

**REPORT ON PROCEEDINGS BEFORE**

**JOINT STANDING COMMITTEE ON THE OFFICE OF THE**

**VALUER GENERAL**

**FOURTEENTH GENERAL MEETING WITH THE VALUER**

**GENERAL**

**At Jubilee Room, Parliament House, Sydney on Friday, 11 June 2021**

**The Committee met at 9:30 am**

**PRESENT**

Mr Nathaniel Smith (Chair)

**Legislative Assembly**

Mr Stephen Kamper  
Mr Geoff Provest

**Legislative Council**

The Hon. Scott Farlow (Deputy Chair)  
The Hon. Daniel Mookhey



**The CHAIR:** Thank you for attending this public hearing of the Joint Standing Committee on the Office of the Valuer General. The public hearing today will take evidence based on the Valuer General's annual report 2019-2020, as well as other developments which have occurred since the Committee's previous examination. The intervening period since the last general meeting has seen further changes in the agency's administration and operational environment. The hearing today will enable the Committee to remain apprised of the valuable work done by the Valuer General and his office to ensure that the New South Wales valuation system provides consistent outcomes in a transparent, efficient and equitable manner for all stakeholders, including landowners.

Before we commence, I acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay respect to the Elders past and present of the Eora nation and extend my respect to other Aboriginal and Torres Strait people who are either present or viewing the proceedings on the internet. I ask everyone to switch off their mobile phones as they could interfere with the Hansard recording equipment. I now declare the hearing open and welcome the New South Wales Valuer General Dr David Parker and his team.

**DAVID PARKER**, Valuer General, Valuer General NSW, sworn and examined

**PAUL CHUDLEIGH**, Deputy Valuer General, Valuer General NSW sworn and examined

**ANDREW COFFEY**, Executive Director, Valuer General NSW, sworn and examined

**SHARNA SALT**, Executive Officer, Valuer General NSW, sworn and examined

**The CHAIR:** Thank you for appearing before the Committee today to give evidence. Before we proceed, do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

**Dr PARKER:** No.

**The CHAIR:** Would you like to make a brief opening statement before we proceed to questions?

**Dr PARKER:** Good morning. I thank the Committee for the opportunity to provide an opening statement. As you are aware, I am joined today by Deputy Valuer General Paul Chudleigh and Executive Director Andrew Coffey. I will first provide a review of the year to date, 2020-2021, then outline some future initiatives I am considering for 2021-22, and finally draw the Committee's attention to some interference by the department in my ability to fulfil my role under the Valuation of Land Act.

A year ago I outlined six initiatives that would be undertaken in 2020-2021. I am pleased to advise that all have either been completed or substantially progressed, as I noted in our informal meeting in February. The first future initiative to introduce holistic customer surveys has been introduced and has essentially confirmed that dissatisfaction at having an objection disallowed is the major source of customer unhappiness. So things like process and procedure generally seem to go well; if your objection is disallowed you are unhappy. The second initiative was around timeliness and key performance indicators for the objection process. The final IT upgrades for this have just been launched; the new process is now live.

Currently running at around 600 open objections each week. Open objections is the net balance—objections come in, objections go out and about 600 a week remain open. The third initiative was around timeliness and the compulsory acquisition process. The process has now been redesigned and the redesign is moving into implementation phase with a view to complete determinations within the 45 days specified under the Act. In 2019-2020 determinations took an average of 171 days, so there is very considerable room for improvement.

The 3,615 outstanding tunnel acquisitions that existed when I was appointed have now all been finalised. I am also now in the process of settling determinations for cultural loss for eight Indigenous groups, some of which have been outstanding for several years. The fourth initiative was to clarify previous joint standing committee recommendations to ensure consistency with law or court precedent. These included comparison with adjacent properties, being a quality assurance issue not an objection issue, and the non-negotiability of my preliminary determinations in rating and compulsory acquisition.

The fifth recommendation concerned the pursuit of funding for Valnet III, our new computer system. I regret to advise that this has still not been funded. I repeat again that this is a major risk to the revenue collection system for the State, which will become an even greater risk if the Treasurer provides an option to pay property tax instead of stamp duty. The sixth and final future initiative was the development of an automated valuation system in association with the University of New South Wales. As I reported to the informal meeting in February, this continues to be developed very, very slowly by the University of New South Wales.

Together with the future initiatives, we have completed several major projects in 2020-2021. We completed the bushfire review, which provided councils with an opportunity to seek new valuations for rating purposes for landholders affected by the tragic bushfires. We completed a COVID review, which resulted in those landholders adversely affected by COVID receiving reductions in their valuations. This review was undertaken in collaboration with the property industry and involved extensive consultation with stakeholders. Sectors badly affected by COVID, such as international CBD hotels, serviced apartments and regional shopping centres, received reductions in land value. The COVID strategy proved to be very successful and resulted in no objections to land value due to the impact of COVID.

We have also completed the LUCS project, which massively improves our electronic spatial data and mapping resources. This is a major benefit to the valuation of rural property, allowing valuations to reflect diverse soil types and conditions on remote landholdings without necessarily having the need for an inspection. I am currently undertaking a major research project into the valuation of cultural loss for Indigenous groups subject to compulsory acquisition. This project has involved input from the International Property Tax Institute in London,

the University of British Columbia in Canada, and the University of Central Queensland. No Valuer General has had to determine compensation for cultural loss before, so we are undertaking globally leading research into property valuation—and I have to say—yet again.

Looking forward to 2021-2022, I am again considering six future initiatives that will include continuing to seek funding for Valnet III and continuing the development of the automated valuation models. We are also looking at overhauling the content of our website and investigating greater use of social media. We are looking at investigating the creation of a flexible workforce to accommodate fluctuating work volumes in objections, compulsory acquisitions and special valuations, and we are looking closely at how we do quality assurance of land valuations in high-risk and high-value areas and compulsory acquisition. We are also looking at introducing a risk-based performance management system, as referred to in the Committee's thirteenth report.

Finally, I would draw the Committee's attention to some interference by the department in my ability to fulfil my role under the Valuation of Land Act. By letter dated 10 May 2021 I was effectively directed by the secretary of the department not to communicate with any staff in Valuer General NSW other than the executive director, the executive officer and my executive assistant. This was later varied to include the Deputy Valuer General. In the same letter I was effectively directed to raise any concerns regarding my ability to carry out my functions with the group deputy secretary, who would advise me what action, if any, would be taken. I advised the department that I considered this to be unworkable as the effect of the ability of the group deputy secretaries to not take action meant that the Valuer General no longer had functional control of the staff.

Effectively, the group deputy secretary is able to override the instructions of the valuer general. Therefore, effectively, the Executive Government would be undertaking valuations upon which Executive Government would then raise taxes and make compensation payments. This change reverses the system that has operated since the operation of the Act in 1916 and renders the Valuer General unable to fulfil his role under the Valuation of Land Act. I proposed a solution to the group deputy secretary that was accepted but has not yet been implemented nor explained to staff. The effect of this solution is to reverse the merger that occurred in January 2020 by returning to an Office of the Valuer General, which is totally independent and separate to a valuation service controlled by Executive Government. Thank you for your time, and I am happy to answer any questions.

**The CHAIR:** Thank you. I will kick it off by talking about a future initiative to the time limits and KPIs of the operation process. The Valuer General aims to reverse the onus of proof and make it apply to the objector in the case of an alleged or incorrect valuation. What is the rationale for making the landowner responsible for proving that the valuation may be incorrect and will the new process include measures to ensure procedural fairness?

