

JSCOVG recommendation (May 2013)	Government response (4 November 2013)	Valuer General response	Stakeholder response (August 2014)	Implemented improvements	Current status
Governance framework - Valuation Commission					
Recommendation 1 That the NSW Government establish a Valuation Commission, headed by a Chief Valuation Commissioner, responsible for the land valuation functions which are currently undertaken by the Office of the Valuer General and Land and Property Information. This Commission will also support the implementation of the rules based approach to valuation methodologies and new valuation review and compulsory acquisition systems.	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Recommendation is primarily a matter for Government.	Valuation Commission model not supported by consulted stakeholders. Support aspects of proposal concerning improved transparency and independence.	Improved governance arrangements in place to strengthen oversight of the valuation system and the activities of LPI.	Responsibility of DFSI – Valuation Commission not being pursued at this time.
Recommendation 18 That the Valuation Commission be headed by a Chief Valuation Commissioner (who replaces the current Valuer General) and two subordinate Valuation Commissioners, and that all three Commissioners be independent statutory appointments.	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Recommendation is primarily a matter for Government.		N/A	Responsibility of DFSI – Valuation Commission not being pursued at this time.
Recommendation 19 That the Chief Valuation Commissioner be responsible for setting valuation guidelines, leading the valuation system, and administrative and resourcing/investment decisions.	The Government agrees with the Committee's findings and supports the recommendation.	Recommendation is primarily a matter for Government. The VG has input into budgeting and investment planning.		N/A	Responsibility of DFSI – Valuation Commission not being pursued at this time.
Recommendation 20 That one Valuation Commissioner be responsible for the management of original land valuations for rating and taxing purposes, and other valuations under the <i>Valuation of Land Act 1916</i> ; and another Valuation Commissioner be responsible for the management of valuation reviews and compulsory acquisition valuations, under the <i>Land Acquisition (Just Terms Compensation) Act 1991</i> .	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Recommendation is primarily a matter for Government.		LPI has implemented three new program manager positions: Manager Rating & Taxing, Manager Just Terms, Manager Objections & Appeals.	Responsibility of DFSI – Valuation Commission not being pursued at this time.
Recommendation 21 That the Chief Valuation Commissioner have powers to quash valuations where there has been an error of substance or procedure; and to order new valuations by either of the Valuation Commissioners.	The Government agrees with the Committee's findings and supports the recommendation.	Recommendation is primarily a matter for Government. VG has power to quash (reascertain) land values under s14A(6) VLA.		In addition to the power to reascertain land values, there is an internal review process to correct land values following an objection, where there has been a substantive error of fact, or new evidence that should have been considered.	Within VG's existing powers.
Recommendation 22 That the Chief Valuation Commissioner be party to any litigation in the same manner the Valuer General is now.	The Government agrees with the Committee's findings and supports the recommendation.	Recommendation is primarily a matter for Government.		N/A	Within VG's existing powers.
Recommendation 24 That the Joint Standing Committee on the Office of the Valuer General be reconstituted to oversight the Valuation Commission once established.	The Government agrees with the Committee's findings and supports the recommendation.	Recommendation is primarily a matter for Government.		N/A	No action required. Valuation Commission not being pursued at this time.
Recommendation 28 That the Valuation Commission have adequate resources and appropriate systems in place from its inception to carry out its functions and activities in a timely and efficient manner.	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Recommendation is primarily a matter for Government.		N/A	Responsibility of DFSI – Valuation Commission not being pursued at this time.

