Annual Report 2017 - 2018

Valuer General
# Table of Contents

1. From the Valuer General 6

2. Introduction 7
   2.1 Role of the Valuer General 7
   2.2 Role of Valuation Services 7

3. Organisational summary 9
   3.1 Legislation under which we operate 9
   3.2 Office of the Valuer General 10
   3.3 Valuation Services, Property NSW 11
   3.4 Structure of the valuation system 12

4. Governance of the valuation system 13
   4.1 Joint Standing Committee on the Office of the Valuer General 13
   4.2 Land Valuation Advisory Group 13
   4.3 Valuation Joint Steering Committee 14
   4.4 Service level agreement 14
   4.5 External service agreements 14
   4.6 Conflicts of interest 15
      4.6.1 Rating and taxing service area 15
      4.6.2 Valuations for compulsory acquisition 15
      4.6.3 Private valuations 16

5. Year in review 17
   5.1 Joint Standing Committee on the Office of the Valuer General 17
      5.1.1 Completion of the implementation of the recommendations on the Tenth General Meeting with the Valuer General 17
5.2 New initiatives

5.2.1 KPMG recommendations for business improvements

5.2.2 Independent review of quality assurance processes by KPMG

5.2.3 Contract management document portal

5.2.4 Industry body valuation accreditation

5.2.5 Rating and taxing contract review and recommendations

5.2.6 Contractor performance evaluation

5.2.7 Service improvements

5.2.8 Added value of property improvements information

5.2.9 Quality assurance improvements

5.2.10 Digitisation of long term land value trends

5.2.11 Internal audits

5.3 Legislative changes

5.3.1 Valuation of Land Regulation 2018

5.4 Significant judicial decisions

5.4.1 Olefines v Valuer General

5.5 Cooperative Research Centre for Spatial Information

6. Valuations for rating and taxing

6.1 Valuation totals and trends

6.2 Service delivery

6.2.1 Land tax threshold

6.3 Quality assurance

6.3.1 Quality assurance program

6.3.2 Program outcomes

6.3.3 Complex land value improvement program

6.3.4 Verification
6.3.5 Statistical measures
6.3.6 Independent review by Western Sydney University
6.3.7 Internal Audit Bureau

6.4 In depth reviews
6.4.1 Williamstown investigation area

6.5 New methodology for valuing coal mines
6.5.1 1 July 2017 land values issued for Muswellbrook Shire Council

6.6 Objections
6.6.1 Objections for different property types
6.6.2 Comparison of objections based on rating and taxing authority
6.6.3 Causes of objections
6.6.4 Informal and facilitated conferences

6.7 Appeals to the Land and Environment Court

6.8 Land Value Improvement Group

7. Valuations for compulsory acquisition
7.1 Determinations of compensation issued
7.2 Timeframe for issuing determinations of compensation
7.3 Quality assurance
7.4 Proposed acquisitions
7.5 Compulsory acquisition conferencing
7.6 Improvements

8. Private valuations

9. Register of Land Values
9.1 Land information
9.2 Improvements

10. Contract management
10.1 Rating and taxing contracts 41
10.2 Valuation panel contractors 42
10.3 Improvements 42
  10.3.1 Contracts for rating and taxing 42
  10.3.2 Valuation panel contractors 42
10.4 Procurement compliance 43

11. Customers and stakeholders 44
11.1 Customer service 44
11.2 Complaints 46
  11.2.1 Complaints made to the Office of the Valuer General 46
  11.2.2 Complaints made to Valuation Services 47
11.3 Conferences 48
11.4 Surveys 48
  11.4.1 Facilitated conference survey 48
  11.4.2 Compulsory acquisition survey 49
  11.4.3 Initial telephone contact survey 50
  11.4.4 Specialist telephone advice post contact (technical information) survey 50
  11.4.5 Objection process survey 50
  11.4.6 Valuer General’s survey of councils 51
11.5 Privacy 52
11.6 Improvements 52
  11.6.1 Online objection facility enhancement 52
  11.6.2 Objection progress updates 52
  11.6.3 Online mailing address changes 52
  11.6.4 Call centre accreditation 52
  11.6.5 Introduction of feedback assist 53
11.7 Publications 53
  11.7.1 Information for the 1 July 2017 land values 53
11.7.2 Valuer General’s policies 53
11.7.3 Newsletters, fact sheets and brochures 54
11.7.4 Valuer General’s website 54

11.8 Multicultural outcomes 55
11.9 Liaison with councils 55
11.10 Liaison with Revenue NSW 55

12. Future initiatives 56

13. Finance 57
13.1 Contractors and consultants 57
13.1.1 Valuation Services 57
13.1.2 Office of the Valuer General 57
13.2 IPART price setting for valuation services 57
13.2.1 Performance against IPART pricing model 58
13.3 Crown Solicitor’s Office 58
13.4 Financial report — activity based costing 59

14. Performance measures 62
1. From the Valuer General

I am pleased to present the 2017 - 2018 annual report. The report highlights the achievements of the office and provides information on activities and performance across the valuation system.

As Valuer General I am responsible for providing independent and impartial valuations for use by councils and the state government for levying rates and taxes; and determining compensation for land owners when their land is compulsorily acquired.

I am committed to delivering a world class valuation system that inspires public confidence and trust. To achieve this, the NSW valuation system must be open and fair, have the highest professional standards and be focussed on meeting the needs of our customers. Our ongoing program of implementing recommendations of the Joint Standing Committee on the Office of the Valuer General throughout 2017 - 2018 has seen further improvements for landholders in terms of transparency, procedural fairness and customer service.

Transparency has been increased by providing open access to more information that supports our valuations. A range of new information is available through the Valuer General’s website, including a new factsheet on how domestic waterfront occupancies are valued and tables detailing the added values of improvements used by contract valuers in analysing property sales.

We are strengthening our service culture by encouraging feedback and more open engagement to better understand our customers across industry, government and the community, then responding by improving our services to better meet our customers’ needs. Multicultural NSW has assisted us to better address the needs of landholders from culturally and linguistically diverse backgrounds.

Our performance in delivering fair and accurate valuations continues to be world class. Statistical measures of valuation quality have remained well within the target bands, while objections to land values and referrals to the court continue to be at low levels. We are also working with industry, government and the research community to find new opportunities to improve.

Along with this report you can find more statutory reporting in the annual report of the Department of Finance, Services and Innovation.

Finally, I would like to thank the staff of the Office of the Valuer General, Valuation Services and our contract valuers for their efforts during 2017 - 2018 in continuing the development and improvement of the NSW valuation system.

Simon Gilkes
2. Introduction

2.1 Role of the Valuer General

The Valuer General is an independent officer appointed by the Governor of NSW to oversee the valuation system which provides land values for rating and taxing, and determinations of compensation when land is compulsory acquired by government.

The independence of the Valuer General ensures a clear separation between the impartial land valuation process and how state and local government use the valuations for levying rates and taxes, or for determining compensation following the compulsory acquisition of land.

The Valuer General’s responsibilities include:

- setting standards and policies for the valuation system through the publication of the Valuer General’s policies. The policies assist landholders to better understand the valuation process and provide clear guidance to valuers on a range of valuation methods and practices
- monitoring the quality of land values and services provided to the community by Valuation Services
- monitoring the management of contract valuers by Valuation Services
- providing professional leadership and stewardship to the valuation industry.

2.2 Role of Valuation Services

The operational aspects of the Valuer General’s responsibilities are conducted by Valuation Services, a division of Property NSW, part of the Department of Finance, Services and Innovation, under a service level agreement. You can find more information about the service level agreement between the Valuer General and Valuation Services in section 4.4.

The Valuer General formally delegates operational functions under section 8(5), Valuation of Land Act 1916 to delegates within Valuation Services. Delegates must comply with all Valuer General policies and exercise the functions in a manner consistent with the aims and objectives of the Valuer General.

Valuation Services provides a range of services to the Valuer General which include:

- issuing land values to councils, Revenue NSW and landholders
- undertaking determinations of compensation in accordance with the Land Acquisition (Just Terms Compensation) Act 1991, the Valuer General’s policies and operational procedures
- maintaining the Register of Land Values
• ensuring fair and transparent resolution of objections or requests for review
• managing valuation contracts, the valuation procurement process and the performance of contractors, including compliance with legislation, policies and operational procedures
• customer service and positive engagement with the community, stakeholders, courts and the NSW Parliament
• provision of property information and data to valuation contractors, government and the community
• technical advice and support to the Valuer General and his office
• quality assurance of all services.
3. Organisational summary

The Valuer General’s vision is to provide a world class valuation system that inspires public confidence and trust. The Valuer General’s strategic plan for 2016 to 2018 sets the direction towards the delivery of a fair, transparent and accessible valuation system.

3.1 Legislation under which we operate

The *Valuation of Land Act 1916* establishes the office of the Valuer General and sets out the functions and authority under which the Valuer General operates with respect to the valuation of land and as the custodian of the Register of Land Values. The Valuer General also determines compensation under the *Land Acquisition (Just Terms Compensation) Act 1991*. 
3.2 Office of the Valuer General

As a statutory officer, the NSW Constitution precludes the Valuer General from directly employing staff. The seven staff supporting the Valuer General are employed by the Department of Finance, Services and Innovation and may be referred to as members of the Valuer General’s staff under the *Government Sector Employment Act 2013*.

The Office of the Valuer General (OVG) provides day to day support to the Valuer General, including setting objectives, standards and policies for the operation of the valuation system, monitoring the performance of Valuation Services, providing support for the Valuer General in addressing ministerial and parliamentary enquiries, developing public information, responding to public enquiries and investigating complaints.

The Valuer General’s salary is determined annually by the Statutory and Other Offices Remuneration Tribunal.
3.3 Valuation Services, Property NSW

Valuation Services, a division of Property NSW, part of the Department of Finance, Services and Innovation, operates the valuation system on behalf of the Valuer General.

After the separation from Land and Property Information the Valuation Services business unit was redesigned. The service delivery model, technology platforms and organisation structure were updated to operate optimally within the new environment.

To support these improvements, two new director level positions were added to the organisation structure; Director Contract Management and Director Customer Experience. The new directors leverage existing teams to promote the delivery of improved services through the design and implementation of business transformation and operational improvements.

Organisation chart as at 20 June 2018 showing senior and support staff
3.4 Structure of the valuation system
4. Governance of the valuation system

4.1 Joint Standing Committee on the Office of the Valuer General

The Joint Standing Committee on the Office of the Valuer General was established in 2004 to monitor and oversee the functions of the Valuer General, and reports to the NSW Parliament.

The committee tabled its report on the Eleventh General Meeting with the Valuer General on 13 February 2017. For more information see section 5.1.2.

In March 2018 the Valuer General provided a final report to the committee highlighting improvements made in response to the recommendations made by the committee during their 2013 Inquiry into the Land Valuation System.

4.2 Land Valuation Advisory Group

The Land Valuation Advisory Group comprises representatives of valuation industry groups and stakeholders. The group was formed in 2000, following the “Report of Inquiry into Operation of the Valuation of Land Act” (the Walton report) in 1999.
The primary focus of the group is to monitor and improve the ongoing quality of land values and provide advice to the Valuer General on the application of mass land appraisal techniques.