**Dr PARKER:** The onus of proof, if the matter goes to the Land and Environment Court, is on the objector to prove that their valuation is correct and by so doing that the Valuer General's valuation is incorrect. The changes that I implemented first of all require the objector to advise what valuation they thought was correct. So, rather than just say, "It's too high", the objector needs to say, "It is too high and it should be this much". If the matter goes to court the objector will then have to support their opinion of value. We, effectively, have implemented the same provisions that if you are of the opinion that the value should be X, you then need to provide evidence to support that. If the objector is of the opinion that the value should be X he or she needs to support that with evidence and a rationale as to why that valuation is correct.

In terms of procedural fairness, the objections process is no different to the court process. In terms of fairness, there is extensive comparable sales evidence available on our website and in briefing material available to object is on the website and explains in some detail how to go about submitting your objection. We have also just switched over to our new online objection form, which takes objectors step-by-step through each box and shows what they need to give us in order to lodge a valid objection.

**The CHAIR:** How will the Valuer General ensure that procedural fairness in this new process occurs?

**Dr PARKER:** The objection form requires the objector to fill in all the boxes in order to have a valid objection. If an objector is unable to access a computer, there are provisions to do your objection through Service NSW. If it appears that the objector is unable to complete the form, say they may be elderly or they may be from a community for which English is the second language, they can contact our helpline and we will help them work through it. There are provisions for groups such as Telstra that may lodge 100 objections in one go, to provide their objections separately. We have had several cases of elderly residents of this State, particularly farmers, who have worked with our staff to lodge their objections because doing it online was all a little bit too hard.

**The CHAIR:** On this matter has the Valuer General consulted with public interest organisations such as the Public Interest Advocacy Centre, customer associations and other bodies regarding these proposed procedural changes?

**Dr PARKER:** Yes, generally speaking when I do changes we consult with the relevant stakeholder groups. That tends to be the representative groups of property owners, representative groups of dispossessed or objectors, the relevant industry bodies—Property Council, Australian Property Institute, Royal Institution of Chartered Surveyors—and groups like Environment and Planning Law Association NSW [EPLA] that represent the barristers and solicitors who commonly practice in environmental planning and property valuation law.

**The Hon. DANIEL MOOKHEY:** Valuer General, thank you for your appearance this morning and the appearance of all your staff. Can I talk to you about the letter of 21 May that you referred to in your opening statement. Do you have a copy of that letter that you can table?

**Dr PARKER:** I am afraid I do not.

**The Hon. DANIEL MOOKHEY:** This is a letter that was sent to you by the Secretary of the Department of Customer Service?

**Dr PARKER:** No. The Secretary of the Department of Planning, Industry and Environment.

**The Hon. DANIEL MOOKHEY:** So, Mr Betts?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** Mr Betts issued you a formal legal direction?

**Dr PARKER:** No. It was a statement that was effectively directional.

**The Hon. DANIEL MOOKHEY:** Okay. And it was for you to cease having contact with your staff with the exception of five or six other people, is that correct?

**Dr PARKER:** To cease communication.

**The Hon. DANIEL MOOKHEY:** What were the reasons given in that letter as to why you should cease communications?

**Dr PARKER:** I understand it was to protect the staff's health and safety as a group of staff felt anxious and fearful.

**The Hon. DANIEL MOOKHEY:** When was the first time you were made aware that some staff were feeling anxious and fearful?

**Dr PARKER:** Over the last several months.

**The Hon. DANIEL MOOKHEY:** They initiated a process inside the Valuer General or did they initiate that with the department?

**Dr PARKER:** With the department.

**The Hon. DANIEL MOOKHEY:** That was utilising which procedure or policy?

**Dr PARKER:** It would be the grievance policy, I would assume, within the department.

**The Hon. DANIEL MOOKHEY:** When were you first aware that some members of staff had triggered that process?

**Dr PARKER:** Several months ago.

**The Hon. DANIEL MOOKHEY:** And what took place after that process was triggered?

**Dr PARKER:** There was a work and health investigation, and a report was prepared.

**The Hon. DANIEL MOOKHEY:** And were you given a copy of that report?

**Dr PARKER:** I was.

**The Hon. DANIEL MOOKHEY:** And were you given the opportunity to make submissions to that report?

**Dr PARKER:** No, I was not.

**The Hon. DANIEL MOOKHEY:** You were not given any procedural opportunity to answer any of the allegations being made or to provide any evidence to the contrary?

**Dr PARKER:** Not as far as I am aware. I could review that just to ensure that there was not a paragraph at the end that invited a response, but as far as I am aware there was no opportunity.

**The Hon. DANIEL MOOKHEY:** Which firm prepared this report?

**Dr PARKER:** It was prepared internally.

**The Hon. DANIEL MOOKHEY:** By the department?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** It was not like they used an external firm or investigator, the department itself did the investigation?

**Dr PARKER:** Yes. I think it may have been done by one member of the department with a member of an external legal firm.

**The Hon. DANIEL MOOKHEY:** When were you given the report? If you are not given an opportunity to make a submission to the report, were you given the findings or the draft findings?

**Dr PARKER:** Yes, late last year.

**The Hon. DANIEL MOOKHEY:** And you had the opportunity then to make submissions after that, or not?

**Dr PARKER:** I would have to check the report as to whether it invited submissions. I do not remember being given the opportunity.

**The Hon. DANIEL MOOKHEY:** Do you have a copy of that report?

**Dr PARKER:** I do.

**The Hon. DANIEL MOOKHEY:** Are you in a position where you can table such a report?

**Dr PARKER:** I have a copy, but I do not have it with me to table.

**The Hon. DANIEL MOOKHEY:** Can you take it on notice as to whether you can table that report?

**Dr PARKER:** I will take instructions, yes.

**The Hon. DANIEL MOOKHEY:** At the conclusion of that reporting process, the next thing that occurs is that the secretary writes to you on 21 May?

**Dr PARKER:** On 10 May.

**The Hon. DANIEL MOOKHEY:** That is when you receive, effectively, the direction?

**Dr PARKER:** The effective direction, yes. It was handed to me.

**The Hon. DANIEL MOOKHEY:** It was handed to you?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** Directly by the secretary?

**Dr PARKER:** No, by the group Deputy Secretary and the group Deputy Secretary of People, Performance and Culture.

**The Hon. DANIEL MOOKHEY:** Of the Department of Planning, Industry and Environment?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** You were given this direction, and since then have you followed it?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** What is the practical effect of you following it?

**Dr PARKER:** The practical effect is that I cannot communicate with the staff except those identified, and all communication goes through the Executive Director who has an extremely full inbox.

**The Hon. DANIEL MOOKHEY:** Right. Are you challenging this direction or are you disputing this direction?

**Dr PARKER:** No. I advised the department that I considered it to be unworkable. I provided the department with what I considered to be a solution that would allow them to manage their concerns over staff welfare, and allow me to register valuations under the Act and issue notices of compensation determination. That has been accepted but has not yet been implemented nor explained to staff.

**The Hon. DANIEL MOOKHEY:** Can you outline what your proposed solution is?

**Dr PARKER:** Yes, my proposal is that the effect of the secretary's letter is that Executive Government has the staff to make valuations and make determinations but no statutory power to register valuations or issue determinations. I, at the same time, have no staff but the ability to register valuations and issue determinations. I therefore need staff to look at the valuations and determinations to ensure that they are satisfactory and that I am happy to release them. The proposal I made to the department was to create a group of staff who would do that. I received an email saying that proposal was agreed but has not yet been implemented nor explained to staff.

