



ASPECT

PROPERTY CONSULTANTS

Final Report

*BOGAN LGA
Contract 1011019
2015*

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Introduction

Local Government Area:	Bogan
Contract No:	1011019
Contract Year:	2015

The purpose of this report is to describe the process and considerations for the 1 July 2015 General Valuation of the Bogan LGA. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The Manual allows mass valuation methodologies that involve assessing large numbers of properties as a group, to be utilised where appropriate. Mass valuation methodologies are, by their nature, likely to be less accurate than individually assessed valuations, however, are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report have been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the Department of Lands website at www.lpi.nsw.gov.au.

Disclaimer

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Liability limited by a scheme approved under Professional Standards Legislation.

1. Executive Summary

Local Government Area	Bogan
Number of Properties valued in the 14/15 period	2,097
Total value of land values – 2015 Base Date	\$305,983,490
Total value of land values – 2014 Base Date	\$307,197,802
Percentage change from 2013 – 2015 values	-0.40%
Previous valuation notice issued (previous Local Government Base Date 2011)	\$316,521,997
Percentage change from 2011 – 2015 values	-3.33%

Zone	2014 Total Land Value	2015 Total Land Value	% Change
B2- Local Centre	\$2,673,470	\$2,625,350	-1.80%
B6- Enterprise Corridor	\$469,65	\$422,130	-10.12%
E1- National Parks and Nature Reserves	\$142,000	\$142,000	0.00%
IN1- General Industrial	\$589,620	\$589,620	0.00%
R1- General Residential	\$23,294,782	\$20,942,500	-10.10%

Zone	2014 Total Land Value	2015 Total Land Value	% Change
R5- Large Lot Residential	\$3,348,880	\$3,348,880	0.00%
RE1- Public Recreation	\$544,270	\$506,120	-7.01%
RE2- Private Recreation	\$359,400	\$419,300	16.67%
RU1- Primary Production	\$275,158,940	\$276,413,540	0.46%
RU3- Forestry	\$117,150	\$117,150	0.00%
RU5- Village	\$234,760	\$234,760	0.00%
SP2- Infrastructure	\$264,880	\$222,140	-16.14%

General Overview

Bogan Shire is located in Central New South Wales, between Warren Shire, Lachlan Shire, Cobar Shire and Bourke Shire.

Nyngan is the main urban centre. Outlying villages comprise of Girilambone, Hermidale and Coolabah.

The shire has an area of approximately 14,610 square kilometres and a total population of 3,294.

The town of Nyngan is centrally located in the Shire with a population of approximately 2,500 and acts as a service centre for the surrounding rural area.

The Bogan River traverses the Shire generally from southeast to northwest.

The Shire is predominantly a mixed farming area. With the main products being produced continuing to be sheep, wool, wheat and cattle.

Mining activity from the Tritton mine near Hermidale and Girilambone have been significant contributors to the continued prosperity of the Nyngan township.

Residential developments in the shire are predominantly single dwellings.

2. Number of Valuations Undertaken

Total: 2,097 (Two Thousand Ninety Seven), as:

B2- Local Centre	116
B6- Enterprise Corridor	19
E1- National Parks and Nature Reserves	1
IN1- General Industrial	37
R1- General Residential	842
R5- Large Lot Residential	67
RE1- Public Recreation	14
RE2- Private Recreation	6
RU1- Primary Production	836
RU3- Forestry	3
RU5- Village	143
SP2- Infrastructure	13

3. State and Local Government Legislation

Town Planning in the Shire is in accordance with the provisions of the Bogan Local Environmental Plan of 2011 and applies to the entire Local Government Area.

