

**Submission  
No 10**

## **INQUIRY INTO LAND VALUATION SYSTEM**

**Name:** Mr Terry Dundas

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Dear Sir

**Re: Enquiry into Land Valuation System**

I make this submission as a former valuer in the Valuer General's Department (VGs) from 1965 -1980 and as a valuer who has undertaken assessments both for and against the VG in later times.

Looking from the outside, it would appear as though the Dept has been systematically downgraded by the Government over many years. Where once the Dept employed the doyens of the valuation profession, this is no longer the case. Expertise, in dealing with the Valuation of Land Act (Act) and the Just Terms Act, has not been replaced; highly experienced valuers have either retired or been retrenched and not replaced.

In 1965 one joined the Dept as an assistant valuer, progressed to a graded valuer, then to a district valuer. District valuers had control of a certain number of LGA's or one large LGA. Senior valuers then oversaw the work of a group of district valuers, there being about four senior valuers covering the Sydney Metropolitan Area. At Head Office a group of specialist, more experienced (or smarter) supervising valuers gave briefings and advice on specific areas e.g. mines, recreation land, legal matters etc.

Thus the district valuers had extensive knowledge of their own local area, often being there for a decade or more. They were advised by their immediate senior valuer who, in turn, had the benefit of specialist valuers in head office. This filter down effect of experience and knowledge brought consistency and reliability.

In those days the VG also did valuations for probate and stamp duty as well as rental advice to government departments and compulsory acquisition matters. This work is far more interesting, being market related, than merely assessing an artificial Land Value. Such work is appealing particularly to younger valuers. If it was legislated all valuations for stamp duty purposes had to be carried out by the VG, this would create opportunities for staff valuers to become more market aware.

If the present system is to remain, as I see it, there are three problems. One is that on the evidence I have seen, many Land Values are well below market; it is not feasible to "in one hit" increase these values by 30% or so, to align with the market.

Another of the main problems would appear to be with the more technical valuations under Sec 14 of the Act and those to do with Land Improvements. Sec 14 deals with numerous property types and one has to assess a Land Value for which there is, in almost all cases, no directly comparable evidence (e.g. heritage property, rent controlled premises, Crown Leases etc). These valuations are obviously open to different interpretations and virtually impossible to prove. I have recently been

involved in a matter where Counsel debated for some time if grasses were a Land Improvement. These sections of the Act often give rise to expensive legal debate and realistically should be seriously looked at in any review of Land Valuation for rating and taxing purposes. Surely a standard discount factor could be applied to each section of properties covered by Sec 14.

In years gone by technical advice on such matters would have been provided from head office, so as all valuers would be fully informed of the latest legal precedents and how to apply them. I am unaware if this is still the case, but if not, it should be.

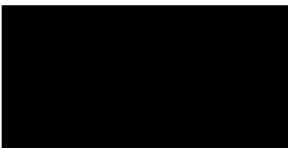
The current system of assessing Land Values is, in many cases, highly artificial and not understood by the general public. For instance, there are very few sales of vacant land in the inner suburbs of Sydney, and so the concept of Land Value is had to reconcile. However, most people are familiar with house prices in their suburb; improved values mean something to most people. Whilst implementing a system of Improved Values for rating and taxing purposes might be expensive to undertake, at least it would be more meaningful than an artificial Land Value. If such a system was adopted, the frequency of valuation could be lengthened.

However, no matter what system is eventually utilised for assessing valuations, it is essential experienced and knowledgeable people are utilised to initially carry out such valuations, then oversee re-valuations. The present system of contracts being awarded with cost being a consideration should be reviewed so as experience and/or knowledge are the principal considerations. Such knowledge and experience should be heavily weighted to the Act, not general valuation experience. Contractors should, subject to performance, should be allowed to work in a given area for an extended period so as local knowledge is built up and retained. It is also essential for the Dept itself to retain, or acquire, a substantial number of valuers with an in-depth knowledge of the Act so as contractors can be more regularly advised, assisted and monitored.

Finally, the current system of handling objections should be reviewed. The contractor who carries out the initial valuation should be responsible for defending (or altering) the valuation through to a court hearing. Fees for such work could be either built in to the initial contract cost or specified as an additional cost when the contract is issued.

Additionally, I would like to note having valuations reduced on appeal is not a recent phenomenon, it has been happening since the beginning of the Valuation of Land Act.

Should you require further information or elaboration of the above, please do not hesitate to contact me.



Terry Dundas