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Guidelines (policies)					
<p>Recommendation 2 That the Chief Valuation Commissioner issue public guidelines for the valuation of land in NSW, including land tax and council rate valuations and compulsory acquisition valuations. The guidelines should clearly state:</p> <ol style="list-style-type: none"> The methodologies for valuing land; and The circumstances in which those methodologies are applied. <p>That the guidelines be recognised by legislation, though their formulation should not be contained in the legislation to allow the flexible development of the methodologies.</p>	The Government agrees with the Committee's findings and supports the recommendation.	<p>Development and issuing of guidelines supported.</p> <p>Legislative recognition of Valuer General policies is a matter for the Government/ Parliament.</p>	<p>Unanimous support.</p> <p>Chief Judge, LEC stated that the guidelines (policies) cannot be mandatorily applied.</p>	<p>24 valuation policies have been published on the VG website, covering valuation methodology in key areas.</p> <p>LEC website links to the VG policies.</p> <p>Policies will continue to be updated as new policies are finalised.</p>	<p>24 policies published. New policies published as required.</p> <p>Legislative change is a matter for Government / Parliament.</p>
<p>Recommendation 3 That the public guidelines for the valuation of land be binding on valuers, except:</p> <ol style="list-style-type: none"> For original rating and taxing valuations, where there has previously been a successful valuation review and the reason for departing from the original valuation is still current; For compulsory acquisition valuations and for valuation review, where a landholder requests to apply an alternate methodology. <p>That the guidelines do not apply to the Land and Environment Court in any way, but that judges be required to identify where they depart from the guidelines, so that the guidelines may be amended appropriately.</p>	The Government supports the broad thrust of the Committee's recommendation.	Publication of public guidelines supported.	Chief Judge, LEC stated that the guidelines (policies) should be flexible enough to allow for alternative valuation methods to be used, where considered appropriate.	<p>24 valuation policies have been published on the VG website, covering valuation methodology in key areas.</p> <p>Policies are contractually binding on valuers.</p> <p>LEC website links to the VG policies.</p> <p>Policies will continue to be updated as new policies are finalised.</p>	<p>Completed.</p> <p>24 policies completed. New policies published as required.</p>
<p>Recommendation 4 That the Chief Valuation Commissioner review the public guidelines for the valuation of land in NSW annually.</p>	The Government agrees with the Committee's findings and supports the recommendation.	<p>Annual review of guidelines supported.</p> <p>Establishment of Valuation Commission is a matter for the Government.</p>		Valuation policies are reviewed annually by the Chief Valuer.	<p>Annual policy review in place.</p> <p>Chief Valuation Commissioner is a matter for Government.</p>
Council rates (averaging)					
<p>Recommendation 5 That the NSW Government introduce a mechanism whereby council rates are determined on the average of the last three years' land valuations.</p>	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	The council rating system is governed by the <i>Local Government Act</i> . IPART is conducting a review of the NSW rating system at the request of the Government. IPART is scheduled to deliver its final report in December 2016.	Majority of stakeholders do not support.	N/A	Being reviewed by IPART.
Objection timeframe					
<p>Recommendation 6 That the NSW Government ensure that:</p> <ol style="list-style-type: none"> Landholders are entitled to a valuation review if the application for review is lodged within three months of, the latest of either: the Valuation Notice, Rates Notice or Land Tax Assessment that refers to the valuation. But that right should not accrue again if the valuation is used for a future Rates Notice or Land Tax Assessment. Landholders who do not seek a valuation review within the three month limit may nonetheless apply to the relevant Valuation Commissioner for a review, who shall have the discretion to grant the application. 	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	<p>Current legislation allows for the VG to accept out of date objections, beyond the 60 days.</p> <p>Legislative change is required to increase the period to 3 months, and include Rates Notices as a grounds for review.</p>	Majority of stakeholders do not support.	A VG factsheet and guide is available to landholders to explain the process and assist them to lodge an objection.	<p>Some aspects within existing powers of VG.</p> <p>Legislative change is a matter for Government / Parliament.</p>
Base date for general valuations					
<p>Recommendation 7 That the Minister for Finance and Services introduce amendments to section 14B of the <i>Valuation of Land Act 1916</i> to change the base date for general valuations from 1 July to 1 March in the valuing year.</p>	The Government agrees with the Committee's findings and supports the recommendation.	Legislative change is a matter for the Government/Parliament.	Fully supported by all consulted stakeholders.	N/A	Legislative change is a matter for Government / Parliament.

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Technical matters					
Recommendation 8 That the Minister for Finance and Services review the valuation of land below the high water mark.	The Government agrees with the Committee's findings and supports the recommendation.	Supported. Policy has been completed.		Policy on <i>Valuation of land below the high water mark (domestic waterfront occupancies)</i> has been published on VG website.	Completed. VG policy has been published.
Recommendation 9 That the Minister for Finance and Services introduce amendments to section 14I of the <i>Valuation of Land Act 1916</i> to clarify the valuation requirements for valuing Crown Lease restricted land.	The Government agrees with the Committee's findings and supports the recommendation.	Legislative change is a matter for the Government/Parliament.		Policy on <i>Valuation of Crown lease restricted land</i> has been published on VG website.	Completed. VG policy has been published.
