valuation system proposed the establishment of a strong dispute resolution capability for the land valuation system in NSW. Can the Valuer General please update the Committee on the following additional matters which were also advocated in Recommendation 15:

a) What provision has been made in the staffing and budget allocations to ensure that the dispute resolution process and the associated training program continue to be adequate?

A Customer Relationship Manager position was created and filled to implement and oversee the dispute resolution process. Key LPI personnel were trained in dispute resolution during 2015 and resources are available to provide ongoing training as required.

b) What data is recorded to ensure that the dispute handling system can be evaluated?

A system solution has been developed to manage the operational part of conferences and to record and report relevant data. It was implemented in March 2016. The data recorded includes:

- Landholder name
- Link to property details (including size, use, details of any land value reduction)
- Reasons for conference
- Conference date(s) and attendees
- Whether the conference had an external facilitator
- Provides a link to associated documentation.

In addition to the system solution, a hard copy survey with a covering letter from the Valuer General is provided to the landholder at each facilitated conference. The OVG receives and monitors these surveys. Overall landholders are satisfied with the conduct of the conference however with time, a larger pool of surveys will provide further insight into the process.

Objections to Land Values

12. The tables for 2013/14 and 2014/15 have separate KPIs for objections completed in 90 days, 120 days and 180 days (2013/14 Annual Report, p 86 and 2014/15 Annual Report, p 67).

a) What is the reason for the separate time frames?

Section 35C(4), *Valuation of Land Act 1916* states that an objection is taken to be disallowed for the purposes of lodging an appeal if the objection has not been determined within 90 days. For this reason, the target for completing the majority of objections is 90 days. The targets for 120 days and 180 days are acknowledgement that some objections may take longer than 90 days to complete due to:

- Complexity
- Difficulty in resourcing through contractors or skilled staff
- Requiring additional time to ensure the effective quality of the original valuations and/or the work of the contractor completing the objection report.

b) Why, was there a failure in both of the years under review to meet the target with regard to the percentage of objections to land value completed in 90 days?

Performance in 2013/14 and 2014/15 years against objections completed within 90 days was an improvement on 2012/13 performance (59% within 90 days). This was despite significant improvements to the quality, customer service and dispute resolution processes and increased quality review procedures implemented in those years. Some of the improvements to objection processes incorporated Committee recommendations which have delivered significant benefits including increased procedural fairness for landholders. The benefits of incorporating these changes for landholders are considered to outweigh the target completion of all objections within a 90 day timeframe.

c) What were the reasons for the improvement in performance in 2014/15 in relation to the percentage of objections completed within 120 days? (80% were completed on target in 2013/14 compared with 92% in 2014/15)?

While there are no reported reasons for improved performance against this KPI, much of the improved timeliness can be attributed to proactive reporting. LPI has developed an on-line dashboard which highlights how objections are tracking against the KPI. The dashboard allows for early identification of how objections are tracking and identifies volumes of objections tracking for completion within 90, 120 and 180 days. This allows management to address resourcing and other issues that may be preventing their timely completion. A snapshot of the dashboard is provided to the OVG on a weekly basis.

13. Of the total number of objections received, for each of the reporting years 2013/14 and 2014/15, could you please inform the Committee about the type of objections received, in particular:

a) What were the main sources of those objections?

Land values may be issued on a land tax assessment only, Notice of Valuation only, or both land tax assessment and Notice of Valuation. Landholders may lodge an objection following receipt of a Notice of Valuation (used for local council rating) or land tax assessment.

The figures below are indicative only. The bases for objections are obtained from a number of sources, including information provided by landholders.

Of objections completed in 2013/14:

- 2,597 (54%) were to land values issued for local government rating purposes
- 2,217 (46%) were to land values issued for land tax purposes.

Of objections completed in 2014/15:

- 2,748 (56%) were to land values issued for local government rating purposes
- 2,185 (44%) were to land values issued for land tax purposes.

b) Can you indicate the particular local government areas which were the focus of disputed valuations?

See Appendix A for a list of disputed valuations by LGA for the 2013/14 and 2014/15 years.

c) How many objections to land valuations were resolved administratively?

All objections are required to be determined administratively. Number of completed objections:

- 5,726 in 2013/14
- 4,337 in 2014/15.

d) How many were resolved through the new dispute resolution procedures?

During the reporting period (2014/15) dispute resolution processes were implemented across the objection process, providing more opportunities to address customers' concerns and disputes. Clearer requirements were implemented requiring valuers reviewing objections to contact landholders', discuss their concerns with them and to specifically address their concerns in the valuation report. There were also a number of cases where formal conferencing as part of the dispute resolution process may have had an impact on the outcome.

In 2014/15, six facilitated conferences were held with landholders after the objection decision was issued. These conferences enabled the landholders to raise any remaining concerns they may have had and to discuss the objection decision with appropriate LPI representatives.

In one case, a conference was held to discuss the administrative decision about whether an objection should be accepted. In this case, the objection was accepted following the conference. There was also one case where a significant landholder did not proceed with multiple objections after attending conferences.

e) How many legal proceedings have been commenced as a result of objections to land valuations?

Number of appeals made in time, pursuant to s35 *Valuation Land Act 1916*:

- 97 in 2013/14
- 25 in 2014/15.