During the reporting year the group considered quality assurance, 2016 objection outcomes, 2017 land value trends, compulsory acquisition reforms, the implementation of the new methodology for valuing land used for coal mines, the Valuer General’s policies, and the Rapid Analytics Interactive Scenario Explorer (RAISE) project. The group also considered how to best utilise members’ knowledge to identify areas of valuation risk, and how to introduce methodology and process reviews in these areas.

The group met three times during the reporting year.

4.3 Valuation Joint Steering Committee

The Valuation Joint Steering Committee comprises the Valuer General, Executive Director, Valuation Services, and representatives from the Office of the Valuer General and Property NSW.

The CEO of Property NSW is an invitee to meetings.

The Valuation Joint Steering Committee coordinates senior management planning and oversight of the valuation system including customer service, land values, compensation determinations, objection and appeals, data operations and contract management. There is a structured reporting and engagement plan detailed in the service level agreement. The committee met three times during the reporting year.

4.4 Service level agreement

Valuation Services provides a range of services to the Valuer General, including valuation contract management, auditing and quality assuring valuations, processing objections, provision of data and the day to day management of determinations of compensation for compulsorily acquired land. These services are formalised through the service level agreement between the Valuer General and Property and Advisory Group (Property NSW), which includes Valuation Services and is a division of the Department of Finance, Services and Innovation. The agreement is reviewed and renegotiated annually.

The Valuer General formally delegates operational functions under section 8(5) of the Valuation of Land Act 1916 to delegates within Valuation Services. The delegations are detailed in the service level agreement.

4.5 External service agreements

A service level agreement is in place between the Chief Commissioner of State Revenue and the Valuer General for the period 1 July 2017 to 30 June 2020.

A memorandum of understanding is in place between the Valuer General, the Registrar General and NSW Land Registry Services. NSW Land Registry Services provides services to the Valuer General previously undertaken by Land and Property Information.
4.6 Conflicts of interest

Conflicts of interest are managed as part of the risk management framework and governance arrangements between Valuation Services and the Valuer General. Valuation Services complies with NSW Government guidelines on corruption prevention, audit and risk management, fairness and probity in procurement, and the establishment of valuation contracts.

Potential or perceived conflicts of interests concerning valuation contractors are managed systematically and embedded into day-to-day practices.

Conflict of interest declarations are managed through the Department of Finance, Services and Innovation’s annual staff declaration process, and through declarations specific to individual procurement contracts.

Valuations for property owned by Property NSW are managed under a conflict of interest management plan and are referred to the Office of the Valuer General for oversight and approval.

For the reporting year, there were three conflicts of interest recorded.

4.6.1 Rating and taxing service area

Property NSW procurement is aware of conflicts of interest in the rating and taxing service area because of the specialisation of the services and the limited pool or personnel with this specific skill set. These conflicts include former state government employees now engaged as contractors and a staff member who is related to a contractor. These conflicts of interests are being handled in the following manner:

- Property NSW procurement is managing the procurement process
- the request for proposal (RFP) has been updated to provide better clarity around the disclosure of familial and other relationships
- disclosure by tenderers of all interests and relationships are requested in the RFP to ensure that relationships are known, including family and business associations.

There was one perceived conflict of interest investigated for a valuation contractor. A valuer working for a rating and taxing contractor had corresponded with a landholder on a personal matter within the firm’s contracted area. It was found that due diligence with risk mitigation had occurred and the valuer had not provided any services relating to the subject property or area. The conflict of interest was determined to be perceived rather than actual.

4.6.2 Valuations for compulsory acquisition

There was one perceived conflict of interest with a town planning firm that provided advice on land compulsorily acquired in the Hurstville town centre. The land owner raised concerns because the town planning firm had previously provided advice to the acquiring authority for property in the same locality. Valuation Services concluded there was no
conflict of interest as the planner had no involvement in the preparation of the advice to the acquiring authority and the advice did not impact on the land being acquired.

4.6.3 Private valuations

There was one valuation for a property owned by Property NSW referred to the Office of the Valuer General for approval during the reporting year.

You can find more information about this valuation in section 8.
5. Year in review

The reporting period has seen the implementation of a number of recommendations and initiatives which have improved transparency, fairness and customer accessibility.

5.1 Joint Standing Committee on the Office of the Valuer General

5.1.1 Completion of the implementation of the recommendations on the Tenth General Meeting with the Valuer General

The Tenth General meeting with the Valuer General was held on 13 May 2016. The Committee published their report, which contained nine recommendations in respect of the NSW land valuation system, on 13 September 2016. The Government responded to the report on 22 March 2017. The response is available at www.parliament.nsw.gov.au.

Implementation of the recommendations was completed in January 2018.

5.1.2 Report on the Eleventh General Meeting with the Valuer General


The Committee said the Valuer General has a long established record of providing reliable and highly valued services to all landholders and that they were satisfied the Valuer General had managed the transition into the new structure, following the reorganisation of land and titling operations, in a smooth, effective and timely fashion.

The Committee noted that the Valuer General’s redesigned and improved objection review and compensation processes for landholders has significantly improved the fairness and transparency of the system, as well as reducing exposure to adversarial litigation, for the benefit of all. Enhanced public accountability measures and improved information sharing have increased stakeholder satisfaction and provided greater public access to the valuation system.

5.1.3 Completion of recommendations from the Inquiry into the NSW land valuation system

The publication of the Valuer General’s 2016 - 2017 annual report completed implementation of the recommendations that fell within the Valuer General’s remit. A report from the Valuer General summarising all improvements made in response to the Committee’s recommendations was published by the Committee on 29 March 2018. A copy is available at www.parliament.nsw.gov.au.

5.2 New initiatives

5.2.1 KPMG recommendations for business improvements

In June 2017, KPMG was commissioned to evaluate Valuation Services’ policies and procedures. The intent was to gain an independent insight into the Valuation Services system and to:

- quantify and categorise improvement opportunities
- redesign and standardise a future state process
- produce user guides for Valuation Services staff and external contractors
- have a clear deployment road map.

The final report delivered a number of specific recommendations concerning changes that could be made to improve business outcomes. Opportunities have been identified to lift service levels, capability and technology, as well as reduce manual effort and drive process efficiencies.

A number of these recommendations were implemented and others are in progress. Work is continuing to consider, prioritise and implement the balance of the recommendations.

5.2.2 Independent review of quality assurance processes by KPMG

KPMG undertook an independent review of key processes within Valuation Services. The review was completed in April 2018. The aim of the review was to identify deficiencies, design a future state program to meet the stakeholder expectations, develop key performance measures for the effectiveness and efficiency of quality assurance activities and to provide an implementation roadmap.

Opportunities were identified for improvements to Valuation Services’ internal structure and processes. As a result, Valuation Services has implemented a new structure which focuses staff skill sets and resources within designated functions, including quality assurance, policy review and advice, contractor performance monitoring and objections. The aim of the changes is to improve and monitor quality assurance processes.

Valuation Services has also developed a state wide risk profile, based on the outcomes from the objection process, the prior year’s quality assurance reviews, contractor performance, local area risks and media monitoring.
This review also addressed the outstanding 2014 Internal Audit Bureau (IAB) recommendation for the quality assurance process. You can find more information on IAB’s recommendation in section 6.3.7.

5.2.3 Contract management document portal

A portal has been created so contractors have access to a single source for contract documents and business instructions. It includes links to the Valuer General and other government policies that form part of contract requirements.

5.2.4 Industry body valuation accreditation

Valuation Services is leveraging an opportunity to build an updated accreditation course for future contracts with two industry bodies. Current and future contracts require valuers to be accredited to carry out contracted valuation services. The current accreditation course is on an online learning platform hosted externally to Property NSW.

Once the updated course is launched, the industry bodies will run the accreditation program at no charge to the Government and will represent industry best practice. It is anticipated that two of three implementation stages will be completed in the second half of 2018, with the third in 2019.

5.2.5 Rating and taxing contract review and recommendations

During the reporting year Valuation Services reviewed the rating and taxing contracts. The key recommendations from the review were:

- reduce contract areas from the current 41 to 18 areas
- align future contract terms to avoid new contracts in the same year as general valuations
- issue statewide requests for tender to all potential contractors in the first half of 2018 for contract commencement on 1 February 2019.

5.2.6 Contractor performance evaluation

Performance evaluation of valuation reports for compulsory acquisitions was introduced in January 2018. The evaluation considers accuracy, timeliness, land owner engagement, market analysis and determination rationale. This performance evaluation will assist procurement decision and improve performance monitoring and the overall quality of valuations for the determination of compensation for compulsory acquisitions.

5.2.7 Service improvements

Valuation Services has implemented several improvements to Valnet, the database system holding the Register of Land Values, including:

- the automation of existing manual processes for database management and delivery
- a proactive capacity management and performance monitoring process to improve database management and performance
• regular reviews of access to ensure user access levels are appropriate
• strengthening password requirements to comply with business policy
• enhanced database security through the implementation of an automated user activity report on system changes
• an upgrade of Valmap, the primary spatial tool used to assist in determining land values held in the Valnet database. The upgrade has resulted in improved performance and installation for internal users of the application
• the establishment of a governance framework to formalise roles and responsibilities of various processes and information owners.

5.2.8 Added value of property improvements information

Contractors are now required to upload added value of property improvements data for analysed residential sales into the Valnet database. This will improve valuation consistency, quality, transparency and identification of valuation trends. The changes make the added value of improvement information easier to share with stakeholders and customers.

Tables detailing the added value of improvements for residential properties have been published on the Valuer General’s website. The tables show dollar values per square metre for the added value of improvements of the main residential property types in a local government area.

5.2.9 Quality assurance improvements

Valuation Services implemented quality assurance improvements to ensure the quality of data from valuers and contractors is consistent and of high quality. The improvements include:

• an automated sales analysis tracker to check the analysed property sales delivered by contractors against the project plans to ensure targets are being met
• enhanced data management, with contractors to sign off deliverable statements when delivering data files, to ensure they align with contract deliverables
• enhancements to Valnet allowing contractors to populate explanations for quality assurance exceptions for annual land values, helping Valuation Services easily cross-check exceptions against contractors’ documentation
• development of new file specifications to ensure appropriate data for individual properties is supplied consistently by all rating and taxing contractors. Testing has commenced for rollout in 2019.
5.2.10 Digitisation of long term land value trends

The Valuer General has published tables showing land value movement trends across NSW since 1977.

In early 2018, Valuation Services completed a digitisation project to automate the production of the trends in tabular form. The tables are available on the Valuer General’s website as “Long term land value trends”. The digitisation has improved the efficiency of the production of the tables and enhanced the viewing experience.

5.2.11 Internal audits

The following audits were undertaken by the Department of Finance, Services and Innovation’s Internal Audit team.

- **Land data management (Valnet) audit**
  Assessment of the design effectiveness and operation of Valuation Services’ land data management controls.

- **Advisory review of valuation contract management**
  Review of Valuation Services’ internal controls in relation to valuation contract management. You can find more information on this review in section 10.4.

- **ICT general controls review**
  Assessment of Valuation Services’ ICT controls to ensure the integrity, availability and delivery of the Valnet system and services.

- Assessment of project costs incurred by Valuation Services in the pursuit of delivering proposed legislative changes in relation to the Fire and Emergency Services Levy.