**The Hon. DANIEL MOOKHEY:** In terms of the impact on the next valuation cycle, surely this is having some impact on that. You said this rendered it dysfunctional—I think that was the term you used—and non-workable.

**Dr PARKER:** Yes, there have been daily discussions through the executive director with the department about this because one potential effect is that the July 2021 valuation cannot go ahead and the compulsory acquisition compensation determinations cease. Neither of those outcomes are acceptable. Hence, I proposed a solution to the group deputy secretary, which the executive director has been trying very hard to have implemented.

**The Hon. DANIEL MOOKHEY:** The July valuations—we are talking millions of properties, are we not?

**Dr PARKER:** It is 2.6 million.

**The Hon. DANIEL MOOKHEY:** The valuations of 2.6 million properties are at risk. Is that a fair summary?

**Dr PARKER:** The issuing of those valuations and recording on the register is at risk if clarity is not achieved before the date on which they need to go on the register.

**The Hon. DANIEL MOOKHEY:** And that would affect council rates—

**Dr PARKER:** It would.

**The Hon. DANIEL MOOKHEY:** —and land tax?

**The Hon. SCOTT FARLOW:** Just on that point quickly, what is that date on which they have to go to the register?

**Dr PARKER:** Sometime towards November.

**The Hon. DANIEL MOOKHEY:** But we are talking about every council rate for those 2.6 million?

**Dr PARKER:** No, council rates will be determined based on the 2019 valuations, so they—

**The Hon. DANIEL MOOKHEY:** But the land tax?

**Dr PARKER:** Land tax is subject to this valuation, and there are several hundred compulsory acquisition determinations being processed at the moment.

**The Hon. DANIEL MOOKHEY:** I wanted to talk to you about that. We are talking about the compulsory acquisitions for the Sydney Metro. We are talking about the compulsory acquisitions for the Badgerys Creek airport line, are we not, amongst others?

**Dr PARKER:** At the moment we are talking about Sydney Metro. We have not as yet received any instructions on Badgerys Creek.

**The Hon. DANIEL MOOKHEY:** But it is serious, you would agree?

**Dr PARKER:** Yes, that is why I raised it with the Committee today so that the Committee is aware.

**The Hon. DANIEL MOOKHEY:** You have described this basically as an attack on the Valuer General's independence.

**Dr PARKER:** No, I described it as an interference.

**The Hon. DANIEL MOOKHEY:** As an interference in the Valuer General's independence. I think you described it as being one of the most significant since 1916. Did I hear you correctly? I was on Webex.

**Dr PARKER:** No, I said that this changed—let me just check.

**Mr GEOFF PROVEST:** The Act from 1916.



**Dr PARKER:** It reverses the system that has operated since the introduction of the Act because the fundamental provision that has existed since 1916 is that the making of valuations is separate to the raising of taxes. The making of valuations is undertaken by an independent statutory officer who is not influenced by government. Government then takes those valuations and raises taxes. The effect of the secretary's letter is that Executive Government makes valuations upon which Executive Government then raises the taxes.

**The Hon. DANIEL MOOKHEY:** Which vitiates the purpose of the independent statutory office, does it not?

**Dr PARKER:** It does, and it provides the community with a very, very different scenario.

**The Hon. DANIEL MOOKHEY:** Have you created an unsafe workplace at the Valuer General's office?

**Dr PARKER:** In my opinion I would say not.

**The Hon. DANIEL MOOKHEY:** Have you engaged in any form of bullying or workplace harassment against any individual who works in your office?

**Dr PARKER:** No.

**The Hon. DANIEL MOOKHEY:** Have you had the opportunity—

**The Hon. SCOTT FARLOW:** Can I just ask on that—maybe it is wise for us to go in camera at some point perhaps to explore whatever may be in that report that you were issued and whatever findings there were. I am happy to go in camera to determine that.

**The Hon. DANIEL MOOKHEY:** I am in the Chair's discretion on this.

**The CHAIR:** I think we should go in camera because this is something that—

**The Hon. SCOTT FARLOW:** It is fairly unexpected. I expect Dr Parker—

**The Hon. DANIEL MOOKHEY:** I am happy to take the evidence in camera but make a decision about the transcript afterwards, which is standard procedure.

**The Hon. SCOTT FARLOW:** Just in terms of protecting Dr Parker's privacy in the matter.

**The Hon. DANIEL MOOKHEY:** Yes, of course, and the privacy of the staff as well. Do we need a resolution to that effect?

**The CHAIR:** Yes, I move that we go in camera if we are going to discuss these matters.

**The Hon. DANIEL MOOKHEY:** Maybe we or someone else should move in that way.

**The Hon. SCOTT FARLOW:** I am happy to move that we go in camera for a period and then we determine when we come out of in camera.

**The Hon. DANIEL MOOKHEY:** Yes, and then we determine the transcript afterwards.

**The CHAIR:** Yes.

**(Evidence proceeded in camera)**

**The Hon. DANIEL MOOKHEY:** Valuer General, circa February 2020 you started to raise concerns with the length it is taking for compulsory acquisitions under the Just Terms Act. Was there any particular acquisitions at the time that were drawing your attention?

**Dr PARKER:** No.

**The Hon. DANIEL MOOKHEY:** It was totally a general view?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** You started to have discussions and tried to probe what the reasons were for the delay, is that fair?

**Dr PARKER:** Yes, that is fair.

**The Hon. DANIEL MOOKHEY:** What were the reasons identified to you? You said that the valuers said it was complicated.

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** Did they provide you any further reasons as to why?

**Dr PARKER:** No.

**The Hon. DANIEL MOOKHEY:** Then what did you do?

**Dr PARKER:** I kept asking.

**The Hon. DANIEL MOOKHEY:** How long did you keep asking for?

**Dr PARKER:** Pretty much the whole year.

**The Hon. DANIEL MOOKHEY:** So until December 2020?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** Your view was that the reasons for this delay, the 171 days on average for a compulsory acquisition under the Just Terms Act, was independent of COVID and it was more of a policy and procedure aspect as to how the office was functioning?

**Dr PARKER:** Yes. It was a workplace management process issue.

**The Hon. DANIEL MOOKHEY:** To date, what is the current average length? What are we up to? Has it got better?

**Dr PARKER:** I am told it has got better. I am told it is down to 85 days. I have not seen the supporting data that leads to that number because I am very conscious that the eight Indigenous claims have been outstanding for several years.

**The Hon. DANIEL MOOKHEY:** When you say you are told it is 85 days, who told you that it is 85 days?

**Dr PARKER:** The compulsory acquisition team.

**The Hon. DANIEL MOOKHEY:** How many people are in that team?

**Mr COFFEY:** Six or seven people in the team.

**Dr PARKER:** Six or seven, yes.

**The Hon. DANIEL MOOKHEY:** But even at the 85 days, that is still nearly twice what the Act says.

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** So that is unacceptable, is it?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** So you are raising these concerns. Are you raising this with the compulsory acquisition team?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** Was that the centre of your concerns about the lack of accountability?

**Dr PARKER:** With the compulsory acquisition team director at the time, and there were also issues on transparency and clarity with the rating valuations.

