

**VALUER GENERAL
OFFICE OF THE VALUER GENERAL**

**REPORT TO THE NSW JOINT COMMITTEE ON THE OFFICE OF
THE VALUER GENERAL**

SECOND GENERAL MEETING

THURSDAY 19 MAY 2005

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OFFICE OF THE VALUER GENERAL **REFORM PROGRAM UPDATE**

As part of the on going improvements to the valuation system to enhance valuation outcomes for the people of New South Wales, the Valuer General is continuing to implement a number of initiatives.

This report provides an update on progress of various issues up to 10 May 2005.

1. SERVICE LEVEL AGREEMENT BETWEEN THE OFFICE OF STATE REVENUE AND LAND AND PROPERTY INFORMATION

Background

- 1.1 The previous Service Level Agreement (SLA) had not been reviewed for a number of years. The purpose of this review was to provide focus on the key areas of service and delivery to the Office of State Revenue (OSR).
- 1.2 Considerable input from various levels of both organisations has provided a practical working document with clear objectives and outcomes.

Current Situation

- 1.3 This SLA has been agreed and signed. Regular monthly meetings are held between Land and Property Information (LPI) and the Office of State Revenue.

2. SERVICE LEVEL AGREEMENT BETWEEN THE VALUER GENERAL AND LAND AND PROPERTY INFORMATION

Background

- 2.1 The contents and requirements of the previous SLA did not meet the expectations of the current Valuer General. The previous SLA had not been reviewed for a considerable period of time.
- 2.2 The new SLA is more detailed and focused on key performance areas to ensure that the valuation database and key deliverables continue to contribute to the development of the integrity and quality of the valuation system.
- 2.3 The agreement covers the key areas of valuation services, managing valuation contracts, provision of other valuation services, customer service, external communication and the management of the valuation data and systems.
- 2.4 The new agreement will be reviewed on an annual basis to ensure that it continues to meet the on going requirements of the Valuer General and the primary stakeholders.

Current Situation

- 2.5 The Valuer General monitors the SLA on a monthly basis with reference to the Key Performance Indicator targets.
- 2.6 A review of the current SLA will be commenced in late May 2005, with a new SLA being in place for 1 June 2005 for the ensuing 12-month period.

3. RATING – TAXATION VALUATION TENDER – CONTRACT REVIEW

Background

- 3.1 The Valuer General implemented in May 2004, a review of the prevailing tender and contract documentation for rating – taxation valuations.
- 3.2 The need for this review arose, following many years of additions/deletions and ‘band aiding’ to existing documentation. This resulted in difficulties interpreting issues and requirements amongst both the Office of the Valuer General and LPI, as well as existing contractors and prospective tenderers.

Current Situation

- 3.3 A number of changes were implemented for the 1 May 2005 contract and tender documentation. These changes were detailed in my September report to this Committee.
- 3.4 A further review of the tender process and documentation will be undertaken before September 2005, to provide further enhancements and efficiencies. This review will also incorporate the Statewide real estate valuation services tender.

4. COMMUNICATIONS STRATEGY REVIEW

Background

- 4.1 The majority of property owners, ratepayers and taxpayers do not understand the valuation system or the manner in which valuations are established.
- 4.2 Previously, the principal communication with property owners has been through the brochure enclosed with each valuation that is posted to property owners at the time of a general valuation.
- 4.3 The other main forms of communication have been through:
 - Department of Lands web site.
 - Enquiries to Land and Property Information offices.
 - Valuers and support staff talking directly with property owners.

- 4.4 No information has been provided to property owners with respect to historical property market value movement in the intervening years between general valuations. This often results in property owners being surprised by the change in the value of their property.
- 4.5 Often the limited information available to property owners means that when the valuations are issued, LPI resources are diverted to answering simple enquiries.

