

Tab A

VG19/524

Mr Nathaniel Smith 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 Smith

Update – recommendations from the Committee’s Report on the Twelfth General Meeting with the Valuer General

I am pleased to provide the Committee with an update on the progress made in implementing the Committee’s recommendations (Tab A).

If you would like any further information, please contact me on 0436 946 309 or david.parker@ovg.nsw.gov.au

Yours sincerely



David Parker
Valuer General

7 July 2020

Encl.

Tab A – Update on progress

Recommendation 1

The Committee recommends that the Valuer General introduces specific penalties under the terms of contract with contract valuers to strengthen deterrence against breaches of conflict of interest and to more effectively protect the independence of the OVG, where valuations are delegated to external contractors.

Status: Completed

Current rating and taxing contracts, which commenced from 1 March 2019, provide strong deterrents against breaches of conflict of interest and afford protection of the Valuer General's independence. Deterrents include indemnity, rectification, recovery of losses and termination. If, for example, the Valuer General becomes aware of non-compliance by the contractor, it may require rectification of the non-compliance if it incurs losses. Moreover, where another contractor is retained to undertake the services, it may seek to recover same from the original contractor and/or may terminate the contract with the original contractor.

Recommendation 2

The Committee recommends that the Valuer General formalises a consultation process with key acquiring authorities to rank the complexity of negotiations on a risk management basis to prevent unnecessary duplication of effort in delivering compensation for compulsory acquisitions.

Status: Completed

A consultation process is in place to avoid duplication of effort around determinations for compulsory acquisitions. However, the Valuer General retains the right to exercise discretion to commence work on matters as he considers appropriate.

Roads and Maritime Services¹ and Transport for NSW have been consulted and both support the Valuer General commencing work upon receipt of a proposed acquisition notice, however they request a pragmatic approach whereby the Valuer General prioritises high risk acquisitions along with regular communication regarding matters which settle or are likely to settle. Examples of high risk would be financial penalties (ie if vacant possession is delayed), major infrastructure projects, or a high profile matter that is likely to receive political and media attention.

The following measures have been introduced to mitigate the situation:

- regular meetings between the Valuer General and the major acquiring authorities. At these meetings, the Valuer General discusses and ranks the complexity of the negotiations

¹ On 1 December 2019, Roads and Maritime Services and Transport for NSW (TfNSW) joined to form a single entity, TfNSW.

Tab A

between the acquiring authority and their claimants. This gives a clearer indication of the likelihood of gazettal. This action is a standing item on the meetings' agenda.

- upon receipt of a proposed acquisition notice, the Valuer General formally obtains feedback from acquiring authorities on the likelihood of the matter proceeding to compulsory acquisition and the risk rating for the project. This information is recorded in the Just Terms Manager, a centralised document exchange portal. The main benefits of improved consultation with acquiring authorities are: better visibility of upcoming projects, improved understanding of the scale and complexity of projects, and improved understanding of individual matters likely to settle. This allows the Valuer General to more effectively manage resourcing and minimise duplication of effort, particularly for matters that settle through negotiation.

Recommendation 3

The Committee recommends that the Valuer General publishes regular updates in the next Annual Report on any privacy issues resulting from the land valuation system, particularly in relation to the management of personal information and its adherence to the Privacy Management Plan of the Department of Finance, Services and Innovation.

Status: Completed

The Valuer General's 2017/2018 Annual Report included content on the management of personal information and privacy issues. This was the first time personal information and privacy issues were included in the Valuer General's annual report. Reporting will be updated as required. Please note that the relevant Privacy Management Plan for Valuer General NSW is now from the Department of Planning, Industry and Environment.

Recommendation 4

The Committee recommends that the Valuer General continues to develop initiatives to assess customer service experience and expands options to receive feedback to better inform future business improvement activities.

Status: Completed

Five (5) surveys are currently undertaken to assess customer service. These address various aspects of the customer journey including: compulsory acquisition, call centre service, technical advice, the objection process and facilitated conferences.

Review of surveys and feedback mechanisms

Following low levels of take-up of the current surveys, the surveys were externally reviewed to evaluate their effectiveness and outcomes.

The recommendations have been reviewed and a holistic approach to assess the customer service experience is being developed.