**The Hon. DANIEL MOOKHEY:** Let us separate them out. What are the concerns with the rating valuations?

**Dr PARKER:** The inability to get clear answers to simple questions.

**The Hon. DANIEL MOOKHEY:** What are we talking about as a simple question?

**The Hon. SCOTT FARLOW:** Can you give us an example of that?

**Dr PARKER:** Let me give you an example of a matter that recently came across my desk. The valuation in 2019 was \$4.5 million. The valuation in 2020 was—

**Mr CHUDLEIGH:** It was \$2.7 million.

**Dr PARKER:** —\$2.7 million.

**The Hon. DANIEL MOOKHEY:** For a property?

**Dr PARKER:** For a property. I asked repeatedly for five weeks, "What is going on? How can this be? Which is correct?" I got obfuscating answers without clarity for five weeks. The Deputy Valuer General then arranged for the quality management team to look at it. It turns out that both years should have been in the order of—

**Mr CHUDLEIGH:** They should have been \$3.3 million.

**Dr PARKER:** —\$3.3 million. Regrettably it was not a case of one year being right and one year being wrong, it was a case of both years being wrong. Not only were both years wrong, the direction was reversed. The value did not go down from 2019 to 2020, it went up. After five weeks of obfuscation and a lack of clear answers, I finally was able to get some clarity.

**The Hon. SCOTT FARLOW:** Do you then undertake a remediation process across the work of that valuer if you are getting that sort of inconsistency?

**Dr PARKER:** The management of the valuer is a matter for the Executive Director because the valuer is an employee of the Department of Planning, Industry and Environment.

**The Hon. SCOTT FARLOW:** Executive Director, if a valuer was to identify properties so incorrectly as it seems, is there a remediation process that is undertaken on the rest of their work or some sort of assessment?

**Mr COFFEY:** Yes and no, because the valuer is quality checking the contractor's work. We have to remember that the work is done as a mass valuation. It is a whole process of having a component of properties based on a benchmark. When a property is incorrect, it definitely is that the actual quality checking valuer will go through and try to explain why there may be an error or why it may look different as a value.

**The Hon. SCOTT FARLOW:** For that property from \$4.5 million to \$2.7 million, how was that identified? Was that because it was so far out of the realms of believability that it was flagged or is there some other process? Was it by objection by the individual landholder, which I would imagine they probably would not do? How did that come to your attention?

**Dr PARKER:** It was brought to my attention by the valuer for the landholder and his solicitor.

**The Hon. SCOTT FARLOW:** If that landholder had not objected or brought that to your attention, it would not have been discovered. Is that correct?

**Dr PARKER:** Quite possibly.

**The Hon. SCOTT FARLOW:** So there is no system in place that looks at perhaps the bell curve, so to speak, of when you have valuations and what is within the realms of expectations that would flag it to your attention otherwise?

**Dr PARKER:** No. There is a very sophisticated and extensive system in place that requires the staff to operate it, and to operate it correctly and fully.

**The Hon. SCOTT FARLOW:** So it would be flagged to a staff member?

**Dr PARKER:** The system is there and works.

**The Hon. SCOTT FARLOW:** But it requires the staff member to make that assessment and if that staff member does not make the correct assessment, you will end up with the situation like you had there.

**Mr COFFEY:** Correct. But coming back to our Valnet situation, a particular valuer for Sydney may have 360,000 properties with an old 20-year-old Valnet system that does not have state-of-the-art reporting. So it is up to them to scour through the system and find the relevant integrity report. As the Valuer General says, there are a lot of reports there, but it is not super sophisticated and they have a massive workload.

**Mr CHUDLEIGH:** In this situation we have a tools package within our Valnet system which identifies outliers through a mass valuation process. There are approximately around 32 checks or thereabouts that identifies—when valuations are made in a mass valuation process, of course, the idea of this tools package is to identify such outliers. So properties that have significant value change, such as a \$4.7 million change down to a \$2.7 million change, do get flagged through that system. Our contract valuers also use the same tools package of outlier checks and they are required to identify the reasons why these changes occur. They are also flagged within our Valnet system. In this particular case, the contract valuer provides reason in the system as to why the valuation changed, which our quality assuring valuer is required to review and determine whether that is acceptable.

**The Hon. SCOTT FARLOW:** Explain to me, with Valnet II, apart from it being a 20-year-old system, what sort of improvements would Valnet III see in a situation like this?

**Mr COFFEY:** The primary improvement or the first problem is that because it is an old database it needs a programmer to actually make reports and change reports. You cannot just go into the system. To get a report created or a dashboard created you need to actually have a programmer and a full scope of works to create a new report. There are not really sophisticated dashboards or state-of-the-art reporting. Whereas a new Salesforce or state-of-the-art cloud-based database system would give the ability to quickly create, in a matter of hours—a user could create a report. At the moment you cannot do that. Everything that they work has to either be downloaded into an Excel sheet and recut in a different way.

**The Hon. SCOTT FARLOW:** There is no sort of drop-down menu that says, "Produce report on X, Y or Z." You have got to have—

**Mr COFFEY:** It does not have that sophistication and that is what makes it difficult. As the Deputy Valuer General says, there is certainly a suite of reports but nothing is really—they are all separate reports and they have to go in and actually know which report to check through a sea of data. As I said, a Sydney district valuer may have 360,000 properties that he is responsible for.

**The Hon. DANIEL MOOKHEY:** Just to be clear though, last year there were issues with the compulsory acquisition team and there were issues with the ratings team. Is that correct?

**Dr PARKER:** Correct.

**The Hon. DANIEL MOOKHEY:** The issues with the compulsory acquisition team was timeliness, but what about accuracy? Did you have concerns about the accuracy of their valuations under the Just Terms Act?

**Dr PARKER:** I had not at that stage reviewed any of their valuations. I have only been reviewing their valuations since Christmas.

**The Hon. DANIEL MOOKHEY:** Do you now have concerns about their accuracy?

**Dr PARKER:** I have concerns about the application of statute and case law. I accept that accuracy is a difficult word in valuation because valuation is a matter of opinion.

**The Hon. DANIEL MOOKHEY:** Sure.

**Dr PARKER:** I accept that the contract valuer may not have come to the same opinion I would come to, but that does not mean that his opinion is invalid.

**The Hon. DANIEL MOOKHEY:** Sure. But you have concerns about whether or not statute and precedent have been followed in terms of the Just Terms Act.

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** For a family, for example, in Orchard Hills right now that is about to face a property acquisition notice [PAN] notice, can they have confidence that the way in which the Valuer General has valued their property is appropriate and correct?

**Dr PARKER:** They can because a residential acquisition would be relatively straightforward. There is little ambiguity in the case law for disturbance or for solatium around residential acquisition.

**The Hon. DANIEL MOOKHEY:** What about a small business in the food court of the Hunter Connection centre which is about to go through a compulsory acquisition process with Sydney Metro. Can they have confidence?

**Dr PARKER:** They could have confidence because they would essentially be a small business valuation.

**The Hon. DANIEL MOOKHEY:** Who should be worried?

**Dr PARKER:** The people who may have the largest scope for issues to arise would be property developers and large property owners with development potential.

**The Hon. DANIEL MOOKHEY:** You have concerns with the rating team. Did you develop those concerns at the same time as you developed concerns with the compulsory acquisition team?

**Dr PARKER:** Yes. It evolved over 2020.

**The Hon. DANIEL MOOKHEY:** All throughout 2020. You were persistently engaging in efforts to improve accountability for both teams until the end of last year.

