



**Inquiry into the
Land Valuation System by the
Parliament of New South Wales
Joint Standing Committee on the
Office of the Valuer General**

Submission by the
New South Wales Valuer General

31 May 2013



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Questions on Notice

Does the Valuer General still have confidence in the compensation awarded to these landowners in Leppington?

What was the rationale behind why there was a value difference between the properties?

Executive Summary

Land and Property Information (LPI) manage the determination of compensation on behalf of the Valuer General under delegated authority and in accordance with a Service Level Agreement (SLA).

As Valuer General I was not involved in the valuations in questions and did not personally determine the amount of compensation payable. The determinations were made under delegated authority by LPI in accordance with the SLA.

I have reviewed the valuations in question and considered the approach taken by the valuers and the market evidence and assumptions they have used in making their determinations. I consider that the amount of compensation determined is just and reasonable and accords with the requirements of the legislation.

I have also identified a number of opportunities for improvement in relation to the valuation and acquisition process that will be implemented as part of our ongoing continuous improvement program.

My findings are that:

1. The valuation assumptions and rationale adopted by LPI valuers in making their determinations were fair and reasonable and that the assumptions regarding development potential made by the valuer acting for the former owners of the lands were not correct and were inappropriate for determining compensation at the date of the acquisition.
2. The market evidence used in the determination of compensation was the best evidence available and the most comparable to the subject properties. The evidence used by the valuer acting for the former owners of the lands was not comparable to the subject properties and was of no assistance in determining compensation at the date of acquisition.
3. The analysis, including the assumptions made regarding the added value of improvements, accords with valuation principles and practice.
4. The compensation determined for the subject properties is reasonable in light of the evidence and the assumptions made in each of the reports.
5. The fact that the draft reports undertaken in 2008 were partly the same as the reports provided in 2010 had no material impact on the accuracy or legitimacy of the 2010 determination.

Further to the above findings I propose to make the following process improvements:



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1. That information shall be made available to owners directly from the Office of the Valuer General at the time of the issuing of the Proposed Acquisition Notice (PAN). The information will detail the Valuer General's role in the acquisition process and provide contact details for enquires. The implementation of this recommendation is dependent upon the Valuer General being aware that the PAN is being issued.
2. That all valuation reports for Compulsory Acquisition matters developed for the Office of the Valuer General will be full speaking reports detailing all of the valuation assumptions and rationale. These reports will also be provided directly to landowners from my office.
3. Discussions will be held with acquiring authorities to ensure that the role of the Valuer General in the acquisition process is transparent to all stakeholders from initial notification of the agency's interest in the land through to compulsory acquisition, if required.
4. Consideration will be given to legislative change to provide legislative authority under the *Land Acquisition (Just Terms Compensation) Act 1991* for the Valuer General (or Chief Valuation Commissioner) to require that valuers be accredited to undertake compensation valuations and that such accreditation may be removed at the discretion of the Valuer General (or Chief Valuation Commissioner).
5. I am considering referral of one of the valuers involved in the Leppington Valuations (not an LPI valuer) to the Australian Property Institute for consideration of possible disciplinary action.

Just Terms Compensation Legislation

To respond to the questions on notice it is firstly important to understand what the *Land Acquisition (Just Terms) Compensation Act 1991* (the Act) requires and the process used to determine the amount of compensation.

The objectives stated in the Act are:

3 Objects of Act

(1) *The objects of this Act are:*

(a) *to guarantee that, when land affected by a proposal for acquisition by an authority of the State is eventually acquired, the amount of compensation will be not less than the market value of the land (unaffected by the proposal) at the date of acquisition, and*

(b) *to ensure compensation on just terms for the owners of land that is acquired by an authority of the State when the land is not available for public sale, and*



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(c) to establish new procedures for the compulsory acquisition of land by authorities of the State to simplify and expedite the acquisition process, and

(d) to require an authority of the State to acquire land designated for acquisition for a public purpose where hardship is demonstrated, and

(e) to encourage the acquisition of land by agreement instead of compulsory process.

(2) Nothing in this section gives rise to, or can be taken into account in, any civil cause of action.

These objectives require that compensation is just and that full market value is to be determined. The courts have also held that the valuer is not to be miserly in his or her assumptions. However "just compensation" does not mean that the owner should receive a windfall, but rather the owner should be placed in a financial position comparable to their financial position prior to the acquisition.

