

Scheme Number SCM7671 - Land and Asset Valuation

Acquisition Valuation Services (acquiring authority) Standard Specifications

1. Standard Specifications

These standard specifications apply to all contracts/agreements unless specifically amended in a Request for Tender/Quote (RFx) and contract/agreement document.

2. Statutory and Policy Requirements

- 2.1. Valuations must comply with the provisions of the *Land Acquisition (Just Terms) Compensation Act 1991 (the Act)*.
- 2.2. Valuations must consider and separately report all items listed in Section 55 of the *Act*, unless otherwise agreed.
- 2.3. Valuations are to be inclusive of GST (where applicable).

3. Professional Standards

- 3.1. Compliance with the Practice Standards in the Australian Property Institute Professional Practice Guide (or equivalent as deemed by the buying agency) and the Royal Institute of Chartered Surveyors International Valuation Standards is mandatory. Whilst compliance with Guidance Notes or equivalent is not compulsory, they represent 'good practice' and should be followed.

4. Valuation Report Quality Assurance and Feedback

- 4.1. The buying agency reserves the right to review/audit any valuation report and request amendments to align with statutory, policy, standards and professional requirements.
- 4.2. An Issue Register may be maintained by the buying agency to report on and store resolutions to such issues.
- 4.3. The buying agency reserves the right to withhold payment for the service should the quality of the service not meet requirements. The buying agency has sole discretion in this regard.

5. Methodology

- 5.1. Any valuation assessment/determination is to be undertaken pursuant to the heads of compensation contained in the *Act*. Section 55 of the *Act* details the relevant matters to be considered in determining the amount of compensation to be paid to the dispossessed party.

- 5.2. **Section 55 of the Act** states:

In determining the amount of compensation to which a person is entitled, regard must be had to the following matters only:

- a) *the market value of the land on the date of its acquisition,*
- b) *any special value of the land to the person on the date of its acquisition,*
- c) *any loss attributable to severance,*
- d) *any loss attributable to disturbance,*
- e) *disadvantage resulting from relocation,*
- f) *any increase or decrease in the value of any other land of the person at the date of acquisition which adjoins or is severed from the acquired land by reason of the carrying out of, or the proposal to carry out, the public purpose for which the land was acquired.*

6. Conflict of Interest

- 6.1. Service Providers must be familiar with NSW Government and buying agencies Conflict of Interest Policies.
- 6.2. In any RFX a Statement of Association and Interests Form may be requested, confirming that the service provider, being the company, its personnel and/or subcontractors, has no actual, perceived or known potential conflicts of interest in connection to the requested assessment/determination.

7. Service Provider Obligations

- 7.1. Following contract award, should it become apparent that the contracted delivery date cannot be met, the service provider must inform the buying agency immediately with detailed reasons and a proposed new delivery date.
- 7.2. Following contract award (and unless previously known and advised), the service provider must within five working days advise if other **professional advice** is required.

8. Document Management

- 8.1. All records that are relied on in the assessment/determination of compensation are to be copied and retained on a file in accordance with the *State Records Act 1998* and Functional Retention and Disposal Authority: FA238.
 - a) Records are defined in the State Records Act as *any document or other source of information compiled, recorded or stored in written form or on film, or by electronic process, or in any other manner or by any other means.*
- 8.2. Documents are included, but not limited to, requests for valuation, departmental copies of acquisition notices, withdrawals or amendments of acquisition notices, departmental copies of owner's claims for compensation, departmental copies of notices by owners requiring authority of the State to acquire land (under hardship provisions), valuer's reports, determinations of compensation and all correspondence relating to an acquisition.
- 8.3. It is the responsibility of the service provider to create copies of their records and retain them in accordance with the *State Records Act 1998*. All records are to be retained for a minimum of 15 years from the date of acquisition of the property.
- 8.4. Information obtained during the investigation of the valuation will be regarded as the intellectual property rights of the buying agency and must be produced on request.
 - a) In the case of a compensation determination the intellectual rights are with the Valuer-General.
- 8.5. Any professional reports obtained whilst undertaking a compensation valuation report which relates to the subject property must be provided to the buying agency.
- 8.6. All documents provided in the RFX process are "in-confidence" and should not be shared, communicated or used for any other purpose.

9. Fees

- 9.1. The service provider will not, without the express permission of the acquiring authority, disclose any material related to its fee.
- 9.2. The amount of a tax invoice is to be the agreed amount and is due and payable by the buying agency within 30 days of the invoice date and after approval of the invoice by the buying agency.

- 9.3. The tax invoice is to contain the buying agency's reference number as provided in the contract/agreement.
- 9.4. All invoices must note the biller correctly. This will be provided in the contract/agreement.

10. Contract/Agreement Variation

- 10.1. Following the supply of a preliminary report to the interested parties, queries may be raised requiring a service provider's response. If the parties consider that the time required to respond to the queries is excessive, a variation to the original fee may be considered. A detailed schedule showing the date, action item, time spent and total additional hours is to be provided. The approval of a variation is at the sole discretion of the buying agency.
- 10.2. Should the acquiring authority reach settlement with the owner prior to completion of any report a cease work instruction will be given and with a request to submit a schedule showing the work carried out up until that point, including the amended fee. The approval of a variation is at the discretion of the buying agency.

