



# High error rate in valuations

**ANTONY LAWES**

state parliament

PROPERTY owners in North Sydney and Mosman are more likely to have had an incorrect valuation in the past year than any other council area, with a significant number of those out by as much as 40 per cent, a report by the NSW Ombudsman has found.

Bruce Barbour's report, released last week, found "an unacceptable risk of error in a considerable number of valuations" by contractors on behalf of the Valuer General's Office - with the majority of those being under-valuations.

The land valuation system allows a 5 per cent error margin between valuations and land values based on actual sales, with 15 per cent considered the acceptable upper limit.

Overall, the report found more than 35 per cent of valuations in a sample of 43 districts had a margin of error greater than 15 per cent.

But on the lower North Shore that figure was considerably higher than all of the other 42 areas studied.

In Mosman, 68 per cent of

This reflects poorly on the general standard of accuracy currently being achieved through the mass valuation process

- Bruce Barbour

valuations were outside the acceptable 15 per cent limit.

But it also showed 53 per cent of properties were more than 25 per cent out, as well as one in five that were out by a whopping 40 per cent.

It was a similar story in the North Sydney area - with three in every four valuations out by more than 15 per cent, and almost one in four (23 per cent) more than 40 per cent out.

Mr Barbour's report revealed a quarter of those who complained about their valuations last year had them changed.

"This reflects poorly on the general standard of accuracy currently being achieved through the mass valuation process," he said.

But while the "mass valuation system" was generally sound, he said, there were serious weaknesses in how it was implemented,

such as contract valuers having out-of-date market values.

He noted that cost-cutting by the Valuer General's Office had undermined the quality and accuracy of valuations.

The office also did not put enough resources into checking the accuracy of valuations, he said.

But of the report's 38 recommendations, Mr Barbour said most important was for the Valuer General to recheck the value of each property in NSW as it was 16 years since a "systematic review" had been done. The acceptable international standard was six years.

"It's way overdue and a major cause of some of the problems," he said.

Valuer General Philip Western said he had already implemented or was in the process of implementing many of the report's recommendations, one of which was the continuous auditing of valuations.

"Once that's in place I'm sure you'll see the accuracy and quality of valuations will improve markedly," he said.



# Mosman Daily

Thursday 13/10/2005

Page: 9

Section: General News

Region: Sydney Circulation: 36,987

Type: Suburban

Size: 351.77 sq.cms.

Published: ---T---



**Property on the lower North Shore may have been incorrectly valued.**

Picture: [www.airviewonline.com.au](http://www.airviewonline.com.au)