Current Situation

- 4.6 The Valuer General has adopted an on going strategy of being open and transparent with all stakeholders. This has already been acknowledged by a number of key stakeholders as being conducive to improving the creditability of both the valuation system and the position of Valuer General.
- 4.7 As part of this strategy in 2004, a newsletter was developed and sent via local government councils to approximately 700,000 ratepayers. Feedback from this publication has generally been positive, especially in assisting the public to better understand and appreciate the process involved in arriving at a valuation.
- 4.8 The majority of councils, who participated in this project in 2004, indicated that the newsletter should be published on a basis.
- 4.9 The 2005 newsletter is currently being developed. A draft copy is attached as [Attachment 1](#). Councils are currently being canvassed, to establish if they would like to provide the newsletter to ratepayers, in conjunction with the first rates installment for the 2005 – 06 year. Participation feedback to date has been good.
- 4.10 The public can now access both current and previous land values through the Department of Lands website. Previously this information has not been readily available. The public can register to receive up to 5 land value searches free of charge. The availability of this information has been well received. This and other property related information is also available over the counter at LPI office.
- 4.11 Sales information relevant to the particular locality and property is now being made available to the public. (See [Attachment 2](#)). While currently only available as a hard copy, the intention for the future is this information will be available electronically through the Lands website.
- 4.12 To assist in providing an improved information service to the public, a call centre has been established by LPI. The call centre will operate during peak public enquiry times, generally when the majority of valuations and land tax assessments are posted between December and the end of the following May.
- 4.13 On average, there have been approximately 140 calls per day to the call centre.
- 4.14 The total number of enquiries received by the call centre to date is 20,851.

- 4.15 The number of calls made directly to LPI offices has been reduced by 81% with the introduction of the call centre.
- 4.16 The majority of calls to the call centre have been regarding general valuation information or changes to postal addresses. Approximately 16% of enquiries related to land tax issues.
- 4.17 For the release of the 1 July 2004 general valuation, a new policy was implemented to provide the media with access to the senior valuation staff operating at a local level. This has proved beneficial with the valuers being able to provide authoritative and accurate information on the market, valuation levels and other information relevant to their particular location.

5. VALUATION SERVICES PRICING REVIEW

Background

- 5.1 Pricing for valuation services (for the provision of rating valuations) provided to local government councils is currently set by the Independent Pricing and Regulatory Tribunal (IPART).
- 5.2 The last review was undertaken as at 1 July 1996, when IPART set the following maximum prices for rating valuations.
- Residential \$3.60 per assessment
 - Non Residential \$7.90 per assessment
- 5.3 After consultation with the Local Government and Shires Association (LGSA) [as the member councils representative body] and IPART, the Valuer General has put forward an alternative option for the future pricing of valuation services to local government councils.
- 5.4 The proposal is for the Valuer General to review the pricing of valuation services on an annual basis. On reaching agreement with LGSA, the new pricing levels will be signed off by IPART.
- 5.5 Should agreement on pricing with the LGSA, not be attained, then IPART will decide the pricing structure.
- 5.6 It was originally intended that the pricing review and consultation would be undertaken in early 2005, with implementation for the 2005 – 06 financial year.
- 5.7 In late 2004, Land and Property Information presented a business funding proposal to New South Wales Treasury, proposing a number of actions so that Land and Property Information could achieve its goal of optimizing the objection system to meet the needs of government and the public.

Current Situation

- 5.8 As a result of this initiative, and the additional reforms I am implementing to provide further improvements and efficiencies to the valuation system, a decision was made to postpone a full pricing review until these reforms are completed.
- 5.9 As no funding adjustment (on the basis of price per valuation assessment) has been made since the 1 July 1996 IPART review, an interim pricing solution will be discussed with LGSA.