5.3 Legislative changes

5.3.1 Valuation of Land Regulation 2018

This regulation repealed and remade, without substantial changes, the provisions of the Valuation of Land Regulation 2012, which would otherwise have been repealed on 1 September 2018 by section 10(2) of the Subordinate Legislation Act 1989.

5.4 Significant judicial decisions

5.4.1 Olefines v Valuer General

The matter of Olefines v Valuer General was specific to two properties in the Botany Industrial Park, a secured industrial area used by a number of companies undertaking hazardous industries.

The land was valued according to the Valuer General’s policy for valuing contaminated land. The policy sets out how contaminated land should be valued in accordance with the Valuation of Land Act 1916 and accepted valuation practice. The land value reflected the existing use of the land with no current requirement to remediate the land. The applicant
disagreed with the policy and valued the land based on the current zoning, ignoring the current use and made significant allowance for remediating the land.

The NSW Land and Environment Court issued a ruling on 22 February 2018. The appeal was dismissed and all issued land values were confirmed. The outcome confirmed the Valuer General’s policy to be correct. The applicants have lodged a Notice of Appeal on 22 May 2018 and it is expected the appeal will be heard during the second half of 2018.

5.5 Cooperative Research Centre for Spatial Information

The Valuer General has continued to work with the Cooperative Research Centre for Spatial Information (CRC-SI), the University of NSW and other partners on research into a potential application of rapid spatial analytics and visualisation technology to valuation and property analysis processes.

The first phase of the project was successfully completed on 30 September 2017 with positive feedback from project partners.

CRC-SI has now approved the second phase of the project to:

- develop tools to rapidly quantify the value impact of different rezoning and land use planning scenarios in Western Sydney
- automate the analysis of property sales data to streamline the land valuation process
- design and evaluate a community facing interface for communication of valuation information to the public.

CRC-SI is now known as Frontier-Si. More information on the project is available at https://frontiersi.com.au/.

The Valuer General has contributed a grant of $33,000 to the project.
6. Valuations for rating and taxing

6.1 Valuation totals and trends

General overview of 1 July 2017 land values

Data extracted 27 July 2018.

Minor variations in numbers due to rounding

1. Includes community uses, forestry, national parks, nature reserves, open space, recreation, reserved roads, special uses and waterways.
2. Includes protection, mixed use, business and undetermined or village.
NSW experienced another strong year for land values with increases across all sectors of the property market.

Over 2.56 million residential, rural, business and industrial land values for properties in NSW were determined as at 1 July 2017.

The total land value of NSW as at 1 July 2017 increased by 14.6% to approximately $1.7 trillion.

To determine the 1 July 2017 land values about 52,000 property sales across NSW were analysed as part of the valuation process.

6.2 Service delivery

Valuation Services, on behalf of the Valuer General, delivered over 2.5 million valuations to Revenue NSW for use in the calculation of land tax.

Valuation Services also delivered approximately 54,000 supplementary valuations to councils and Revenue NSW when land was subdivided or materially changed.

Where a supplementary valuation is used for rating, Valuation Services delivers a Notice of Valuation to the landholder to advise them of their new land value.

6.2.1 Land tax threshold

In September each year, the Valuer General determines new land tax and premium rate thresholds for the coming year. The requirements for the determination of new thresholds are set out in Division 4A of the *Land Tax Management Act 1956*.

The adjustments to the thresholds are based on the annual movement in average land values of land within residential, commercial, business and industrial zones in NSW. The rate of change of land values in these zones from 1 July 2016 to 1 July 2017 was determined to be 14.085%.

The land tax threshold for the 2018 land tax year was determined to be $629,000 and the premium rate threshold was determined to be $3,846,000. The new thresholds were published in NSW Government Gazette No. 116 of 13 October 2017.

6.3 Quality assurance

Formal quality assurance reviews are undertaken in each local government area before land values are accepted by the Valuer General and entered onto the Register of Land Values.

Performance of contract valuers and the quality of the land values are monitored through an annual risk-based quality assurance program and system-based data integrity checks.

Valuation uniformity and accuracy are tested against a range of statistical requirements. The level of statistical compliance has been improving over a number of years and is above targets for all major property types. For information on key performance indicators for statistical compliance, see section 14.
6.3.1 Quality assurance program

Valuation Services’ quality assurance program is overseen by the Valuation Joint Steering Committee. An annual program is approved by the committee and its performance is monitored through reporting and regular meetings.

The 2017 annual program included completion of:

- 137 local government area provisional values and sales activity audits
- 46 local government area annual values acceptance audits
- 1,234 sales analysis reviews across 71 local government areas
- 14 benchmark consistency audits
- 220 parallel valuations to check mass valuation outcomes
- the review of 132 final reports from contract valuers prior to publication on the Valuer General’s website.

6.3.2 Program outcomes

The program identified a number of areas of risk and valuation quality deficiencies that were rectified prior to the acceptance of the valuations and entry onto the Register of Land Values.

The program also identified a number of system enhancements and procedural changes that would improve valuation quality. These included new data integrity checks and delivery exception reports.

Technical instructions were also amended to provide better direction to rating and taxing contract valuers.

6.3.3 Complex land value improvement program

As part of an ongoing program to ensure the integrity of valuations made for complex land values, the following types of land use were reviewed:

- airports
- water infrastructure
- telecommunication sites.

Each review was conducted by considering:

- the correct methodology to be applied
- methodologies used in other jurisdictions
- stakeholder feedback following consultation
• the quality of land values currently on the Register of Land Values

• the best sources of information

• direction through policy

• direction through technical instructions.

Draft policies for all three complex land value types have been developed for stakeholder consultation.

6.3.4 Verification

To ensure that the NSW valuation base remains sound, contract valuers undertake a systematic, risk-based process of periodically verifying property data and land values. The program provides for the individual review of all land values and supporting data.

The verification program commenced in 2006. In 2012, the program was enhanced. The program adopts a risk-based approach that considers the complexity and nature of properties to determine the timeframe for verification. Over the six year period of the current program all land values in NSW will be verified. Those properties identified as having higher risk of valuation error are verified more regularly. From 2019 a further enhancement will see all low risk properties verified every five years. The verification program is measured for completion against planned targets.

Annual verification targets and outcomes for 2017 - 2018

<table>
<thead>
<tr>
<th>Land value verification risk rating</th>
<th>Outcome</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Rating of 1 (verified annually)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Risk Rating of 2 (verified every three years)</td>
<td>47.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Risk Rating of 3 (verified every six years)</td>
<td>29.6%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

6.3.5 Statistical measures

Valuations across local government areas are required to meet internationally recognised statistical standards. These standards measure consistency and accuracy between valuations and against the market evidence. Where the standard is not met, further investigation is undertaken.
Key performance indicators (KPIs) are set to test compliance. During the program period, all KPIs for statistical measures were met, with performance against the KPIs continuing to improve.

For more information on KPIs for service delivery see section 14.

### 6.3.6 Independent review by Western Sydney University

In 2017 Valuation Services developed a suite of reports to measure the quality of land values across NSW. Western Sydney University undertook an independent review of those reports on behalf of the Valuer General.

Adjunct Professor John MacFarlane, Western Sydney University concluded in his report:

> “Overall, I am very confident in all the computations incorporated into the many programs comprising the new suite of Valnet reports. There are no issues with the computations of summary statistics in any of the multitude of reports when the data used by VS and by the author are clearly the same. From this, I conclude that the computations are correct across the suite of programs.”

He went on to state:

> “I believe the state-wide analysis indicates the continuing high quality of the NSW statutory valuation system and its land value outcomes.

>I believe the statutory land values produced in NSW meet and exceed international standards and there are very few jurisdictions which produce statutory valuation outcomes of a comparable high quality”.

### 6.3.7 Internal Audit Bureau

In 2014, the Internal Audit Bureau (IAB) reviewed the effectiveness of the quality assurance activities undertaken by Valuation Services. A final recommendation to be implemented from the IAB audit was to establish efficiency and effectiveness benchmarks for the quality assurance process.

To address this recommendation, Valuation Services engaged KPMG in 2017 to review quality assurance activities and to recommend efficiency and effectiveness benchmarks. Following completion of the KPMG review, the 2018 quality assurance program plan was developed and implemented to meet efficiency benchmarks and include effectiveness measures. This addressed the final 2014 IAB recommendation.

### 6.4 In depth reviews

#### 6.4.1 Williamtown investigation area

In August 2016 the Valuer General published a report on a review undertaken on the land values of properties located in the Williamtown investigation area.
The Williamtown investigation area was originally established by the NSW Government in September 2015 to assess the extent of contamination from the legacy fire-fighting chemicals around the Williamtown RAAF Base and Newcastle Airport.

In November 2017 the NSW Environmental Protection Authority refined the boundaries of the Williamtown Management Area. The Valuer General has reviewed the 1 July 2016 and 1 July 2017 land values for the additional 183 properties now included in the management area. The 1 July 2016 land values for these properties were reduced by 15%, bringing the values in the extended management area in line with properties within the original investigation area.

1 July 2016 land values were maintained for 1 July 2017 for all properties within the management area.

6.5 New methodology for valuing coal mines

From 1 July 2017 land values for coal mines are being made using a new methodology. The new methodology was required following the finalisation of appeals in the matter of Perilya Broken Hill Ltd v Valuer General by the High Court of Australia. The change in valuation method aligns the valuation approach for coal mines with the existing approach for metalliferous mines.

The Valuer General is continuing stakeholder consultation in relation to the change in the valuation method and resulting land value changes. Stakeholders consulted included:

- Office of Local Government
- Local Government NSW
- Revenue NSW
- NSW Revenue Professionals
- NSW Minerals Council
- Councils with a coal mine
- Coal mine landholders.

6.5.1 1 July 2017 land values issued for Muswellbrook Shire Council

The Valuer General issued Muswellbrook Shire Council with new land values for rating as at 1 July 2017. All councils were scheduled to receive new land values for rating as at 1 July 2019.

The land values were issued to meet Muswellbrook Shire Council’s request for coal mine valuations made in accordance with new methodology and to provide a common base for rating across the whole local government area.

Notices of Valuation showing the 1 July 2017 land values were issued to all landholders. Muswellbrook Shire Council used the new values for rating from 1 July 2018.
6.6 Objections

Landholders can lodge an objection with the Valuer General to have the land values or property information on their Notice of Valuation or land tax assessment reviewed.

Land values are reviewed by a valuer who did not make the original valuation. A preliminary objection report on the review is provided to the landholder to allow for review and feedback before the objection is finalised.

Objections to property information are reviewed by land data specialists within Valuation Services.