14. At the Ninth General Meeting in 2014, the then Valuer General informed the Committee that his Office was undertaking 'a complete end-to-end review of the objection process' (Transcript, 7 April 2014, p. 8).

a) Are there any outstanding matters still to be addressed as a result of this review?

The overall review has been completed with improvements to customer service implemented across the objection process including more opportunities to address customers' concerns and disputes early in the process before the objection is determined.

Improvements include the appointment of a coordinator for each objection to provide the landholder with a single point of contact for information; introduction of conferences to discuss issues and resolve disputes; making information easier to understand through the use of plain English in correspondence. All staff have been trained in writing in plain English and key staff trained in dispute resolution.

The evaluation, as stated in question 9b) above, is being finalised.

b) Are you satisfied that the new objection review system is functioning to its maximum potential?

The preliminary results of the objection survey (as referenced in question 10, above) show that beneficial improvements have been made to the objection system, with the majority of customers reporting positive perceptions of the objection process. The Valuer General will continue to monitor the objection system to make further improvements.

The dispute resolution aspect of the objection review system is still maturing. Landholders participating in facilitated conferences are asked to complete a survey from the Valuer General after the conference. The purpose of the survey is to monitor and report on the quality of service and to

make sure it is meeting customers' needs. Feedback from landholders is being used to refine and make further improvements to the conference process.

Determination of Compensation

15. The Valuer General is required by the Land Acquisition (Just Terms Compensation) Act 1991 to independently determine the amount of compensation to be paid by the acquiring authority to the former landholder when land is compulsorily acquired (2013/14 Annual Report p 78). The 2014/15 Annual report states that the Valuer General has published the policy 'Compensation Following Compulsory Acquisition' (2014/15 Annual Report, p 58) which explains the negotiation and dispute resolution process. The report states that 'disputes over matters of fact are to be resolved in consultation with the stakeholders (where possible) prior to compensation values being completed'. (2014/15 Annual Report, p 58).

a) Have you received feedback as to whether the new procedures under the compensation policy are helpful to stakeholders?

Formal feedback on this aspect of the process has not been sought, however a customer service survey covering the range of communications during the compulsory acquisition process will be introduced in the third quarter of 2016. The survey will be in a similar style to the conference survey used in the objection process. Former owners will be provided with the survey following the issue of the determination of compensation to the acquiring authority when the Valuer General's formal role in the matter is completed.

Communication improvements have been progressively introduced across the compulsory acquisition process and conferences with owners can occur at any time during the process. The survey will be an important way to monitor service and make ongoing improvements.

16. The 2014/15 Annual Report also highlights the publication of a brochure titled 'Compulsory Acquisition - NSW Valuer General's Role'. It says that this is available on the website as well as being mailed out to landholders with a letter from the Valuer General when they are notified that a proposed acquisition notice has been issued (2014/15 Annual Report, p 58).

a) Are you satisfied that the brochure is clarifying the role of the Valuer General and the process of compulsory acquisition for the benefit of the affected landholder?

During the development of the brochure in depth consultation was undertaken with both acquiring authorities and former owners. Adjustments were made to respond to feedback.

Feedback from former owners about the draft brochure was positive. Overall they thought the brochure was extremely valuable in providing a road map of their rights and obligations as well as the processes and options open to them, if presented early in the process. Some former owners felt that having the information in the brochure would have significantly empowered them during the process.

The brochure will be subject to ongoing review and improvement as feedback is received.

b) How are you assessing the impact of this brochure?

The brochure will be assessed in the compulsory acquisition customer service survey that will be introduced in the third quarter of 2016.

17. *At the time of the Ninth General Meeting, the former Valuer General informed the Committee that he would be communicating directly with acquiring authorities to ensure that the role of the Valuer General is transparent to all stakeholders from the initial notification of the agency's interest in the land. In particular, he said that a copy of the supporting valuation report would be provided to the affected landholder by the acquiring authority (Transcript, 7 April 2014, p 2). The 2014/15 Annual Report confirms that the Certificate of Determination has been revised and now includes the valuation report as an annexure. The Annual Report states that this ensures that the acquiring authority provides the report to the dispossessed landholder. (Annual Report 2014/15, p 58).*

a) What mechanisms are in place to ensure that acquiring authorities are respecting the principle of procedural fairness and complying with the Valuer General's policies and procedures in relation to determining compensation for acquired land?

Acquiring authorities must issue the former owner with a compensation notice that includes the determination of compensation and annexed valuation report. The compensation notice officially notifies the former owner that the land has been compulsorily acquired and provides the offer of compensation as required by the Land Acquisition (Just Terms Compensation) Act 1991.

The Valuer General wrote to acquiring authorities in 2014 to advise the change to the determination of compensation form and the requirement to provide former owners with the report.

When the determination of compensation is provided to acquiring authorities the covering email has been updated. This email advises that the certificate of determination, which includes the valuation report, must be provided to the former owner when the offer of compensation is made.

The certificate of determination states that the valuation report is annexed and includes contact details for the LPI assigned coordinator should the former owner require information or assistance. This information alerts a former owner to the report should it not be provided by the acquiring authorities.