6. WATER MANAGEMENT ACT 2000 - VALUATION IMPLICATIONS

Background

- 6.1 The *Water Management Act 2000* (WMA) allows for the separation of water rights from the land title.
- 6.2 Currently water rights are included in valuations prepared under the *Valuation of Land Act 1916*.
- 6.3 With the removal of water rights from the land valuation, there is a major impact for many rural councils, particularly where the land value utilized for rating purposes contains a significant component related to the value of the water right .
- 6.4 There are approximately 44 shire councils impacted by the changes.
- 6.5 A working group comprised of representatives of the affected organisations (including the Valuer General) developed a discussion paper on the issues and future options for council rating revenue. This was issued in late 2004, with responses evaluated and collated in February 2005.
- 6.6 A cabinet minute has recently been drafted, for presentation.
- 6.7 The primary implications for the Valuer General center on issues of timing. There is a need to ensure that valuations where the water right is currently included in the land valuation, have the value attributable to the water right removed, to reflect the new legislation.
- 6.8 Schedule 8.29(10) of the WMA allows for the Valuer General to continue valuing water rights in the land value until at least the general valuations established at 1 July 2005.
- 6.9 Government Gazette No. 110 of 2 July 2004 included the proclamation of Schedule 8.29(10).

Current Situation

- 6.10 The Valuer General's preferred option for the reascertainment of the valuations for those properties affected by the WMA is to assess the 'ex water' land values in a single year through a combined process of:

- a) Assessing 'ex water' land values for all properties that currently include water in the shires that will have Notices of Valuation issued for 1 July 2005 as part of the general valuation program. This work is to be completed by November 2005, and;
- b) Assessing 'ex water' supplementary land values for all properties affected by the Water Management Act in those shires that will not have Notices of Valuation issued for this valuing year 1 July 2005. This work is to be completed by the end of March 2006.

7. OBJECTION MANAGEMENT

Background

- 7.1 The Valuer General in conjunction with LPI implemented a review of objection management and associated processes in May 2004.
- 7.2 This was required to improve the efficiency in the management and processing of objections as well as ensuring the timely completion of objections being actioned.
- 7.3 The following objectives were established for the review:
 - To improve the objection process so they are decided in a timely manner, irrespective of the number of objections lodged.
 - Maintain the integrity of the objections process.
 - Implement more efficient processes for the long term as well as short term.
 - Develop innovative solutions for processing objections.
 - Increase communication and positive relations with the public, the media and other stakeholders.
- 7.4 Additionally with the removal of the land tax threshold, and a considerable number of 'first time land tax payers', it is expected that there will be an increase in the number of objections received for the valuations prepared as at 1 July 2004.
- 7.5 It is important for the principal stakeholders, as well as rate and taxpayers that objections are completed as efficiently and as promptly as possible.
- 7.6 In particular it is critical for local government councils and Office of State Revenue (OSR) to have their rating and taxation valuation base as accurate and as stable as possible prior to the commencement of their respective rating and land tax years.
- 7.7 The objection process, importantly, also aids the identification of errors or anomalies and so forms a valuable part of the quality control mechanism for the valuation system.

Current Situation

- 7.8 The review has been completed and two strategies developed:
- An Inwards Volume Management Strategy (IVMS)
 - A Process Improvement Strategy (PIS)
- 7.9 These strategies need to be implemented in conjunction with the establishment of appropriate staffing for the short term as well as the long term.
- 7.10 The IVMS seeks to address the reasons why landholders object to their land value in the first place. It aims to reduce the number of objections by:
- Increasing public confidence in the valuation system.
 - Discouraging vexatious or flippant objections.
 - Requiring objections to be lodged on a standardized form.
- 7.11 Streamlining the process. The PIS aims to minimize the time taken to resolve objections.
- 7.12 The receipt and registration can be streamlined through the use of a prescribed form. This will speed the identification of properties and the grounds for objection. It is envisaged that long term, an on-line objection registration process will be introduced.
- 7.13 The inspection of objections is both time consuming and costly. Efficiency gains can be achieved by limiting inspections to only those cases where it is essential to resolve the objection. To achieve this an improved objection process has been developed. This comprises:
- Resolving objections by desk top review where appropriate.
 - Resolving queries from desk top reviews through telephone interviews with objectors.
 - Limiting inspections to objections that can not be resolved through the preceding processes.
- 7.14 The expected increase in objection volumes will naturally require additional staff resources to manage the process: There are four main requirements:
- District Valuer position
 - Valuation Contract staff
 - Temporary Clerical staff
 - Outsourced call center
- 7.15 As a result of this review additional funding has been made available through the Office of State Revenue for processing objections.
- 7.16 The proposal for an increase in permanent staff resource is still subject to discussion.