The level of compensation is determined by having regards to what are often described as the heads of compensation as detailed in Section 55 of the Act.

s55 Relevant matters to be considered in determining amount of compensation

In determining the amount of compensation to which a person is entitled, regard must be had to the following matters only (as assessed in accordance with this Division):

(a) the market value of the land on the date of its acquisition,

(b) any special value of the land to the person on the date of its acquisition,

(c) any loss attributable to severance,

(d) any loss attributable to disturbance,

(e) solatium,

(f) any increase or decrease in the value of any other land of the person at the date of acquisition which adjoins or is severed from the acquired land by reason of the carrying out of, or the proposal to carry out, the public purpose for which the land was acquired.

Background

LPI manage the determination of compensation on behalf of the Valuer General under delegated authority and in accordance with a Service Level Agreement (SLA). The SLA includes key performance indicators and mandates responsibilities and delegation levels. Valuations are either outsourced or undertaken in-house by LPI



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valuers before being peer reviewed and quality assured by the Valuation Manager Compensation.

In 2008 LPI commenced valuation work on the subject properties for the determination of compensation under the *Land Acquisition (Just Terms Compensation) Act 1991*. The valuations were not finalised and no determinations were issued as the acquisition project was abandoned. The 2008 reports remained in draft form.

In 2010 the project was recommenced leading to the subject lands being compulsorily acquired, with new valuations being made and determinations of compensation being issued.

I have reviewed the valuations in question and considered the approach taken by the valuers and the market evidence and assumptions they have used in making their determinations. I consider that the amount of compensation determined is just and reasonable and accords with the requirements of the legislation.

I have also identified a number of opportunities for improvement in relation to the valuation and acquisition process that will be implemented as part of our ongoing continuous improvement program.

Evidence has been taken by the Committee attesting to the development of new reports by former staff of LPI. At the Committee hearing on the 5 April 2013 it was noted that parts of the reports written in 2008 and 2010 are the same. The Committee raised a number of queries regarding these valuations which I agreed to take on notice. This report provides my detailed response to those questions.

Scope of Review

My review has comprised an investigation of:

1. The valuation assumptions and rationale adopted by the valuers.
2. The appropriateness of the market evidence selected by the valuers.
3. The sales analysis undertaken by the valuers.
4. The reasonableness of the application of the sales evidence in light of the above considerations.
5. Whether the preparation of the draft determinations of compensation in 2008 had any material impact on the determinations of compensation provided in 2010.

Review Methodology

I have initiated a comprehensive review of these valuations to fully satisfy myself as to the correctness or otherwise of the determinations of compensation. In carrying out this review I have personally visited the Leppington area and viewed the subject



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lands and the sales evidence. I have reviewed the valuation reports prepared by LPI on my behalf and examined the sales evidence prepared by the valuers on behalf of the former owners of the land.

Mr [redacted], an LPI District Valuer with long standing valuation experience in the Leppington area, has assisted with this review. Mr [redacted] was not involved in either the 2008 or the 2010 valuations and acting under my instructions has investigated matters and provided advice. I have personally reviewed Mr [redacted]'s responses and as necessary sought clarifications to satisfy myself as to their reasonableness.

Subject Properties

The properties investigated included:

Address	Owner	Partial or Total Acquisition	Date of Acquisition / Date Valuation Made
187 Rickard Road Leppington	[redacted]	total acquisition	23 July 2010
210 Byron Rd Leppington	[redacted]	partial acquisition	23 July 2010
226 Byron Road Leppington	[redacted]	partial acquisition	23 July 2010
242 Byron Road Leppington	[redacted]	partial acquisition	23 July 2010
250 Byron Road Leppington	[redacted]	partial acquisition	23 July 2010

Background on the Subject Lands

At the time of the valuations the location was, principally, a rural/residential area comprising mainly small acreage homesites as well as some farming pursuits.

The location is serviced by schools, parks, public transport, local shopping and has nearby access to major road transport routes such as the M7, the M5 and the Hume Highway.



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The local road system comprises mainly tar sealed roads with gravel road shoulders. The properties have mains water, telephone and electricity services available but sewerage is generally via septic tanks.