18. *The 2013/14 Annual Report indicated that an independent market research company was to be engaged to interview a sample of landholders who had received a determination of compensation to identify opportunities to improve interactions with landholders (Annual Report 2013/14, p 78).*

a) Have the recommendations of that survey been fully implemented?

The findings and recommendations focused on recognition and understanding of the Valuer General's independence and role in the determination process, stronger engagement with owners and the sharing of information. This is being achieved through:

- Provision of the brochure *Compulsory Acquisition NSW Valuer General's role* to owners
- Valuer General's policy *Compensation following compulsory acquisition* which requires valuers to meet with the owner, share information, and consult with owners over matters of dispute; appointment of a coordinator for each matter; direct correspondence with owners at major points in the compulsory acquisition process to ensure they are fully informed; and conferences to address issues, provide information and discuss concerns at any time during the compulsory acquisition process.

The effect of some of the improvements is not yet fully developed. Work continues to improve the determination process for owners and ensure they understand the independent role of the Valuer General.

Two recommendations related to valuation operations:

- The first related to the use of contract valuers over in-house valuers and the risk of conflict of interest. Variability in workloads and the frequent need for specialist expertise necessitates the use of contract valuers. Robust conflict of interest practices for contract valuers are in place to address this risk.
- The other recommendation was that valuers for the Valuer General should not have access to the valuations conducted by the acquiring authority or that the rationale for this practice should be communicated more clearly to former owners. This is addressed through the requirement that any information provided by the acquiring authority or former owner, to be considered by the Valuer General in making the determination of compensation, is shared between the parties. This ensures transparency and the opportunity to respond to the information prior to the determination being made.

b) Is the Valuer General planning further interviews with a sample of landholders in ongoing years?

The survey to former owners, as referred to in question 15, above, will include questions to address the recommendations.

Valuations for Rating and Taxing – Costing Methodology and Prices of Services

19. The 2014/15 Annual Report notes that 2.5 million land valuations were produced, each of which was recorded in the Register of Land Values (2014/15 Annual Report, p 60). In 2013/14 there were 2.49 million land valuations (2013/14 Annual Report, p 83).

As discussed in the 2014/15 Annual Report, there has been an increase in the average cost per valuation of a property (\$17.53 per property) compared with the 2013/14 average (\$17.08 per property). This was due to implementing a new methodology for calculating costs recommended by the Independent Pricing and Regulatory Tribunal (IPART) in its 2014 review of pricing of monopoly valuation services provided by the Valuer General to local government (2014/15 Annual Report, p 60).

The new price set by IPART for valuation services came into effect from 1 July 2014 for a period ending in 30 June 2019. The 2014/15 Annual Report reports that IPART considered the Valuer General's costs of providing land valuation services for the purposes of rating and taxing to be efficient. IPART held prices in constant real terms for councils over the determination period (2014/15 Annual Report, pp 62-63).

a) What challenges, if any, does the IPART determination on pricing present to Valuer General's overall financial planning, budgeting and operational program between now and 2019?

The determination of prices for valuation services to councils provides significant predictability for LPI and the Valuer General in financial and service planning.

However, as the price determination provides for annual price changes to be based on changes to the Consumer Price Index (CPI) it raises a risk of potential underfunding if costs specific to the valuation system increase at a rate greater than the general CPI. In those circumstances efficiencies must be found to offset any additional cost increases.

b) Do you wish to make any other comment on any other aspects of your operations that may be affected by IPART's recommendations regarding the costing and/or pricing of valuations?

Please refer to the response to question 19 a), above. No further comment is necessary.

Technology and Systems Development

20. Both the 2013/14 and 2014/15 Annual Reports refer to a three year capital funded program to improve business processes and information systems which commenced in July 2014. The reports cite a number of specific information systems which have been established to store data securely and/or monitor quality control. These include the: Reascertainment Register; Audit and Issues Register; Just Terms Manager; and Conference Manager (2013/14 Annual Report, p 79 and 2014/15 Annual Report, p 59)

a) Can you please provide a progress report on these information systems?

Reascertainment Register

The Reascertainment Register provides a centralised location to record details of reascertained land values, the reasons they occurred and manages the approval process. The register also enables workflow management for the reascertainment process, including the automated request for and delivery of reascertained land values to and from contract valuers and integrated management of stakeholder correspondence.

Audit and Issue Register

The Audit and Issues Register was developed in 2014 to provide a consolidated recording system. The register is used to record issues and outcomes of formal audits on contract valuer performance undertaken by LPI. Throughout 2015, updates were made to the Audit and Issues Register to enhance useability and reporting capabilities based on key user feedback. The enhancements allow for more effective reporting on quality assurance and continuous improvement activities being undertaken by LPI as part of the annual values program.

Just Terms Manager

The Just Terms Manager project was initiated to provide a central repository for all compensation determinations. The Just Terms Manager's core register functionality was released on 1 July 2015. Subsequent updates, such as improved workflow management ability, were incrementally released throughout late 2015 and early 2016.

Key information concerning the land is captured, including details of the land and landholder, the purpose of the valuation, information about the valuer, any objections, and any alternations to the land value.

The register has significantly improved workflow management and reporting capabilities on Just Terms matters.

