



**M E M O R A N D U M**

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|----------------|--|-------------|---------------|
| <b>TO</b>      | All Rating and Taxing Contractors and all Valuation Services staff | <b>CC</b>   | N/A           |
| <b>FROM</b>    | Geoffrey Thompson Acting Assistant Director Valuation Operations   | <b>DATE</b> | 21 April 2015 |
| <b>SUBJECT</b> | ADM 2015-001 Risk Assessment Registers                             |             |               |

**Purpose**

Provide advice to rating and taxing contractors and LPI Valuation Services staff as to the expectations of District Valuer/Contractor monthly meetings and the implementation of formalised LPI Risk Registers to identify and control risks to rating and taxing valuations in individual contract areas.

**Background**

In 2013, LPI commenced formalised District Valuer/Contractor monthly meetings. The purpose of these meetings is to discuss issues arising from the monthly progress reports, market activity, contractor performance and quality assurance. The meetings also provide the forum for both parties to raise contentious valuation issues or any arising risks to valuation outcomes.

In 2014 an independent external audit of LPI's rating and taxing quality assurance processes was undertaken. The audit recommended LPI District Valuers should be responsible for preparing and maintaining more formalised valuation risk profiling processes at a district level, to be undertaken with the assistance of rating and taxing contractors.

The identification of areas of risk allows both LPI and contractors to undertake appropriate quality assurance measures in order that all stakeholders may have confidence that identified risks have been appropriately managed and that valuations are adequately supported.

**Instructions**

The most recent version of the Rating and Taxing Valuation Procedures Manual (v6.6.2), provides LPI's expectations for the conduct of monthly meetings between District Valuers and contractors (see Section 3.7.2) and the introduction of formalised Risk Registers (see Section 6.3) as described below.

**3.7.2 District Valuer Meetings**

*LPI District Valuers will hold separate monthly meetings with contractors to review, discuss and record issues relating to the provision of contractors valuation services. These meetings are intended to be an informal, co-operative and flexible forum and aim to promote a closer liaison between LPI and contractors.*

*The meetings provide the opportunity for both contractors and LPI to identify, review and discuss issues of potential risk to valuation outcomes in order that risks may be appropriately addressed and that appropriate quality assurance activities may be undertaken prior to a contractor's annual value recommendations being accepted and applied onto the NSW Register of Land Values.*

*The following issues should be discussed where appropriate:*

- *Review of district risk assessment*
- *Level and breadth of analysis undertaken*
- *Significant or unusual sales*
- *Results of paired sales analysis and added value of improvement studies undertaken*
- *Adjustments to valuation date*
- *Outcomes of sales analysis reviews undertaken by LPI*
- *Significant development approvals and approvals for demolition and redevelopment*
- *Verification undertaken and impact on values*
- *Proposed market movement across property types*
- *Proposed value changes outside market range*
- *All matters raised through the 'contact' system*
- *All matters discussed with the contractor outside the monthly meeting*
- *All issues raised through the Audit and Issues Register*
- *All Ministerials*
- *Issues from objections and contractor performance management objection review processes (over 20%, under 5%, benchmarks etc.)*
- *Reascertainments*
- *Contentious issues*
- *Outcomes of parallel valuation reviews undertaken by LPI*
- *Performance issues*
- *Technical issues*
- *Court matters*
- *Staff issues.*

*Both Contract Management meetings and District Valuer meetings are to be minuted by LPI with minutes distributed to all parties.*

### **6.3 Risk Assessment Registers**

*LPI is responsible for developing and maintaining a Risk Register for each Local Government Area to identify areas of high valuation risk particular to the district.*

*The Risk Register includes all valuation related risks identified by LPI and contractors and will be jointly reviewed through the monthly meeting process.*

*The Risk Register includes (but is not limited to) the following potential risks where applicable for the district:*

- *Significant market movement*
- *Significant value changes not directly related to market movement*
- *Lack of market evidence.*
- *Local issues that may affect land value outcomes e.g. coastal erosion, flooding, coal seam gas, wind farms, local media matters, new significant developments, stakeholder representations, etc*
- *Areas of previous high objection history*
- *High value properties*
- *Specialist property issues*
- *Contamination Issues.*
- *Other Issues*

LPI will develop separate risk registers at the contract area level rather than at Individual local government area level but will include specific risks to any individual local government area within that contract area register as required.

LPI will develop separate risk registers in 2015 for all existing and new contract areas.

The responsibility for development and maintenance of the register lies with LPI. Contractors are requested to assist in this process by identifying emerging risks and reviewing the register with the District Valuer at each monthly meeting.

It is expected that the register will assist both LPI and contractors in focusing quality assurance activities in areas of high risk.

### **Implementation**

For immediate implementation.

### **Additional Information**

For further information please contact Paul Chudleigh, Valuation Manager Rating & Taxing, email [paul.chudleigh@lpi.nsw.gov.au](mailto:paul.chudleigh@lpi.nsw.gov.au) or (02) 9236 7673.



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