The plan contains the following zones:

Bogan Local Environmental Plan 2011

Current version for 15 August 2014 to date (accessed 22 October 2014 at 12:01)

[Part 2](#) > [Clause 2.1](#)

2.1 Land use zones

The land use zones under this Plan are as follows:

Rural Zones

RU1 Primary Production

RU3 Forestry

RU5 Village

Residential Zones

R1 General Residential

R5 Large Lot Residential

Business Zones

B2 Local Centre

B6 Enterprise Corridor

Industrial Zones

IN1 General Industrial

Special Purpose Zones

SP2 Infrastructure

Recreation Zones

RE1 Public Recreation

RE2 Private Recreation

Environment Protection Zones

E1 National Parks and Nature Reserves

Waterway Zones

W2 Recreational Waterways

4. Significant Issues/Developments

- A solar farm has completed construction at Nyngan by AGL (one of Australias largest electricity and gas retailers) which consists of approximately 1,350,000 solar panels and is the largest solar farm in Australia. Energy generated at the plant is fed directly into the grid.
- The Bogan Shire Council is planning on constructing a medical centre and childcare centre in the next year. The Council has recently completed construction of the 'Big Bogan' tourist attraction which has boosted visitor numbers to the town.

5. Added Value of Improvements

On-going analysis of costing in relation to land improvements has been conducted throughout the Valuation program. Information has been sought from a wide range of sources, including direct quotes from builders and other trade qualified contractors, as well as from manufactures and local suppliers of other miscellaneous items, including but not limited to: fencing, water tanks, silos, larger rural and industrial type sheds, stockyards, irrigation equipment and earthworks.

In-line with this information, we have analysed significant numbers of sales with a range of these improvements in place to ascertain their added value. This information has been provided to all the Valuers involved in the program, so as to adopt a consistent approach.

5.1 Paired sales

In order to determine the added value of residential dwelling improvements, we have undertaken the paired sales analysis approach or the replacement cost approach. This information is collated in the Added Value of Improvements Database which details the added value of a range of improvements and provides a guide in assessing the added value of the improvements of the sale being analysed. A summary of the paired sales analysis conducted in the Bogan LGA has been included at Annexure 1.

6. The Market

The local Nyngan market has been slow in 2014/2015 however demand for residential properties at the higher end of the market has remained slightly stronger.

Villages in the Bogan Shire generally remain quiet with limited transactions occurring.

The rural market is experiencing an increase in demand and limited supply with value levels pre the base date generally supporting current levels but those post the base date showing rises.

6.1 B2 Local Centre and B6 Enterprise

There were three improved commercial sales since July 2014 in the central business district in Nyngan that generally supported current levels. There were no commercial sales in the fringe commercial areas except for two house sales that showed a reduction in values of 10% over the 2014 levels, in line with the adjoining residential zone.

6.2 R1 General Residential

Nyngan is the main urban centre and has the only residential zone in the Bogan Shire. In Nyngan there were three reliable residential vacant land sales during the valuing year and these generally showed a reduction in land values of 10%. Thirty one house sales were analysed in a paired sales analysis and they generally supported a reduction in values of 10% over the 2014 levels. The market has generally remained slow after a period of low demand.

6.3 R5- Large Lot Residential

There was one reliable vacant larger lot sale in Nyngan since the base date which generally supported the current land value. One improved rural residential sale occurred since July 2014 which again generally supported the current land values.

6.4 RE2- Private Recreation

There was one sale in the Private Recreation zone which showed an increase in value levels for those parcels with River frontage. Generally those without river frontage remained at the 2014 levels and those with River frontage were verified in line with the evidence.

6.5 RU1- Primary Production

There were twenty five reliable broad acre rural sales since July 2014. These sales combined with some adjoining shire sales generally supported the 2014 levels.

The rural market is generally experiencing an increase in demand and limited supply. Value levels as at the 1/7/2015 generally remaining at the 2014 levels with properties that had been on the market for some time being sold but sales occurring after that date we have shown an increase in value levels.

6.5 RU5- Village

There have been no reliable vacant sales in the villages of Coolabah, Girilambone and Hermidale in the 2014 program and subsequently values remain at the 2014 levels.

6.6 IN1- General Industrial

There have been three improved industrial sales since the 2014 base date that generally supported the current land value levels. No reliable vacant industrial sales occurred during the period and we have relied on older vacant sales, subsequently values remained at the 2014 levels.