Conference Manager

The Conference Manager records and tracks conferences undertaken as part of the dispute resolution process. The Conference Manager is integrated with existing Valnet modules including the Objection Manager, Just Terms Manager and Contact Manager to provide cohesive management and reporting capabilities. The Conference Manager will simplify reporting on key procedural fairness metrics such as: the number of conferences; the time between each conference and flow through rates to appeal.

The Conference Manager was released in March 2016. Prior to the Conference Manager's release, records of conference proceeding were maintained in existing records management systems.

b) What has been the impact of these systems on the Valuer General's data capture, monitoring, reporting, auditing and dispute resolution capabilities?

The data relating to compulsory acquisition, quality assurance and dispute resolution is now being captured within the Valnet system. This allows for more effective workflow management, quality assurance and reporting of LPI's management of the valuation system. For more detail on the impacts of each system, please refer to the response to question 20a), above.

c) Does expenditure on technology and systems development compromise the implementation of other operational activities and/or special projects?

All major system development activity is funded from capital expenditure. Projects are selected and specified to ensure there is a business improvement focus. The initiatives are fully costed and the anticipated benefits exceed the costs. Expenditure on technology and systems will reduce the future resource intensity of operational activities.

d) Are the resources adequate under the current capital funding to maintain and develop the improved information systems?

The current capital funding is adequate to maintain and develop valuation information systems. Capital funds have been allocated for 2016/2017 for the following key projects:

- Valuation Analysis Processes – will allow the capture of additional property attributes and efficiency gains in the analysis of valuation data for audit purposes
- Online Provision of Valuation Summary Statistics – will provide a mechanism to visually present valuation related statistics and information to citizens and other stakeholders
- Valuation Customer Service Portal – will provide a revised web-based interface for customers to interact with the valuation system, lodge objections, undertake land value searches and view valuation related information
- Electronic Notices – will develop a mechanism for notices of valuation to be distributed to landholders via MyServiceNSW.

e) Which area of the organisation has primary responsibility for the oversight and integrity of these information systems? Which areas are the primary users of the systems?

The separation of LPI has altered these accountabilities. Day-to-day business accountability for the oversight and integrity of valuation information systems sits with the Program Manager Service Improvement, Valuation Services. The table below shows who has primary responsibility and use of the systems.

System	Key business owner	Responsibility of business owner	Primary users	How the system is used
Audit and Issue Register	Valuation Manager Rating and Taxing	Valuation quality assurance activities, including audit activities and the recording of issues.	Valuation Operations and Contract Management staff	Record the output of the activities required to monitor and manage the performance of valuation services contractors

Conference Manager	Customer Relationship Manager	Data maintenance and reporting on outcomes of the dispute resolution process.	Customer Relationship Manager and Valuation Customer Service staff	Record information related to conferences undertaken as part of the dispute resolution process.
Just Terms Manager	Program Manager Compensation	Managing the Just Terms team.	Staff in the Just Terms team	Record activities related to compensation determinations, to manage workflow and provide reporting.
Re-ascertainment Register	Valuation Manager Rating and Taxing.	Valuation quality assurance activities including monitoring why changes are made to valuations.	Valuation Operations and Valuation and Information Services staff.	Record information about why land values are amended and to streamline communication with landholders about those changes.

Land Value Verification

21. The 2013/14 Annual Report indicates that the land value verification program which commenced in 2006 and which reviews each land valuation individually has been improved and extended to 2018. The report states that all land values in NSW will be verified over the six year period of the current program and properties deemed at higher risk of valuation error will be reviewed annually (2013/14 Annual Report, p 79). The verification program is not discussed as a separate item in the 2014/15 Annual Report.

a) Can the Valuer General please update the Committee on progress to date with the verification program?

Risk rating verification commenced on 1 March 2012. For a list of risk ratings, please see the response to question 21c), below.

Verification requires the valuer to: individually review the area, title, and zoning of each property to ensure it is correct; conduct a review of each property's use to determine the correct valuation basis under the *Valuation of Land Act 1916*; and, review attributes and the valuation level and consistency with surrounding land values to ensure the valuation is within an acceptable market range.

Compliance with verification requirements is monitored by LPI as part of the annual quality assurance program. To date, compliance has required a manual review which has found ongoing improvement in verification rates.

There have been a total of 2,621,265 verifications undertaken since risk rating verification began in 2012; this includes multiple verifications of the same properties. The table below shows the total verification levels since risk rating commenced.

The medium and low risk verification rates were above requirements, but further work is required to ensure that all high risk properties are verified in 2016. To ensure this occurs, LPI is implementing a range of data load checks for 2016 that will reject contract valuers' valuations unless they comply with verification requirements.

Valuation Year	Risk Rating 1 Verified	%	Risk Rating 2 Verified	%	Risk Rating 3 Verified	%	Total Verified	%
	Required annually. 100% p.a.		Required within 3 years. 33.3% p.a.		Required within 6 years. 16.6% p.a.			
1/7/2012	55,547	75%	118,117	33%	483,918	26%	698,120	28%
1/7/2013	67,549	93%	102,051	39%	427,902	22%	646,787	26%
1/7/2014	78,450	91%	130,837	40%	436,463	21%	647,802	26%
1/7/2015	82,182	92%	115,673	35%	430,500	21%	628,556	26%
Total	283,728		466,678		1,778,783		2,621,265	

b) What, specifically, are the improvements which have been made and have they proved beneficial?

