



VG18/252/5

Mr Geoff Provest MP
Chair
Joint Standing Committee on the Office of the Valuer General
Parliament of NSW
Macquarie Street
SYDNEY NSW 2000

Via email: valuergeneral@parliament.nsw.gov.au

Dear Mr Provest

Questions on Notice taken during the Twelfth General Meeting with the Valuer General

Question 1

Mr GILKES: I do not believe there were any penalties levied. There are not, under the terms of the contract, financial penalties provided for that kind of thing. The actual follow-up, I am not sure, but I can take that question on notice, if you would like.

The Hon. NATALIE WARD: Yes, if you do not mind. I think it is important because there is not only a perception of independence but if there is an event such as this—and I accept that you cannot control every contractor and the actions of every individual but I think it is important, being on notice, that you would not only seem to follow through but actually do follow through.

Mr GILKES: No, I am happy to take that on notice.

Response

In this matter the conflict of interest was not considered to be systemic but rather a lack of judgement by an individual. The matter was quickly addressed by the contractor and the individual valuer concerned provided written advice to Valuation Services withdrawing their involvement in the matter. In this instance it was considered that no specific follow up action was required.

Question 2

Mr GOLDSMITH: We do do a rental evaluation. Is that what that is referring to? We do a land valuation and off that land value they charge a rental. That is a private operator. Is that what that

refers to?

Mr GILKES: I am sorry, I cannot recall what that one was about. If you would like, I will take that on notice and provide you with some further information about it.

The CHAIR: Yes.

Response

There was no single request for advice from the Crown Solicitor about "the use of surnames in property sales information and valuations under the provisions of the Rookwood Necropolis Act 1901" and "in relation to heritage restricted determination powers and valuation of land".

The reference in the Valuer General's annual report (page 51) actually referred to three separate requests to advice regarding three different matters from the Crown Solicitor:

1. Section 62 of the Land Acquisition (*Just Terms Compensation*) Act 1991
2. Property Sales Information (PSI) Review report
3. Valuations under the provisions of the *Rookwood Necropolis Act 1901*

Question 3

The Hon. NATALIE WARD: I would like to bring you back to customer service. I appreciate the reforms you have put in place and I want to explore that a bit more with regard to written inquiries. We referred to Service NSW and some of the changes that have been made there. It is quite a radical turnaround to be customer-centric and to start with the customer experience. If any of you have been to Service NSW, it is quite a different experience from what it was years ago. It is a priority to try to build that in other areas of government.

On that, on page 42 of your annual report you state that you received 8,074 written inquiries during 2016-17. I am happy for you to take this on notice if you need to, but can you provide a breakdown of how many of those inquiries were sent by post—the old fashioned snail mail written letter—and how many were received by email and whether the proportion is changing over time? The reason I am interested is that I suspect it is changing over time and I am interested in the customer-focused outcomes of dealing with that. Can you comment on that first?

Mr GILKES: First, yes, I will have to take the question on notice and I am not entirely sure whether we will be able to answer it—

Response

Please see the table below for a breakdown of written enquiries over the last three reporting periods.

Written enquiries			
Method	2015/2016	2016/2017	2017/2018
Email	4,274	5,347	3,940
Post	1,510	2,727	1,162
Total	5,784	8,074	5,102

Yours sincerely



Michael Parker

Acting Valuer General
4 October 2018

Encl. For context broader transcript excerpts from the 21 September 2018 hearing for each question are attached as Tab A

Tab A

Question 1

Mr STEPHEN KAMPER: My question is in relation to management of a conflict of interest. On page 16 of the annual report it refers to a particular breach which occurred with a valuation contractor during the year. Can the Valuer General explain how the contractor failed to observe the conflict of interest procedures, given that there is regular liaison with contract valuers, including briefings, information sessions and formal monitoring of performance as described on page 84 of the 2015-16 annual report and discussed at the eleventh general meeting? Mr GILKES: Can I explain how it occurred?

Mr STEPHEN KAMPER: We need to go into it.

Mr GILKES: That is a pretty difficult question to answer. If you think about the valuation system, there are many hundreds of people working in it and we cannot control all they do at all times. I guess the key point here is that there is a conflict of interest management process in place and where that occurred that triggered, I guess, the processes around dealing with conflicts of interest that have occurred. That particular contractor was, I understand, counselled about that matter. Certainly these are issues that are made clear in the tender processes. There is documentation around it. I think it is inevitable that in any system involving a distributed network of providers that from time to time there will be rules that will not be followed; it is as simple as that. The best you can do in those circumstances is to make sure you have processes in place to identify that that has occurred and to put remedial action in place by drawing that to people's attention that it has occurred, reminding others and, as I said, counselling the particular individual involved.

Mr STEPHEN KAMPER: How many contractors perform valuation services?

Mr GILKES: I am sorry, I do not know the actual number of people on the ground.

Mr STEPHEN KAMPER: Corporations, I mean.