6.6.1 Objections for different property types

The following table identifies all objections completed during the financial year for all valuation years.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Withdrawn</th>
<th>Allowed no change to land value</th>
<th>Allowed concession only change</th>
<th>Allowed with land value change</th>
<th>Disallowed</th>
<th>Total</th>
<th>% of total completed objections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>51</td>
<td>28</td>
<td>23</td>
<td>263</td>
<td>1,367</td>
<td>1,732</td>
<td>18.94%</td>
</tr>
<tr>
<td>Industrial</td>
<td>22</td>
<td>16</td>
<td>2</td>
<td>124</td>
<td>242</td>
<td>406</td>
<td>4.44%</td>
</tr>
<tr>
<td>National parks</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0.01%</td>
</tr>
<tr>
<td>Non-urban</td>
<td>27</td>
<td>47</td>
<td>2</td>
<td>318</td>
<td>584</td>
<td>978</td>
<td>10.69%</td>
</tr>
<tr>
<td>Open space</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>19</td>
<td>55</td>
<td>81</td>
<td>0.89%</td>
</tr>
<tr>
<td>Protection</td>
<td>7</td>
<td>7</td>
<td>2</td>
<td>166</td>
<td>306</td>
<td>488</td>
<td>5.34%</td>
</tr>
<tr>
<td>Residential</td>
<td>169</td>
<td>62</td>
<td>109</td>
<td>1,088</td>
<td>3,736</td>
<td>5,164</td>
<td>56.46%</td>
</tr>
<tr>
<td>Special uses</td>
<td>8</td>
<td>3</td>
<td></td>
<td>77</td>
<td>74</td>
<td>162</td>
<td>1.77%</td>
</tr>
<tr>
<td>Undetermined, or village</td>
<td>9</td>
<td>3</td>
<td>30</td>
<td>92</td>
<td>134</td>
<td>1.47%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>296</td>
<td>167</td>
<td>142</td>
<td>2,085</td>
<td>6,456</td>
<td>9,146</td>
<td>100%</td>
</tr>
</tbody>
</table>

1 The 2016 - 2017 annual report accounted for objections that were received and completed in the same financial year. This excluded objections that were received prior to the commencement of the 2016 - 2017 financial year but were completed in the 2016 - 2017 financial year. For the 2017 – 2018 financial year, the above table shows objections completed during the year for all valuation years.
6.6.2 Comparison of objections based on rating and taxing authority

As the 1 July 2017 land values were issued only for the purpose of determining land tax during the reporting period, the majority of objections received were the result of a land tax assessment being issued.

The table below details the percentage of objections received within the 2017 - 18 financial year for all valuation years for land tax compared to council rates.

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council rates</td>
<td>956</td>
<td>16.9%</td>
</tr>
<tr>
<td>Land tax</td>
<td>4,701</td>
<td>83.10%</td>
</tr>
<tr>
<td>Total</td>
<td>5,657</td>
<td>100%</td>
</tr>
</tbody>
</table>

6.6.3 Causes of objections

The top five reasons for lodging an objection are listed below.

1. The land value was too high
2. There were incorrect concessions or allowances in their valuation
3. There were incorrect area or dimension details used in their valuation
4. The land holdings should have been valued together
5. The land holdings should have been valued separately.

6.6.4 Informal and facilitated conferences

Landholders can have an informal conference with a valuer following the issue of the preliminary objection report to discuss the report and resolve any concerns.

Facilitated conferences are also available. The facilitator guides the conference process without making decisions.

You can find more information on conferences in section 11.3.
Conferences

<table>
<thead>
<tr>
<th>Objections</th>
<th>2017 - 2018</th>
<th>Percentage (of total number of 9,146 completed objections)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal conference was undertaken²</td>
<td>369</td>
<td>4%</td>
</tr>
<tr>
<td>Facilitated conference was undertaken</td>
<td>88</td>
<td>1%</td>
</tr>
</tbody>
</table>

6.7 Appeals to the Land and Environment Court

Landholders not satisfied with the determination of their objection can lodge an appeal in the Land and Environment Court of NSW.

The number of appeals has remained steady over the last three years.

Appeal decisions

<table>
<thead>
<tr>
<th></th>
<th>2015 - 2016³</th>
<th>2016 - 2017</th>
<th>2017 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at start of period</td>
<td>25</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Lodged during period</td>
<td>26</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td>Allowed during period</td>
<td>21</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Disallowed during period</td>
<td>6</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Withdrawn during period⁴</td>
<td>4</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>Outstanding at end of period</td>
<td>20</td>
<td>23</td>
<td>14</td>
</tr>
</tbody>
</table>

² A single conference can consist of multiple properties and objections to more than one valuing year
³ Previous annual report showed appeals based on outcomes in the lodgement year.
⁴ Withdrawn by the landholder.
Outcome of appeals

<table>
<thead>
<tr>
<th>2015-2016 Settlement type</th>
<th>Allowed</th>
<th>Dismissed</th>
<th>Withdrawn</th>
<th>Ongoing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hearing</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Hearing/Decision reserved</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mediation</td>
<td>21</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>25</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016 - 2017 Settlement type</th>
<th>Allowed</th>
<th>Dismissed</th>
<th>Withdrawn</th>
<th>Ongoing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hearing</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Hearing/Decision reserved</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mediation</td>
<td>1</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017 - 2018 Settlement type</th>
<th>Allowed</th>
<th>Dismissed</th>
<th>Withdrawn</th>
<th>Ongoing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hearing</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Hearing/Decision reserved</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mediation</td>
<td>5</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>19</td>
</tr>
</tbody>
</table>

Note: Mediation includes participation in a formal conference under section 34 of the Land and Environment Court Act 1979.

6.8 Land Value Improvement Group

The Land Value Improvement Group oversees research into the quality of valuations and the valuation process. The group consists of members from the Office of the Valuer General and Valuation Services.

The group’s objectives are to:

- improve the quality of valuations and the valuation process
- encourage innovation and the understanding of emerging technology and mass valuation practices
- improve the monitoring of contractor performance
- ensure the effective and efficient application of data and statistical measures
• identify risks to valuation quality

The group reviewed and considered:

• the report and findings of Adjunct Professor John Macfarlane, Western Sydney University on Valuation Services’ statistical procedures and system generated checks

• the complex land value improvement project

• improved property value movement information provided to NSW Treasury

• the publication of added value of improvement tables to improve transparency

• the review of significant value movements

• development of a contractor portal

• development of a new contractor scorecard

• the restructure of the quality assurance program following a report from KPMG.
7. **Valuations for compulsory acquisition**

State and local government organisations can acquire land for public purposes. When a government organisation (acquiring authority) and land owner are unable to negotiate the purchase of land, the NSW Government can compulsorily acquire the land.

The Valuer General is responsible for ensuring land owners are fairly compensated when their land is compulsorily acquired. The Valuer General determines the amount of compensation to be paid to a former land owner by the acquiring authority in accordance with the *Land Acquisition (Just Terms Compensation) Act 1991*.

Valuation Services manages the determination of compensation on behalf of the Valuer General.

The Valuer General sets the standards and policies to determine fair compensation and to provide a process that is independent, transparent and has multiple opportunities for consultation. The Valuer General oversees the work of Valuation Services.

7.1 **Determinations of compensation issued**

The overall number of determinations of compensation increased significantly during 2017 - 2018 due to the inclusion of determinations of compensation for land acquired below the surface. The Valuer General commenced the issue of determinations of compensation for land below the surface in January 2018.

Major infrastructure projects included WestConnex Stage 3, M4-M5 Motorway Link, the Northern Road Upgrade, Randwick Hospital Campus Redevelopment and Sydney Metro City & Southwest Rail.

**Determinations of compensation issued by the Valuer General during 2015-2016 to 2017-2018**

<table>
<thead>
<tr>
<th>Determinations of compensation made</th>
<th>2015 - 2016</th>
<th>2016 - 2017</th>
<th>2017 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Total value ($million)</td>
<td>Number</td>
</tr>
<tr>
<td>Under the Land Acquisition (Just Terms Compensation) Act 1991 – for properties above ground (surface land)</td>
<td>325</td>
<td>$390</td>
<td>177</td>
</tr>
</tbody>
</table>
### Determinations of compensation made

<table>
<thead>
<tr>
<th>Determinations of compensation made</th>
<th>2015 - 2016</th>
<th>2016 - 2017</th>
<th>2017 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Total value ($million)</td>
<td>Number</td>
</tr>
<tr>
<td>Under the Land Acquisition (Just Terms Compensation) Act 1991 – for land below the surface5 (includes Treasurer’s directions)</td>
<td>0</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>In accordance with Treasurer’s Directions (for intergovernmental transfers)</td>
<td>49</td>
<td>$55</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>374</strong></td>
<td><strong>$445</strong></td>
<td><strong>225</strong></td>
</tr>
</tbody>
</table>

#### 7.2 Timeframe for issuing determinations of compensation

The average time taken to issue a determination was 115 days, a slight decrease compared to the previous year. 96% of determinations for land below the surface were issued within the statutory time period. 26% of determinations for all other land were issued within the statutory time period.

Where there were delays, parties were consulted to minimise the impacts.

Valuation Services continues to explore ways to improve the timeframes for issuing determinations of compensation while ensuring valuation quality and maintaining the strong focus on procedural fairness for stakeholders.

#### 7.3 Quality assurance

The majority of valuation reports for determinations of compensation are prepared by contract valuers on behalf of Valuation Services.

Valuation Services thoroughly reviews valuation reports before they are accepted and issued. The valuation report is checked to ensure accuracy, fairness, transparency and compliance with the *Land Acquisition (Just Terms Compensation) Act 1991* and the Valuer General’s policy on compensation following compulsory acquisition.

---

5 First reported on in 2017 to 2018
### 7.4 Proposed acquisitions

The Valuer General may commence work on a determination of compensation following the issue of the proposed acquisition notice (PAN) and prior to the compulsory acquisition. Factors taken into consideration to commence work include the complexity of the valuation, and meeting statutory and project timeframes.

Acquiring authorities are required to pay the Valuer General’s reasonable costs for preparing valuations for the determination of compensation, regardless of whether a determination of compensation is issued. This supports the Valuer General’s discretion to commence work on the determination of compensation prior to compulsory acquisition by providing budget certainty.

During the reporting period, Valuation Services commenced work on 190 PANs where determinations of compensation were not issued as the acquiring authority reached agreement with the land owner to purchase the property prior to the matter being concluded by the Valuer General.

### 7.5 Compulsory acquisition conferencing

During 2017, Valuation Services captured data on the extent and type of stakeholder and land owner consultation during the compulsory acquisition process.

<table>
<thead>
<tr>
<th>Types of conferences</th>
<th>Number</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>1,059</td>
<td>55.77%</td>
</tr>
<tr>
<td>Face to face</td>
<td>209</td>
<td>11.01%</td>
</tr>
<tr>
<td>Mail</td>
<td>8</td>
<td>0.42%</td>
</tr>
<tr>
<td>Phone</td>
<td>623</td>
<td>32.80%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1899</td>
<td>100%</td>
</tr>
</tbody>
</table>

Contractors engaged by the Valuer General are required to speak to the land owners or their representatives in person as part of the compulsory acquisition process for all acquisitions of surface land.

Conferences are available throughout the compulsory acquisition process and are also offered after the final determination of compensation is issued. Separate conferences are also held with acquiring authorities to ensure their issues and concerns are captured and addressed.
7.6 Improvements

In the reporting period, performance evaluation for compulsory acquisition reports was implemented. For more information on contractor performance evaluation see section 5.2.5.

Other improvements include:

- increased focus on consultation and engagement with land owners
- work with the Centre for Property Acquisitions to provide training for acquiring authorities
- contractor training.
8. Private valuations

The Valuer General can make a private valuation of land under section 9A of the Valuation of Land Act 1916 for the purpose of any agreement or arrangement between parties that provides for the valuation to be made by the Valuer General.

The Valuer General can delegate the valuation. In most cases private valuations are undertaken by contract valuers and quality assured and issued by Valuation Services.

During the reporting period, six private valuations were requested. The valuations are listed below.