The risk based program was introduced to ensure that all higher risk properties are individually reviewed each year, and medium risk properties are reviewed more frequently than low risk properties. This replaced the previous verification program that commenced in 2006 where 20% of all properties were verified annually regardless of risk.

Verification improves the quality of valuation information. The frequency of verification on risk is an improvement over the previous system, where high risk properties may not have been reviewed for five years.

Improvement to valuation quality that is directly attributable to the verification program is difficult to determine through any quantitative measure. However, it is expected that ongoing review of a properties' attributes and values will produce better valuations if this was not done. This is supported by the NSW Ombudsman's observation that it is necessary to periodically review the base line data on which mass valuations are based (*Improving the quality of land valuations issued by the Valuer General* [October 2005]).

Analysis of verification and objection data undertaken by the Western Sydney University during 2015 found that there was a significantly higher rate of objections to land values of properties in higher risk categories. Despite this the rate of change of land values on objections has fallen over recent years, suggesting the quality of these valuations is improving. Furthermore the rate of change to land values of higher risk properties was comparable to that for land values of lower risk properties.

Overall the level of verification has risen from an annual 20% of properties in the original verification program to an average of 25% under the current risk based program.

c) How many and what type of properties are currently deemed to have a higher risk of valuation error?

The verification requirement is based on the risk rating that considers the complexity and nature of each property and/or their potential impact on the valuation process.

The table below shows the type and number of properties, by risk rating.

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

Land Value Reports

22. The 2014/15 Annual Report (p 59) states that new reporting requirements were implemented for contracts commencing from 1 March 2015. These requirements emerged from a review of the reporting of final values by valuation contractors. The review sought to standardise the format of reports and ensure that the content was easier to understand by customers outside the property industry.

a) Have you evaluated the response of customers and contractors to the effectiveness of the new reporting formats and standards?

Contract valuer reports were published on the OVG website for the first time in January, 2016. The effectiveness of the new reporting formats/standards has not yet been evaluated using customer feedback. Informal feedback to the Valuer General from media outlets at the time of the release of the 2015 land values were that the reports provided a useful resource. Although contract valuers have not been specifically asked for feedback on the effectiveness of the new format/standard, contract valuers have indicated their preference for more standard templates for reporting in other areas.

b) How do you train contractors to implement the improved reporting requirements? Are there any compliance issues?

Guidance is provided to contractors on reporting formats and requirements through the Rating and Taxing Procedure Manual, regular discussions in monthly meetings and interaction with relevant LPI officers.

A review of a sample of the final reports was conducted at the end of 2015 for factual correctness and identified issues were resolved with the contract valuers prior to publication.

23. As a result of its review of NSW Land Valuation System in 2013, the Committee has been particularly concerned to ensure that valuation reports can be readily understood by the general public without having to do further research. At the Ninth General Meeting the former Valuer General informed the Committee that 'speaking valuations' were also being used to assist with making communications about the valuation report more transparent (Transcript, 7 April 2014, p 2).

a) To what extent have 'speaking valuations' been used during the two years under review?

There appears to be a misunderstanding here of the nature of 'speaking valuations'. The term is valuers' jargon describing a written report that fully rationalises the valuation and clearly states the basis and evidence upon which the valuation has been made.

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

b) How effective are 'speaking valuations' and what training do you give relevant staff, including contractors, in ensuring that these are delivered according to the required reporting standards, as with written reports?

Speaking valuations are an effective way of providing a level of confidence that the valuation process is sound, that the valuer understands the nature of the area, is aware of significant changes occurring in the area, understands the local property market, and has made valuations consistent with that market understanding.

Guidance is provided to staff and contract valuers through the use of a template report which clearly sets out the expectations and standards, and supported by procedures and discussions in regular meetings. Where required this is supplemented with face to face briefings. In addition to this, there is an annual panel contract valuer briefing and contract valuers may also contact relevant LPI officers with any queries. The quality assurance process focuses on ensuring reports address requirements and are easy to understand.

Conflicts of Interest

24. At the Ninth General Meeting there was discussion about the probity of the tender evaluation process with regard to conflicts of interest (Transcript, 7 April 2014, pp 23-24).

a) Can you please update the Committee on any additional measures taken to ensure that conflicts of interest will be reported as part of the tender evaluation process?

Conflicts of interest are reported as part of the tender evaluation process in a number of ways. Firstly, all tender evaluation members are required to complete and sign the *DFSI Code of Conduct, Probity and Confidentiality for Procurement* agreement by declaring real and perceived conflicts of interest.

Secondly, an independent probity advisor is present at all evaluation meetings and provides LPI with advice on conflicts of interest by focusing on LPI's evaluation management systems and processes in regard to the management of actual, potential and perceived conflicts of interest. As

part of this process, the independent probity advisor prepares a final report advising whether LPI has complied with government probity principles. Probity officers are engaged through a request for quotation process. Current LPI practice is to not engage the same probity officer for more two consecutive years.

For the two years under review, the outcomes of the probity reports indicate that the evaluation processes and governance arrangements were effective and the probity principles were observed in all material aspects.