7. Individually Verified Land Values

The Bogan LGA was part of the scheduled Individual Verification Program for 2014/2015. This involved a programmed total of 1162 properties at the current point within the contract year. On the delivery of values 1206 properties had been verified or inspected which included 224 risk 1 properties, 856 risk 2 properties and 126 risk 3 properties.. All properties will be individually verified and/or inspected over the next 4 years as scheduled.

8. Quality Assurance Process

A variety of Quality Assurance (QA) processes will be applied to the valuation methodology and final values for Bogan LGA. These processes apply both throughout the program and before final values are issued.

All Aspect Property Consultants Valuers are trained in a range of resources that is available to them, including:

- Valuer Generals Rating and Taxing Valuation Procedures Manual
- Aspect Mass Valuation Training Manual v 2.51
- Aspect Valuation System Training Manual
- Aspect Quality Assurance Manual.

Aspect Valuation System v 5.48 (AVS) Quality Assurance

The Valuer must review sequentially, make the necessary amendments and record their name date and provide appropriate commentary. The following specific quality assurance measures are built into AVS;

Sales Inspection Report

Identifies all sales that require analysis.

Have all relevant sales been analysed to current Base Date

Ensures the Valuers have made the appropriate adjustments to all sales analysed or utilised for the current base date.

Check all sales including paired sales for consistency and accuracy

Ensure the Valuers have utilised a consistent basis during the analysis process.

Sale Price below Land Value Check

Identifies all properties that have a purchase price below land value, to enable Valuers to review them in line with current value levels.

Resolve Issues Register Items

Any perceived issues are registered throughout the valuation year that are constantly reviewed, and amendments undertaken where necessary. This check ensures all of these issues have been addressed.

Resolve Missing Values

This ensures that all properties have values attributed to them, including Date Valuation Made, Land Value Basis, New Land Value, as well as Statutory Concession Valuations, including allowances for development on and off the land, heritage values, land rating factors, apportionment values and mixed development apportionment factors.

Objections Report

Identifies all properties that have had their prior base date values amended on objection, for the Valuer to review.

Review Environmental and Other Issues

Enables the Valuer the opportunity to review properties with significant environmental issues, such as soil contamination.

Component Statistics Report

Reports on the consistency of the components as it relates to the selection of benchmark properties, to ensure they are within the requirements.

Allowances Check Report

Produces a report that displays the net land value of each property to ensure the allowances do not exceed the land value.

Sales Statistics

Produces a report that identifies sales that have been analysed that do not meet the requirements in terms of the proposed new land value.

Benchmark Factor Comparison Report

Reports on the factor adopted across the entire component and the corresponding factor that has been adopted on each benchmark property.

Parameter Check Report

A report is produced that shows all properties that fall outside a factor of 0.50 to 2.00.

Comparison of Average Values

This report identifies sales that exist outside the required COAV range.

Component Exception Report

Is a report the displays properties that do not confirm the benchmark reporting requirements.

High Values Properties Report

Is a report that lists all properties that have been identified as a high value property to enable the Valuer to ensure the value and worksheet calculations are correct.

High Risk Properties

Is a report that lists all properties that have been identified as a high risk property to enable the Valuer to ensure the value and worksheet calculations are correct.

Verification Methodology

This report displays the amount of verification that has been undertaken in an LGA on a component basis by verification type.

LGA Details Report

This report shows all the properties in the LGA on a component basis, including the number of properties and the sum of the value of all properties in the component.

Export Provisional Market Data File and Data Check

The AVS will perform its own statistical and compliance analysis to the provisional market data file to ensure all market data is within the required parameters.

Export Provisional Property Data File and Data Check

The AVS will perform its own statistical and compliance analysis to the provisional property data file to ensure all land value data is within the required parameters.

Export Final Market Data File and Data Check

The AVS will perform its own statistical and compliance analysis to the final market data file to ensure all market data is within the required parameters.

Export Final Property Data File and Data Check

The AVS will perform its own statistical and compliance analysis to the final property data file to ensure all land value data is within the required parameters.