Recommendation 10 That the Minister for Finance and Services review whether or not GST should be included in land valuations. The review should take into account the views of relevant stakeholders and the approaches adopted by other States and Territories of Australia.	The Government agrees with the Committee's findings and supports the recommendation.	Supported. VG policy was affirmed by the LEC (<i>Storage Equities Pty Ltd v Valuer-General</i> [2013] NSWLEC 137) and supported in WA (<i>Commonwealth Bank Officers Superannuation Corporation Pty Ltd and Valuer General</i> [2015] WASAT 52).		Policy on <i>Treatment of GST in land</i> has been published on VG website.	Completed. VG policy has been published.
Land value review following objection or compulsory acquisition					
Recommendation 11 That the NSW Government introduce a new valuation review mechanism and compulsory acquisition process to replace the current objection system and compulsory acquisition valuation process, and includes the following minimum standards: 1. Landholders are entitled to make submissions to the review; 2. Landholders are entitled to a conference after they make their submission to the review; 3. Landholders are provided with a preliminary valuation review report, along with any other adverse and credible information relevant to the decision; 4. Landholders should be given 30 days to make any further submissions, and if they make further submissions they are entitled to a conference to discuss those submissions; 5. If a landholder makes further submissions on any material in the preliminary valuation report, the submissions should be considered and the landholder should be provided with written reasons for accepting or rejecting the submissions after the conference. A conference is defined as an oral conversation between the landholder and the valuer in person, on the telephone or via some form of online oral communication system.	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Conference process and merits review mechanism supported. The conference process allows landholders an opportunity to raise and discuss concerns, exchange information with the valuer, and discuss the evidence being considered. The conference adheres to principles of procedural fairness. A preliminary report was introduced to improve procedural fairness to landholders, and give them an opportunity to provide additional information and highlight concerns early.	Mixed response. Councils raised concerns about prolonging land review process, and possible instability of Council revenue bases. Acquiring authorities raised concerns about the increased costs of implementing changes to compulsory acquisition valuations.	A new conference process is in place for objections and compulsory acquisitions, supported by internal policy and staff training. The conference process adheres to principles of procedural fairness. Appointment of Customer Relationship Manager, accredited as a mediator, to facilitate conferences. External facilitator engaged as required. The success of the conference for objections is being evaluated for continuous improvement. Land values following objections are reviewed where there has been a substantive error of fact or new evidence that should have been considered (internal review). Full exchange of information considered by the VG between parties to an acquisition.	Completed. The process is subject to evaluation and continual improvements.
Acquiring authority entitlements					
Recommendation 12 That, in the case of compulsory acquisitions, acquiring authorities be afforded the same entitlements as landholders to make submissions, be provided with information and attend conferences, such that: 1. Where this right is exercised, all submissions to the valuer should be shared between the acquiring authority and the landholder, prior to any conference; 2. Both parties should be granted the opportunity to respond in writing and orally to any adverse information raised by the other party which they have not addressed; and 3. There is an opportunity for some form of joint conference, if required. That these recommendations be legislated.	The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.	Legislative change is a matter for the Government/Parliament.	Mixed response. Acquiring authorities raised concerns about increased cost to Government.	Policy on <i>Compensation following compulsory acquisition</i> has been published on VG website.	VG policy has been published. Legislative change is a matter for the Government/Parliament.