Recommendation 5

The Committee recommends that the Valuer General expands multicultural media coverage as part of a future media and community education strategy to ensure that landholders from non-English speaking backgrounds are adequately informed about the land valuation system in NSW, their rights in relation to objections to valuations for rating and taxing, and to compensation in the case of compulsory acquisitions.

Status: Completed and ongoing

In January 2019 the Valuer General expanded the reach of the annual media program to include the translation of the state-wide media release into the top five culturally and linguistically diverse languages (CALD) in NSW and distribution to multicultural media outlets. The translation of media releases was expanded for the 2020 media program to the top ten CALD languages. Translated media releases are published on the Valuer General's website.

For the first time in January 2020, the Valuer General's newsletter was translated and published on the Valuer General's website in the top ten CALD languages.

Information about the land valuation system in NSW, objections to valuations and the determination of compensation for land that is compulsorily acquired is on the Valuer General's website in the top ten CALD languages. This information is also available in printed form when requested.

An interpreter service is available for customers.

Recommendation 6

The Committee recommends that the Valuer General continues to review land valuation methodologies and techniques of quality assuring land values and provides regularly updated information to NSW landholders about improvements to quality assurance and verification programs.

Status: Completed and ongoing

Land valuation methodologies

Land valuation methodologies will continue to be reviewed.

Four (4) new Valuer General policies have been published providing direction to valuers and transparency to customers on the valuation of land used for:

- cemeteries and crematoria
- coal mining

Tab A

- metalliferous mining
- extractive industries.

The Valuer General has entered into a three-year partnership agreement, commencing 1 July 2019, as part of the 'Value Australia' project, working with the University of New South Wales, Frontier SI and others. The project aims to provide an automated alternate valuation methodology using artificial intelligence, with accuracy to be tested against the current component methodology. The automated methodology could be applied for relevant/suitable property types, improving efficiencies in the valuation and quality assurance process. If successful, the methodology is expected to be several years away from implementation.

The Valuer General is working in partnership with Department of Primary Industries (within Department of Planning, Industry and Environment) and Spatial Services (Department of Customer Service) to map rural land classifications. The project (Valmap) aims to provide automated land classifications, combining soil types, slope, vegetation and land use data to improve the accuracy and consistency of rural land values through datasets and satellite imagery. The classifications will be available to the public.

The Valuer General has completed a study to determine the impact of bushfires on land values, following the recent bushfire crisis across NSW. The study reviewed sales data before, during and after previous bushfires and compared value changes to non-affected areas and general market movements.

The study found the impact of these fires on land values is dependent on a range of factors including the:

- location of properties in bushfire affected areas
- proportion of properties damaged
- level of demand for land in that area.

The study also found the impact on land values varied from little or no change, to a 30% decrease in land value.

The study will be considered when determining land values for bushfire affected areas.

In addition, studies into valuation methodology have also been completed for: water infrastructure lands, telecommunication tower sites, airport lands, quarries, and cemetery and crematoria lands to assist in developing policy and best practice for these property types.

Tab A

Quality assurance and verification

Techniques of quality assuring land values will continue to be reviewed. Development of our annual QA program takes into consideration learnings from previous years' programs for continuous improvement.

For low risk properties, verification of the accuracy of the land values and property data has been increased from every six (6) to every five (5) years.

New initiatives were implemented in 2019 to improve quality assurance processes and ensure data is transparent, consistent and of high quality. These initiatives comprised:

- expanding digital delivery of data from contract valuers to include added value of improvement information and digital delivery of supporting information from contractors to explain statistical variances. Data was previously provided by pdf.
- development of standard benchmark codes and the inclusion of Australian Valuation Property Classification codes on the Register of Land Values to group similar properties, and review consistency of values across components, districts and contract areas.

Information to landholders

Public information about quality assurance and land value verification is available from the sources below.

- The [Valuer General's annual report](#) addresses the overall quality assurance program.
- The [Valuer General's Report on NSW land values](#) includes measures for valuation quality and verification.
- The Valuer General now publishes the annual quality assurance plan and a summary of the outcomes of the quality assurance program on the Valuer General's website. The first summary published addressed quality assurance for [1 July 2018 land values](#) and the first quality assurance plan published was for the [1 July 2019 land values](#).
- The [Valuer General's January 2020 newsletter](#) contained information to landholders about improvements in quality assurance and where to find more information on the Valuer General's website.