8. MAURICI OBJECTION

Background

- 8.1 In February 2003, the High Court handed down its decision in relation to the Maurici objection appeal. This originated from an objection to a residential land value as at 1 July 1997.
- 8.2 At that time the High Court made certain declarations concerning the issue of scarcity of vacant land and then remitted the case to the Land and Environment Court to consider whether the lower court should consider further evidence in the matter.
- 8.3 The Valuer General's contended land value for the property at the 1999 hearing was \$2.0 million. The Commissioner reduced that on hearing evidence from both parties to \$1.95 million. The applicants were contending \$1.3 million.
- 8.4 A number of hearings were held in the Land and Environment Court between July and August 2004, to hear further evidence. The final hearing was on 31 August 2004. A decision was issued in February 2005.
- 8.5 The following is a summary of the decision:
- Commissioner Nott of the Land and Environment Court, delivered a 114 page decision on 11 February 2005. He found in favour of the applicant and reduced the land value as at 1 July 1997 to \$1.89 million, which is an approx 5% variation from the Valuer General's contended value of \$2.0 million and approx 45% higher than Maurici's contended valuation of \$1.3 million.
 - Importantly Commissioner Nott's decision stated that no adjustment should be made for scarcity in analysing vacant land sales. The impact of including a scarcity factor could have had immense consequences for the current and past valuations made by the Valuer General.
 - The Commissioner agreed with the applicant's argument that an 'improvements increment' is an appropriate valuation technique to use in the analysis process for improved sales.
 - The term 'improvements increment' is an unfortunate term, but essentially allows for an allowance to be made in the sales analysis for the inclusion of developers/entrepreneurs profit. The Valuer General accepts that this is one of many appropriate methodology tools available to the valuer when analysing improved sales.

Current Situation

- 8.6 Maurici has appealed the decision of the Land and Environment Court.
- 8.7 Proceedings are set down for a hearing on 15 June 2005. No specific formal points have been submitted by Maurici at this point.

9. AMP GLOBAL HENDERSON OBJECTIONS

Background

- 9.1 This objection, submitted by AMP Henderson Global Investors Limited was heard by the NSW Land and Environment Court in early December 2003.
- 9.2 It related to valuations as at 1 July 2001 in the Sydney central business district. It involves the assessed land values for two central business district buildings, namely National Australia Bank House, in George Street and the Colonial Centre in Martin Place. These properties have land values as at 1 July 2001 of \$58,000,000 and \$70,000,000 respectively.
- 9.3 The objectors argued that the land values of both properties should be considerably lower. This Court case had significant implications in respect to both local council rating revenue and Office of State Revenue, if the applicants contended valuations were accepted by the Court.
- 9.4 The Land and Environment Court dismissed the objections.
- 9.5 AMP appealed to the Court of Appeal. The grounds for the appeal were:
- The Commissioner in the Land and Environment Court failed to take into account post valuation date comparable sales.
 - The Commissioner wrongly dismissed as irrelevant comparable sales applying the whole percentage depreciation method.
- 9.6 The appeal was allowed on these grounds.
- 9.7 The matter has been referred back to the Land and Environment Court for the Commissioner to take into account a broader range of comparable sales.