The area is within the South West Growth Centre and is covered by the provisions of the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*. The location is within the Leppington North Precinct and is shown as being within the Major Centre of that precinct.

At the time of the determinations in 2010 the land was zoned as Rural 1(b) (2 Hectares) under *Camden Local Environmental Plan 48 (Camden LEP 48)*. This accorded with its use at the time.

While the area was shown as being in a major town centre any potential for development for a higher purpose other than rural/residential was considered to be some time away. All available information indicates that it would be many years before comprehensive development in this area would commence.

Sales in the area reflect the level of value that purchasers are willing to pay for this distant potential and it is noted that properties in this area were not being sold to developers at the time the valuations were prepared.

Redevelopment for urban purposes in the area would require the provision of new services, upgrading of existing services and the consolidation of small rural holdings by developers with the capability of developing large greenfields locations. This is considered to be many years in the future.

Review Findings

1. Investigation of the valuation assumptions and rationale adopted by the valuers

I consider that the valuation assumptions and rationale adopted by the valuers in making their determinations were fair and reasonable.

In determining the compensation the valuers considered the highest and best use of the land at the date of acquisition having regard to the current zoning and the lands future potential as it would be recognised in the market but having no regard to the purpose for which the land was acquired. The valuers then used available market evidence in the same location that was subject to similar zoning and potential.

The valuers also considered that there was potential in the location of the subject properties as they were within the proposed Leppington town centre. The valuers went to some length to describe the proposals and studies that had occurred and what would be known to the market regarding the lands potential.

For example note page 25 of the (250) Byron Road report, paragraphs 5, 6 and 7:

- "Regard has been given to the future urban potential identified under the Growth Centres Commission plans for the south west areas of Sydney"



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- “Additionally the land is located in an area identified as a future ‘Major Centre’”
- “Market evidence within the “Major Centre” has been used to assess the value of the subject land as it is considered to have similar potential”

Note also page 23 of the Rickard Road report, paragraphs 5 and 6:

- “Regard has been given to the future urban potential identified under the Growth Centres Commission plans for the south west areas of Sydney.”
- “Market evidence with the same urban potential has been used to determine market value.”

On page 18 of the (250) Byron Road valuation the valuer states:

“It is understood that the Leppington Integration Study was used to provide background information to the department of planning to inform discussions with the Transport Infrastructure Development Corporation in relation to the design of the proposed new Leppington Railway Station. The Leppington Station Integration Study was not prepared for the purpose of informing detailed town centre master planning. While the Department will refer to the findings of the study when planning the town centre, the content of the enclosed study should not be interpreted as being representative of the future layout, zoning or development potential of specific lands within the town centre.

The Department of Planning have advised that while the Leppington Study was completed in October 2008 it has only been released to one member of the public and this occurred in mid July 2010 under the Freedom of Information Act.”

What the valuers are describing is their rationale in approaching the valuation. They concluded that there is some potential due to the Growth Centre proposals, however the market, at the time, was still not well informed of the specific nature of the proposal and the ultimate use of the land was uncertain. However the valuers have utilised sales of land that is similarly affected and would therefore provide the best evidence of value as at the date of acquisition.

The Leppington Station Integration Study (the study) identified the staged development that would most likely occur. In the study the Rickard Road land is identified as being part of initial “Construction 2016” whereby “Mid Term 2024” development would be completed of “enlarged retail footprint with construction of retail precinct 1 including the market pavilion and permanent Civic Centre Precinct ...”. The Byron Road properties were designated within the “long term plan – 2046”. As documented in the LPI valuation reports the study was not widely known however the valuer, resolving all doubts in favour of the former owners, attributed some value to the potential particularly in regards to Rickard Road.

Although not detailed until 15 March 2013 the zoning under *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* approximately accords with the study by zoning 187 Rickard Road as B3 Commercial Core and the Byron Road



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properties as B7 Business Park. Generally, 187 Rickard Road, being within the commercial core, would be considered to have more potential and be of a higher value than the Byron Road properties in the area zoned for Business Park. It was this potential that the valuer recognised when attributing a higher rate per square metre to the Rickard Road property.

2. Investigation as to the appropriateness of the market evidence selected by the valuers

I consider that the market evidence used in the determination of compensation was the best evidence available and the most comparable to the subject properties.