**Dr PARKER:** We were.

**The Hon. DANIEL MOOKHEY:** When did the complaints surface—sorry, I know I have asked you before, but in the context of this time line can you give us any further information about when the complaints surfaced from those staff?

**Dr PARKER:** From February 2020.

**The Hon. DANIEL MOOKHEY:** When did the concerns of the staff surface with the department?

**Dr PARKER:** From February 2020.

**The Hon. DANIEL MOOKHEY:** They made contact within a month of your arrival to the department.

**Dr PARKER:** Yes. At that stage there was a monthly staff survey that the department runs. The department is aware of the comments that the staff make in that survey.

**The Hon. DANIEL MOOKHEY:** Then that increased throughout the last year.

**The Hon. SCOTT FARLOW:** Is this the People Matter survey?

**Dr PARKER:** Yes, and the monthly Teamgage survey.

**The Hon. DANIEL MOOKHEY:** Presumably that escalated each month or it was at least a persistent feature of each month.

**Dr PARKER:** It escalated up to the point of Mr Coffey's appointment, when the level of intimidation and bullying at the Valuer General through Teamgage was so high or was such that Teamgage was stopped.

**Mr COFFEY:** We qualify there is an annual survey—PMES, People Matter—and there is a Teamgage pulse check, if you like, as a survey that is issued out to the team that has a set of gauges to say across different measures, but it also has potential for comments. The comments were quite pointed coming back affecting the Valuer General.

**The Hon. SCOTT FARLOW:** Was that across the whole Office of the Valuer General or was that across just particular teams?

**Dr PARKER:** It is an anonymous survey so one never knows exactly.

**The Hon. SCOTT FARLOW:** So you do not have it to that data point. It is just across the Office of the Valuer General.

**The Hon. DANIEL MOOKHEY:** Did that ever surface in a formal complaint to the department or was all this feedback only issued through surveys? Did the staff ever make a formal complaint to the department?

**Dr PARKER:** I am not sure what a formal complaint would comprise. Staff raised issues with the department.

**The Hon. DANIEL MOOKHEY:** But under the policies and procedures as a department, do they have the opportunity to make a written complaint?

**Dr PARKER:** I understand they do.

**The Hon. DANIEL MOOKHEY:** And they did?

**Dr PARKER:** I am unaware.

**The Hon. DANIEL MOOKHEY:** Then what happens? How then does the department get in touch with you to let you know that there are these issues?

**Dr PARKER:** The group deputy secretary of people, place and culture would contact me.

**The Hon. DANIEL MOOKHEY:** And he contacted you—is it a he or a she?

**Dr PARKER:** It is a she.

**The Hon. DANIEL MOOKHEY:** She contacted you.

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** When did she contact you?

**Dr PARKER:** I would have to check my diary.

**The Hon. DANIEL MOOKHEY:** Do you remember about when?

**Dr PARKER:** Middle to late last year.

**The Hon. DANIEL MOOKHEY:** What process did she ask you to participate in?

**Dr PARKER:** I am not sure that is appropriate to answer on the record.

**The Hon. SCOTT FARLOW:** Would you prefer to go in camera in that regard?

**Dr PARKER:** Yes, that might be preferable.

**The Hon. SCOTT FARLOW:** I will move that we go in camera in that regard.

**(Evidence proceeded in camera)**

**The Hon. DANIEL MOOKHEY:** Dr Parker, what I am struggling to reconcile is that if you are issued a direction on 10 May, does last night's email override that direction? How can it be possible that the deputy secretary can issue you an email when the secretary has put the direction in place? You do not know.

**Dr PARKER:** I am unaware.

**The Hon. DANIEL MOOKHEY:** What is the status of the agreement?

**Dr PARKER:** That is a very good question.

**The Hon. SCOTT FARLOW:** Mr Coffey, do you have anything further to add on that?

**Mr COFFEY:** I think it is because of this separation that Dr Parker requires. At the moment, the DPIE team reports back through me. But Dr Parker needs to know that he has this independence and wants to have independence where he can direct a team himself without me stepping in and overriding that decision. I think now, functionally, he has that in terms of what has been documented on the email. I think he has got that now and can actually work with impunity and work effectively to deliver the results.

**Mr GEOFF PROVEST:** Could you update the Committee on the progress of the application for Valnet III funding? You have indicated that you were unsuccessful, but are there ongoing negotiations or future negotiations with Treasury? Or is it just that you have been told no and that is it, the door is shut?

**Dr PARKER:** I will answer it to the extent of my simple understanding. Mr Coffey has a more detailed understanding. We bring it up at every possible opportunity with anybody who might have any money or influence. It appears to still be on the books as a possible project, but it does not appear to have moved to the top of anybody's list yet who has a chequebook.

**Mr COFFEY:** It was put on a high priority list of potential projects when the fund—a few months back there was a fund that became available with over \$1 billion of money for computer and IT projects. It made it onto the list but then moved around on the list. There were other priorities. We have elevated it to our best ability to make people aware that the system is old and that we need the new Valnet III where we can. But other priorities seem to overtake it and so we make good with what we can do. We are currently changing an objection process and using a new system, based on the similar system that we would use for Valnet III, to build a new component in the new system so that if we do something in the future that component will easily fit in. But at the moment we cannot seem to get sufficient recognition of the need for a new system and we cannot get it on the board.

**The Hon. SCOTT FARLOW:** In terms of your budget submissions, do you put those in independently direct to Treasury or do they go through DPIE to be submitted to Treasury?

**Mr COFFEY:** They go through DIO, our digital information office, and that is how they are submitted. They are raised on our risk register and regularly put in but not as a separate submission. Although they were originally put through a gate one and gate two system.

**Mr GEOFF PROVEST:** If Treasury ticked the box today, is there 12 months before the Valnet system becomes operational?

**Mr COFFEY:** What we do is we prioritise the components we need. Over the last three months we have just built a new component for the objections process. So what we do is prioritise and because it can be built in various applications at various stages, depending on which part of the business we need it for, we would then address it on an as needed basis. It was going to take two years to implement the process completely, the new Valnet system—we would shadow it with the old one running in parallel while we build it, but it was a two-year build.

**Mr GEOFF PROVEST:** If a system is 20 years old, is there a danger that it is going to fall over one day at a crucial time, like now?

**Mr COFFEY:** It is a good question. My honest answer is no because it is an Oracle database, a forms-based database, that is still supported. However, it is a forms base with a separate internet system called 2i that is totally separate, so we have a Valnet system in two parts. That means that you have got one part that you have to separately get out of to get into the other part with the same data. It does not connect. It makes it complicated but, in short, no, I do not believe it will fall over. The only real concern is it is almost like adding modifications to a car, performance modifications, until the engine blows. There is so much programming behind the scenes that the testing to make sure that when they are putting the data together it does not actually break it is our concern, because of putting too much into the way the current system works and having to then navigate their way through the programming to make sure it all holds together, in essence. That is more the concern. I do not think it is going to actually just fall over.

**Mr CHUDLEIGH:** I think, to add to that, while nothing happens to it, it should not fall over. The concern is that to make any improvements or changes requires significant programming and that is where the risk can fall over. Simple processes like having an audit form, for argument's sake, held within the system to be able to better follow through that quality assurance process and making changes even to a table in that form is a significant programming change that could potentially make it fall over. So the risk is to make those sort of changes limited.