Current Situation

- 9.8 The Commissioner has requested that a Court appointed expert be involved in these objections. The expert will be an independent valuer, agreed by both parties. He will hear the evidence of both parties and make his own investigations to arrive at a valuation decision.
- 9.9 This will be the first time that a court appointed expert has been involved in a Land and Environment Court objection under the appeal provisions within the *Valuation of Land Act 1916*.
- 9.10 At this stage a decision is expected in early July 2005.

10. LAND VALUE ADVISORY GROUP

Background

- 10.1 The Land Value Advisory Group (LVAG) met on two occasions during 2004.
- 10.2 The primary focus for the group is to provide advice to the Valuer General on the appropriate application of mass land appraisal techniques including the following:
 - Investigate and advise on the application of mass appraisal methodologies.
 - Establish the means to identify properties unsuited to mass valuation methodologies.
 - Examine and review the criteria for component areas.
- 10.3 Principal outcomes from the meetings have been:
 - An understanding of the Valuer General's philosophy.
 - A project to examine the identification factors that should be taken into account in deciding whether properties should be handcrafted.
 - Commence discussions with an appropriate University to undertake further work on statistical analysis and improving the quality of valuation outcomes.
 - Develop accountability for contractors to assume more of the risk of carrying out the provisions of the compilation of land values.
- 10.4 The group will be meeting in May, to assist the Valuer General in designating specific localities where check valuations should be undertaken by independent valuers. These valuations (as at 1 July 2005) will be undertaken prior to valuation recommendations being accepted from valuation service contractors.
- 10.5 In March 2005, the Hon Kayee Griffin MLC (Chair Committee on the Office of the Valuer General) spoke with group members, principally on the role of the Parliamentary Committee.

OFFICE OF THE VALUER GENERAL
NEW REFORMS

11. ROLES AND RESPONSIBILITIES
CONTRACTOR – LAND AND PROPERTY INFORMATION

- 11.1 A working group has been established to review the current mass valuation system and develop proposals for improvements to valuation management and reporting processes.
- 11.2 The intention is to focus contract management and valuation regulation on valuation outcomes, rather than processes.
- 11.3 This project has also been established to consider improved methods to monitor the quality of processes and outcomes provided by contractors in undertaking mass valuations.
- 11.4 The project is based on the following principles:
- The Valuer General is responsible for the establishment of policies and principles to direct the rating and taxing valuation system.
 - Contractors are responsible for the development of their valuation methodologies as well as the accuracy and quality of the valuation recommendations they provide to the VG.
 - Sufficient reporting and quality controls to demonstrate valuations are soundly based and are able to withstand the scrutiny of the stakeholders.
 - LPI is responsible for the management of valuation contracts and the acceptance of valuation recommendations provided by the contract valuer.
 - Contract management efforts should focus on valuation principles and outcomes rather than processes.
 - Information supplied should be in electronic format as far as possible.
 - Contractors are to be offered the opportunity to contribute to the process.
- 11.5 There are a number of changes to the existing reporting system that can be implemented with little disruption to the 2005 valuation program.
- 11.6 The working group has expanded an initial action plan to include undertaking a far more far reaching review of options to improve the quality of valuations, and public confidence in the current system. The implementation of a number of the enhancements may occur over a 2 year period. This may be due to funding constraints, further developments of the current Valnet and Valmap systems and the introduction and continued refinement of the proposed contract management program.

11.7 The following are possible enhancement changes which can be implemented without any disruption to the 2005 valuation program.