The subject properties are located in the Leppington North Precinct of the Southwest Growth Centre. Sales used by LPI to determine the compensation for the subject properties were either within this precinct or the adjoining Leppington and Rossmore precincts, which are comparable.

The sales used to determine the value of all five properties are the same with only minor variations therefore all comments relating to sales apply to all five properties.

The sales selected are considered to be the most relevant sales as they were comparable to the subject properties and shared the unique circumstances of these properties in regard to development potential and timeframes for rezoning and development.

As well as considering the sales used by LPI valuers, the sales used by other valuers that provided advice on these properties for the 2010 valuations have also been reviewed.

- Valuation reports were supplied by Kenny & Good Pty Ltd to the acquiring authority for the properties at 226, 242 and 250 Byron Rd.
- A report was supplied by W.Mcl.Carpenter & Associates to the acquiring authority for the property at 187 Rickard Rd.
- Reports were supplied by Carrapetta F C & Associates to the owners for the properties at 226, 250 Byron Rd and 187 Rickard Rd.

It is understood that Carrapetta F C & Associates also supplied a report for the property at 242 Byron Rd, though I was not able to sight this. I viewed a two page memo from K.D.Wood Valuations to the acquiring authority on behalf of the owners of 242 Byron Rd, however this did not include details of any sales.

The sales used by Kenny & Good Pty Ltd were the same for all three properties which they provided valuations for. Three of these sales were ones also used by LPI valuers and two were additional to those used by LPI valuers. The additional two sales were not any more relevant than the other sales and were at the lower end of the value range of the sales used.

The sales used by W.Mcl.Carpenter & Associates included a larger number of sales than those used by LPI as well as three of the same sales. The additional sales were



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no more relevant (and some less so) than the sales used by LPI and provided no better evidence as to the value of the subject properties.

The sales used by Carrapetta F C & Associates were not considered comparable to the subject properties. They were of properties with different zonings which could be developed for a much higher use than the subject properties could have been at, or close to, the date of valuation. The only sales used by Carrapetta F C & Associates in the immediate locality of the subject properties occurred in the mid 1990s and are considered to be too far removed from the valuation date to be of assistance.

It is considered that the significant differences in date or development potential of the sales used by Carrapetta F C & Associates means that they have little or no comparability to the subject properties at the date of acquisition. Consequently they are considered to be of no assistance in determining compensation at the date of acquisition.

3. Investigation of the sales analysis used by the valuers

I consider that the sales analysis undertaken by the LPI valuers accords with sound valuation principles and practice.

I have personally considered the approach taken by the LPI valuers including their consideration as to the requirements for the adjustment between sale dates and acquisition dates and the allowance made for the added value of improvements when using improved sales. I consider that their analysis is in accordance with the principles and practices that would be expected of professional valuers in carrying out valuations of this nature.

4. Investigation of the reasonableness of the application of the sales evidence in light of the above consideration

It is considered that the compensation determined for the subject properties is reasonable in light of the evidence and the assumptions made in each of the reports.

The most relevant evidence in determining the market value of the subject properties is summarised in the table attached to this report titled "Summary of Sales Evidence used by LPI".

This evidence which was used by LPI is considered to be the best evidence as these sales are in the same location as the subject properties i.e. they are within the same Growth Centre, had the same zoning and all sales occurred within a reasonable timeframe of the acquisitions. As the sales have a significant degree of similarity to the subject sites they require less adjustment for comparison to the subject properties than sales which are outside of the area or more remote in time.

The subject properties and the sales are located within the South West Growth Centre. This is a major release area that has been the subject of long term planning information which is now available to the public on the Growth Centre's website.



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At the time of the valuations the area was, in character, a rural/residential area comprising mainly small acreage homesites as well as some farming pursuits. While, at the time of preparing the valuations, there was no definitive answer as to when development would occur throughout this area, the available studies and enquiries made at the time of valuation indicated that development was many years away with some areas in this location not due for development until the 2040s. Therefore, while the subject properties were in a designated future development area, they were not suitable for immediate development due to lack of services and defined planning.

In terms of determining a suitable market value the rates shown by the sales that were used by LPI valuers are comparable to the value levels of the subject properties, subject to adjustment for physical features and known planning factors.

