

# VALUER GENERAL'S REPORT

The Valuer General oversees the valuation system managed by the Land and Property Information Division (LPI), Land and Property Management Authority (LPMA) to ensure the delivery of quality valuations that meet the needs of our community.

The Valuer General is a statutory position responsible for:

- the provision of fair, accurate and consistent land values for rating and taxing purposes made under the *Valuation of Land Act 1916*
- determination of compensation following compulsory acquisition of land under the *Land Acquisition (Just Terms Compensation) Act 1991*
- the provision of specialist valuation and property advice to government.

## Vision

The Valuer General is committed to providing a valuation system that meets the needs of our community which includes landowners, members of the public, ratepayers, land tax clients and state and local government.

The Valuer General's vision is to ensure the delivery of valuation services that are customer focused, delivering valuations that are fair, consistent, timely and provide value for money.

## Outcomes

- Accurate and consistent land values.
- A quality, cost effective valuation process.
- An open and transparent valuation system.
- Our focus remains on continuous improvement.
- A quality valuation service measured through recognised quality standards and international benchmarks.
- Working relationships founded on regular consultation and open communication with our stakeholders.
- Improved communication with all stakeholders including members of the public.
- The provision of professional leadership and stewardship to the valuation industry by the Valuer General.



FIGURE 5 | Valuation System

## Valuation

There are approximately 2.4 million land valuations produced annually in New South Wales.

The Valuer General provides land values to local councils for rating and the Office of State Revenue (OSR) for managing land tax, as well as a number of other government agencies.

Land value reflects the market value of the land as at 1 July in the year of valuation and is based on the land being vacant.

Most land in NSW is valued using the mass valuation approach, where properties are valued in groups called components. The properties in each component are similar, or are expected to reflect changes in value in a similar way.

Each valuation is recorded in the Register of Land Values.

## Land and Property Information Division

The Valuer General oversees the valuation process managed by LPI. LPI provides the link between the independent valuation service contractors and the Valuer General.

LPI provides a range of valuation services to the Valuer General, including the management of valuation contracts, the provision of information to contract valuers, the objection review process, the provision of information to stakeholders, as well as auditing and ensuring the quality of land values and the day-to-day management of valuations completed under the *Land Acquisition (Just Terms Compensation) Act 1991*.

LPI's services to the Valuer General are formalised through a service level agreement. The agreement for the next twelve months commences 1 July 2010.

The 2009/10 agreement covered areas including customer service, valuation accuracy and consistency, data quality and innovation. Refer to LPI's Valuation Services report for details on performance outcomes.

## GOVERNANCE

The Valuer General reports administratively to the Minister for Lands and the Chief Executive, Land and Property Management Authority. The Committee on the Office of the Valuer General monitors and reviews the functions of the Valuer General.

### Parliamentary committee

The Committee on the Office of the Valuer General was first established in July 2003 as a joint statutory committee and operated until the end of the 53rd Parliament in early 2007.

The committee was re-established in the 54th Parliament on 25 September 2008 as a joint standing committee, by resolution of the Parliament.

The committee comprises five members including two members of the Legislative Council and three members of the Legislative Assembly.

The committee's primary function is to monitor and review the exercise of the Valuer General's functions with respect to land valuations under the *Valuation of Land Act 1916* and the *Land Tax Management Act 1956*.

In particular, the committee can monitor valuation methodologies, the arrangements under which valuation contracts are negotiated and entered into, and the standard of valuation services provided under such contracts.

The committee has met with the Valuer General and examined matters connected with the function of the valuation system.

The committee has continued to monitor turnaround times for objection processing. They noted the considerable work done around resources, processes and technology and the impact on improving objection processing times and the clearing of the backlog of objections. The average time for dealing with objections has improved over recent years falling from 168 days in 2006/07 to 103 in 2008/09 and is currently sitting at an average of 83 days. The committee noted improvements in the way performance is reported, particularly in regard to objections.

Fees for the use of valuation services have been considered by the committee. They have examined the need to charge an appropriate fee to all agencies and users of valuation data. The committee has also considered workforce capability in regard to the shortage of valuers. The Valuer General advised the committee on the action being taken in regard to these areas.

### Land Valuation Advisory Group

The Land Valuation Advisory Group comprises representatives of valuation industry groups and stakeholders. The group's primary focus is to provide advice to the Valuer General on the application of mass land appraisal techniques. The group also provides feedback to the Valuer General on general valuation matters.

The group met three times during the year. Principal matters for discussion, consideration and advice were:

- the 1 July 2009 valuations
- research into alternate valuation models
- valuation research projects into improving the quality of land values and quality assurance processes
- the ongoing parallel valuation project
- the objection system
- valuation audit
- valuation contractors – rating and taxing tenders.