**Mr GEOFF PROVEST:** Do you think that is causing frustration within the organisation?

**Dr PARKER:** Extreme frustration.

**Mr COFFEY:** And probably part of the concern for Dr Parker is meeting his expectations. He expects a level of quality but the team is struggling to deliver because they do not really have a lot of ability to look at, say, dashboards or quickly check data that is integrated because it is looking at sheets of data rather than smartly prepared—let us put it this way, it makes it very difficult for the team to operate in the current day with the old system in the way it is currently presented.

**The Hon. SCOTT FARLOW:** Remind me, what is the value of Valnet III in terms of the budget that you would be putting?

**Mr COFFEY:** It is about—\$26-odd million is the request. That is about \$7million of operating expenses and about \$19million of capital expenditure—or operating expenses recurrent.

**The Hon. SCOTT FARLOW:** Over how many years?

**Mr COFFEY:** It was a two-year build, but I think you could do it in components. But that is the total cost, \$26-odd million.

**The Hon. DANIEL MOOKHEY:** To return to an issue that we were talking about before, you are an independent statutory officer, are you not?

**Dr PARKER:** I am.

**The Hon. DANIEL MOOKHEY:** Therefore, what authority does the secretary have to issue any directions?

**Dr PARKER:** No, I said the secretary "effectively" directed me. It was very clear that he did not issue a direction, but the effect of the text that he used was to be an effective direction.

**The Hon. DANIEL MOOKHEY:** Yes. But, be it effective or otherwise, what authority does he have to issue a direction whatsoever?

**Dr PARKER:** I am unaware.

**The Hon. DANIEL MOOKHEY:** So why have you complied with it? If the secretary lacks the authority to issue such an instruction, why do you follow it?

**Dr PARKER:** I thought that was the better approach. I thought that a sensible solution could be achieved. I am raising it with the Committee today because in the time that has passed, whilst we edge closer to a sensible solution, we have not yet achieved it.

**The Hon. DANIEL MOOKHEY:** How long is your appointment for?

**Dr PARKER:** Seven years.

**The Hon. DANIEL MOOKHEY:** And you were appointed—

**The CHAIR:** In 2020, I think.

**Dr PARKER:** January 2020.

**The Hon. DANIEL MOOKHEY:** So you are in office until 2027, at least. How many people are you allowed to communicate with?

**Dr PARKER:** Four.

**The Hon. DANIEL MOOKHEY:** So you are responsible for an office of 120 people but you can only communicate with four people?

**Dr PARKER:** Well, there is a question to the extent to which I am responsible for that office.

**The Hon. DANIEL MOOKHEY:** Why are you not responsible for that office?



**Dr PARKER:** There are some 120 people making valuations, recording land data and undertaking customer service activities.

**The Hon. DANIEL MOOKHEY:** Are their contracts of employment with you or with the department?

**Dr PARKER:** The department. As a statutory officer I am unable to employ. The department, in theory, provides me with the staff that I then control. At the moment, the department provides and controls the staff.

**Mr COFFEY:** Through me.

**The Hon. DANIEL MOOKHEY:** Are you directly employed by the department as well?

**Mr COFFEY:** Yes, by the department.

**The Hon. DANIEL MOOKHEY:** To the extent to which the department is exercising authority over its employees, it is relying on the Government Sector Employment Act, effectively, correct?

**Dr PARKER:** Yes.

**Mr COFFEY:** Yes.

**The Hon. DANIEL MOOKHEY:** That gives it the authority, regardless of whether you agree or not, to issue directions to its staff. Is that correct?

**Dr PARKER:** As I understand it.

**The Hon. DANIEL MOOKHEY:** Has the department issued any directions to staff not to communicate to you?

**Dr PARKER:** I am unaware.

**Mr COFFEY:** Yes, they have issued an email to clarify that all communications come through me.

**The Hon. DANIEL MOOKHEY:** When did they issue that email?

**Mr COFFEY:** That was around the same time as the 21 May—

**The Hon. DANIEL MOOKHEY:** The 10 May.

**Mr COFFEY:** Sorry, 10 May.

**The Hon. DANIEL MOOKHEY:** Do you have a copy of that email?

**Mr COFFEY:** I can certainly prepare and send that to you.

**The Hon. DANIEL MOOKHEY:** Could you table that?

**Mr COFFEY:** Sure.

**The Hon. DANIEL MOOKHEY:** Thank you. So they issued an email to the whole 120 members of the Valuer General's office saying not to communicate with the Valuer General.

**Mr COFFEY:** Yes.

**The Hon. DANIEL MOOKHEY:** Did that arouse any particular response from the recipients of that email?

**Mr COFFEY:** I think as a consequence of the People Matter Employee Survey and the working groups where people have aired their views to DPIE senior executives, I think they are aware of why the communication has come out because it has been made pretty clear in the PMES and these working groups.

**The Hon. DANIEL MOOKHEY:** I am sure that they probably have contextually picked up on the factors that may have led to it, but my question was what was their response, having received an email saying that they cannot communicate with the Valuer General?

**Mr COFFEY:** I have not had any personal requests for clarification from staff members. Potentially, the Valuer General or Deputy Valuer General staff may have had requests.

**The Hon. DANIEL MOOKHEY:** Deputy, have you had any issues raised?

**Mr CHUDLEIGH:** I have certainly had some staff members concerned that they were requested not to have communication with the Valuer General.

**The Hon. DANIEL MOOKHEY:** Because I can imagine that would make their work a lot harder, correct? And how many staff have raised these issues with you?

**Mr CHUDLEIGH:** To me, some members of my team.

**The Hon. DANIEL MOOKHEY:** Right, and does that apply to you too, Executive Director or Executive Officer?

**Mr COFFEY:** I have not had anyone ask for that.

**The Hon. SCOTT FARLOW:** Mr Chudleigh, your role as Deputy Valuer General, is that a statutory role as well?

**Mr CHUDLEIGH:** No, it is not; it is a DPIE role.

**The Hon. DANIEL MOOKHEY:** Insofar as the concerns that you had about accountability and adherence to precedent, amongst others, you said before you still have these concerns.

**Dr PARKER:** I do.

**The Hon. DANIEL MOOKHEY:** How are you intending to pursue the reforms you wish to pursue to improve accountability under these arrangements?

**Dr PARKER:** I can only request the executive director and the group deputy secretary.

**The Hon. DANIEL MOOKHEY:** But you are still persisting in your efforts to improve accountability.

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** And you are having now to channel all that for the executive director and the Deputy Valuer General.

**Mr COFFEY:** Through myself.

**The Hon. DANIEL MOOKHEY:** Has that made that easier or harder to achieve your objective of improving accountability?

**Dr PARKER:** Much harder.

**The Hon. DANIEL MOOKHEY:** Has it slowed it down?

**Dr PARKER:** Yes.

**The Hon. DANIEL MOOKHEY:** To what extent?

**Dr PARKER:** It has effectively ground to a halt.

**The Hon. DANIEL MOOKHEY:** As a result of this direction you are saying your efforts to improve accountability in the Valuer General's office have ground to a halt. Did I hear you correctly?

**Dr PARKER:** I do, and I would qualify that, that it is not the fault of the executive director.

**The Hon. DANIEL MOOKHEY:** To be fair, I do not think anyone is suggesting that it is.

**Dr PARKER:** Because whilst I have to channel things through the executive director there is a huge volume of things going through the executive director and therefore prioritisation is a major challenge for the executive director.