Finally, if at any stage during the tender process a conflict of interest arises, the evaluation members are required to report this to the Chair for management. The Chair will determine the seriousness of the conflict and the action that may be required. The Chair asks all committee members to declare any conflicts of interest at the commencement of each evaluation meeting.

b) Were there any conflicts of interest that were notified during the two years under review?

For the years 2013/14 and 2014/15, there were no conflict of interest issues concerning the evaluation members which could lead to a breach of conflict of interest. Members noted that they have had professional working relationships with the current contractors; however these types of relationships are acceptable, unavoidable and unlikely to cause any conflicts of interest.

c) How is the tender evaluation process monitored following the Valuer General's review of the management of risk (2014/15 Annual Report (pp 55 - 56))?

The tender evaluation process is monitored for risk in several ways, including the reporting of tender risks through the MAC; ensuring an independent probity advisor is present and observing the tender evaluation process; and by having an OVG representative observing the evaluation process.

Legislation

Valuation of Land Act 1916

25. The 2013/14 Annual Report reports that the Valuation of Land Act 1916 was amended in June 2014 to enable the Valuer General to allow for valuation lists and supplementary lists to be authenticated electronically instead of the traditional method of a physical stamp or the Valuer General's signature (2013/14 Annual Report, p 82).

a) To whom does the Valuer General delegate his power to authenticate valuation lists?

Once land values are approved by the appropriate delegate, the following persons may authenticate lists:

- Product Manager, Valuation Data Services;
- Manager, Valnet Operations;
- Product Manager IPW Data Services;
- Manager Titling and Valuation Data Services; and
- Assistant Director, Valuation Customer & Information Services.

b) What does the authentication process involve?

Annual valuation and supplementary valuation lists, provided to councils and Office of State Revenue for rating and taxing purposes, are authenticated electronically once values are approved and applied in Valnet by the appropriate delegate. Authentication occurs when the file is prepared for electronic delivery to rating and taxing authorities.

In addition, automated letters are produced upon creation of supplementary valuation lists and annual valuation files to local government.

c) How is information security protected in the authentication process?

The officer that applies the land values on the Register is recorded as well as other auditable actions. The valuation files and authentication letters are produced and securely delivered to the client via the Spatial Information Exchange portal. Valuation files and authentication letters can only be accessed and collected by clients who have the appropriate user rights. These user rights are authenticated by username and password upon login to the portal.

d) Are there any other risk management issues in relation to the electronic authentication of valuation lists and supplementary lists?

The authentication process is a system based process incorporated into LPI's file delivery process. Risks in relation to appropriate approval or delegation to apply values and produce lists are mitigated through system and procedural controls.

Land Acquisition (Just Terms Compensation) Act 1991

26. At the Ninth General Meeting, the Acting Valuer General informed the Committee that he had provided input into the review of the Land Acquisition (Just Terms Compensation) Act 1991 (Transcript, 7 April 2014, p 8), however he was not aware at that stage of what was in the draft. There is no further information in the Legislation Section of the 2014/15 Annual Report (p 62).

a) Can you please inform the Committee about the outcome of the legislative review?

Mr David J Russell SC completed his review of the *Land Acquisition (Just Terms Compensation) Act 1991* in February 2014. Mr Russell's review report remains under consideration by the Government. The Government expects to respond to the report in the near future.

b) Have you had any further consultations with the Minister about this?

The Valuer General has been represented on an inter-departmental committee established to advise the Government on this report.

List of Acronyms Used

CPI	Consumer Price Index
DFSI	NSW Department of Finance, Services and Innovation
IAB	Internal Audit Bureau
IPART	Independent Pricing and Regulatory Tribunal
JSCOVG	Joint Standing Committee on the Office of the Valuer General
LGA	Local government area
LPI	Land and Property Information
LVAG	Land Valuation Advisory Group
MAC	Management Assurance Committee
MAF	Management Assurance Framework
OVG	Office of the Valuer General
SLA	Service Level Agreement
TPP	Treasury Policy Paper

Appendix A

Disputed Valuations by Local Government Area (2013/14)

Local Government Area	2013/14	Property Count as at 30 June 2014	Objection Rate
Berrigan	71	5039	1.41%
Greater Taree	280	23384	1.20%
Coonamble	31	2709	1.14%
North Sydney	99	10411	0.95%
Tweed	245	30103	0.81%
Woollahra	108	13438	0.80%
Armidale Dumaresq	69	10186	0.68%
Ballina	97	14788	0.66%
Waverley	83	13205	0.63%
Albury	129	21352	0.60%
Botany Bay	54	9278	0.58%
City of Sydney	159	27941	0.57%
Wentworth	22	3972	0.55%
Wellington	24	4755	0.50%
Port Stephens	128	28803	0.44%
Bellingen	26	6069	0.43%
Murray	19	4462	0.43%
Narrandera	15	3752	0.40%
Burwood	30	7784	0.39%
Pittwater	77	20258	0.38%
Marrickville	87	23927	0.36%
Mosman	24	6920	0.35%
Snowy River	18	5315	0.34%
Hawkesbury	78	23700	0.33%
Lake Macquarie	255	77941	0.33%
Willoughby	54	17320	0.31%
Strathfield	23	7437	0.31%
Canada Bay	56	18203	0.31%
Yass Valley	22	7266	0.30%
Upper Lachlan	18	6204	0.29%
Wingecarribee	63	22145	0.28%
Gunnedah	17	6179	0.28%
Liverpool Plains	12	4457	0.27%
Auburn	42	15900	0.26%
Blue Mountains	93	36747	0.25%
Warringah	96	38066	0.25%
Leichhardt	45	17942	0.25%
Corowa	16	6427	0.25%
Parramatta	100	40500	0.25%