### Office of the Valuer General structure

The Office of the Valuer General comprises the Valuer General and 4.6 permanent staff.

## REPORT ON PERFORMANCE

### Communication

The Valuer General's communication strategy ensures communication is open, informative and transparent. It encourages feedback and discussion.

The strategy has resulted in the provision of more information to stakeholders on the valuation process and more detailed information on the property market, including an overview of the property market in the biannual newsletter.

All publications are reviewed annually and stakeholder feedback is actively sought as part of the review process.

New publications are developed when needed. During 2009/10 a fact sheet was developed to assist strata property owners, *Land values for strata properties*.

The valuation information on the website is continually monitored to ensure it is accurate, relevant and up-to-date. Information on land values and council rating was added to the website to assist landowners' understanding of how land values are used by councils to assist in calculating rates and when councils receive new land values for rating.

The *Newsletter from the Valuer General*, distributed in January with the Notices of Valuation and in July by participating councils with rates notices, is part of the approach to continuously focus on customer service and improve transparency and access to valuation information for members of the public. The majority of councils chose to distribute the newsletter.

### List of publications

- *Newsletter from the Valuer General July 2009 (10th edition)* – 1,419,000 copies distributed.
- *Newsletter from the Valuer General January 2010 (11th edition)* – 766,655 copies distributed.
- *Your land value – a brief guide to the land valuation process.*
- *Your land value review guide.*
- *Our service to you.*
- *Notice of Valuation fact sheet.*
- *Land values for strata sites fact sheet.*
- *Land values for irrigation properties.*

## Customer service

The Valuer General continues to focus on improving customer service to landowners. Since the development of the Valuation Objections Customer Service Group in 2005 objection processing times and customer service have continuously improved.

Customer service has been measured (benchmarked) through independent surveys.

The initial survey was undertaken in 2008 to measure the level of landowners' satisfaction with the valuation call centre and follow up contact from LPI.

Key areas of service considered in the survey included:

- understanding your enquiry and providing the information you need
- being knowledgeable
- speaking clearly and using language that is easy to understand
- being polite, patient and courteous
- promptly answering your call.

The survey found over two-thirds of survey participants rated the quality of their overall experience as high. No area of service was rated as low.

A follow-up independent survey was undertaken in April 2010. It was commissioned by LPMA on behalf of the Office of the Valuer General and focused on the same key areas of service as the 2008 survey. The final report was submitted to the Valuer General on 29 June 2010.

Results have shown that overall customer satisfaction has improved despite the strong existing benchmarks. These results apply to both the outsourced call centre and follow up service from LPMA.

The survey found the main reason for landowners contacting the call centre in 2010 was to make amendments to details on their Notice of Valuation such as update or change information including postal address, property address and ownership information.

A review of our customer service in relation to the outcomes of the survey is planned to be conducted during the first quarter of 2010/11 financial year.

## Objections

The average turnaround times for objections continues to decrease. Our procedures are continuously reviewed to build efficiency and quality into the objection process.

The reporting of performance has been reviewed and a significant change made to the way turnaround times for objections are recorded. A more accurate way to count objections and timeframes has been introduced. Previously, when an incomplete or invalid objection was received, the recording of turnaround time commenced, despite, for example the objection being returned to the landowner to provide further information. The new procedure will allow the turnaround time to commence once the objection is accepted as valid.

An independent survey into objection handling has been commissioned by LPMA on behalf of the Office of the Valuer General to measure the quality of the service provided by LPI's Valuation Services in responding to landowners' objections.

It is expected that the survey findings will provide the basis for future improvements in objection processing, documentation, customer service and information provision to landowners. The findings will also contribute to the development of service level agreements between the Valuer General and LPI.

A project to enhance the online objection form is underway. It is expected the enhancements will make lodging an objection online easier and result in an increase in online objections being valid on first lodgment.

### **Land Value Verification Project**

With the support of the NSW Government, the Valuer General implemented the Land Value Verification Project on 1 May 2006 as part of the drive to enhance the quality of land values. Over the five year period of the project all land values and attributable data will be reviewed. Approximately 20% of the 2.4 million land values and associated data in NSW are reviewed each year.

The project met the 80% target of verified land values in the period 1 May 2006 to 30 April 2010. The project is on schedule to be completed in April 2011.

The project has provided enhanced valuation outcomes and improvement to the valuation basis. The reduced objection numbers and the overall improvement in the quality of land values is an indicator of the success of the project.

The future of the Land Value Verification Project will be reviewed during late 2010.

### **Research**

Aligned with the commitment to improve the NSW valuation system, the Valuer General has commissioned Associate Professor John Macfarlane from the University of Western Sydney (UWS) to provide independent and impartial advice on improving the quality of land values for rating and taxing purposes in NSW.