**The Hon. DANIEL MOOKHEY:** Have you ever been asked to resign?

**Dr PARKER:** No.

**The Hon. DANIEL MOOKHEY:** Do you think that this is an effort to encourage you to resign?

**Dr PARKER:** I would rather not answer that.

**Mr GEOFF PROVEST:** I do not think you need to answer that. Daniel, in all fairness, we have chewed this for the last hour or so—

**The Hon. DANIEL MOOKHEY:** It is a pretty serious issue.

**Mr GEOFF PROVEST:** —and you are being repetitive in some of your questions about dates and times.

**The Hon. DANIEL MOOKHEY:** I will do my best. I take your advice.

**Mr GEOFF PROVEST:** I think there are other questions we need to ask.

**The Hon. DANIEL MOOKHEY:** Sure. I have only got a few more on this matter, but I accept your point. You have statutory independence, correct?

**Dr PARKER:** Correct.

**The Hon. DANIEL MOOKHEY:** So how can you be removed?

**Dr PARKER:** By the Parliament.

**The Hon. DANIEL MOOKHEY:** And no-one else has the ability to remove you.

**Dr PARKER:** As far as I am aware.

**The Hon. DANIEL MOOKHEY:** Insofar as the arrangement that you have proposed to functionally operate the office, how long do you think that arrangement can continue?

**Dr PARKER:** For the duration of my term.

**The Hon. DANIEL MOOKHEY:** You are saying right now that it is possible that for the next five and a bit years you will complete multiple valuations and compulsory acquisitions having only been prepared to communicate with four staff.

**Dr PARKER:** No. Under the proposal I have put forward there would be around 20 staff in total.

**Mr CHUDLEIGH:** Close to that.

**The Hon. SCOTT FARLOW:** Effectively it would be the senior management and upper middle management team that you would be able to communicate with?

**Dr PARKER:** No, it would be what we call a quality management team.

**Mr CHUDLEIGH:** The team that reports through myself.

**Dr PARKER:** They would deal with rating and taxing valuations and then recruit some valuers to deal with compulsory acquisition and quality assurance.

**The Hon. DANIEL MOOKHEY:** In layman's terms, isn't it ridiculous that for 5½ years we could have a scenario where the Valuer General could only communicate with some of his staff?

**Dr PARKER:** It would appear unusual.

**The Hon. DANIEL MOOKHEY:** How can we have any confidence in the rating system and the compulsory acquisition system if the Valuer General can only communicate with a select number of their staff?

**Dr PARKER:** Because those staff with which I communicate would be those who are doing the final level of quality control before valuations are released.

**The Hon. DANIEL MOOKHEY:** This is my final question on this: Have you sought to have any meetings with the Minister or with the secretary to talk to them directly about the unsatisfactory nature of this arrangement?

**Dr PARKER:** I have a meeting arranged with the Minister.

**The Hon. DANIEL MOOKHEY:** Which Minister?

**Dr PARKER:** Minister Pavey.

**The Hon. DANIEL MOOKHEY:** And when is that taking place?

**Dr PARKER:** I think it is the week after next.

**The Hon. DANIEL MOOKHEY:** Has Minister Pavey been aware of these concerns?

**Dr PARKER:** There is some ambiguity around this. The group deputy secretary—and I do not wish to misquote him—either said that the Minister was aware or the Minister's office was aware, and I cannot recollect—

**The Hon. DANIEL MOOKHEY:** That was communicated to you in a meeting?

**Dr PARKER:** In the meeting on the 10th. I cannot recollect which of the two it was. So to be fair to the Minister, I cannot recollect.

**The Hon. SCOTT FARLOW:** I am sure they are aware today.

**The CHAIR:** We might move back to the report.

**The Hon. SCOTT FARLOW:** Last year when you came before the Committee we had some discussion about what was at that time proposed under the COVID-19 Legislation Amendment (Emergency Measures—Miscellaneous) Bill 2020 and the original schedule 1.32 to that bill, which effectively allowed for the Office of the Valuer General not to conduct valuations, was amended out of the bill, so you did have to conduct valuations last year. I think in coming before the Committee at that time you told us that you had an expectation that valuations would increase, as we have seen across New South Wales by 3.6 per cent last year. One of the concerns at the time was there was not a requisite number of transactions taking place at that time, particularly from March to June of that year, to be able to have a fair assessment of the market at that time. I am just wondering what actually transpired in terms of your analysis at that time and was it impacted by COVID.

**Dr PARKER:** In terms of the residential market there was a sufficient volume of transactions, so we were able to value in the residential market as we normally would. In the non-residential market some sectors had a level of transactions—some had a very low level and some had none. For those sectors with low levels of transactions or no transactions we proposed a series of percentage changes to the 2019 land value. We arrived at those percentages by consultation with industry, stakeholder groups and through our own analysis, and they aim to reflect the impact that COVID had on those particular subsectors and the effect that that would then have on land value. Landholders only got a percentage deduction if there were no relevant sales and there was no higher and better use of the land. To get the deduction you had to be pretty much stuck with the use you had got. So we put those through. We said to the landowners at the time we were discussing them that we hoped, whilst they probably would not like them and would have liked a bigger discount, that they could live with them. It turned out that they did live with them and we had no appeals.

**The Hon. SCOTT FARLOW:** That is testament to your success there, I guess, in terms of the approach taken. Having also a look at some of the total land value changes, particularly by LGAs from last year, it seems like regional areas had significant growth, particularly in the Northern Tablelands. Forbes was the highest at 23.72 per cent in terms of land value changes. What occurred there to require Forbes to be the highest? Do you have any detailed knowledge?

**Mr CHUDLEIGH:** Generally speaking, the rural market in Forbes was led by the increase to rural values. The rural market has been strong over recent years.

**The Hon. SCOTT FARLOW:** And that was because of improving conditions in the rural market?

**Mr CHUDLEIGH:** Even during the June 2019 valuations in the middle of our severe drought at the time rural values were still increasing. Coming into 2020, of course, the drought conditions changed and we had quite a very good season. It really comes down to a combination of very low interest rates and very good commodity prices, and a lot of the transactions we are seeing is the desire for property owners to aggregate into larger holdings. There have been limited rural properties on the market in places and continuing high prices are being paid for those properties.

**The Hon. SCOTT FARLOW:** Have you seen an increase in objections from rural and regional communities with the higher prices, or has that not been the case?

**Mr CHUDLEIGH:** Not the case, because there is a substantial body of evidence that is supporting those land values.

**Mr GEOFF PROVEST:** In your annual report you explain that contractors were selected by an open market tendering process compliant with the New South Wales public service guidelines. However, the report noted a transition in contract arrangements due to a new whole-of-government procurement strategy from 30 June 2020. Can the Valuer General inform the Committee of any significant changes that may have occurred in the recruitment process as a result of the new whole-of-government procurement strategy? Does the Valuer General benchmark contractors in terms of qualifications, service provision, time line of report and quality of report?

**Mr CHUDLEIGH:** Yes. The whole-of-government scheme was introduced. We use that to have a panel of contractors available to provide objection services and acquisition services. In the period since that we have recently undergone a new procurement process for objection services where we now have put in place a single contractor for a range of, I think, 27 contract areas around the State. That is to drive consistency and timeliness in the delivery of objection valuations. That is providing objection services for a range of, I guess, more standard type properties. We have excluded from that the more difficult, complicated, high-value type properties. They continue to be provided under this whole-of-government scheme.

**Mr GEOFF PROVEST:** The Valuer General mentioned "cultural" and how we are going to lead the world in recognising the value of culture. Can you explain a bit more on that? I find that really innovative.