Local Government Area	2013/14	Property Count as at 30 June 2014	Objection Rate
Great Lakes	55	23619	0.23%
Mid Western Regional	31	13327	0.23%
Byron	29	13129	0.22%
Lithgow	24	11662	0.21%
Griffith	22	10693	0.21%
Warren	4	2011	0.20%
Nambucca	18	9152	0.20%
Tenterfield	10	5258	0.19%
Gosford	120	63282	0.19%
Kogarah	27	14339	0.19%
Wagga Wagga	49	26117	0.19%
The Hills Shire	102	55175	0.18%
Clarence Valley	44	25214	0.17%
Jerilderie	2	1170	0.17%
Fairfield	90	52859	0.17%
Wollongong	111	67685	0.16%
Coffs Harbour	43	27002	0.16%
Shellharbour	38	23982	0.16%
Bega Valley	29	18369	0.16%
Guyra	4	2589	0.15%
Goulburn Mulwaree	22	14668	0.15%
Young	10	6676	0.15%
Hurstville	31	21374	0.15%
Cooma-Monaro	9	6222	0.14%
Randwick	38	26465	0.14%
Wollondilly	24	16969	0.14%
Lane Cove	11	7918	0.14%
Ashfield	13	9479	0.14%
Kempsey	19	14181	0.13%
Rockdale	31	23543	0.13%
Camden	32	24375	0.13%
Ryde	32	26070	0.12%
Bankstown	64	53219	0.12%
Queanbeyan City	15	12710	0.12%
Tamworth Regional	31	26353	0.12%
Glen Innes Severn	6	5253	0.11%
Manly	11	9803	0.11%
Holroyd	31	27680	0.11%
Hornsby	51	46702	0.11%
Walcha	2	1871	0.11%
Maitland	32	29949	0.11%
Eurobodalla	25	23821	0.10%
Inverell	8	7995	0.10%

Local Government Area	2013/14	Property Count as at 30 June 2014	Objection Rate
Liverpool	53	54502	0.10%
Newcastle	55	57243	0.10%
Singleton	10	10479	0.10%
Shoalhaven	47	56579	0.08%
Dungog	4	5011	0.08%
Gilgandra	2	2506	0.08%
Harden	2	2537	0.08%
Lockhart	2	2596	0.08%
Gundagai	2	2633	0.08%
Forbes	4	5284	0.08%
Penrith	46	61738	0.07%
Parkes	6	8056	0.07%
Blacktown	72	100887	0.07%
Orange	12	16955	0.07%
Murrumbidgee	1	1472	0.07%
Wakool	2	2950	0.07%
Muswellbrook	5	7600	0.07%
Palerang	5	7917	0.06%
Gloucester	2	3257	0.06%
Greater Hume	4	6707	0.06%
Moree Plains	4	6857	0.06%
Port Macquarie-Hastings	17	29875	0.06%
Kiama	5	9103	0.05%
Oberon	2	3667	0.05%
Sutherland	33	60810	0.05%
Central Darling	1	1878	0.05%
Cessnock	12	23718	0.05%
Blayney	2	3968	0.05%
Lismore	9	17908	0.05%
Carrathool	1	2082	0.05%
Broken Hill	5	10537	0.05%
Dubbo	8	16960	0.05%
Ku-ring-gai	15	33556	0.04%
Cowra	3	7394	0.04%
Wyong	24	60187	0.04%
Bathurst Regional	7	17672	0.04%
Upper Hunter	3	7744	0.04%
Coolamon	1	2944	0.03%
Uralla	1	3006	0.03%
Gwydir	1	3153	0.03%
Campbelltown	16	50528	0.03%
Tumut	2	6508	0.03%
Richmond Valley	3	10145	0.03%

Local Government Area	2013/14	Property Count as at 30 June 2014	Objection Rate
Narromine	1	3467	0.03%
Narrabri	2	7079	0.03%
Cabonne	2	7212	0.03%
Temora	1	3900	0.03%
Cootamundra	1	4168	0.02%
Canterbury	8	33392	0.02%
Leeton	1	5139	0.02%
Kyogle	1	5241	0.02%
Warrumbungle	1	6318	0.02%
Total	4814		

Disputed Valuations by Local Government Area (2014/15)

