



Valuer
General

Ref: VG22/135

Ms Helen Minnican
Clerk of the Legislative Assembly
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Minnican

Valuer General's Response to the Joint Standing Committee on the Office of the Valuer General – Report on the Fourteenth General Meeting with the Valuer General

Please find enclosed for tabling in both Houses of Parliament, my response to the Joint Standing Committee on the Office of the Valuer General – Report on the Fourteenth General Meeting with the Valuer General.

Yours sincerely



Dr David Parker
Valuer General

29 April 2022

NSW VALUER GENERAL'S UPDATE ON THE STATUS OF THE RECOMMENDATIONS MADE IN REPORT No. 2/57 OF THE JOINT STANDING COMMITTEE ON THE OFFICE OF THE VALUER GENERAL

Recommendation	Initiatives	Status
<p>Recommendation 1 The Committee recommends that the Valuer General and the Department of Planning, Industry and Environment consult with the relevant VG NSW stakeholders, including the executive officers and the valuation and compensation staff, before determining the final operational arrangements.</p>	<p>The Valuer General (VG) and Department of Planning and Environment (DPE) are currently developing the operational arrangements and structure for Valuer General NSW (VGNSW). VGNSW have engaged a consultant to develop a strategic plan and operational arrangement; and undertake staff consultation in relation to that plan.</p>	<p>In progress</p>
<p>Recommendation 2 The Committee recommends that the Minister for Water, Property and Housing and the Minister for Local Government require local councils to reimburse the Valuer General for the provision of a determination.</p>	<p>Matter for Government.</p>	
<p>Recommendation 3 The Committee recommends that the Valuer General continues to monitor and improve the performance management system of VG NSW and ensure the objection management and compensation determination processes are continuously reviewed and restructured as required, in order to achieve greater efficiencies and timeliness.</p>	<p>The VG, VGNSW and DPE will continue to work collaboratively to monitor and improve the performance management system for staff of VGNSW. The VG has been working with VGNSW to implement a number of initiatives to achieve greater efficiencies and improve timeliness in the objections process and compensation determination processes.</p> <p>Objections management (Objections 2021):</p> <ul style="list-style-type: none"> • Objections 2021 was implemented in June 2021. • The processes and policies will be reviewed annually or as needed in alignment with the VG's and VGNSW's commitment to continuous improvement. The process for objection Quality Assurance has since been reviewed in order to improve timeliness for objection registration to completion. 	<p>Ongoing.</p>

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	<p>Objection data demonstrates an overall reduction in objections, interim KPI data shows KPI's are now being met, which suggests that the process improvements arising from Objections 2021 have been successful. VGNSW will continue to monitor and review this data.</p> <p>Compensation determination process improvements (JT21):</p> <ul style="list-style-type: none"> • JT21 has been manually implemented for all new matters from 10 January 2022; and aspects of JT21 for those matters that had not yet had a preliminary report issued at that date. • System enhancements to greater automate JT21 are ongoing with approximately 30-40% of the build complete and completion scheduled for July 2022. • Delays to system enhancements have occurred due to the Department's ability to source adequately qualified/skilled developers. • From approx. mid-January 2022 the VG and relevant VGNSW executives review JT outcomes weekly and adopt/revise resourcing and delivery methods as appropriate to ensure ongoing improvements to timeliness. <p>The Valuer General has required VGNSW to finalise all outstanding claims by the end of May 2022.</p>	
<p>Recommendation 4</p> <p>The Committee recommends that the NSW Government ensures that VG NSW has adequate resources to continue to develop and improve its public education about the land valuation system, including upgrading of the website and outreach to communities from non-english speaking backgrounds.</p>	Matter for Government.	
<p>Recommendation 5</p> <p>The Committee recommends that the NSW Government ensures that VG NSW has the necessary resources to explore, test and adopt new technologies to improve</p>	Matter for Government.	

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quality assurance, risk management, information security and greater efficiencies in the delivery of services in the land valuation system.		
Recommendation 6 The Committee recommends that the VG NSW provides updates on IT data security measures in future annual reports, in addition to reporting on privacy management and protection of personal information.	Updates on IT data security measures and reporting on privacy management and protection of personal information will be included in future annual reports.	Planned.
Recommendation 7 The Committee recommends that the Valuer General continues to monitor the performance of rating and taxing valuers for determinations of compensation, including the adequacy and rigour of the quality assurance systems for checking and evaluating performance outcomes.	<p>Just Terms:</p> <ul style="list-style-type: none"> • All Just Terms Compensation matters are quality assured internally (at a junior and senior level) as well as individually and personally by the VG. • Where issues are identified, these are brought to the attention of the relevant contract valuer and rectified prior to the issue of relevant compensation. • Where significant issues are identified during this process, these matters are discussed between VGNSW Executives and the VG, with appropriate contractual responses enacted (ie termination for future work). • To better enable the VG and VGNSW QA processes, VGNSW is currently procuring the services of external valuation firms who will undertake further quality assurance at the discretion of the VG and/or VGNSW Executives. <p>Rating and Taxing:</p> <ul style="list-style-type: none"> • Continuous improvement to the Rating and Taxing QA program is an ongoing priority for VGNSW. • In the last reporting period, VGNSW focused on improving statistical outcomes in the annual valuation program. • Further emphasis was placed on identifying key areas of risk by analysing property types or locations where external factors/information indicated analysis was warranted, for example information supplied by other agencies or media prompting analysis and review. 	Ongoing.