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Objection basis					
<p>Recommendation 13 That landholders be entitled to a valuation review based on the comparison of statutory land values of surrounding properties or the rate of change of the land value for their own property, in addition to the existing grounds for objection.</p>	<p>The Government acknowledges the Committee's findings and believes that further work needs to be undertaken, including consultation with impacted stakeholders before it can determine support or otherwise for this recommendation.</p>	<p>Objection processes are reviewed for improvements to the process and outcomes for customers.</p>	<p>Supported.</p>	<p>Internal procedures in place to support the recommendation, accompanied by a factsheet and guide for landholders.</p> <p>In 2015, updates to the objection process were made, allowing for increased objections.</p> <p>Land values are publicly available from the NSW Globe for comparison with previous and surrounding land values.</p>	<p>Completed.</p>
Dispute resolution					
<p>Recommendation 14 That the NSW Government establish a dispute resolution system to supplement the processes outlined in recommendations 11 and 12. The dispute resolution system should remain flexible, with the capacity to identify and execute the appropriate mechanism to resolve a dispute, including, but not limited to:</p> <ul style="list-style-type: none"> • adding more conferences to the process; • adding an independent chairperson to a conference; • having some form of case manager separate to the valuer; and • having some form of stakeholder statements focused on the key issues, which landholders and valuers agree to at the beginning of the process. 	<p>The Government agrees with the Committee's findings and supports the recommendation.</p>	<p>Supported.</p>		<p>A new conference process is in place for objections and compulsory acquisitions, supported by internal policy and staff training. The conference process adheres to principles of procedural fairness.</p> <p>Appointment of Customer Relationship Manager, accredited as a mediator, to facilitate conferences. External facilitator engaged as required.</p> <p>The success of the conference for objections is being evaluated for continuous improvement.</p> <p>Land values following objections are reviewed where there has been a substantive error of fact or new evidence that should have been considered (internal review).</p> <p>Full exchange of information considered by the VG between parties to an acquisition.</p>	<p>Completed.</p>

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<p>Recommendation 15 That the Valuation Commission build a strong dispute resolution capability for the land valuation system in NSW, by:</p> <ul style="list-style-type: none"> • training all relevant personnel in the techniques to handle disputes effectively; • providing adequate resources to implement and operate the system – including adequate staffing, facilities, equipment and training for specialist dispute handling staff and for all staff; • keeping records to ensure that the system can be evaluated and to enable strategies to be developed to minimise problems arising; and • establishing clear policy and objectives and procedural guidelines for the conduct of dispute resolution processes, which are well documented and publicised to make the system accessible to all. 	The Government agrees with the Committee's findings and supports the recommendation.	<p>Establishment of Valuation Commission is a matter for the Government.</p> <p>However, the recommendations are supported and the improvements have been introduced within the current structure.</p>		<p>A new conference process is in place for objections and compulsory acquisitions, supported by internal policy and staff training. The conference process adheres to principles of procedural fairness. The success of the conference for objections is being evaluated for continuous improvement.</p> <p>Appointment of Customer Relationship Manager, accredited as a mediator, to facilitate conferences. External facilitator engaged as required.</p> <p>Land values following objections are reviewed where there has been a substantive error of fact or new evidence that should have been considered (internal review).</p> <p>Full exchange of information considered by the VG between parties to an acquisition.</p>	Completed within existing structure.
Review of administrative decisions (NCAT and LEC)					
<p>Recommendation 16 That landholders be permitted to seek a merits review of their land valuation. If an objection to the Valuation Commissioner is refused, a claim can be pursued through the NSW Civil and Administrative Tribunal or directly to the NSW Land and Environment Court. Further rights of appeal to other superior courts on errors of law remain as they are now.</p>	The Government does not support this recommendation.	Establishment of Valuation Commission is a matter for the Government.		There is an internal review process to correct land values following an objection, where there has been a substantive error of fact, or new evidence that should have been considered.	N/A
<p>Recommendation 17 That, in light of the case of <i>Trust Company Limited ATF Opera House Car Park Infrastructure Trust No 1 v The Valuer-General (No 2)</i> [2011] NSWLEC 34, the Attorney General review the jurisdiction of the Land and Environment Court in Class 3 land valuation matters. The review should consider:</p> <ul style="list-style-type: none"> • whether there would be any legal, procedural or administrative barriers to vesting the Land and Environment Court with jurisdiction to deal with administrative errors and grant administrative remedies; • whether there are any further changes to the Land and Environment Court's jurisdiction that would result in additional legal efficiencies in Class 3 land valuation matters. 	The Government agrees with the Committee's findings and supports the recommendation.	Review is a matter for the Attorney General.	Chief Judge, LEC stated LEC could be vested with jurisdiction to deal with administrative errors.	N/A	N/A