Reviewed by CSM/SV

Records the date and time that market data and property data deliverables have been reviewed by the Contractor Services Manager or the Senior Valuer in his absence.

District Approval for Export

Records the date and time the CSM has approved the market data and property data files for export.

Report Delivery Register

Register within the AVS to record the details of the provision of each required deliverable.

9.1 Quality Statement

A Quality Statement will be provided to the District Valuer as part of the Valuation Analysis Report. The Quality Statement will be signed by the valuation manager. The Quality Statement will detail the quality control checks that have been carried out in the LGA.

Aspect Property Consultants Quality Statements include statements and evidence to substantiate that:

- All properties have been valued.
- The land values are consistent with each other.

- The land value basis has been correctly recorded for each land value.
- All statutory concession valuations and allowances have been supplied.
- Land values for those properties with considerably higher values in relation to the average for a land use have been reviewed and are correct. A list of the properties identified will be provided.
- Land values that result in substantial changes in valuation parities or unusually large value variations from the last valuations issued for either land tax or council rating have been checked and are correct.
- A broad range of market evidence has been analysed and provided in the market report as required by the contract.
- Adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.
- Analysed sale properties where the sales ratio does not lie within the range 0.85 to 1.00 have been reviewed and an explanation provided to support adoption of the current land value.
- A zone/component code integrity check has been made.
- The current and proposed planning controls that affect the valuations have been taken into account.
- Where the land value of a property has been amended on objection or reascertainment, the alignment of values with nearby properties has been checked.
- Statistical checks and Component Data Tables have been prepared, reviewed and anomalies or results outside the specified parameters have been rationalised and reported.
- Land values have been compared to adjusted land values for analysed sales and any anomalies have been addressed.
- Land values have been compared to all sale prices and anomalies have been addressed.
- Worksheets have been maintained on all properties where calculations are required, such as properties valued under Sections 26A, 28 and 14I, englobo parcels, special use parcels and large value properties such as shopping centres.

9.2 Internal Quality Procedures

Aspect Property Consultants recognises its responsibility as a provider of quality property consultancy services. To ensure the quality of internal procedures, Aspect Property Consultants has developed and documented a quality management system. The system complies with:

- International standard ISO 9001:2000 Quality Management Systems – Requirements
- Australian Property Institute Professional Practice Guide
- Valuers Registration Act 2003
- Land Valuation Services for Government Taxing and Rating for the General Manager, Land and Property Information, Department of Lands.

9.2 Overview

The Aspect Property Consultants internal Quality Procedures cover the following components:

Staff

- All valuation and administration staff are appropriately qualified
- All staff receive ongoing training to reflect changes in contractual requirements.
- Staff are required to undertake added value studies to ensure they are up to date with the market when determining added values of improvements.

Aspect Valuation System v 5.48 (AVS)

The AVS has a number of built in QA measures to limit the incidence of human error, e.g. warning prompts when value levels for outside predetermined parameters on Workflow valuations. The AVS is continually being upgraded to further enhance the quality of valuation outcomes.

Sales Analysis

All sales analysed by valuation staff are reviewed by the Senior Valuation Staff and Valuation Area Services Manager before being uploaded to Valnet 2(i). Sales that are analysed with respect to added value studies are discussed at monthly meetings.

Market Analysis Overview

Specific markets are analysed with input from all associated valuation staff. The Contract Services Manager provides feedback from the District Valuer to staff.

Progress Reports

Progress reports are signed off by the Contract Services Manager after preparation by valuation staff.

Component Review

Proposed component reviews/restructures are signed off by the Contract Services Manager.

Verification

The Verification Program is directed and finalised by the Contract Services Manager, before values are issued to LPI.

Provisional Valuation Recommendations

All provisional values are reviewed by senior valuation staff, with a final review by the Contract Services Manager before the values are issued. In LGA's where the Contract Services Manager is preparing values, a senior valuer must review all values.