Local Government Area	2014/15	Property Count as at 30 June 2014	Objection Rate
Cowra	185	7406	2.50%
Manly	98	9789	1.00%
City of Sydney	277	27951	0.99%
Hay	19	1986	0.96%
Blayney	37	3980	0.93%
Willoughby	133	17322	0.77%
Mosman	48	6918	0.69%
Gloucester	22	3251	0.68%
Hunters Hill	23	3733	0.62%
North Sydney	61	10408	0.59%
Central Darling	11	1884	0.58%
Woollahra	78	13430	0.58%
Hornsby	250	46724	0.54%
Ballina	78	14940	0.52%
Waverley	68	13207	0.51%
Queanbeyan City	68	13100	0.52%
Canada Bay	92	18222	0.50%
The Hills Shire	276	56341	0.49%
Leichhardt	83	17944	0.46%
Warrumbungle	28	6291	0.45%
Eurobodalla	99	23882	0.41%
Wollondilly	67	17409	0.38%
Sutherland	207	60863	0.34%
Singleton	34	10518	0.32%
Marrickville	75	23955	0.31%
Ku-ring-gai	105	33595	0.31%
Kiama	28	9162	0.31%
Great Lakes	72	23674	0.30%

Local Government Area	2014/15	Property Count as at 30 June 2014	Objection Rate
Wentworth	12	4007	0.30%
Coffs Harbour	81	27173	0.30%
Pittwater	60	20258	0.30%
Lismore	53	17948	0.30%
Weddin	8	2756	0.29%
Strathfield	21	7446	0.28%
Hawkesbury	65	23929	0.27%
Snowy River	14	5381	0.26%
Cobar	8	3179	0.25%
Muswellbrook	19	7631	0.25%
Balranald	4	1623	0.25%
Bathurst Regional	44	17904	0.25%
Canterbury	81	33415	0.24%
Bega Valley	44	18411	0.24%
Nambucca	22	9174	0.24%
Harden	6	2546	0.24%
Goulburn Mulwaree	34	14805	0.23%
Newcastle	130	57387	0.23%
Narrabri	14	6970	0.20%
Tweed	61	30449	0.20%
Bourke	4	2042	0.20%
Dubbo	34	17357	0.20%
Burwood	15	7775	0.19%
Tumbarumba	5	2603	0.19%
Upper Hunter	15	7774	0.19%
Warringah	73	38135	0.19%
Wingecarribee	42	22356	0.19%
Blacktown	194	102923	0.19%
Botany Bay	17	9311	0.18%
Moree Plains	12	6730	0.18%
Maitland	54	30571	0.18%
Conargo	2	1155	0.17%
Richmond Valley	17	10178	0.17%
Blue Mountains	61	36832	0.17%
Ashfield	15	9478	0.16%
Gundagai	4	2595	0.15%
Bombala	3	1983	0.15%
Albury	33	21645	0.15%
Ryde	39	26034	0.15%
Bellingen	9	6076	0.15%
Liverpool	76	55575	0.14%
Byron	18	13262	0.14%
Cooma-Monaro	8	6260	0.13%

Local Government Area	2014/15	Property Count as at 30 June 2014	Objection Rate
Greater Taree	30	23536	0.13%
Armidale Dumaresq	13	10297	0.13%
Kogarah	18	14339	0.13%
Shellharbour	29	24281	0.12%
Parramatta	48	40760	0.12%
Gilgandra	3	2518	0.12%
Guyra	3	2624	0.11%
Kempsey	16	14228	0.11%
Shoalhaven	64	56852	0.11%
Wyong	68	60526	0.11%
Randwick	29	26490	0.11%
Cessnock	26	23883	0.11%
Walcha	2	1880	0.11%
Wellington	5	4751	0.11%
Gosford	65	63363	0.10%
Coolamon	3	2957	0.10%
Tenterfield	5	5018	0.10%
Kyogle	5	5263	0.10%
Rockdale	19	23552	0.08%
Port Macquarie-Hastings	23	30272	0.08%
Holroyd	19	27801	0.07%
Murrumbidgee	1	1465	0.07%
Wakool	2	3002	0.07%
Uralla	2	3024	0.07%
Murray	3	4535	0.07%
Bankstown	35	53651	0.07%
Camden	17	26992	0.06%
Wollongong	38	67835	0.06%
Forbes	3	5371	0.06%
Penrith	35	63090	0.06%
Cabonne	4	7239	0.06%
Yass Valley	4	7335	0.05%
Lachlan	2	4389	0.05%
Wagga Wagga	12	26482	0.05%
Young	3	6704	0.04%
Auburn	7	15911	0.04%
Clarence Valley	11	25345	0.04%
Port Stephens	12	29148	0.04%
Berrigan	2	5048	0.04%
Dungog	2	5067	0.04%
Hurstville	8	21411	0.04%
Coonamble	1	2692	0.04%
Lithgow	4	11671	0.03%

Local Government Area	2014/15	Property Count as at 30 June 2014	Objection Rate
Lake Macquarie	26	78541	0.03%
Upper Lachlan	2	6271	0.03%
Corowa	2	6502	0.03%
Tamworth Regional	8	26729	0.03%
Mid Western Regional	4	13564	0.03%
Broken Hill	3	10536	0.03%
Griffith	3	10729	0.03%
Oberon	1	3693	0.03%
Inverell	2	8021	0.02%
Cootamundra	1	4165	0.02%
Walgett	1	5130	0.02%
Glen Innes Severn	1	5277	0.02%
Fairfield	10	52995	0.02%
Campbelltown	9	51027	0.02%
Orange	3	17256	0.02%
Gunnedah	1	6234	0.02%
Palerang	1	7952	0.01%
Parkes	1	8101	0.01%
Total	4933		