Work undertaken in the past 12 months has included analysis of 1 July 2009 land values and objection outcomes, research and development of an alternative valuation model to assist in the auditing of land values, the analysis and relationship between analysed and adjusted sales to land values, independent analysis of the overall quality of land values through statistical analysis, assisting with the parallel valuation process, and in conjunction with LPI's Valuation Services developing standardised reporting templates to monitor key quality indicators.

### **Valuation system benchmarking**

The Valuer General is committed to providing a quality, cost effective valuation system for NSW that compares favourably with leading agencies around the world.

With a focus on continuous improvement, the Valuer General regularly takes part in benchmarking studies to compare and measure our valuation practices and performance with other agencies worldwide.

The Valuer General is currently participating in a study being conducted by the International Property Tax Institute. This benchmarking study is to survey operation and valuation practices of assessing agencies worldwide, with the aim of finding the best practices, processes and opportunities for improvement in the assessment of property.

### **Strata property review project**

A detailed review of information available to strata property owners was undertaken during the second half of 2009. The review determined that strata property owners would benefit from additional information about the valuation of strata property.

A new fact sheet, *Land values for strata sites* has been developed and the *Your land value review guide* enhanced to include information on land values for whole strata sites, proportional land values for individual units, objection rights and appropriate supporting evidence for strata objections including examples.

A project is currently underway to enhance the land value search for individual strata units, to include the land value for the whole strata site and an explanation on how the proportional land value for individual units is determined.

### Supplementary valuation review project

Supplementary Notices of Valuation are issued outside the usual three to four year valuation cycle because of specific changes to circumstances surrounding the property.

A review of the information provided to landowners receiving a supplementary Notice of Valuation was undertaken. The review determined that explanatory information describing the reason for the supplementary valuation, in plain English, should be included on the Notice of Valuation.

The inclusion of explanatory information for supplementary Notices of Valuation was implemented in June 2010.

### Legislation

The Valuer General regularly reviews the *Valuation of Land Act 1916*, to determine where amendments are required.

Amendments will continue to be considered as the Valuer General strives for increased transparency and clarity within the *Valuation of Land Act 1916*.

## FUTURE FOCUS

### Valuation quality

Continue to improve the quality of valuations for the benefit of all stakeholders. Key projects include:

- the completion of the Land Value Verification Project and review its further application/future
- continue the ongoing project to increase the number of 'representative properties' individually valued within components throughout the state
- continue to undertake parallel valuations for quality control
- further development and application of qualitative analysis tools for auditing and quality control of valuations
- continue the creation of specialist valuation groups (expert contract valuers) to determine land values state wide for specialist property such as mines, airports and shopping centres
- develop an automated valuation model (AVM) which will analyse sales data provided by contractors. The AVM will produce land values and compare sales. It will be incorporated in the quality assurance process.

### Land value review process

- Continue to improve the valuation review process including faster objection processing.
- Review the objection process in relation to the outcomes of the objection handling survey.
- Implement an improved online objection process that provides landowners with additional supporting information and self-correcting mechanism.

### Communication

Continue to improve our service to the community including landowners, members of the public, ratepayers, land tax clients and state and local government through:

- building on customer service through the outcomes of the 2010 customer service survey
- undertaking further surveys for customer service
- engaging in regular consultation with our stakeholders.

#### **Integration of, and access to, data**

- Develop and improve access to electronic data from across LPMA and other organisations to enhance the availability of information for the valuation process.
- Continue to improve the availability of electronic information to the public.
- Enhance the individual strata unit land value search to include the land value for the whole site of the strata scheme.

#### **People – Development and Education**

- Build a skilled, capable and valued workforce by investing in enhancing the expertise of staff and contractors to ensure quality valuations.
- Actively support the inclusion of rating and taxing valuation components in tertiary courses for valuers and ensure these courses meet the required standards for undertaking rating and taxing valuations.
- Continue to operate a trainee and graduate program to assist in maintaining internal staff and skill levels.

#### **Valuation system benchmarking**

- The Valuer General will continue to work with the International Property Tax Institute, international and Australasian state valuation jurisdictions in a drive to further improve the NSW valuation system, the quality of land values and the delivery of efficient valuation outcomes.

#### **Fees for valuation services**

- The Valuer General will review the pricing of valuation services to users outside local government and the Office of State Revenue and set appropriate fees for valuation information and services.



