

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

AUSTRALIAN TAXATION OFFICE

Budget Estimates 3-5 June 2008

Question: **BET 41**
Topic: **Australian Valuation Office – Non-Visual Valuations**
Hansard Page: **E81-E82**

Senator Bernardi asked:

Senator BERNARDI—What percentage of people are unhappy with the visual valuations?

Mr D’Ascenzo—*I do not have that figure with me.*

Senator BERNARDI—Could you find out for me?

Mr D’Ascenzo—*We could see what sort of telephone responses there are. I am not sure that it is broken up. I am not even sure what the proportion of off-the-computer to drive-by valuations is.*

Senator BERNARDI—Could I ask you to perhaps find out what the proportion is? Specifically, I would be interested in whether the AVO has any decision in the pipeline or has considered increasing the rate of non-visual valuations.

Mr D’Ascenzo—We can provide those strategies.

Senator BERNARDI—You should be able to do that by this afternoon or this evening?

Mr D’Ascenzo—I think that could be a little bit difficult. I am not sure. We could try.

Senator BERNARDI—But you would know whether there was any suggestion that there was going to be an increase in non-visual valuations in regard to Centrelink? You would know that, wouldn’t you?

Mr D’Ascenzo—No, I would not.

Senator BERNARDI—Why not?

Mr D’Ascenzo—I do not know everything.

Senator BERNARDI—It would be a big change though, wouldn’t it?

Mr D’Ascenzo—I think we already have a mix of activities that are already agreed with under the Centrelink—

Senator BERNARDI—Who would know?

Mr D’Ascenzo—It would be the AVO people managing the contract.

Senator BERNARDI—That is why I am asking you as representing the AVO.

Mr D’Ascenzo—That is right. I am saying that I will have to go back and get the information.

Senator BERNARDI—When do you think you could do that for me, Mr D’Ascenzo?

Mr D’Ascenzo—We will try now and we will see what happens.

Senator BERNARDI—Perhaps after dinner we can come back and ask it again. A nonvisual valuation is reliant on guesswork, really, or informed guesswork.

Mr D’Ascenzo—I will get the details for you. I am not an expert in valuations, but my understanding is that you work out with the client the sort of valuation that meets their needs. If you want any valuer to do more in terms of going there to visit and

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inspect rather than using information that is available to them, the price goes up. People make choices about how much they are prepared to buy.

Senator BERNARDI—My concern relates to the fact that, if there is so much focus on the price of the valuation, there is a temptation to go to a more efficient model from a cost basis that may indeed incorrectly value key assets that would affect pension entitlements, in particular, or any Centrelink entitlements. I am looking for an assurance that there will not be an increase in these what I term desktop valuations, because it could have a very big impact on people's eligibility to receive Centrelink benefits.

Mr D'Ascenzo—I understand that, but that is a question you should be putting to Centrelink. We are the provider of the service. Centrelink are saying that this is the sort of service that they need for their business.

Senator BERNARDI—But you would know if there has been any request or change in this.

Mr D'Ascenzo—I think the contract had a mix of both desktop and drive-by type valuations.

Senator BERNARDI—I am interested in whether there was any suggestion of an increase in that mix.

Mr D'Ascenzo—I will have to find out. I do not know of any at the moment.

Answer:

Centrelink clients who are unhappy with a valuation provided by the Australian Valuation Office (AVO) are able to pursue a formal objection process. The rate of objections received by Centrelink has not changed and has continued to sit at around 2-3 per cent of valuations provided to Centrelink over recent years.

AVO delivers a series of non-visual valuations on the request of Centrelink. AVO understands that there will be an increase in the use of non-visual valuations by Centrelink for 2008/09. As AVO is a service provider only, it would be more appropriate for Centrelink to provide background and detail for the increase in the use of non-visual valuations.