- NSW Ports requested two valuations; the unimproved value of the land was determined in accordance with the lease documents.

- Lord Howe Island Board requested two valuations; the current market value was determined in accordance with section 23(1)(a) of the Lord Howe Island Act, 1953, as amended.

- Place Management, part of Property NSW, requested one valuation; the market value of the land for rental review purposes was determined in accordance with the lease document. To manage any risk of a conflict of interest, the valuation was undertaken by a contract valuer, and quality assured and issued directly by the Office of the Valuer General.

- Cemeteries and Crematoria NSW requested one valuation; the market value of the land was determined within the meaning of the Valuation of Land Act 1916 and in accordance with Cemeteries and Crematoria Act 2013 (NSW) (2013 Act).
9. Register of Land Values

The Register of Land Values is the official record of land values in NSW. The Register of Land Values contains information that includes ownership or rate paying lessee details, title details, and the value of the land. The Register of Land Values is a public register in terms of the NSW Privacy and Personal Information Protection Act 1998.

9.1 Land information

Valuation Services manages the Register of Land Values on behalf of the Valuer General and is responsible for ensuring the accuracy and integrity of the information recorded on the register. A team of land data specialists is responsible for the ongoing update, improvement and quality assurance of the land information held in the register.

The ongoing update of the register includes the creation of records for new lots when land is subdivided; amendments to property details including dimensions, area and zoning; and updating addressing information for the service of Notices of Valuation.

Maintenance to the Register of Land Values

<table>
<thead>
<tr>
<th>Register of Land Values</th>
<th>2016 - 2017</th>
<th>2017 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>New properties created</td>
<td>49,156</td>
<td>49,466</td>
</tr>
<tr>
<td>Properties where details were amended</td>
<td>21,479</td>
<td>24,050</td>
</tr>
<tr>
<td>Properties where valuation was altered</td>
<td>1,303</td>
<td>3,665</td>
</tr>
<tr>
<td>Properties where address for service of notice was amended</td>
<td>202,845</td>
<td>145,325</td>
</tr>
</tbody>
</table>

Note: The above figures exclude new properties created or amended via objection, but include new properties created or amended via reascertainment.
## 9.2 Improvements

Key projects to improve the quality of land information on the Register of Land Values undertaken during the reporting year are detailed in the table below.

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of area mismatches in Register of Land Values</td>
<td>Quality assured properties where the calculation of the dimensions did not equal the total area recorded on the Register.</td>
<td>- 16,866 properties were reviewed, 74.2% required minor formatting and rounding amendments.</td>
</tr>
<tr>
<td></td>
<td><strong>Driver</strong> Quality assurance of data held on the Register of Land Values.</td>
<td>- No changes to land values.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Improved data integrity.</td>
</tr>
<tr>
<td>Review of domestic waterfront properties</td>
<td>Quality assured properties subject to Crown Land domestic waterfront property leases to consider amalgamation with adjoining freehold land or requirement to value domestic waterfront property lease separately from freehold land.</td>
<td>- 589 properties were reviewed, 45% required valuation amendment.</td>
</tr>
<tr>
<td></td>
<td><strong>Driver</strong> Amendment to Valuer General’s policy: Valuation of land below high-water mark (domestic waterfront occupancies).</td>
<td>- Improved data quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Policy compliance.</td>
</tr>
<tr>
<td>Review of business rules or work instructions</td>
<td>Changes to streamline key processes and development of guidance material to support future maintenance of the register.</td>
<td>- Improved consistency and accuracy of land data processing in accordance with legislation and Valuer General policies.</td>
</tr>
</tbody>
</table>
10. Contract management

Valuation Services outsources the majority of valuation services to external valuation firms.

Contract valuers determine land values for rating and taxing for defined geographic regions across NSW, review objections and undertake valuation reports for the determination of compensation.

Contractors are selected by an open market tender process that complies with strict procurement guidelines set for NSW public sector agencies.

The performance and quality of each contractor is monitored on an ongoing basis to ensure time, quality and cost effectiveness are achieved. As well as contractual terms, individual contract valuers are required to comply with legislation, the Valuer General’s policies and industry codes of professional conduct. In the 2017 - 18 reporting year, the majority of contractors performed to the standards established under the contract. Where standards were not met, the issue was addressed through a structured process, generally commenced with consultation with the contractor.

10.1 Rating and taxing contracts

During the reporting year, 41 rating and taxing contracts were in operation, with 19 contractors providing services. A list of contractors is available on the Valuer General’s website www.valuergeneral.nsw.gov.au.

Land values provided by valuation contractors are quality assured by Valuation Services before they are entered on the Register of Land Values.

Rating and taxing contractors provide the following valuation services:

- project management
- market analysis
- provisional valuation recommendations
- annual valuation recommendations
- quality assurance
- land value verification
- supplementary valuations
- responding to enquiries about valuations
- appeal services
- sales coding.
10.2 Valuation panel contractors

Valuation panel contracts are for one calendar year, with an extension option for one additional year.

As at 30 June 2018, there were 73 valuation panel contractors.

Prior to negotiating annual contract extensions, a performance review is undertaken on each contracted firm to ensure performance standards have been met. The review includes input from all Valuation Services’ business areas.

Valuation panel contractors may provide up to three services:

- acquisition valuations under the requirements of the Land Acquisition (Just Terms) Compensation Act 1991
- valuation advisory for certificates of land value, special valuations, to act as an expert valuer in court matters and general property advice
- objection briefings for land values and allowances issued under the Valuation of Land Act 1916.

To engage a panel contractor, appropriate valuation panel firms are invited to submit a quote in a competitive selection process. Exceptions are made when a specialist or expert is required who is not on the panel. In these cases, the contractor is required to agree with the terms and conditions of the panel contract and request for quote.

10.3 Improvements

10.3.1 Contracts for rating and taxing

Valuation Services undertook a number of consultation activities during 2017 - 2018. These activities included:

- surveys
- face-to-face consultations
- a liaison day attended by 38 personnel from all 19 contractors

A contractor conflict of interest mitigation methodology review was undertaken. It showed all contractors met contract requirements and some demonstrated a high standard of risk management.

10.3.2 Valuation panel contractors

In 2017 the use of a single objection contractor for individual local government areas was expanded and successfully continued for the 2017 - 18 reporting year. The program continues to show improved value for money due to consistency of objection outcomes, contractor performance and internal efficiencies.
A successful valuation panel liaison day was held in February with 55 personnel from 40 firms represented from the valuation panel.

For more information on valuation contract costs see section 13.4.

10.4 Procurement compliance

An internal audit was undertaken on Valuation Services' procurement compliance with the previous rating and taxing tender. This resulted in three recommendations. Two were within Valuation Services' control; proof of finance department verification of correct contractor payments, and confirmation and agreement of contract performance review outcomes outside of the contract management team. Both of these recommendations have been implemented.

Valuation Services and Property NSW procurement are working to implement the third recommendation, which relates to reformatting the code of conduct, probity and confidentiality agreements.

Regular contractor system access reviews have shown some deficiencies in recording and procedures in this area. These issues were addressed with better coordination and understanding between Valuation Services and the ICT team.
11. Customers and stakeholders

The Valuer General sets the standards and values for service delivery and oversees the work of Valuation Services, which manages the day-to-day customer service and stakeholder liaison functions of the valuation system.

We aim to provide services that the community can trust, built on the core values of fairness, professionalism and the provision of customer-centric services.

**Fairness**

- We communicate openly with our customers and encourage them to ask questions and make submissions.
- We focus on consistency and accuracy in our services.

**Customer driven**

- We ask our customers about their experience of our services and use their feedback to make improvements.

**Professional**

- We promote best practice and find new ways to improve the services we deliver.

### 11.1 Customer service

Customer service is managed by a specialist customer service team, which includes an in-house call centre, within Valuation Services. An outsourced call centre is used to supplement the in-house call centre when call volumes are high. The outsourced call centre was in service for an eight-week period from 20 July 2017.

#### Call volumes 1 July 2017 to 1 July 2018

<table>
<thead>
<tr>
<th>In-house/outsourced</th>
<th>Number of calls answered</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house (Valuation Services)</td>
<td>13,095</td>
<td>79.6%</td>
</tr>
<tr>
<td>Contracted call centre</td>
<td>3,364</td>
<td>20.4%</td>
</tr>
<tr>
<td>Total calls</td>
<td>16,459</td>
<td>100%</td>
</tr>
</tbody>
</table>
## Breakdown of top five calls by topic 2017 - 2018

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of calls</th>
<th>Percentage of 16,459 calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objection kit request</td>
<td>4,046</td>
<td>24.58%</td>
</tr>
<tr>
<td>Land value enquiry</td>
<td>2,289</td>
<td>13.91%</td>
</tr>
<tr>
<td>Land tax/ Revenue NSW enquiry / land tax year explanation</td>
<td>1,781</td>
<td>10.82%</td>
</tr>
<tr>
<td>General enquiry / overview</td>
<td>1,442</td>
<td>8.76%</td>
</tr>
<tr>
<td>Objection enquiry</td>
<td>1,214</td>
<td>7.38%</td>
</tr>
<tr>
<td><strong>Total top five calls</strong></td>
<td><strong>10,772</strong></td>
<td><strong>65.45%</strong></td>
</tr>
</tbody>
</table>

## Written enquiries 2017 - 2018

<table>
<thead>
<tr>
<th>Written enquiries</th>
<th>Percentage completed in 10 business days*</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,102</td>
<td>93.6%</td>
</tr>
</tbody>
</table>

* Target set by Valuer General – 80% of written enquiries responded to within 10 business days
### Breakdown of top five written enquiries by topic

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of written enquiries</th>
<th>Percentage of 5,102 written enquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailing address enquiry / update</td>
<td>982</td>
<td>19.25%</td>
</tr>
<tr>
<td>Preliminary report response</td>
<td>489</td>
<td>9.58%</td>
</tr>
<tr>
<td>Objection decision enquiry / objection enquiry</td>
<td>481</td>
<td>9.43%</td>
</tr>
<tr>
<td>General enquiry / overview</td>
<td>439</td>
<td>8.60%</td>
</tr>
<tr>
<td>Difficult question</td>
<td>334</td>
<td>6.55%</td>
</tr>
<tr>
<td><strong>Total top five written enquiries</strong></td>
<td><strong>2,725</strong></td>
<td><strong>53.41%</strong></td>
</tr>
</tbody>
</table>

### 11.2 Complaints

The Valuer General is committed to ensuring complaints are handled in a manner which is fair, courteous and respects the privacy of the person making the complaint.

Feedback, including complaints, is used to identify areas that need improvement.

#### 11.2.1 Complaints made to the Office of the Valuer General

<table>
<thead>
<tr>
<th>Complaint</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td></td>
</tr>
<tr>
<td>Complaint about customer service received at conference</td>
<td>Feedback provided to Valuation Services.</td>
</tr>
<tr>
<td>Complaint that Valuation Services proceeded with objection without agent’s permission</td>
<td>Investigation found that Valuation Services provided procedural fairness.</td>
</tr>
<tr>
<td>Complaint about availability of staff to receive court documents</td>
<td>New procedures implemented for delivering court documents.</td>
</tr>
</tbody>
</table>
## Complaints made to Valuation Services

Over the reporting period, Valuation Services received 71 complaints. Three of those complaints were still being resolved by Valuation Services at the end of the reporting year. The average time take to resolve a complaint was 9.3 days. There were 32 complaints resolved on the day of complaint. The main complaint types were:

- issues with online services which included password (21 complaints)
- access issues and system failures (21 complaints)
- customer service (14 complaints).