Governance framework - Role of Ombudsman					
<p>Recommendation 23</p> <ul style="list-style-type: none"> • That the role of Ombudsman be extended to oversee the Valuation Commission and its administration of the valuation system; • That the functions of the Ombudsman include inquiring into specific complaints against the Valuation Commission, and a macro assessment of the valuation system; • That the Ombudsman be afforded sufficient powers to obtain information necessary to fulfil his or her functions, (though not the power to alter valuations); and • That the Ombudsman be required to table a report to the Parliament every two years, providing a systemic review of the land valuation system. <p>That these requirements be legislated.</p>	The Government does not support this recommendation.	Role of Ombudsman is a matter for Government.		N/A	N/A

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Annual performance report					
<p>Recommendation 25 That the Valuation Commission produce a separate and detailed annual performance report that reflects state, national and international best practice reporting standards and that this annual performance report be tabled in NSW Parliament.</p>	<p>The Government agrees with the Committee's findings and supports the recommendation.</p>	<p>The VG is considering options for how to best present the information in a separate annual report for 2015/16, to accompany the information in the DFSI annual report.</p>		<p>The VG website contains up-to-date information on activities and KPIs relating to land values and market movements, customer satisfaction, objections and other key information.</p>	<p>Underway. Considering options for how to best present information in a separate annual report for 2015/16.</p>
<p>Recommendation 26 That practicable and appropriate key performance indicators be developed, relating to the following areas of performance, and be published in the annual performance report tabled in Parliament:</p> <ol style="list-style-type: none"> a. stakeholder satisfaction and engagement; b. the consistency and accuracy of land valuations across NSW and how the Valuation Commission's land valuations track against property valuations in the marketplace over time; c. the major sources of land valuation objections including (depending on the associated insight) land value, geography, cause of objection (such as inappropriate methodology, inappropriate sales comparison), etc; d. outcomes of land valuation objections, particularly outcomes that result in changes to land value; e. outcomes of proceedings arising from land valuation objections, particularly outcomes that result in changes to land value; f. key procedural fairness metrics including, but not limited to: <ol style="list-style-type: none"> i. The effectiveness of different types of conferences/the number of conferences; ii. The time between each conference; iii. Landholder satisfaction surveys, and; iv. Flow through rates to appeal. 	<p>The Government agrees with the Committee's findings and supports the recommendation.</p>	<p>The VG is considering options for how to best present the information in a separate annual report for 2015/16, to accompany the information in the DFSI annual report.</p>		<p>The VG website contains up-to-date information on activities and KPIs relating to land values and market movements, customer satisfaction, objections and other key information.</p>	<p>Underway. Considering options for how to best present information in a separate annual report for 2015/16.</p>
<p>Recommendation 27 That the annual report includes some key financial information and areas of spending including money spent on:</p> <ol style="list-style-type: none"> a. first instance rating and taxing valuations; b. objection valuations; c. litigation. <p>This financial information should be consistent with activity based costing provided to this Committee.</p>	<p>The Government agrees with the Committee's findings and supports the recommendation.</p>	<p>The VG is considering options for how to best present the information in a separate annual report for 2015/16, to accompany the information in the DFSI annual report.</p> <p>Financial reporting is included in the DFSI annual report.</p>			<p>Underway. Considering options for how to best present information in a separate annual report for 2015/16.</p>

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Key information storage					
<p>Recommendation 29 That the Valuation Commission ensures that key information concerning the land subject to a non-mass valuation determination is captured, stored and centralised electronically. The information should include:</p> <ul style="list-style-type: none"> • the landholder's name, • the size of the land, • the purpose of the valuation (valuation review/compulsory acquisition, etc.), • the valuer's name, • the valuing firm, • the valuer(s) responsible for quality control, • the land's use, • the reason for objection (where applicable), • the client (where applicable), • the size of any alteration in land value (where applicable), and • customer satisfaction, determined from surveys (especially after compulsory acquisition or valuation review determinations). <p>That the Valuation Commission conduct regular analysis on the effectiveness of the valuation system, using the data collected above, in order to identify the major areas where the valuation system is performing well and where it needs improvement.</p>	<p>The Government agrees with the Committee's findings and supports the recommendation.</p>	<p>Improved information handling and storage supported.</p>		<p>Enhancements to the Valnet system have been implemented to capture this information centrally.</p> <p>Customer satisfaction surveys are stored separately, due to system limitations.</p> <p>Performance reports have been developed to take advantage of the enhanced data.</p> <p>Updates and enhancements are ongoing.</p>	<p>Completed.</p> <p>Updates and enhancements are ongoing.</p>