At the time of the acquisitions the current planning instrument was *Camden LEP 48*, which showed the subject properties to be zoned Rural 1(b) (2 Hectares). At that time the council had prepared a draft LEP and this was subsequently published in the NSW Government gazette on 3 September 2010. This plan would have been well known within the market and showed the proposed zoning for the subject properties as RU4 Primary Production Small Lots, which was equivalent to their current (at the time) zoning under *Camden LEP 48*.

The compensation determined for the subject properties was based on a rate of \$85 per square metre for a 2ha property, with the exception of 187 Rickard Road which was based on \$110 per square metre. The sales evidence used to determine these rates ranged from \$43 per square metre to \$72 per square metre, for the sales used in the 2010 determinations. The actual value levels were determined using the available sales evidence. The valuer adjusted for the fact that the sales were further removed from the proposed town centre than the subject properties. As a result, the levels adopted for the subject properties were higher than the rates shown by the sales.

The rates adopted for the determination in 2010 were the same as those being considered in the 2008 draft report, with the exception of the Rickard Road property. As can be seen from the sales summary attached the rates shown by the sales used for the 2010 determinations were similar to the rates shown by the sales being considered in 2008.

The rate being considered for 187 Rickard Road in 2008 was \$85 per square metre, which was the same as the other subject properties. While the rate for the Byron Road properties remained at \$85 per square metre for 2010, the rate for 187 Rickard Rd was increased to \$110 per square metre. This was due to the release of the Leppington Station Integration Study which further clarified the location of the Town Centre and the most likely area for retail in that Town Centre. In 2008 this study had not been released and the exact location of the proposed Town Centre was a matter of far greater conjecture than it was in 2010.

The Byron Rd properties were partial acquisitions and the before and after method of valuation was used to determine the compensation. Under this methodology the value of the property immediately before the acquisition is assessed. Then the value of the property immediately after the acquisition is assessed. The difference between



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the two valuations is the compensation determined for the acquisition. This method captures the market value of the land acquired as well as severance, if any, and the increase or decrease in the value of the retained land of the owner.

In the valuations for the Byron Road properties a higher rate was used in the after valuation than the before valuation. This was due to the property in the after valuation being substantially smaller. It was considered that the rate per square metre of a smaller site would be greater than a similar but larger property. This is because the majority of the land's value lies in its building right and any land in excess of a reasonable curtilage is land in excess to the building site and does not carry as great a value. The smaller portion of the site remaining in the owner's possession retains that building right and therefore retains the greater part of the value of the original parcel, resulting in a value which reflects a higher rate per square metre. The difference is a matter of opinion however the process follows well established valuation principles.

It is further noted that the valuers discounted the after valuations for the Byron Road properties due to their proximity to the proposed railway line. This had the effect of increasing the amount of compensation as it exacerbated the loss in value to the land remaining in the owner's possession. This approach is consistent with the requirements of the legislation as defined at Section 55(f) of the *Land Acquisition (Just Terms Compensation) Act 1991*. This approach was also later adopted by the Land and Environment Court in the case of *El Boustani vs the Minister*.

Owners Claims

While it is considered that the determinations supplied by LPI for these properties were reasonable and well supported by the market evidence, they differ substantially from the claims lodged by the owners of these properties. Due to this discrepancy it is considered prudent to comment on the evidence supporting the owners' claims.

It seems that the main influence on these claims was advice provided by Carrapetta F C & Associates. Carrapetta F C & Associates' advice was based on a number of sales included in their reports. It is considered that these sales are largely irrelevant to the subject properties and are of little use in determining the market value of properties in the Leppington area. Also, Carrapetta F C & Associates have completely ignored all the sales in the subject location, which have been used by all the other valuers involved in the valuation of properties in this area.

The sale quoted by Carrapetta F C & Associates in Croatia Ave, Leppington was purchased by Landcom. This was a key site for Landcom which they purchased to obtain access through the proposed Edmondson Park town centre to their adjoining land at Ingleburn. At the time of this sale Landcom were negotiating with three adjoining landholders to purchase a site and only wanted one of those three. The site was not purchased for its potential use under the zoning but rather for the access given to the adjoining large scale development sites owned by Landcom. As a result, the price paid is significantly higher than market levels. Through Mr [redacted]'s discussions with Landcom it was revealed that due to their individual requirements for the site Landcom should be considered to be over anxious purchasers. Sales of



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this nature do not meet the requirements of market evidence where the parties must be at arm's length and not over anxious.