<table>
<thead>
<tr>
<th>Complaint</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer service</strong></td>
<td></td>
</tr>
<tr>
<td>Complaint about customer service received during objection process</td>
<td>Staff member counselled to ensure their behaviour reflects the Valuer General’s customer service expectations.</td>
</tr>
<tr>
<td><strong>Land value and customer service</strong></td>
<td></td>
</tr>
<tr>
<td>Complaint about landholder’s land value, consistency of surrounding values and customer service received during objection process</td>
<td>Land value correct. Information provided to landholder about surrounding values. Investigation found that Valuation Services gave landholder the opportunity to raise their concerns through the conference process, and considered these concerns in detail.</td>
</tr>
<tr>
<td>Complaint about outcome of objection and customer service received at conference</td>
<td>Feedback provided to Valuation Services. Additional conferences undertaken with landholder, additional information provided. Land value correct.</td>
</tr>
<tr>
<td>Complaint about customer service received during objection process and outcome of objection</td>
<td>Valuation Services did not follow correct procedure when responding to the landholder’s concerns about their objection. Staff member counselled to ensure they follow correct procedure in future. Conference with owner undertaken, additional information provided. Land value correct.</td>
</tr>
<tr>
<td><strong>Land values, staff conduct and privacy concerns</strong></td>
<td></td>
</tr>
<tr>
<td>Complaint about land value, consistency of surrounding values, customer service, and breach of landholder’s privacy</td>
<td>Land values correct. Land values in area reviewed for consistency. Investigation showed no inappropriate conduct by staff. Investigation showed a possible breach of privacy. Information disclosed reported to Information and Privacy Commission.</td>
</tr>
</tbody>
</table>
Valuation Services is developing a complaint handling system to allow improved complaint and feedback record-keeping and reporting. This is being developed with a complaint and feedback handling policy.

11.3 Conferences

A conference is an open exchange of information between customers and valuers, or other experts. A range of conference types are available to landholders to answer questions, discuss concerns and resolve issues. For example, all landholders who lodge an objection to have their land value reviewed are contacted by the valuer undertaking the review to discuss their concerns. Landholders can also have a conference with a valuer following the issue of the preliminary objection report to discuss the report and resolve any concerns.

Facilitated conferences are also available. The facilitator guides the conference process without making decisions. The conference can be face-to-face or by telephone.

<table>
<thead>
<tr>
<th>Facilitated conferences 2017 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for conference</td>
</tr>
<tr>
<td>Land value</td>
</tr>
</tbody>
</table>

11.4 Surveys

We undertake a range of surveys to monitor and inform improvements to our customer service. The Office of the Valuer General directly surveys all landholders following a facilitated conference; and former land owners following the determination of compensation. Facilitated conferences generally concern the outcome of an objection.

Valuation Services undertakes surveys that monitor customer service across a range of services to measure levels of service, consistency of information, customer support, timeliness, relevancy and accessibility of information.

11.4.1 Facilitated conference survey

All landholders participating in a facilitated conference are asked to complete a survey at the end of the process. During the reporting period, of the 66 surveys were issued, 13 surveys were completed and returned to the Office of the Valuer General. The responses received showed:

- 67% agreed or strongly agreed they were provided with enough information before the conference to know what to expect
- 40% agreed or strongly agreed that they were treated fairly during the conference
- 36% agreed or strongly agreed that their questions were fully answered
43% agreed or strongly agreed that the conference was a good way to address their concerns

Overall 46% of respondents were satisfied with the conference.

The survey allows respondents to: strongly agree; agree; neither agree or disagree; disagree or strongly disagree.

In response to landholder feedback several improvements have been made to conference processes, including:

- improved records management for conferences
- greater emphasis on timeframes, outcomes and next steps during pre-conference discussions and during the conference
- ensuring that unclear explanations or statements by staff are challenged by the facilitator and clarified during the conference.

11.4.2 Compulsory acquisition survey

The Valuer General surveys land owners or their representative following the issue of a determination of compensation. The survey aims to monitor and report on the quality of service provided by Valuation Services and identify where improvements can be made.

There were 79 surveys issued during the reporting period. Seven responses were received. While the response rate limits the analysis of results, the responses received showed:

- all respondents were satisfied or that the Valuer General acted independently when determining the amount of compensation
- all respondents agreed that information they received from the Valuer General clearly explained the compulsory acquisition process and how they could participate in the process
- all respondents were satisfied that all the questions or concerns they raised were addressed by staff acting on behalf of the Valuer General
- 85% of respondents were satisfied with the overall service they received from staff acting on behalf of the Valuer General.

In order to try and increase survey response rates, in April 2018 the survey was brought online and administration of the survey was moved to within the Office of the Valuer General. The survey was previously administered by Valuation Services.
11.4.3 Initial telephone contact survey

This survey measures the level of service landholders receive from the customer service contact centre.

Surveys were offered to 1999 customers, 1152 customers participated (58%)

- 98% agreed that their call was answered in a timely fashion
- 99% agreed that the customer service officer was helpful and respectful
- 98% agreed that the customer service officer was knowledgeable
- 96% of participants were net promoters.

11.4.4 Specialist telephone advice post contact (technical information) survey

This survey measures the level of service landholders receive if their enquiry is referred following their initial contact with the customer service contact centre.

Surveys were offered to 107 customers, 24 customers participated (22%)

- 70% of respondents agreed or strongly agreed that they:
  - were treated fairly
  - were listened to
- 69% of respondents agreed or strongly agreed that they:
  - were provided consistent information
- 75% agree or strongly agree that they
  - received a timely response.

46% of respondents were from regional areas, 33% metropolitan areas. The remainder were unidentified.

11.4.5 Objection process survey

This survey considers the end to end experience of landholders who lodge an objection to have their land value reviewed.

Surveys were offered to 38 customers, 6 customers participated (16%)

- 83% of respondents agreed or strongly agreed that they were listened to
67% of respondents agreed or strongly agreed that they:

- were treated fairly
- were responded to in a timely manner
- provided with the support they needed
- felt that their questions were fully answered by the valuer who reviewed their land value

50% of respondents agreed or strongly agreed that they were provided with consistent information.

11.4.6 Valuer General’s survey of councils

In May 2018 the Valuer General conducted a survey of all 128 councils in NSW. The survey was aimed at staff who work in the rates area of councils and was conducted to seek feedback from NSW councils on:

- the information the Valuer General provides to landholders on land values
- the service provided by Valuation Services to councils
- land value information sessions provided to councils by Valuation Services.

Of the 128 councils who were asked to participate 82 councils responded. The response rate provides a high level of confidence in the feedback received.\(^6\)

Survey results showed the vast majority of councils were happy with:

- the information the Valuer General provides to ratepayers about the land valuation system
- the service provided to them by Valuation Services in land value presentations and the delivery of valuation data
- the support provided by Valuation Services.

The eight recommendations that were made following the conclusion of the survey are in the process of being implemented.

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\(^6\) Population size = 128, sample size = 82, giving a confidence level of 95% with a 6.6% margin of error, and a z score (the number of standard deviations a given proportion is away from the mean) of 1.96. (source surveymonkey.com)
11.5 Privacy

Personal information is managed in accordance with the Privacy and Personal Information Protection Act ("privacy legislation") and the Department of Finance, Services and Innovation’s privacy management plan.

Authorised users can only access data stored in the Register of Land Values by logging in to the Property NSW valuation portal. The login is subject to the terms and conditions [https://valuation.property.nsw.gov.au/content/terms] which require that privacy legislation be complied with. The Property NSW valuation portal website is made available subject to privacy legislation.

Contract terms and conditions for the engagement of contractors and for supply of information to on-sellers contain provisions expressly requiring compliance with privacy legislation. Contractors must also meet the level of professional standards expected of a member of a professional body (API or comparable) which includes dealing with information in compliance with statutory requirements (including privacy legislation).

A privacy statement is available on the Valuer General’s website which explains how we collect, store and secure personal information.

11.6 Improvements

11.6.1 Online objection facility enhancement

The online objection facility was enhanced in November 2017 to streamline landholders’ experience. Landholders are now able to: copy supporting information from one objection submission to another, select and/or comment on sales information from their valuation sales report, and check the progress of their objection online.

11.6.2 Objection progress updates

In May 2018 system improvements were made to provide landholders with written updates on the progress of their objections at nominated milestones.

11.6.3 Online mailing address changes

In July 2017 a new function was implemented on the Valuer General’s website which enables landholders to update their mailing address online, previously changes had to be made in writing or by phoning the call centre.

11.6.4 Call centre accreditation

A call accreditation program was implemented within Valuation Customer Service in March 2018. The aim of the project is to improve the overall quality of advice and information provided to customers as well as monitoring and measuring call quality and consistency of information provided to customers.
11.6.5 Introduction of feedback assist

In August 2017, the feedback assist widget was implemented on the Valuer General’s website.

The widget is another feedback channel enabling customers to leave a compliment, complaint or make a suggestion. Feedback received this way will help us to target future improvements in the delivery of digital services.

11.7 Publications

11.7.1 Information for the 1 July 2017 land values

To assist community understanding of land values, the Valuer General published a report on NSW land values as at 1 July 2017 in January 2018. Interactive summaries for 14 regions and all local government areas were also published to support 1 July 2017 land values.


11.7.2 Valuer General’s policies

The Valuer General is responsible for setting the policies for the valuation system. The majority of these policies focus on providing guidance to valuers on a range of valuation methods and practices to achieve accurate, consistent and fair valuations across NSW.

During the reporting year a number of draft policies were developed and issued for stakeholder consultation. The draft polices are listed below.

- Valuation of land used for cemeteries and crematoria
- Valuation of land used for coal mines
- Valuation of land used for metalliferous mines
- Valuation of land used for quarries
- Valuation of airport land
- Valuation of infrastructure sites
- Valuation integrity
- Valuation lists and authorities
11.7.3 Newsletters, fact sheets and brochures

The Valuer General published a newsletter in July 2017. It was issued by councils with rates notices.

No newsletter was produced for July 2018. This was in response to feedback received in the Valuer General’s survey of councils. The newsletter will be produced and issued in years when new land values are issued for rating.

Valuer General newsletters issued 2017 - 2018

<table>
<thead>
<tr>
<th>Newsletter</th>
<th>Key content</th>
<th>Number of newsletters and distribution method</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2017</td>
<td>Land values and council rates, valuing rural land, valuing heritage properties, common valuation cycle for all land, Fire and Emergency Services Levy, accessing further information.</td>
<td>1.7 million copies with rates notices</td>
</tr>
</tbody>
</table>

One new fact sheet was published to provide information on how domestic waterfront occupancies are valued.

