

**Submission to Land Information New Zealand (LINZ)**

**In regards to the Review of the Occupational Regulation of Valuers**

**Discussion Document (1 July 2014)**

1. *Do you agree that there is a lack of accountability and transparency in relation to the VRB's operations?*

Yes and I support the suggestions within the discussion document

2. *Do you agree that the composition of the Valuers Registration Board is problematic? If so how?*

Yes. Being comprised of only Registered Valuers, it may appear to the public that it is not sufficiently independent.

3. *Do you agree with the proposal to constitute a new board which would include lay people with specialist expertise?*

Yes.

4. *Do you agree that it should NOT be mandatory for registered valuers to join NZIV or any other professional association?*

No. I think it should be mandatory. In an ideal world it would be possible to have multi professional associations for valuers providing choice and competition. However in reality the industry is too small to have a number of associations. We need to streamline governing policies/procedures, standards and ethics, which is more easily done by a single body. This enables the industry to be able to update/refresh/renew these when and where need be without competing bodies having to do the same, or trying to agree with one another.

5. *What if any issues do you think would need to be managed if professional association membership was voluntary?*

Consumer awareness would need to be addressed so that consumers are aware whether a valuer they are obtaining services from is a member of a professional association. However, I expect associations would put more effort into promoting themselves to the public and the valuation industry if they had to compete for members.

6. *Do you think that the tiered complaints system could deliver the benefits outlined above? If not, why and do have any thoughts on how else those benefits might be realised?*

Yes.

7. *Do you think it is possible to reduce the reliance on check valuations and, if so, how might this be done?*

No. Check valuations become an important part of the disciplinary process and so should not be reduced.

8. *Is the range of sanctions proposed above adequate? If not, what other sanctions would be appropriate?*

Yes.

9. *Is there a need for compliance monitoring and if so by whom?*

Yes. It would have to be undertaken by independent and external auditing bodies. Personally I feel this should be compulsory. It would help to uphold the integrity of the profession, if all professionals that undertake work in this field are continually being monitored on a regular basis.

10. *Do you agree with the proposal for the VRB to undertake more analysis of complaints and outcomes? Why/Why not?*

Yes. This would provide the industry as a whole with a better understanding of “best practice” principles, which are to some extent open to interpretation, and how the VRB applies rulings in all situations.

11. *Do you agree that “registered valuer” should be the only protected title? Why/Why not?*

Yes. Public perception. The title should provide the clients and public in general with confidence in the professional. If there is a way that the terms “registered valuation” and “valuation” in the context of real property could be protected I think this should be implemented.

12. *Do you think it necessary or desirable to change the existing registration period and/or registration renewal requirements? Why/Why not?*

Yes and no. See below

13. *If you answered “yes” to the above question, please indicate whether you prefer one or other of the suggested approaches or another approach?*

I think there would be some merit in perhaps requiring some to renew their registration, if for example they have had a complaint logged against them, although this could be managed in the disciplinary process by requiring a valuer to undertake additional training.

I don't think having a 5 year renewal would be cost effective, and would require too much of the VRB's time. It may also deter young people from contemplating a career in valuation. If need be maybe an annual statutory declaration on the basis that the individual is practicing as a valuer on a day-to-day basis. If compliance monitoring were regulated and compulsory this would suffice also.

However, there needs to be a way of managing re-entry to the profession after a period of absence to ensure the valuer has retained the competency to produce valuations. It would appear this can be covered through the proposed compliance monitoring process and CPD requirements.

14. *Should CPD be mandatory? Why/why not?*

Yes. People in our profession should want to continually upskill, as nothing in this industry is constant, and therefore we should all want to change with the times. There needs to be a clear policy as to what constitutes appropriate CPD. I note PINZ have this year released a new CPD policy which appears to provide more guidance in this respect, although I believe the policy favours events provided by PINZ. I have attended many other CPD events held by other professional associations that I have found to be useful in upskilling and broadening my knowledge base.

15. *Do you agree with the proposal for setting practice standards? Why/Why not?*

Yes. However, if membership of a professional association is voluntary and a multi body professional association environment exists, it would be difficult for the industry to achieve this in a straightforward way.