At the date of acquisition the Edmondson Park area was also far closer to development than the Leppington area, with Landcom ready to start the development in Edmondson Park in early 2012, while Leppington was still many years away from development. Notwithstanding all of the above the Land and Environment Court, in its decision in the matter of El-Boustani vs The Minister, ruled that a sale at Edmondson Park quoted by one of the valuers in that case should be eschewed as it was subject to different zoning than the Leppington property. The court's direction accords with my view that the use of the Edmondson Park sale by Carrapetta F C & Associates is unsound.

The sales quoted by Carrapetta F C & Associates at Wrights Road, Kellyville are in a built up urban area. They are commercial sites purchased for immediate development with all services in the area available. These are not at all comparable to the subject properties that were years away from development, did not have services available to support a higher development and did not even have a defined zoning (other than a rural zone) in place. In addition, two of the sales quoted at Kellyville occurred in 2000 which was 10 years prior to the acquisition of the subject properties.

The sales quoted by Carrapetta F C & Associates at Horningsea Park occurred in the mid 1990s. It is difficult to see how sales that occurred so far removed in time could be of any use in determining the values for the subject properties, especially given there is more recent and more comparable sales evidence available. These sales are considered to be of no use in determining compensation for the subject properties.

In addition, one of the sales quoted by Carrapetta F C & Associates at Horningsea Park was a commercial site in a developed area adjoining a shopping centre. This sale was far superior to the subject properties yet reflects the same rate per square metre that Carrapetta F C & Associates adopted for the subject properties.

Carrapetta F C & Associates states that once the subject properties were rezoned a Development Application (DA) could be lodged with Council. This claim is disingenuous. While it may be that a DA could be lodged it is not reasonable to assume that a developer of a commercial site such as a shopping centre would seek to build such a development in an area in which there was not a residential catchment to service the development. The residential development to support such a use would be many years away in this area and it is not reasonable to assume that a purchaser would buy this land at full commercial rates to land bank for an indeterminate number of years. Furthermore, it is likely that such development would not have been approved without the existence of adequate servicing.

The sales used by Carrapetta F C & Associates appear to reflect the values which would attribute if the subject parcels were ripe for development, which is not the case. The sales used by LPI and other valuers reflect the actual situation of the subject properties and are therefore the best evidence of value, while those used by



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Carrapetta F C & Associates are not relevant in assessing the just compensation for these properties.

5. Investigation as to whether the fact that 2008 reports prepared on the subject properties had any material impact on the determinations for compensation provided in 2010

I consider the fact that the draft reports undertaken in 2008 were, in part, the same as the reports provided in 2010 had no material impact on the accuracy or legitimacy of the 2010 determination.

As discussed at the committee hearing on the 5 April 2013 there were a number of sections of the draft 2008 reports which were the same as the final 2010 reports. I have reviewed the reports in question and agree that some parts of the reports are the same.

There are also a number of parts of the reports that are not the same and many of these parts point to further investigation and new material. While there are some errors within the reports, these were not found to be material to the decision, and they also demonstrate a variation from the 2008 drafts to the 2010 reports.

Many of the aspects of the reports that are the same would not be expected to change. Details such as the area, legal description and the description of the location would all be the same. The use of previous draft reports to develop new reports on the same properties is sensible time and resource management.

As I stated at the 5 April 2013 committee hearing, what I would have expected is that the valuer in 2010 would have researched and confirmed the information that had been replicated was still correct. I can see no reason to suspect that the 2010 reports were not well considered stand alone documents that defined the valuers' final considerations for that valuation date.

Further Questions to Mr [REDACTED]

In the course of my investigations I put a number of questions to Mr [REDACTED], LPI's District Valuer. The initial questions revolved around the actual valuations undertaken by LPI and the conclusions are therefore covered in the body of my advice. Five further questions were asked of Mr [REDACTED] that have elicited responses that I believe are of particular benefit to the committee's understanding of the integrity of the LPI valuations undertaken in 2010.

These questions and Mr [REDACTED]'s advice is attached as Tab B.