11.7.4 Valuer General's website

Valuer General's website usage 2017 - 2018

<table>
<thead>
<tr>
<th>Service type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW Globe total users</td>
<td>145,477</td>
</tr>
<tr>
<td>NSW Globe unique users</td>
<td>111,972</td>
</tr>
<tr>
<td>Regional portal unique visitors</td>
<td>970</td>
</tr>
<tr>
<td>LGA portal unique visitors</td>
<td>3,891</td>
</tr>
<tr>
<td>Regional portal total page views</td>
<td>3,085</td>
</tr>
<tr>
<td>LGA total page views</td>
<td>11,301</td>
</tr>
<tr>
<td>Land value searches</td>
<td>188,361</td>
</tr>
<tr>
<td>Service type</td>
<td>Count</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Property sales enquiries</td>
<td>41,256</td>
</tr>
<tr>
<td>Property address enquiries</td>
<td>109,939</td>
</tr>
<tr>
<td>Valuation sales reports</td>
<td>7,726</td>
</tr>
</tbody>
</table>

11.8 Multicultural outcomes

The Office of the Valuer General continued to work with Multicultural NSW to improve access to information about the valuation system for people of culturally and linguistically diverse backgrounds.

During the reporting year, the Office of the Valuer General added translated information about land values, the valuation and objection processes and compulsory acquisition to the website. The translated information is available in traditional and simplified Chinese, Arabic, Vietnamese, Greek, Italian, Hindi, Spanish, Korean and Filipino.

11.9 Liaison with councils

The Office of the Valuer General undertook a survey with all councils seeking feedback on the service and information provided to councils. You can find more information on the survey in section 11.4.6.

Valuation Services staff attended rating professionals meetings throughout the reporting year. Valuation Services staff also attended the NSW Rating Professionals Executive committee meetings, which are held quarterly.

11.10 Liaison with Revenue NSW

Regular liaison meetings are held with Revenue NSW concerning the provision of land values for use in the management of land tax.
12. Future initiatives

The Valuer General will continue to focus on providing a valuation system that is fair, transparent and accessible for landholders and stakeholders.

Initiatives include:

- providing councils with an update on land value movements each year
- investigating and developing customer service initiatives in collaboration with agencies such as Service NSW
- improving quality of data in the Valnet system through system integration, data sharing and automation
- improving the electronic delivery of Notices of Valuation by further investigation and review of electronic mail and web-based communication services
- a detailed review of business reporting requirements to consolidate and determine where automation of reports can be made
- enhancing rating and taxing contractors’ performance monitoring and scoring to include grading and improving visibility of performance
- improving information delivered to the landholder with electronic or posted objection kits, which includes Valuer General factsheets and policies
- implementing a complaint and feedback module to allow improved recording and management of complaints and feedback
- establishing a project to help the public understanding the mass valuation methodology applied to their property. The project will workshop the suitability of the existing benchmark component reports and options for public access.
13. Finance

The Valuer General aims to operate a cost effective, world class valuation system focussed on meeting the needs of its customers.

13.1 Consultants

This information is provided in addition to statutory reporting requirements. Statutory reporting requirements are addressed in the Department of Finance, Services and Innovation 2017 – 2018.

13.1.1 Valuation Services

In addition to contractors’ providing valuation services, Valuation Services engaged KPMG to review its mass valuation quality assurance process as disclosed in the following table.

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Australia</td>
<td>To redesign the quality assurance process to improve accuracy of valuations.</td>
<td>$130,890</td>
</tr>
</tbody>
</table>

13.1.2 Office of the Valuer General

There was no consultancy cost incurred by the Office of the Valuer General in 2017- 2018.

13.2 IPART price setting for valuation services

The Valuer General is required to provide land valuation lists and supplementary lists to councils under the Local Government Act 1993. These services are declared as government monopoly services under the Independent Pricing and Regulatory Tribunal Act 1992. The Independent Pricing and Regulatory Tribunal (IPART) determines the prices that the Valuer General can charge for these services.

The price includes allocated costs for corporate services, operational ICT and access to spatial and titling information. The cost of the valuation system is shared between councils and Revenue NSW.

In 2014, IPART reviewed the pricing of monopoly valuation services and published its report setting prices for the five-year period from 1 July 2014 to 30 June 2019. The prices are set to increase over the five years by the Consumer Price Index. For the 2017 - 2018 year, IPART set the maximum prices to:

- residential land $5.77
- non-residential land $12.68.
The Valuer General’s charges for valuation services in 2017 - 2018 were set in accordance with the maximum prices allowed under the IPART determination. The overall average cost per valuation was $19.37. In comparison, the cost per valuation for the 2016 - 2017 reporting year was $18.80.

13.2.1 Performance against IPART pricing model

In 2017 - 2018, revenues from LGA and Revenue NSW were $16,953,299 and $31,372,000, respectively and totalled $48,325,299. Total costs associating with the rating and taxing valuation services, including 100% Valuer General Office cost allocation $1,663,436, was $49,866,897. This results in a deficit of $1,541,598 net cost of services.

13.3 Crown Solicitor’s Office

Generally, costs of the NSW Crown Solicitor’s Office for the provision of valuation-related legal services are funded through the Attorney General’s core fund. These costs are not recorded in the following valuation system financial report 2017 - 2018 as they are not met by the Valuer General and are not included in the charges to rating and taxing authorities.

For the 2017 - 2018 reporting year, there were seven valuation matters managed by the Crown Solicitor’s Office. The total cost of valuation-related legal services provided by the Crown Solicitor’s Office was $25,254.
13.4 Financial report — activity based costing

In response to the recommendations on financial reporting made by the Joint Standing Committee on the Office of the Valuer General, an activity-based reporting system that includes overheads and revenue was introduced in the 2014-15 reporting year. This reporting system is based on IPART cost methodology. The tables below are generated using the activity-based reporting system.

<table>
<thead>
<tr>
<th>FY 2017-18 activity based costing</th>
<th>Mass Valuations ($'000)</th>
<th>Land Management and Supplementary Valuations ($'000)</th>
<th>Objections to Court ($'000)</th>
<th>Objections Review ($'000)</th>
<th>Communication ($'000)</th>
<th>Administrative Costs ($'000)</th>
<th>Audit ($'000)</th>
<th>Total Mass Valuations ($'000)</th>
<th>Valuer General Office ($'000)</th>
<th>Just Terms ($'000)</th>
<th>Special Valuations ($'000)</th>
<th>Total Valuations ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>48,325</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>48,325</td>
<td>0</td>
<td>3,385</td>
<td>1,528</td>
<td>53,238</td>
</tr>
<tr>
<td>Salaries and on-costs</td>
<td>3,283</td>
<td>3</td>
<td>259</td>
<td>1,037</td>
<td>5,959</td>
<td>951</td>
<td>48,325</td>
<td>15,016</td>
<td>1,947</td>
<td>1,997</td>
<td>204</td>
<td>18,564</td>
</tr>
<tr>
<td>Other staff related</td>
<td>32</td>
<td>42</td>
<td>6</td>
<td>21</td>
<td>60</td>
<td>7</td>
<td>168</td>
<td>168</td>
<td>5</td>
<td>18</td>
<td>6</td>
<td>197</td>
</tr>
<tr>
<td>Accommodation and maintenance</td>
<td>209</td>
<td>285</td>
<td>0</td>
<td>48</td>
<td>129</td>
<td>292</td>
<td>63</td>
<td>1,126</td>
<td>108</td>
<td>112</td>
<td>24</td>
<td>1,370</td>
</tr>
<tr>
<td>Postage and phones</td>
<td>101</td>
<td>4</td>
<td>3</td>
<td>78</td>
<td>7</td>
<td>0</td>
<td>193</td>
<td>193</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>194</td>
</tr>
<tr>
<td>Production</td>
<td>43</td>
<td>28</td>
<td>1</td>
<td>0</td>
<td>17</td>
<td>0</td>
<td>89</td>
<td>89</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>103</td>
</tr>
<tr>
<td>Electronic data processing</td>
<td>1,218</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>0</td>
<td>1,228</td>
<td>1,228</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>1,234</td>
</tr>
<tr>
<td>Travel and motor vehicles</td>
<td>77</td>
<td>31</td>
<td>9</td>
<td>27</td>
<td>82</td>
<td>26</td>
<td>293</td>
<td>293</td>
<td>1</td>
<td>30</td>
<td>12</td>
<td>333</td>
</tr>
<tr>
<td>Contractors and consultants</td>
<td>251</td>
<td>0</td>
<td>41</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>318</td>
<td>318</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>343</td>
</tr>
<tr>
<td>Valuation contracts</td>
<td>19,504</td>
<td>0</td>
<td>4,403</td>
<td>0</td>
<td>0</td>
<td>427</td>
<td>24,344</td>
<td>24,344</td>
<td>0</td>
<td>1,277</td>
<td>922</td>
<td>26,532</td>
</tr>
<tr>
<td>Other</td>
<td>135</td>
<td>27</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>70</td>
<td>239</td>
<td>239</td>
<td>38</td>
<td>0</td>
<td>0</td>
<td>276</td>
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<tr>
<td>Depreciation</td>
<td>498</td>
<td>86</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>585</td>
<td>585</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>591</td>
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<tr>
<td>Total direct valuation and Valuer</td>
<td>25,592</td>
<td>3,786</td>
<td>5</td>
<td>4,775</td>
<td>1,291</td>
<td>6,623</td>
<td>43,550</td>
<td>43,550</td>
<td>1,546</td>
<td>3,433</td>
<td>1,167</td>
<td>45,696</td>
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<tr>
<td>General Office expenses</td>
<td>497</td>
<td>1,511</td>
<td>0</td>
<td>14</td>
<td>163</td>
<td>2,464</td>
<td>4,654</td>
<td>4,654</td>
<td>117</td>
<td>96</td>
<td>0</td>
<td>4,867</td>
</tr>
<tr>
<td>Corporate overheads</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ICT Operational</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Spatial</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TRS (Land Registry Services)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Graphic Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total indirect costs</td>
<td>497</td>
<td>1,511</td>
<td>0</td>
<td>14</td>
<td>163</td>
<td>2,464</td>
<td>4,654</td>
<td>4,654</td>
<td>117</td>
<td>96</td>
<td>0</td>
<td>4,867</td>
</tr>
<tr>
<td>Total expenses</td>
<td>26,089</td>
<td>5,298</td>
<td>5</td>
<td>4,793</td>
<td>1,455</td>
<td>9,087</td>
<td>48,204</td>
<td>48,204</td>
<td>1,663</td>
<td>3,529</td>
<td>1,167</td>
<td>54,563</td>
</tr>
</tbody>
</table>

Note: Salaries and on-costs exclude all superannuation expenses from the general ledger. These amounts are volatile over time and are replaced with a calculated figure equal to 11% of the total of salaries and wages, recreation leave and overtime.
Valuation system financial trends (distribution reflects IPART costing methodology)

