

**REPORT ON PROCEEDINGS BEFORE**

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

**FIFTEENTH GENERAL MEETING WITH THE VALUER GENERAL**

**At Macquarie Room, Parliament House, Sydney, on Thursday 3 November 2022**

**The Committee met at 10:05 am**

**PRESENT**

The Hon. Scott Farlow (Chair)

**Legislative Council**

The Hon. Adam Searle

**Legislative Assembly**

Mr Stephen Kamper

**VIA VIDEOCONFERENCE**

**Legislative Assembly**

Ms Felicity Wilson (Deputy Chair)

\* Please note:

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[disorder] is used when members or witnesses speak over one another.

**The CHAIR:** Good morning, everyone. Before we start, I acknowledge the Gadigal people, who are the traditional custodians of the land, and I pay my respects to Elders of the Eora nation, past, present and emerging, and extend that respect to other Aboriginal and Torres Strait Islander people who are present today. Today is the public hearing of the Joint Standing Committee on the Office of the Valuer General.

The public hearing today will take evidence about the Office of the Valuer General. I am Scott Farlow, the Committee Chair, and with me today are my fellow Committee members: Mr Stephen Kamper to my left, the member for Rockdale and shadow Minister for Property and shadow Minister for Multiculturalism; the Hon. Adam Searle, a member of the Legislative Council; and soon to join us via Webex, Ms Felicity Wilson, the Deputy Chair, the member for North Shore and Parliamentary Secretary to the Treasurer and for COVID Recovery. Mr Geoff Provest, the member for Tweed and Parliamentary Secretary for Police and Emergency Services, is an apology for today.

**Mr LEON WALKER**, Deputy Secretary for Homes, Property and Development, NSW Department of Planning and Environment, affirmed and examined

**The CHAIR:** Before we proceed, do you have any questions about the process before us today, Mr Walker?

**LEON WALKER:** No, I do not.

**The CHAIR:** Thank you very much, Mr Walker. Afforded to you today is the opportunity to make a brief opening statement, if you so wish, before taking questions from the Committee. Would you like to make an opening statement today?

**LEON WALKER:** Yes, I would. Thank you for the invitation to attend here today. I am here because the Valuer General, Dr David Parker, made a number of assertions at the Committee's hearing on 28 September 2022 and the Committee has been gracious enough to offer me the opportunity to respond on behalf of the department. The Valuer General stated there were six issues that he claimed represented significant threats to the valuation system and to his independence through interference by the department. Broadly, Dr Parker's assertions related to the department's staffing capabilities and movements, a department audit, and two previous investigations undertaken by the department relating to the conduct of the Valuer General.

I would like to be clear that the department does not agree with any of the assertions made by Dr Parker, for the reasons I will outline for the Committee in a moment. I do not suggest that the Valuer General of New South Wales, which sits within the Department of Planning and Environment, is perfect or that there is no room for improvement. In fact, that has been recognised, and with the Valuer General's full knowledge we have been working through a change management process to better structure resources within VGNSW and, in particular, to align valuers with expertise and teams to best apply their capability; the procurement of a delivery partner for the development of Valnet III that will upgrade VGNSW's data system for the first time in approximately two decades; and various other processes, procedural systems and contracting enhancements that have enabled some significant bodies of work to be accomplished over the last 12 months.

To this end, in the last 12 months VGNSW has launched its three-year strategic vision; secured significant government investment to rebuild and modernise the department's valuation system; nearly tripled the number of compulsory acquisition determinations published year on year; undertaken and finalised crucial strategic valuation projects; acted for the Valuer General on matters such as the impact of floods and COVID-19 on land values as well as developing revised airport valuation methodologies; delivered all provisional land valuations for the 2022 general valuation year; and been called upon to review and assist to deliver the Government's proposed tax reforms. This is just a snapshot of the highly valuable skilled work being delivered by the staff of VGNSW for the benefit of the New South Wales Government and the people of New South Wales.

I would now like to take the opportunity to provide the department's response to each of the Valuer General's assertions. Firstly, the Valuer General expressed concern that in December 2021 the Deputy Valuer General was terminated by the department without consultation and, according to Dr Parker, without a clear plan for replacement of his function, supposedly leaving the Valuer General without high-level technical advice and support for almost a year. The department does not support Dr Parker's assertions for the following reasons. In a department as large as the Department of Planning and Environment, it is inevitable that there will be turnover of staff. Those changes can create opportunities to do things differently and better.

