

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 71

Topic: Australian Valuation Office

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Senator Xenophon asked:

Senator CORMANN: Are the valuations that you do consistent from New South Wales to Western Australia or from Queensland to the Northern Territory?

Mr D'Ascenzo: If it is a property valuation, and that is often the case to determine whether or not people have property assets that are over certain thresholds, it is basically done in the same as any other valuer would do that. You would take into account the market value of properties around that area and you work out what the market value is for that area. It is dependent on the area.

Senator CORMANN: But as you say, the valuation process has certain consequences for people in the context of Centrelink, principally. Are you suggesting, though, that similar assets are valued differently due to their location because of differing state and territory laws?

Mr D'Ascenzo: Not the laws, but a house in one location would be worth less than a house in another location because location adds to the market value of a house.

Senator CORMANN: So you are quite adamant that it is only based on local market conditions that may change? Is there no issue about the different application of relevant state and territory laws on a state-by-state basis in the absence of relevant federal legislation?

Mr D'Ascenzo: My understanding is that a valuation is a valuation. What is the market price of a particular piece of property or asset?

Senator CORMANN: You may want to perhaps reflect upon that on notice and see whether you can assist the committee any further in relation to this. I am quite interested to just make sure. Essentially, the exercise of valuation is on a state-by-state basis, subject to different frameworks. As I understand it, those can result in different valuation outcomes which then have consequences within a framework that is nationally consistent through Centrelink. Is Centrelink your only customer?

Mr D'Ascenzo: No, that is our biggest customer.

Senator CORMANN: What other customers do you have?

Ms Granger: The Department of Veterans' Affairs is another one.

Senator CORMANN: Which is similar.

Ms Granger: It depends on what assets they are because we do a range of work for Commonwealth agencies. Some can be related to valuing that agency's own assets. In the case of Centrelink, it is valuations associated with its delivery of payments.

Mr D'Ascenzo: We have done work for Defence.

Ms Granger: That is why it is very hard for the commissioner to answer your question more specifically. It really depends on what asset class you are interested in.

Senator CORMANN: I am interested in all asset classes that have an impact on people's entitlements from Centrelink or the Department of Veterans' Affairs or others.

Ms Granger: We could certainly give you information on what approach we take for particular ones, subject to commercial-in-confidence issues.

Senator CORMANN: I do not want any specific individual information, obviously, but I want to know whether there is an issue because of the application of different state laws in the context of something that has national consequences.

Mr D'Ascenzo: We will look at that. My understanding is that it is based mainly on what is normal practice in valuation, but I will take it on notice and if there is any further way that we can help, we will.

Answer:

The Australian Valuation Office (AVO) supports Centrelink processes by providing valuation assessments in alignment with the *Social Security Act 1991* and associated guidelines. This valuation approach is provided on a national basis to ensure consistency across Centrelink's clients. A similar approach is provided to the Department of Veteran Affairs relevant to legislation underpinning allowances/entitlements for the Department's clients. Though the AVO provides a range of valuation services and advice to a variety of government organisations across Australia, its work in support of Centrelink and the Department of Veteran Affairs requirements comprises in excess of 80% of the AVO's workflow.

The differing state and territory laws are a valuation consideration but they do not change the valuation principles and practices used in the determination of market value as per the Australian Property Institute standards.

Furthermore, the AVO conforms to international valuation standards scoped in International Valuation Standards 2007 and adopted in the Australian Property Institute - Australian and New Zealand Valuation and Property Standards and requires that all valuer employees associated with these processes to be current certified practising valuer members of the Australian Property Institute.