- Statistical training.
- Stricter adherence to the statistical measures by the contract managers and the contractors to report on any variances which may occur.
- Identification of new and improved statistical measures for implementation for the 2006 program.
- With the anticipated introduction of Valmap the ground audit can be implemented, however, it may not be possible to fully develop the audit and it may carry over to the 2006 program.
- Formulating a new report – land value/sales ratio.
- Provision of a new report through Valnet/Cognos – deduced land value/draft land value ratio.
- Introduction of the contract management program and its interaction with Valnet/Valmap/Cognos. Rationalisation of the component report.
- Contractors to supply a complete and full narrative at the conclusion of the program detailing the rationale for the values describing the market, the evidence relevant to that area and the movement of values in that area.
- All data to be electronically transferred.
- Complete and strict adherence to the recording of file notes and other records as a result of the monthly meetings between the contractors and contract managers.
- Transfer of all the relevant data to the website for all stakeholders to view the openness and transparency of the valuation process.
- Update/amend the current procedures manual.
- Enhancement to the Valnet objection manager which flags all properties which had objections registered and allowed.
- Ensure contractors accept accountability for the accuracy of the valuations.

11.8 Some of the enhancements listed in 11.7 above, will commence in 2005, however they may not be fully implemented until 2006. Additionally the following enhancements will be developed in 2006:

- Investigate new and more relevant statistical measures.

- Further enhancement of the contract management program through the improvements to the current Valnet/Valmap/Cognos systems.
- Complete interaction between all systems to ensure uniformity.
- Further investigation into the ongoing amendment of the procedures manual with consultation with the contractors.
- Consideration of penalties for default or non compliance.

12 NOTIFICATION OF VALUATIONS

- 12.1 During the last 2–3 months there has been some debate over the frequency that land taxpayers in particular are notified of the land value applicable on their property as at 1 July of the valuing year.
- 12.2 The *Valuation of Land Act 1916* provides for new rating valuations to be issued to councils at the discretion of the Valuer General, which must be undertaken at least every 4 years.
- 12.3 The Valuer General values all land in New South Wales annually. Land values are determined each year as at 1 July and reflect property market conditions at that time. The Valuer General provides these values to local councils and the Office of State Revenue for rating and taxing purposes. Landowners receive their Notice of Valuation to coincide with the provision of new valuations to local councils for rating purposes.
- 12.4 Notices of Valuation are generally issued every three to four years for rating purposes. For land tax purposes, the Valuer General is required to provide land values annually to the Office of State Revenue (OSR) but not to individual property owners. Land tax notices issued by OSR to affected property owners make provision for owners to object to these annual land values.
- 12.5 The debate around the frequency with which the Valuer General advises landowners of their latest land valuations, has principally arisen following the removal of the land tax threshold and the increased number of land owners who are now subject to land tax.
- 12.6 The Valuer General is implementing a project to examine the possible options and to find a resolution which is efficient, yet does not add significant additional cost to the overall value notification process.

OFFICE OF THE VALUER GENERAL
PRINCIPAL WORK IN PROGRESS
REPORT TO 30 APRIL 2005

1. VALUATIONS AS AT 1 JULY 2004

- 1.1 Approximately 650,000 Notices of Valuation (NOV) were issued as a result of this general valuation for rating purposes.
- 1.2 Notices of Valuations were posted to landowners from late November 2004 through to mid January 2005.
- 1.3 Approximately 2.4 million valuations were provided to the Office of State Revenue (OSR) on 31 December 2002.
- 1.4 OSR began issuing land tax assessments in January 2005 and this will continue through to early June 2005.
- 1.5 Land and Property Information have established a call centre for enquiries as a result of the mailing of Notices of Valuation and land tax assessments (For more detail see 'Reform Progress Update Report', Paragraphs 4.12 – 4.16)

2. 1 JULY 2004: OBJECTION PROCESSING

- 2.1 To date 11,841 valid objections have been received to the 1 July 2004 valuation. This represents approximately 1.2 % of the valuations issued.
- 2.2 There are currently 10,829 objections to the 1 July 2004 valuation on hand.
- 2.3 Independent valuers have been employed on a contract basis to assist with the processing of objections.