The departure of the Deputy Valuer General did not leave the Valuer General unsupported, as he continued to enjoy the support of a dedicated team in the Office of the Valuer General, including Josh Etherington, who has subsequently performed the role of Acting Valuer General during the Valuer General's leave in June and July 2022 and his current period of leave. The broader resources of the Valuer General of New South Wales comprise approximately 93 personnel, with all valuation staff holding the industry's professional accreditation and the overwhelming majority holding the membership title of certified practising valuer. The resources of contract valuers across New South Wales include valuation services, technical advice and quality assurance services, and internal and external legal services available to provide technical advice as and when needed.

Secondly, the Valuer General expressed concern that an internal audit to investigate the special valuations unit had been interfered with by the department so as not to consider probity concerns raised by the Valuer General. This assertion is strongly refuted. The internal audit program for the Department of Planning and Environment is approved by the independent audit and risk committee, considering requests from department businesses. Probity considerations were included in the internal audit. The scope of the internal audit was not changed. Both the internal and external audit teams assigned to perform this work have confirmed that the Valuer

General's requests were included within the scope of the audit. I further note that the internal audit found that the special valuations function was following the appropriate methodology in the execution of its duties.

Thirdly, the Valuer General asserted that the department had failed over a period of 13 months to recruit valuers to work with the Valuer General's office. As a result, all the quality management of compulsory acquisition compensation determinations had fallen to the Valuer General to do, which had distracted significantly from his other work. The department does not support the Valuer General's assertion which implies that the department has not made reasonable efforts to recruit to support him in the performance of his role. The department moved to immediately fill technical roles within the Valuer General's office, including Josh Etherington, who has subsequently performed the role of Acting Valuer General.

The department has run multiple recruitment processes for vacant positions in the Office of the Valuer General, however acknowledges that there has been an ongoing challenge attracting suitable candidates to these roles. As an example, the department ran three separate recruitment processes to fill the vacant director role in the Office of the Valuer General, utilising the professional services of external recruitment firms to source prospective candidates. The Valuer General was a panel member on a third of these recruitment processes and had direct input into the process that determined there was not a suitable candidate to fill the director role. Further, the department ran five recruitment processes to fill the vacant quality management compulsory acquisition roles within the Office of the Valuer General.

These processes also utilised the professional services of two external recruitment firms to source prospective candidates in addition to three departmental campaigns that ran between November 2021 and August 2022. The Valuer General was part of the short-listing process; however, he deemed that no candidates were suitable for appointment to these roles. With current activity within the property industry, that is in turn placing tremendous demands on the valuation profession, recruitment to the Office of the Valuer General and VGNSW is challenging. This includes transfers and secondments within clusters and agencies in government, noting that there is an awareness of the tensions and cultural issues that exist within the organisation and between the Valuer General and the Executive that are having an impact.

Fourth, the Valuer General expressed concern that the department had failed to provide him with sufficient valuation staff in VGNSW with the appropriate skills and capabilities, allegedly resulting in issues such as those encountered with the Western Sydney Aerotropolis and Kingsford Smith Airport that consumed significant amounts of the Valuer General's time and interfered with his ability to undertake other duties. Again, the department does not support the Valuer General's assertion that VGNSW does not have an appropriately skilled and qualified workforce.

The Valuer General of New South Wales comprises approximately 93 personnel, approximately 45 of whom are qualified and accredited valuers. The valuation staff are industry-accredited professional valuers, with the overwhelming majority holding the membership title of Certified Practising Valuer—one of the highest recognised titles within the valuation industry in Australia. Supplementing this is a quality assurance framework established by the department, in agreement with the Valuer General, that ensures that before any valuation report, land valuation or determination reaches the Valuer General, it is subject to up to three quality assurance reviews.

As an example, for compensation determinations, this broadly entails, first, a review by at least one externally qualified valuer from the firm performing the valuation work; secondly, for approximately nine out of every 10 matters, a review by at least one independent valuer from another external firm appointed to independently review and assess the work of the valuation firm engaged; and, lastly, a review by the department's own qualified valuers administering the process. All of this occurs before the Valuer General is called on to approve or to make his determination.

Specifically, for the land value uplift issues associated with Western Sydney Aerotropolis, it was VGNSW staff who identified the issue during their quality assurance check, with VGNSW staff and the wider department staff assisting the Valuer General to revalue the land and resolve any subsequent contractual issues. For the Kingsford Smith Airport valuation issue, whilst it may have been identified by the Valuer General, it was VGNSW staff who project managed the review, revaluation and resolution of the issue. Far from being examples of a damaged system, these are actually examples of the process working as it was designed to do.