<table>
<thead>
<tr>
<th></th>
<th>2015-16 ($'000)</th>
<th>2016-17 ($'000)</th>
<th>2017-18 ($'000)</th>
<th>Variation in total valuations 2016-17 to 2017-18 ($'000)</th>
<th>% Variation</th>
<th>Note index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>51,940</td>
<td>52,340</td>
<td>53,238</td>
<td>898</td>
<td>2%</td>
<td>1</td>
</tr>
<tr>
<td>Salaries and on-costs</td>
<td>13,769</td>
<td>14,712</td>
<td>18,564</td>
<td>3,852</td>
<td>26%</td>
<td>2</td>
</tr>
<tr>
<td>Other staff related</td>
<td>140</td>
<td>156</td>
<td>197</td>
<td>41</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Accommodation and maintenance</td>
<td>827</td>
<td>1,357</td>
<td>1,370</td>
<td>13</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Postage and phones</td>
<td>635</td>
<td>2,309</td>
<td>194</td>
<td>-2,115</td>
<td>-92%</td>
<td>3</td>
</tr>
<tr>
<td>Production</td>
<td>55</td>
<td>44</td>
<td>103</td>
<td>58</td>
<td>131%</td>
<td></td>
</tr>
<tr>
<td>Electronic data processing</td>
<td>72</td>
<td>774</td>
<td>1,234</td>
<td>460</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>Travel and motor vehicles</td>
<td>408</td>
<td>372</td>
<td>293</td>
<td>-79</td>
<td>-21%</td>
<td></td>
</tr>
<tr>
<td>Contractors and consultants</td>
<td>605</td>
<td>961</td>
<td>343</td>
<td>-618</td>
<td>-64%</td>
<td>5</td>
</tr>
<tr>
<td>Valuation contracts</td>
<td>26,487</td>
<td>20,932</td>
<td>26,552</td>
<td>-2,790</td>
<td>-10%</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>45</td>
<td>114</td>
<td>276</td>
<td>162</td>
<td>143%</td>
<td>7</td>
</tr>
<tr>
<td>Depreciation</td>
<td>309</td>
<td>324</td>
<td>591</td>
<td>266</td>
<td>82%</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total direct valuation and Valuer General Office expenses</th>
<th>43,402</th>
<th>50,456</th>
<th>49,656</th>
<th>-795</th>
<th>-2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate overheads</td>
<td>3,922</td>
<td>1,340</td>
<td>4,867</td>
<td>3,527</td>
<td>263%</td>
</tr>
<tr>
<td>ICT Operational</td>
<td>2,517</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>Spatial</td>
<td>904</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>TRS (Land Registry Services)</td>
<td>657</td>
<td>496</td>
<td>0</td>
<td>-496</td>
<td>N/A</td>
</tr>
<tr>
<td>Graphic Services</td>
<td>1,347</td>
<td>0</td>
<td>0</td>
<td>-903</td>
<td>N/A</td>
</tr>
<tr>
<td>Total indirect costs</td>
<td>9,348</td>
<td>2,739</td>
<td>4,867</td>
<td>2,128</td>
<td>78%</td>
</tr>
</tbody>
</table>

Notes

1. Total revenue growth from FY 2016 - 2017 is driven by CPI index on valuation service charges to local councils and Revenue NSW, marginally reduced by the net of the decrease in Just Terms revenue and increase in Special Valuations revenue.
2. Salaries and on-costs is $3,852k higher than FY 2016 - 2017 due to a combination of reasons, including: FY 2017 - 2018 Treasury’s revaluation of long service leave (LSL), temporary contractors recruited to fill up vacancies, salary increases by CPI and accrued redundancy payment for position relocation.
3. Postage and phones is $2,115k lower than FY 2016 - 2017 due to all the Notices of Valuation being issued in a single year in FY 2016 - 2017.
4. Electronic data processing, or Information & Computer Technology (ICT), is $460k higher than FY 2016 - 2017. After separation from LPI, Valuation Services continued to use ICT services from DFSI Spatial Services. However, an agreement on the ICT service charges wasn’t finalised until FY 2017 - 2018. Some of the ICT charges were not allocated to Valuation Services in FY 2016 - 2017 and hence the lower cost in that year.
5. Contractors and consultants cost item is $618k lower than FY 2016 - 2017 due to lower spend on this category this financial year.
6. Valuation contracts is $2,799k lower than FY 2016 - 2017 primarily driven by lower Objections received in this financial year and additional valuation completed in FY 2016 - 2017 related to FESL.

7. Other is $162k higher than FY 2016 - 2017 due to Parallel Valuation contract fees being categorised as “Other” expenses in FY 2017 - 2018.

8. Depreciation is $266K higher than FY 2016 - 2017 due to increases of the depreciable fixed assets in FY 2017 - 2018 after capitalisation of working in progress (WIP) from the prior years.

9. Corporate Overheads is $3,527k higher than FY 2016 - 2017 due to Valuation Services being charged by both DFSI and PAG for corporate support services from FY 2017 - 2018. In the prior year PAG overheads were not charged.

10. There is no charge in FY 2017 - 18 for TRS (titling and image searches performed by Valuation Services and its contract valuers) as per an agreement with ARI (the private operator of land titling and registry operations in NSW).

11. From FY 2017 - 2018, Graphic Services cost is recorded under “Production” as a result of LPI separation. The lower combined cost for Graphic Services and Production in FY 2017 - 2018 is due to all the Notices of Valuation being issued in a single year in FY 2016 - 2017 and only supplementary notices being issued in FY 2017 - 2018.
14. Performance measures

The Valuer General sets the performance standards for the valuation system.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total valuations issued for rating and taxing purposes(^1)</td>
<td>1,725,392</td>
<td>1,850,887</td>
<td>1,820,393</td>
<td>3,592,215(^2)</td>
<td>1,042,379</td>
<td>_</td>
</tr>
<tr>
<td>Total valuations on Register of Land Values at 30 June</td>
<td>2,485,796</td>
<td>2,505,206</td>
<td>2,529,278</td>
<td>2,550,147</td>
<td>2,573,853(^3)</td>
<td>_</td>
</tr>
<tr>
<td>Total Notices of Valuation issued</td>
<td>827,302</td>
<td>947,666</td>
<td>888,841</td>
<td>2,668,408(^4)</td>
<td>62,139(^5)</td>
<td>_</td>
</tr>
</tbody>
</table>

Customer service

| Total number of calls                                           | 31,286      | 23,641      | 26,364      | 34,428      | 18,983      | \_     |
| % of calls resolved on first contact                           | 93%         | 82%\(^6\)   | 85%         | 88%         | 86%         | 85%    |

---

\(^1\) A land value can be counted more than once when used for council rates and land tax.

\(^2\) Notices of Valuation were issued for all LGAs in 2017 to align the valuing year for all properties in preparation for the then proposed Fire and Emergency Services Levy. This increased the number over previous years.

\(^3\) Data extracted on 30 June 2018.

\(^4\) There are more Notices of Valuation issued than total valuations on the Register due to Notices for multiple valuing years being issued for some properties for rating purposes.

\(^5\) Notices of Valuation are issued to land owners on a three yearly cycle effective from FY 2016 - 2017, to coincide with general valuations to council. For 2017 - 2018, general valuations were not provided to council. The figure provided for 2017 - 2018 reflects Notices of Valuation that were issued as a result of supplementary valuations and also those that were returned as undelivered and were subsequently reissued.

\(^6\) Manually calculated as outsourced call centre withdrew at short notice and calls were brought in house.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of calls responded to within 3 days</td>
<td>99%</td>
<td>98%</td>
<td>90%</td>
<td>83%</td>
<td>77%</td>
<td>90%&lt;sup&gt;7&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**Ratepayers**

| % Notices of Valuation issued within 31 days of completion | 92% | 96% | 96% | 90%<sup>6</sup> | 76% | 98% |
| % Notices of Valuation for general valuation issued to landholders by delivery date | 100% | 100% | 100% | 100% | No Notices of Valuation for general valuations issued this year | 100% |
| % general valuation land values issued to relevant council by delivery date | 100% | 100% | 100% | 100% | No general valuation land values issued to councils this year | 100% |
| % supplementary valuations to council within 31 days | 100% | 100% | 100% | 100% | 98% | 100% |

**Revenue NSW**

| % objections to land values for land tax completed within 90 days | 63% | 77% | 64% | 52% | 53% | 85% |

---

<sup>7</sup> KPI of 95% was changed to 90% in 2014 - 2015 to accord with the Service Level Agreement in place between the Valuer General and Land and Property Information.

<sup>8</sup> The issuing of supplementary Notices of Valuations for the 2016 valuing year was suspended due to the issue of Notices of Valuation for all properties in preparation for the then proposed Fire and Emergency Services Levy and resulted in the KPI not being met.
<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% objections to land values for land tax completed within 120 days</td>
<td>77%</td>
<td>94%</td>
<td>84%</td>
<td>82%</td>
<td>71%</td>
<td>90%</td>
</tr>
<tr>
<td>% objections to land values for land tax, where land value is greater than $1m, within 20 days</td>
<td>78%</td>
<td>93%</td>
<td>85%</td>
<td>88%</td>
<td>65%</td>
<td>100%</td>
</tr>
<tr>
<td>% of final land values issued to Revenue NSW by delivery date</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Supplementary valuations**

| Total supplementary valuations issued | 53,767 | 81,2258 | 53,284 | 52,286 | 54,146 | ___ |
| Average days to complete             | 33 days | 36 days | 36 days | 38 days | 31 days | <60 days |

**Statistical quality measures for land values**

| % Council areas meeting all standards - Residential | 97.7% | 98.5% | 98.6% | 98.6% | 97.9% | 90% |
| % Council areas meeting all standards – Business / Industrial | 86.1% | 89.4% | 88.5% | 87.2% | 93.4% | 85% |
| % Council areas meeting all standards – Rural | 78.5% | 85.2% | 84.0% | 86.7% | 78.5% | 75% |

9 Where an appropriate number of analysed sales (five or more) is not available for a zone, the LGA is not included in the measure.
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Objections</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Number of objections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>received for all valuing</td>
<td>4,814</td>
<td>4,933</td>
<td>7,051</td>
<td>9,306(^{10})</td>
<td>5,657</td>
<td></td>
</tr>
<tr>
<td>years</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Number of objections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>completed for all valuing</td>
<td>5,725</td>
<td>4,346</td>
<td>6,692</td>
<td>6,275(^{11})</td>
<td>9,146</td>
<td></td>
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<tr>
<td>years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of objections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>issued as a % of</td>
<td>0.28%</td>
<td>0.27%</td>
<td>0.39%</td>
<td>0.26%</td>
<td>0.54%</td>
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<td>valuations issued</td>
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</tr>
<tr>
<td>% objections to land</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>values completed in 90</td>
<td>67%</td>
<td>76%</td>
<td>50%</td>
<td>55%</td>
<td>51%</td>
<td>80%(^{12})</td>
</tr>
<tr>
<td>days</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>% objections to land</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>values completed in 120</td>
<td>80%</td>
<td>92%</td>
<td>73%</td>
<td>86%</td>
<td>71%</td>
<td>90%</td>
</tr>
<tr>
<td>days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% objections to land</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>values completed in 180</td>
<td>96%</td>
<td>99%</td>
<td>96%</td>
<td>94%</td>
<td>90%</td>
<td>98%</td>
</tr>
<tr>
<td>days</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Average number of days</td>
<td>81 days</td>
<td>69 days</td>
<td>80 days</td>
<td>83 days</td>
<td>108 days</td>
<td>75 days</td>
</tr>
<tr>
<td>to complete objections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of objections that led</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to a change in land value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
\(^{10}\) The issue of Notices of Valuation for all properties in a single year resulted in the increase in the number of objections.
\(^{11}\) Now excludes incomplete objections with issued preliminary reports
\(^{12}\) KPI of 85% changed to 80% in 2014 - 2015 to accord with the Service Level Agreement and to recognise the increase in processing times as landholders have more opportunity to raise concerns.
\(^{13}\) First reported in 2015 - 2016 annual report