3. MINNIE WATER – DIGGERS CAMP REASCERTAINMENTS

- 3.1 The Valuer General initiated a review of the 1 July 2004 valuations for Minnie Water and Diggers Camp.
- 3.2 This followed receipt of an increased number of objections for the localities.
- 3.3 A District Valuer from Land and Property Information has overseen the review of the valuations and undertaken an inspection of the localities. He has also spoken with a number of landowners.
- 3.4 The review confirmed that, in a number of cases, the land valuations in Minnie Water and Diggers Camp were too high. However, there were also cases of the valuations being too low.
- 3.5 There are two primary reasons for the errors in the land valuations:

- Properties that are likely to move in value on a similar basis are grouped together. The review identified a number of properties in the wrong group. As an example, some properties that previously may have had a wide 'sea view' but now do not were found to be grouped with those properties which had extensive sea views. Generally, market evidence supports properties with sea views increasing in value at a different rate to those without sea views.
 - The review also revealed that the contract valuer had very little in directly comparable sales evidence available at the time of completing the valuations. While these valuations, on a relativity basis, appeared to align with valuations in other coastal centres, subsequent evidence of sale transactions has revealed that the valuations for some properties are too high, and the relativities have been distorted.
- 3.6 Landowners were notified of the amended valuations in mid March 2005. A letter explaining the amendment accompanied the new Notices of Valuation.
- 3.7 The last day for lodging an objection to these altered valuations will be 20 May 2005.
- 3.8 In respect of the Minnie Water valuations:
- 66 objections have been received to date.
 - 52 properties had their valuations reduced. Objections had been lodged in respect to 25 of these properties.
 - 19 properties had their values increased.
- 3.9 In respect to the Diggers Camp valuations:
- 30 objections have been received to date.
 - 20 properties have had their valuations reduced; objections had been lodged in respect of 5 of these properties.
 - no properties have increased in value.

4. LOCAL GOVERNMENT AMALGAMATIONS (2004 – 05)

- 4.1 The Valuer General is required under Section 52 *Valuation of Land Act 1916* to furnish new valuations as soon as practical after the proclamation.
- 4.2 This is to provide a consistent rating base for councils to raise rating revenue.
- 4.3 The Valuer General consults with the affected councils to establish their preferred valuation date to bring all properties in the LGA into alignment regarding the time of valuation. In addition, councils are consulted as to when they would like the new valuation regime to commence.
- 4.4 During the past 12 months, 39 former local government areas have been subject to mergers and required alterations to issued valuations.
- 4.5 This involved the adjustment of valuations for approximately 96,400 properties.

5. TENDERS FOR RATING TAXATION VALUATION SERVICES

- 5.1 In September 2004, tenders were advertised for the provision of Rating/Taxation Valuation services to the Valuer General, commencing 1 May 2005.
- 5.2 The following contracts were tendered: Wollongong, Blacktown, Central Coast, Newcastle, Coffs Harbour, Bega, New England, Dubbo, Albury.
- 5.3 The contracts for all areas will operate for the 3 year period from 1 May 2005 to 30 April 2008, with the Valuer General having the option to extend each contract by up to two one year periods.
- 5.4 Public tenders were invited on 13 September 2004 and closed on 11 November 2004.
- 5.5 In response 13 tenders were received.
- 5.6 A tender evaluation committee comprising the following members was established:

Philip Western	Valuer General (Chair)
Simon Gilkes	Chief Valuer
Nikki Kempson	Office of State Revenue
Shaun McBride	Local Government and Shires Association
Mark van Epen	Dept of Commerce (Procurement)

and; various representatives from individual local government areas.

- 5.7 Following a detailed analysis of the tenders received the following were the successful tenders.