Findings Summary

The investigation found that;



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1. The valuation assumptions and rationale adopted by the Land and Property Information (LPI) valuers in making their determinations were fair and reasonable and that the assumptions regarding development potential made by the valuer acting for the former owners of the lands were not correct and were inappropriate for determining compensation at the date of the acquisition.
2. The market evidence used in the determination of compensation was the best evidence available and the most comparable to the subject properties. The evidence used by the valuer acting for the former owners of the lands was not comparable to the subject properties and was of no assistance in determining compensation at the date of acquisition.
3. The analysis, including the assumptions made regarding the added value of improvements, accords with valuation principles and practice.
4. The compensation determined for the subject properties is reasonable in light of the evidence and the assumptions made in each of the reports.
5. The fact that the draft reports undertaken in 2008 were partly the same as the reports provided in 2010 had no material impact on the accuracy or legitimacy of the 2010 determination.

Further to the above findings I propose to make the following process improvements;

1. That information shall be made available to owners directly from the Office of the Valuer General at the time of the issuing of the Proposed Acquisition Notice (PAN). The information will detail the Valuer General's role in the acquisition process and provide contact details for enquires. The implementation of this recommendation is dependent upon the Valuer General being aware that the PAN is being issued.
2. That all valuation reports for Compulsory Acquisition matters developed for the Office of the Valuer General will be full speaking reports detailing all of the valuation assumptions and rationale. These reports will also be provided directly to landowners from my office.
3. Discussions will be held with acquiring authorities to ensure that the role of the Valuer General in the acquisition process is transparent to all stakeholders from initial notification of the agency's interest in the land through to compulsory acquisition, if required.
4. Consideration will be given to legislative change to provide legislative authority under the *Land Acquisition (Just Terms Compensation) Act 1991* for the Valuer General (or Chief Valuation Commissioner) to require that valuers be accredited to undertake compensation valuations and that such accreditation may be removed at the discretion of the Valuer General (or Chief Valuation Commissioner).

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5. I am considering referral of one of the valuers involved in the Leppington Valuations (not an LPI valuer) to the Australian Property Institute for consideration of possible disciplinary action.

In summary I have full confidence in the level of the compensation determined to the owners of the subject properties in Leppington.

Philip Western
Valuer General

SUMMARY OF SALES EVIDENCE USED BY LPI

No	Street	Suburb	Lot	DP	Area (ha)	Zone	Contract Date	Transfer Date	Price	An Rate per sqm	Vendor	Purchaser	Sales Used For							
362	Bringelly Rd	Austral	1172	2475	1.52	RU4 Small Rural holdings Liv LEP 2008	5/4/08	16/5/08	\$1,265,000	\$81		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
1435	Camden Valley Way	Leppington	B	407234	1.07	1(b) Rural 2ha Camden LEP 48	31/5/08	4/7/08	\$900,000	\$84		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
189	Bringelly Rd	Leppington	1	825670	1.87	1(b) Rural 2ha Camden LEP 48	23/6/06	16/8/06	\$1,150,000	\$59		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
17	Eastwood Rd	Leppington	22	618171	2.22	1(b) Rural 2ha Camden LEP 48	30/9/07	5/11/07	\$1,200,000	\$50		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
173	Byron Rd	Leppington	38B	8979	2.32	1(b) Rural 2ha Camden LEP 48	1/11/08		\$1,010,000	\$43		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
500	Bringelly Rd	Austral	B	408221	2.374	RU4 Small Rural holdings Liv LEP 2008	13/8/09	8/10/09	\$1,700,000	\$68		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
230	Fifth Ave	Austral	1130	2475	1.214	RU4 Small Rural holdings Liv LEP 2008	9/12/09	22/2/10	\$835,000	\$64		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
10	Fifth Ave	Austral	10	1124205	1.24	RU4 Small Rural holdings Liv LEP 2008	13/10/09	15/12/09	\$935,000	\$72		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	
605	Bringelly Rd	Rossmore	6	204127	2.142	1(b) Rural 2ha Camden LEP 48	12/11/10	23/2/10	\$920,000	\$43		250 Byron 2008	250 Byron 2010	187 Rickard 2008	187 Rickard 2010	242 Byron 2008	242 Byron 2010	226 Byron 2008	226 Byron 2010	