16. *Do you agree with the proposal for setting ethical standards? Why/ why not?*

Yes on the basis that by "Government" the body setting ethics is the VRB. They need to be valuation focused, in order to protect both the public and the valuers within the profession. The current NZIV code of ethics are unique with the significant point of difference from the PINZ code of ethics being the requirement for valuers to act impartially and independently so that their advice is the same regardless of who they are advising.

17. *Do you agree that the minimum age requirement should be removed?*

Yes

18. *What do you consider the benefits and cost of implementing any or all of the proposals?*

Ability to allow ongoing change and improvement of the valuation profession.

19. *Do you think there are any aspects of the current occupational regulations scheme for valuers that impede competition in the supply of valuation services? Please specify which aspects and how they impede competition.*

No, there is healthy competition.

20. *Do you think the occupational regulation of valuers should be liberalised? If so, what aspects of the scheme should be liberalised and what benefits would this have?*

No. This would degrade the integrity of the profession, and expose the public to greater risk.

21. *Do you think the three year supervised experience period for New Zealand Graduates is too long? If so, how long should the experience period be?*

No, three years is appropriate.

22. *Do you favour a tiered registration system that provides for provisional registration (with less experience and other requirements) as well as full registration?*

No.

23. *Should the requirement for overseas valuers to have at least one year's practical experience in New Zealand be retained?*

Yes.

24. *Do the existing degree courses and post graduate training requirements provide registered valuers with the expertise required to do sum insured valuations?*

No. In addition I believe this is a very risky area for valuers to be involved in. I believe that quantity surveyors are the most qualified professionals to undertake this work. If valuers want to continue doing this type of work they should undertake courses in quantity surveying.

25. *Is there a need for practice standards covering sum insured valuations?*

Yes.

26. *Could registration be reduced for some types of valuations?*

No.

27. *Are the current registration requirements excessive for valuers who only carry out residential valuations? What would the risks and benefits to consumers if the requirements were reduced?*

No. There are many risks and no benefits. There are so many facets of any type of property, whether it is rural, commercial or residential. Registration requirements must provide the opportunity to cover these requirements, and also enable the professional to determine their area of expertise, and thus provide the consumer with the appropriate duty of care.

28. *Are there any risks in allowing registered valuers who have not passed degree courses in valuation to do rural valuations?*

Yes. Rural valuations are highly specialised and we believe practitioners of rural valuations need to be trained and educated in the field of rural valuation. Just as rural valuers would not embark upon a commercial investment valuation without passing the appropriate urban degree course.

29. *Are the valuation qualifications offered by the accredited universities fit for specialist purposes? If not what are the problem areas?*

No. I can't see any University providing the specialist expertise which is gained by specific training or through direct employment and learning as a graduate. Qualifications for specialised valuations are not part of the core degrees. In practice, specialised valuations are undertaken by practitioners who have undertaken many years of experience post obtaining their qualifications from the accredited universities, or training under the former regime.

The University degrees are broad and try to cover the range of types of properties a valuer may encounter. Valuers tend to move into areas of specialisation over time as they gain in knowledge and find a niche of special interest. Today, training in such fields is usually obtained by learning from a mentor or working with an existing specialist, as well as undertaking special training in the field, i.e Aged Care and Retirement Village Valuation.

However, my personal opinion of the course I did (which was in the mid 90's at Massey) was that it was very shallow and taking three years to complete it was not necessary. I believe I could have completed the course in maybe 18 months so I think either the degree needs to be beefed up and/or students should be encouraged to take a wider range of papers in finance, economics, business communication etc to supplement the real estate papers.

30. *Do you think any changes are required to the existing professional indemnity insurance arrangements?*

Ideally, it should be mandatory to have PI cover when working as a registered valuer as it would improve public protection. However I understand logistically it would be difficult for smaller firms and solo partitioners to be able to afford this. There is also the issue of insurance providers capitalising on any mandatory requirement by increasing premiums, although hopefully this could be mitigated through industry regulation and healthy competition.

31. *If so, do you favour either of the options outlined above or have an alternative suggestion?*

Capped liability causes several points of further discussion and consideration. I believe it is in place in Australia, so could be worth investigating further.