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	<ul style="list-style-type: none"> Following a review of the valuations for Western Sydney Aerotropolis, the contract with the contract valuer was terminated and a new contract valuer procured. Following a review of the valuations for Kingsford Smith Airport, the airport was excised from the valuation contract and a new contract valuer procured. 	
Recommendation 8 The Committee recommends that the Valuer General takes account of the quality assurance recommendations of the International Property Tax Institute. In particular, the Valuer General should consider further use of external audits, explore artificial intelligence to improve QA processes and outcomes, and develop data analytics capability to strengthen the mechanisms for checking data quality.	The Valuer General is considering the recommendations of IPTI in the context of the existing programs.	
Recommendation 9 The Committee recommends that the Valuer General includes more prominent analysis and discussion of the role of objections and court appeals in identifying valuation errors, in future annual reports.	VGNSW captures existing data in relation to objection outcomes and court decisions and undertakes analysis to identify broader valuation issues. This analysis is then considered when reviewing policies. The VG will expand on the existing analysis provided in relation to objections and court decisions in future annual reports.	Planned.
Recommendation 10 The Committee recommends that the Valuer General continues to rigorously monitor the integrity, performance and quality of the work of contract valuers, most particularly the efficacy of measures to provide reliability in their valuations	<ul style="list-style-type: none"> The performance and quality of work of contract valuers remains a key focus area for the VG and VGNSW. During the last reporting period, VGNSW implemented a score card which is now published and accessible to contractors. VGNSW also placed further emphasis on the provision of information to contract valuers, specifically providing more technical advice and guidance to contractors to enhance consistency across contract areas and improve contractor compliance. Further emphasis was placed on improvements in state-wide reporting and analysis, for example analysis of the added value of improvement tables to further enhance the consistency across contract areas. 	Ongoing.

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	<ul style="list-style-type: none"> • The QA plan for 2022 has been developed (an ongoing initiative from previous years), along with statistical analysis tools which measure the integrity and reliability of the land values. • KPI's include measuring the number of valuations changed following objections and reascertainments, based on contract area, with a target of 2% or below per annum. • Following a review of the valuations for Western Sydney Aerotropolis, the contract with the contract valuer was terminated and a new contract valuer procured. • Following a review of the valuations for Kingsford Smith Airport, the airport was excised from the valuation contract and a new contract valuer procured. 	
Recommendation 11 The Committee recommends that the Valuer General continues to prioritise audits and reviews of the efficacy of the conflict of interest management regime and provides comprehensive reports on all aspects of this matter in future annual reports.	The Valuer General proposes to prioritise audits and continue the audit program focusing on disclosure with cross referencing of declarations against valuations.	Ongoing
Recommendation 12 The Committee recommends that the Valuer General continuously evaluates and improves the conflict of interest component in the training program for valuation contractors.	The Valuer General proposes an annual refresher training program together with seeking and providing feedback at regular contractor meetings.	Ongoing
Recommendation 13 The Committee recommends that the Valuer General continues to conduct research into emerging issues impacting the land valuation system, as well as new technologies which may improve	<ul style="list-style-type: none"> • The VG remains committed to conducting research into issues impacting the land valuation system and reporting on the outcomes of that research to improve transparency and public education, having published five reviews into emerging issues impacting the land valuation system since his appointment in January 2020. • In the period since the VG met with the Joint Standing Committee, he has published the <i>Review of Forms of Cultural Loss and the Process and Method for</i> 	Ongoing.

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the performance of land valuations, the quality assurance of the system, and the provision of accurate information to the public.	<p><i>Quantifying Compensation for Compulsory Acquisition</i> (January 2022) and an accompanying policy.</p> <ul style="list-style-type: none"> The VG is currently monitoring the impact of the 2022 floods on land values to determine if a review may be required. 	
<p>Recommendation 14 The Committee recommends that the Valuer General develops monitoring and reporting procedures to enable more comprehensive information and analysis about the effectiveness of procedural fairness measures in the new processes for management of objections and determinations of compensation.</p>	<p>The VG measures the efficacy of procedural fairness measures based on complaint volume and subject matter, customer survey outcomes, objections, Ministerial correspondence and negative media attention.</p> <p>Objections 2021:</p> <ul style="list-style-type: none"> To ensure landholders receive procedural fairness in the objections process, they are provided a preliminary report. Landholders then have 21 days to advise if any matters raised in their submission have not been addressed and/or identify substantive errors of fact, prior to a determination being issued. Where an error of fact or process has been identified, landholders may also request an informal conference. VGNSW conduct a number of surveys throughout the objections process to monitor customer sentiment and the efficacy of procedural fairness measures. The Valuer General will include further analysis of this data in future annual reports. <p>JT21:</p> <ul style="list-style-type: none"> Both the claimant and acquiring authority continue to be provided the opportunity to submit their relevant position to the VG and any relevant documentation prior to the determination being made. Further, prior to finalisation of a determination of compensation, the claimant and the acquiring authority are afforded further procedural fairness by being provided an opportunity to review the determination and relevant findings and submit any errors of fact for further consideration. All parties are advised of their relevant avenues of submission and or appeal (post-determination) as well as the relevant process/steps in the compensation acquisition determination as part of the JT21 forms. Where requested VGNSW will also meet with relevant parties. 	Ongoing.
<p>Recommendation 15 The Committee recommends that the Treasurer ensures that the</p>	Matter for Government.	

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highest possible priority is given to the approval of the Valuer General's funding submission for Valnet III and that delivery and installation are expedited in order to ensure that the valuation system has the required technological capability to remain fit for purpose.		
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