Wollongong Contract	Crown Valuation Services
Blacktown Contract	Crown Valuation Services
Newcastle Contract	Dupont Valuation and Property Research
Central Coast Contract	Robertson and Robertson
Coffs Harbour Contract	Property Valuation Services
Bega Contract	Property Valuation Services
New England Contract	Property Valuation Services
Dubbo Contract	Aspect Property Consultants
Albury Contract	Quotable Value Australia

- 5.8 The following contract areas will have a new valuation services contractor from 1 May 2005:

Wollongong
Dubbo

6. TENDERS FOR STATE WIDE REAL ESTATE VALUATION SERVICES

- 6.1 Tenders were requested to assist Land and Property Information in undertaking work on behalf of the Valuer General.
- 6.2 This work would include Just Terms valuations, advisory work and assisting with reviewing objections to valuations. Tenders were let by local government area. An excellent response was received with good coverage being obtained for the majority of locations.
- 6.3 An excellent response was received. The majority of local government areas will have several contractors working in them.
- 6.4 In particular this will greatly assist with improving the processing of and completion times for objections.
- 6.5 The performance and outcomes from all contract valuers will be carefully monitored by senior personnel from Land and Property Information.

7. VALUATION OF LAND ACT 1916 AMENDMENTS

- 7.1 The Valuer General in consultation with the Minister for Lands and Land and Property Information (LPI) has implemented an Objection Form ([see Attachment 3](#)).
- 7.2 The Valuation of Land Act 1916 was amended to accommodate this change in early December 2004.
- 7.3 All parties objecting to the land value for either a general valuation for rating purposes or a land tax assessment, will be required to lodge their objection on the form, rather than providing an objection in letter format.
- 7.4 This has greatly improved the efficiency of registering and processing objections.
- 7.5 The objection form will also assist rate and taxpayers to have a better understanding and appreciation of the basis on which they can object.

8. FURTHER RESEARCH

- 8.1 The Valuer General is continually seeking to enhance the valuation system and associated processes to provide for the efficient utilisation of the State's investment and to provide for the timely provision of services and outcomes to all stakeholders.
- 8.2 The Valuer General, in conjunction with the University of Western Sydney (UWS), sought a PhD research student to provide medium term input into improving the valuation system.
- 8.3 The research graduate would focus on the following areas of research:

- Identification of current and future areas of risk for the application of mass appraisal valuation in the New South Wales residential land property market.
- Development of appropriate tools and methodologies to identify current and future areas of risk in the residential land market for the application of mass appraisal valuation techniques.
- Research, development, testing and implementation of appropriate statistical techniques to assess the accuracy, consistency and quality of valuations of land prepared for the purposes of rating/taxation valuations.
- Identification of appropriate tools and methodologies to assess the appropriateness of the number of component groups, as well the composition of individual component groups.
- Identification of alternative mass appraisal valuation methodologies that would be suitable for establishment of land values in the New South Wales residential market.

8.4 The search for an appropriate student did not provide any suitable candidates.

8.5 A project is now being developed with UWS, to undertake the research work, utilising Professor John McFarlane.

8.6 The goal is for the actual research work to commence in July 2005.

9.0 OMBUDSMAN'S INVESTIGATION

9.1 Following on going complaints and allegations by David Singer, the Ombudsman implemented a formal investigation into the activities of the Valuer General .

9.2 The Valuer General has endeavoured to answer on numerous occasions, the allegations made by Mr Singer.

9.3 While a number of the responses provided to issues raised by Mr Singer have assisted the Ombudsman's Office preliminary investigations, the Ombudsman believes that the conduct by the Valuer General may be of one or more of the kinds described in section 26(1) of the Ombudsman Act 1974.

9.4 Specifically the investigation will examine the conduct of the Valuer General as follows:

- The controls employed by the Valuer General to ensure the accuracy of valuations derived by the component method of mass valuation in valuation districts of New South Wales.
- The handling of objections to valuations including the provision of information to potential and actual objectors.

- 9.5 The Ombudsman has requested and been provided with a vast assortment of records from the Valuer General. Land and Property Information and valuation contractors.
- 9.6 A number of formal interviews have been conducted with the Valuer General, Chief Valuer, contract managers, contractors and John McFarlane from the University of Western Sydney.
- 9.7 The Valuer General welcomes this investigation has cooperated fully with the Ombudsman.