General Valuation Recommendations and Valuation Analysis Reports

All reports must be reviewed by senior valuation staff. The Contract Services Manager conducts a final review before the valuations are issued. In LGA's where the Contract Services Manager is preparing values a senior valuer is to review all values.

Final General Valuation Recommendations

- Feedback on reports and value levels received by the Contract Services Manager is circulated to all valuation staff for review.
- All reports are submitted to the Contract Services Manager for final review before being issued.
- Administration staff compile a list of properties that are owned by the valuation staff in the LGA and provide this to the Contract Services Manager. These properties are reviewed in the context of the surrounding land values.

- The Final General Valuation Recommendations are supplied to the District Valuer for review.

Final Report

All valuation staff provide input to the detailed final report, which is reviewed by senior valuation staff and the Contract Services Manager before it is issued.

9. Land Values Amended on Objection

Objections have been searched on Valnet to obtain details of properties which have been amended on objection.

There were no completed objections to values as at the 2014 base date.

10. Statistical Analysis

Four main statistical analysis procedures were conducted within the shire, pertaining to land values and sales, as well as the component structure.

See attached for each zone.

11.1 Coefficient of Dispersion (COD)

The COD measures the uniformity of land values adopted on individual properties relative to sale prices of land. The Valuer General stipulates that the result of these calculations must be equal to or less than 15. Refer to results below.

11.2 Mean Value Price Ratio (MVP)

The MVP measures the accuracy of values relative to Adjusted Land Values as at the Base Date. It reflects the relationship between land values adopted and the analysed sale price. The process is required to be conducted in relation to properties on which single residential dwellings can be constructed. The Valuer General instructs that the required result of these calculations is between 85 and 100%. Refer to results below.

11.3 Price Related Differential (PRD)

The PRD measures the extent to which high and low valued properties are assessed uniformly relative to the sales data, and is once again required to be calculated in relation to single residential dwelling sites. The Valuer General specifies that the required standard of this calculation is between 0.98 and 1.03. Values within this range indicate that high valued properties are not over-valued in relation to low valued properties within the same component.

<u>Zone RU1:</u>	COD	=	2.2%
	MVP	=	97.4%%
	PRD	=	99.4%

Zone R5: COD = 0.5%
MVP = 99.3%%
PRD = 100.0%

Zone RU5: COD = 1.0%
MVP = 99.1%
PRD = 99.7%

Zone IN1: COD = 0.3%
MVP = 99.5%
PRD = 100.1%

Zone R1: COD = 0.2%
MVP = 99.8%
PRD = 100.0%

B6 : COD = 0.0%
MVP = 100.2%
PRD = 100.0%

B2 : COD = 2.1%
MVP = 97.7%
PRD = 100.1%

SP2: COD = 0.00%
MVP = 98.7%
PRD = 100.0%

<u>RE2:</u>	COD	=	0.00%
	MVP	=	99.0%
	PRD	=	100.0%

11.4 QRP

The QRP represents the range of values in the middle 50% of each component, to assess the similarity of values of properties which have been identified as being alike. The Valuer General indicates that a QRP of 50% or less is acceptable. This figure relates to total land values only, and does not allow for properties which may be correctly grouped together, but whose total land value figures differ. This is particularly relevant in rural and commercial components, where properties may have similar rates per hectare or per square metre adopted over them, but due to differing land parcel sizes the total land value figure is outside the required parameters.

The LGA comprises 26 separate components, of which 7 components are below 50%.

For a detailed explanation for each component that has a QRP of greater than 50%, refer to Valuation Analysis Report for Bogan LGA. A detailed commentary is provided that identifies the reasons why the QRP is greater than 50% and why the component methodology is appropriate for these components.

11. Certification

12.1 Certification Statement

This Final Report is an accurate account of the activities undertaken, review completed and quality control checks in place for the provision of land valuation services for rating and taxing on behalf of the Valuer General of NSW for the Bogan LGA, at the 2015 base date.



J. Dedman . AAPI
Certified Practising Valuer
Registration No. 3901
25th October 2015

Annexure 1