**Philip Western**  
Valuer General

## OFFICE OF THE VALUER GENERAL KPIS

TABLE 1 | Office of the Valuer General KPIS

| Key Performance Indicators (KPI)                                                                   | Target | 2005/06          | 2006/07          | 2007/08          | 2008/09          | 2009/2010        |
|----------------------------------------------------------------------------------------------------|--------|------------------|------------------|------------------|------------------|------------------|
| Total valuations issued for rating and taxing purposes                                             |        | 1,097,000        | 1,508,534        | 1,456,741        | 1,506,235        | 1,638,793        |
| Total valuations on Register of Land Values at 30 June                                             |        | 2,372,936        | 2,389,193        | 2,403,557        | 2,416,581        | 2,428,915        |
| <b>Customer Service</b>                                                                            |        |                  |                  |                  |                  |                  |
| % of calls resolved on first contact <sup>1</sup>                                                  | 85%    | 90%              | 88%              | 88%              | 88%              | 88%              |
| % of calls responded to within 3 days <sup>1</sup>                                                 | 85%    | 18%              | 33%              | 40%              | 71%              | 73%              |
| <b>Ratepayers</b>                                                                                  |        |                  |                  |                  |                  |                  |
| % Notices of Valuation issued within 31 days                                                       | 95%    | 95%              | 98.20%           | 89.70%           | 96.50%           | 71% <sup>2</sup> |
| % Notices of Valuation for general valuation issued to property owners within agreed SLA timeframe | 100%   | 100%             | 100%             | 100%             | 100%             | 100%             |
| <b>Councils</b>                                                                                    |        |                  |                  |                  |                  |                  |
| % general valuations land values issued to relevant councils within agreed SLA timeframe           | 100%   | 64% <sup>3</sup> | 100%             | 100%             | 100%             | 100%             |
| % supplementary valuations to council within 31 days                                               | 95%    | 95%              | 96.40%           | 95.40%           | 99.90%           | 100%             |
| <b>Office of State Revenue</b>                                                                     |        |                  |                  |                  |                  |                  |
| % objections to land values for land tax completed within 90 days                                  | 30%    | 31% <sup>4</sup> | 23% <sup>4</sup> | 20% <sup>4</sup> | 44% <sup>4</sup> | 59%              |
| % objections to land values for land tax completed within 180 days                                 | 75%    | 69% <sup>4</sup> | 64% <sup>4</sup> | 81% <sup>4</sup> | 94% <sup>4</sup> | 98%              |
| % objections to land values for land tax, where land value is greater than \$1m, within 120 days   | 95%    | 41% <sup>4</sup> | 29% <sup>4</sup> | 29% <sup>4</sup> | 74% <sup>4</sup> | 78%              |
| % new land values issued to all property in NSW to OSR by 16 November                              | 100%   | 99%              | 100%             | 100%             | 100%             | 100%             |



**TABLE 1 | Office of the Valuer General KPIs *continued***

| Key Performance Indicators (KPI)                          | Target   | 2005/06               | 2006/07               | 2007/08               | 2008/09               | 2009/2010 |
|-----------------------------------------------------------|----------|-----------------------|-----------------------|-----------------------|-----------------------|-----------|
| <b>Supplementary valuations</b>                           |          |                       |                       |                       |                       |           |
| Total supplementary valuations issued                     |          | 41,987                | 40,350                | 52,150 <sup>5</sup>   | 38,775                | 36,659    |
| Average days to complete                                  | <65 days | 100 days              | 85 days               | 71 days               | 65 days               | 47 days   |
| <b>Objections</b>                                         |          |                       |                       |                       |                       |           |
| Number of objections received for all valuing years       |          | 12,791 <sup>6</sup>   | 11,133                | 6,660                 | 6,885                 | 7,092     |
| Number of objections received as a % of valuations issued |          | 1.17%                 | 0.74%                 | 0.45%                 | 0.46%                 | 0.43%     |
| % objections to land values completed within 90 days      | 25%      | 28% <sup>4</sup>      | 24% <sup>4</sup>      | 21% <sup>4</sup>      | 44% <sup>4</sup>      | 63%       |
| % objections to land values completed within 120 days     | 60%      | 43% <sup>4</sup>      | 37% <sup>4</sup>      | 47% <sup>4</sup>      | 70% <sup>4</sup>      | 80%       |
| % objections to land values completed within 180 days     | 95%      | 68% <sup>4</sup>      | 68% <sup>4</sup>      | 81% <sup>4</sup>      | 94% <sup>4</sup>      | 98%       |
| Average number of days to complete objections             | <90 days | 157 days <sup>4</sup> | 168 days <sup>4</sup> | 138 days <sup>4</sup> | 103 days <sup>4</sup> | 83 days   |

1. New record.
2. Issue of supplementary valuations was suspended during the issue of the general valuation.
3. Does not include six Local Government Authorities which were subject to water separation values.
4. New basis for counting objections – counting commences from when an objection is accepted as valid.
5. Includes land values amended through verification.
6. New figure to include all valuing years