Fifth, the Valuer General asserted that the department's delay in restructuring had significantly compounded VGNSW's ability to develop a valuation team with the skills and capabilities required—a structure he had suggested in early 2021. The Valuer General did indeed propose the need for a new structure in parts of VGNSW, but he was not responsible for, nor did he design, the new organisational structure that is now being implemented. The restructure of VGNSW commenced in September 2022 following consultation between the Valuer General, the Secretary of the Department of Planning and Environment and myself in mid-2022. As a stakeholder, Dr Parker reviewed and responded to the structure proposed before the change management plan was

launched in September 2022. Following departmental advice on operational delivery risks, including identification of the need to complete work for the general valuation year and a wave of transport-related compulsory acquisition determinations, the Valuer General agreed to the timing of the restructure of VGNSW that was put to him.

Finally, the Valuer General expressed his view that two previous investigations by the department had not resulted in any substantial findings against him. This assertion is plainly incorrect. There have been two investigations and one work health and safety inquiry undertaken in 27 months since Dr Parker's appointment to the position of Valuer General. Each investigation has substantiated allegations that relate to matters of substance and importance, notably in respect to the impact of his conduct on the health and wellbeing of departmental staff.

The matter substantiated in the investigations have included bullying and intimidation of VGNSW staff. The work, health and safety inquiry found that Dr Parker's conduct had created a risk to the psychological health of VGNSW staff. This is evidenced by the comments within the committee's fifteenth general meeting where members of the committee outlined the substantial nature of the findings. The department has a duty of care to its staff. It has a legal obligation to provide a safe working environment for staff and, equally importantly, it has a moral obligation to protect the health and wellbeing of its staff.

In conclusion, I confirm that the department has not sought to adversely impact the independence of the Valuer General in the performance of his important role as a statutory officer. The department, through the services provided by VGNSW, is committed to continuous improvement and achieving efficiency and effectiveness gains consistent with the State outcome of performing at a level comparable with that of a world-class public service. In doing so, the department has and will continue to care for and protect its staff and ensure their health and wellbeing.

**The CHAIR:** I might open up for questioning. With respect to the current arrangements, how many staff does the Valuer General have that he can have direct contact with within the Office of the Valuer General?

**LEON WALKER:** I would have to take that on notice.

**The CHAIR:** That was increased from what it was previously?

**LEON WALKER:** I would have to take that on notice.

**The CHAIR:** Mr Walker, in this arrangement where the Valuer General—I think you had it that there are 93 personnel within the Office of the Valuer General, of whom 45 are accredited valuers. What is the desired number? How many short are you in the budgeted staffing allocation?

**LEON WALKER:** Again, I will confirm with the Committee subsequently. I think it is of the order of about 130.

**The CHAIR:** So 130 staff is what you should have within the Office of the Valuer General?

**LEON WALKER:** That is what the change management plan is targeting.

**The CHAIR:** And there are 93 at the moment?

**LEON WALKER:** Yes, but I will confirm that after the hearing.

**The CHAIR:** As a point of clarification, with respect to the recruitment processes—the one where there were three processes and five processes—you outlined that no suitable candidate was found for those roles. Was that a determination of the panel or was that a determination of the Valuer General himself?

**LEON WALKER:** Each panel and the Valuer General was party to at least one of those.

**The Hon. ADAM SEARLE:** Can you give us any insight—you mentioned there were three investigations over the period of 27 months. That seems a long time. Can you step us through why it took that length of time? Were there different matters that arose or were uncovered?

**LEON WALKER:** I have been in the role since March this year, so I don't think it's appropriate that I should talk to what happened before my time.

**The Hon. ADAM SEARLE:** Sure, but perhaps on notice?

**LEON WALKER:** I can take that on notice, yes.

**Mr STEPHEN KAMPER:** Mr Walker, in the groupings and the complaints in relation to the Valuer General, did they tend to be from one particular group or was it across a range of workers?

**LEON WALKER:** With the Chair's permission, I think some of the issues that I think we might be about to venture into might be better dealt with in an in-camera session.

**The CHAIR:** Yes. Thank you for providing evidence to the Committee. We will now conclude the hearing.

**(The witness withdrew.)**

**The Committee adjourned at 10:22.**