Mr GILKES: For the rating and taxing valuation contracts, which are the main contracts to make the new valuations each year, I think there are currently 19 firms.

Mr CHUDLEIGH: Nineteen valuation firms and 41 contracts.

Mr STEPHEN KAMPER: They are fairly valuable contracts for these contractors in terms of the volume of work?

Mr GILKES: Yes. I might ask Mr Chudleigh to answer that as he is more directly involved in the individual contracts.

Mr CHUDLEIGH: The total cost of contracts for the State is around \$20 million. There is a fairly substantial body of contract costs involved in the process.

Mr STEPHEN KAMPER: I am looking at it from the eyes of a contractor. It is a fairly valuable contract to have. You would think you would be really careful about a conflict of interest.

Mr GILKES: Yes. I was disappointed it had occurred, obviously. As I said, you cannot control the action of all individuals that work in the system.

The Hon. NATALIE WARD: You mentioned remedial action and we spoke earlier about the importance of independence and the perception of independence. What remedial action was taken in those circumstances? I accept that you cannot control everyone but what you can control is what happens in those circumstances.

Mr GILKES: Absolutely. My understanding is that the particular individual was counselled about their breach and that was also drawn to the attention of the director of the firm and they were asked to put in place processes to make sure that it did not recur.

The Hon. NATALIE WARD: Have you followed up on those processes being put in place? Were there any penalties?

Mr GILKES: I do not believe there were any penalties levied. There are not, under the terms of the contract, financial penalties provided for that kind of thing. The actual follow-up, I am not sure, but I can take that question on notice, if you would like.

The Hon. NATALIE WARD: Yes, if you do not mind. I think it is important because there is not only a perception of independence but if there is an event such as this—and I accept that you cannot control every contractor and the actions of every individual but I think it is important, being on notice, that you would not only seem to follow through but actually do follow through.

Mr GILKES: No, I am happy to take that on notice.

Question 2

The CHAIR: On page 51 of the annual report there is reference to advice which was sought from the Crown Solicitor about "the use of surnames in property sales information and valuations under the provisions of the Rookwood Necropolis Act 1901" and "in relation to heritage restricted determination powers and valuation of land". Can the Valuer General inform the Committee about the implications of this advice for the valuation system?

Mr GILKES: I will start with the surnames in property sales information. For many years the Valuer General has made property sales information available through a range of channels. The way this comes about is that property sales information is captured through notice of sale at the time that properties transact. The Valuer General has the right to that information under the Act and to make that information available. Historically that was done just by providing books on the counters with lists of all the sales, the two parties to the transaction and that kind of thing. Naturally enough in these days the issue of privacy is taken more seriously than it was previously.

The Committee is probably aware that we have provided sales information as an open data supply. In that open data supply we have removed the names of the parties to remove that privacy issue.

There is, however, a range of industry participants for which there is a public benefit business case, if you like, to have access to that information in that, for example, valuers use the names of parties to transactions as a quick method to identify sales that are unlikely to be market transactions—they are sold within a family and those kinds of things. So the advice was about understanding what kind of controls we should put in place around providing access to that information. Indeed what we do is we have the open data feed which meets the vast majority of needs. For a limited subset of customers we provided through information brokers a feed of sales information that includes just the family names of the parties to allow that kind of quick filter. The valuations under provisions of the Rookwood Necropolis Act—I am not particularly familiar with that advice. Do you know that one, Mr Parker?

Mr PARKER: Sorry.

Mr GILKES: No.

Mr GOLDSMITH: We do a rental evaluation. Is that what that is referring to? We do a land valuation and off that land value they charge a rental. That is a private operator. Is that what that refers to?

Mr GILKES: I am sorry, I cannot recall what that one was about. If you would like, I will take that on notice and provide you with some further information about it.

The CHAIR: Yes.

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The Hon. NATALIE WARD: I would like to bring you back to customer service. I appreciate the reforms you have put in place and I want to explore that a bit more with regard to written inquiries. We referred to Service NSW and some of the changes that have been made there. It is quite a radical turnaround to be customer-centric and to start with the customer experience. If any of you have been to Service NSW, it is quite a different experience from what it was years ago. It is a priority to try to build that in other areas of government.

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Mr GILKES: First, yes, I will have to take the question on notice and I am not entirely sure whether we will be able to answer it—

The Hon. NATALIE WARD: But I presume it was not 8,000 letters?

Mr GILKES: No, I am sure it was not. Yes, you are right. The trend is that email correspondence is increasing; exactly to what extent I am not sure. When that is the preferred method of

communication by landholders, for example, that is how we will communicate with them. We do not get an email from someone and then start sending them things through snail mail. If they want to deal through email that is fine and that is what we do. We try, to the greatest extent we can, to tailor the channel to what the landholder wants to have. For that reason, we have a range of ways to make contact with us. We have a telephone contact—naturally enough—all the way through to face-to-face meetings depending on what the landholder is looking for.