**Dr PARKER:** Yes. In fact, the Deputy Valuer General and I just spent the last three days with the Yaegl and Bundjalung people, who very kindly invited us to country to listen to their views on the impact of the M1 freeway which has gone through their land. So, there is the acquisition of the physical land—which is economic loss—and the Indigenous groups under the Land Acquisition Act and the Native Title Act have a right to compensation for noneconomic loss. Noneconomic loss is cultural loss. There has been one major case in the High Court on this, the Griffiths case in the Northern Territory. Apart from that there were two public settlements in Canada. Otherwise all the other settlements have been private. There is very little to go on as to how much compensation is paid to a group.

The kind of things that come up in cultural loss that we learnt about from the Yaegl people and Bundjalung people over the last two or three days are things like in the creation of the freeway the putting down of the bitumen presents a barrier to the free movement of spirits over their land. The construction of the freeway takes artefacts out. If those artefacts are buried again in Yaegl land that is potentially acceptable. If they are taken away from Yaegl land that is a cultural loss to the Yaegl people. We had a case yesterday afternoon where the freeway, we were told, had gone very close to a secret women's business site and had adversely affected that site and so it had adversely influenced the women of that community.

There are a range of forms of cultural loss. We have prepared a major report which categorises them into a framework and provides some guidance as to how they may then be converted into money for compensation. But one of the professors who worked on this with us said that really it is a fundamentally flawed concept. It is like trying to measure the length of blue or the weight of sweet. To put money on cultural loss is just flawed but the Act requires me to do it. So we engage with the communities to understand. They were very good. They met with us for several hours on country and the Elders explained to us what they had lost in their culture as a result of the freeway going through.

**Mr GEOFF PROVEST:** I imagine it would be very difficult to put a value on it.

**Dr PARKER:** Yes. The Deputy Valuer General and I have been giving it some thought.

**Mr GEOFF PROVEST:** I serve on another committee, regional investment, and recently we went out to Gilgandra and all the way down to Parkes and eventually to Wagga Wagga. Are you involved in the compulsory acquisition for the Inland Rail or is that a Federal matter?

**Dr PARKER:** I do not think that we are yet

**Mr CHUDLEIGH:** I do not believe we have, no. Not yet at this stage.

**Dr PARKER:** I think a little bit like Badgerys Creek, it might still be at the Federal level.

**Mr GEOFF PROVEST:** Eventually it comes to you? We met with a number of unhappy landowners that were going to lose parts of their property.

**Dr PARKER:** Yes, it would come to me if there is an acquisition by an entity of the New South Wales Government and the parties were unable to agree compensation between themselves.

**Mr GEOFF PROVEST:** Right. That is where it got a bit cloudy. There were deals done with New South Wales transport, with the rail, but it was actually a Federal one. I just wondered. It only comes to you if it is a New South Wales government entity?

**Dr PARKER:** Generally speaking, yes.

**The CHAIR:** Such as in my electorate with the orbital and things like that if it was coming through. I know there is talk of stage two in Appin I believe at the moment.

**Dr PARKER:** So Transport for NSW, Department of Health for hospitals, Department of Education for schools and the like.

**The Hon. SCOTT FARLOW:** Just one interesting thing from your report as well is there have been a number of objections, which seem to have been reducing rapidly over recent years.

**Dr PARKER:** Indeed.

**The Hon. SCOTT FARLOW:** Just tell me if I am reading it wrong because I have to say that I have to shake my head, in a sense, because it seems somewhat unbelievable that there were 447 in 2019, 189 in 2020 and 61 in 2021. Is that correct?

**Mr CHUDLEIGH:** Yes, I believe it is correct.

**Dr PARKER:** If it is in the report.

**The Hon. SCOTT FARLOW:** Good news. I think that goes back to your comments earlier. They were general in terms of the approach you had taken and how you were vindicated in that approach by not receiving objections from landholders. Can you put down perhaps some of the reasons why we have seen a reduction in the number of objections?

**Dr PARKER:** I suspect it would be the requirement to actually say what you think the land value is as an objector.

**The Hon. SCOTT FARLOW:** And that is a new measure?

**Dr PARKER:** Yes.

**The Hon. SCOTT FARLOW:** And when was that introduced?

**Dr PARKER:** That would have been the middle of last year. It was in the early round because it was the value that you think it should be and the explanation why and some sales evidence to support it that you can source from our website. Prior to that—how can I put this nicely—there appeared to be a very generous approach to accepting objections. Whereas I am of view that if you genuinely feel your land has been incorrectly valued you will have an opinion of what you think the value should be.

**The Hon. SCOTT FARLOW:** And that does not need to be supported by an independent valuation or the like?

**Dr PARKER:** No.

**The Hon. SCOTT FARLOW:** So there is no additional cost burden which is put on anyone who objects, a landholder?

**Dr PARKER:** No.

**The Hon. SCOTT FARLOW:** But it does provide more evidentiary requirements.

**Dr PARKER:** It does. So, for example, in the case of somebody who says, "Well, how can that be because next door just sold for this price?", they can put that on the form and their objection is valid and we will consider it.

**The Hon. SCOTT FARLOW:** Of those objections that have been registered, how many have you upheld, for want of a better word?

**Dr PARKER:** Now that statistic was in the report. Let us see if we can find it. There is a table, from memory, in the annual report of objections allowed and disallowed.

**The Hon. SCOTT FARLOW:** I am happy for you to take it on notice.

**Dr PARKER:** We will take it on notice, yes.

**Mr CHUDLEIGH:** Can I just add that over the last few years the objection numbers that we received each year not only fluctuated because of the changes that Dr Parker has stated and the objection process but are also directly related to the market and the timing of valuations. We have seen during the 2019 calendar year in relation to the previous 2018 valuations, which would have just issued for land tax only—the Sydney residential market in particular was on the decline at that stage and the valuations that issued were still reflecting, I guess, the end of the increase from the 2017 market. By the time the valuations issued the market had actually fallen and people were going, "Well, why has my land value increased in that period?" Following through into 2019 we saw the very bottom of the Sydney market. By the time the valuations had issued the market was again rising and rising significantly. By the time valuations were issued we had less numbers of objections received because of the change in the market over that period.

**The Hon. SCOTT FARLOW:** Because there is a time lag that occurs. People are seeing that the market is increasing and are going, "Hang on a second, my land tax has not gone up as much as I expected."

**Mr CHUDLEIGH:** Correct.

**The Hon. SCOTT FARLOW:** That accounts for a lot of it as well. Thank you.

**Dr PARKER:** And the Deputy Valuer General significantly increased the media coverage to explain value movements. So when the notices go out there is now a large media campaign to explain what is happening so people do not get taken by surprise.

**The Hon. DANIEL MOOKHEY:** Can I ask the Valuer General, if he has not already, to table his opening statement?

**Dr PARKER:** I can provide a fully typed-up copy. The copy that I have here has got some manual changes on it.

**The Hon. SCOTT FARLOW:** It is for Hansard's benefit.

**The CHAIR:** Thank you for appearing before the Committee today. The Committee may wish to send you additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply for any questions within 14 days of receipt?

**Dr PARKER:** Yes.

**The CHAIR:** This now concludes the public hearing. I would like to place on the record my thanks to the witnesses who appeared today. Thanks also to the Committee members for your contributions and to Hansard and Committee staff, whose work makes these hearings possible.

**(The witnesses withdrew.)**

**The Committee adjourned at 11:02.**