11. Qualified Valuer

- 11.1. Qualified valuer requirements are in accordance with the requirements of prequalification scheme number SCM7671, Land and Asset Valuation, Clause 8.4 of the *Rules of Scheme Participation* and include:
- membership of the Australian Valuers Institute (other than associate or student membership), or
 - membership of the Australian Property Institute (other than student or provisional membership), acquired in connection with his or her occupation as a valuer, or
 - membership of the Royal Institution of Chartered Surveyors as a chartered valuer.
- 11.2. The valuer must also have a minimum of five years' experience with compensation valuations.

12. Valuation Report - General

- 12.1. Each report must be undertaken completely independently of any previous valuation information.
- 12.2. The service provider will not, without the express permission of the acquiring authority:
- discuss the matter with any third party, or
 - disclose his report with any third party.
- 12.3. The report must include all applicable heads of compensation as described in *the Act*.
- 12.4. The report must include the reference number provided by the acquiring authority.
- 12.5. The report must include Purpose of Report detailing the reasons why the report is required on behalf of the acquiring authority.
- 12.6. The report must provide a comprehensive speaking report including, but not limited to:
- Detailing of all relevant information including valuation methodology,
 - Provision of a basis of determination,
 - items of compensation considered in the assessment, and
 - supporting sales evidence with identifying aerial photographs that includes cadastral overlay whenever possible (or at the very least one or other) and relevant plans.

- 12.7. The report is to be peer reviewed by another Registered Valuer in the Service Provider's firm.
- a) In the case of sole operators this will not be possible and it is not expected that they will seek a valuer from outside their current operations.
- 12.8. A draft PDF copy of the report is to be sent by e-mail for review to the acquiring agency. The draft report may also be subject to a final review by a senior team member of the acquiring agency.
- 12.9. Following approval of the draft report, the instructing acquiring agency contact will advise the service provider that the final report is to be delivered to a nominated email address, in PDF format.

13. Valuation Report – Standard Residential Properties

- 13.1. In addition to Clause 11.2, *Valuation Report – General*, a standard residential valuation report must contain:
- a) a date of valuation and a date of inspection,
b) areas, dimensions and legal particulars of the property including any legal constraints that would restrict development,
c) a description of any improvements such as a house, pool or other structures,
d) a site plan showing the position of improvements in relation to boundaries,
e) an accurate floor plan,
f) a specific list of inclusions,
g) an outline of permitted land use under the current relevant planning instrument and/or local government codes,
h) a description of the class of land valued and the current or potential use of the land together with its location,
i) details of the sales/rental information used to inform the valuation, together with analysis and calculations,
j) property sales evidence,
k) valuation rationale,
l) the rental value of the property,
m) details of any people, companies or businesses that occupy the property, and
n) assessment of all individual Heads of Compensation (refer to Clause 5, *Methodology*), unless instructed otherwise.
- o) A valuation report should be signed by the valuer who undertook the report and counter signed by a peer, and:
- disclose how the valuer complies with the requirement to be a qualified valuer under the *Land Acquisition (Just Terms Compensation) Act 1991*; and
 - contain the following statement:
- I have been engaged and am acting in the capacity of an expert and not as an advocate for the owner or the instructing party.*

14. Valuation Report – Commercial Properties

- 14.1. In addition to Clause 11.2, *Valuation Report – General*, a commercial valuation report must contain:
- a) a date of valuation and a date of inspection,
b) the highest and best use of the property,
c) areas, dimensions and legal particulars of the property including any legal constraints that would restrict development,

- d) a description of the improvements such as a loading dock or other structures,
- e) a site plan showing the position of improvements in relation to boundaries,
- f) an accurate floor plan,
- g) a specific list of inclusions,
- h) an outline of permitted property use under current relevant environmental planning instruments and/or local government codes,
- i) a description of the class of property valued, and the current or potential use of the property together with its location,
- j) details of the sales or rental information used to form the valuation, together with analysis and calculations,
- k) evidence of any property sales,
- l) the valuation rationale and market commentary relevant to the property,
- m) the rental value of the property,
- n) details of any people, companies or businesses that occupy the property,
- o) Assessment of all individual Heads of Compensation as detailed in the *Act* – unless instructed otherwise.
- p) A valuation report should be signed by the valuer who undertook the report and counter signed by a peer, and:
 - disclose how the valuer complies with the requirement to be a qualified valuer under *the Act*, and
 - contain the following statement:

I have been engaged and am acting in the capacity of an expert and not as an advocate for the owner or the instructing party.

15. Valuation Report – Commercial Properties

- 15.1. In addition to *Clause 11.2, Valuation Report – General* a business compensation valuation report should include the important elements of the business, and where relevant include:
- a) the identity and professional qualifications of the business valuer,
 - b) An outline of the purpose of the valuation report and the business entities it covers,
 - c) A statement that the business is lawful, that is, that it meets all required legal and/or licensing requirements,
 - d) A statement of the basis for the value applied in the business valuation analysis,
 - e) the date of the valuation,
 - f) the type and sources of information used in the value analysis, together with calculations, assumptions and limitations,
 - g) A description of the valuation approaches and methods used for relocation and, where relevant, extinguishment scenarios,
 - h) photographs of the business, as appropriate, and
 - i) An assessment of all individual compensation matters detailed in *the Act*.

16. Flow On Services – Land and Environment Court

- 16.1. An acquiring agency may retain the services of the service provider as an expert witness in the Land and Environment Court.
- 16.2. In the event that Land and Environment Court services are required, those services will be separately negotiated.