

Review of the Occupational Regulation of Valuers: Discussion document dated 1st July 2014
Submission to Land Information New Zealand (LINZRegulatorysubmission@linz.govt.nz)

Q1 Do you agree that there is a lack of accountability and transparency in relation to the VRB's operations?

A1 The VRB does appear to work as a "secret society" and more accountability and transparency would be better for the profession and should also give greater confidence to the public.

Q2 Do you agree that the composition of the Valuers Registration Board is problematic? If so, how?

A2 Don't know if composition is problematic as little is known of who is on it and how they are appointed.

Q3 Do you agree with the proposal to constitute a new board which would include lay people with specialist expertise?

A3 Valuers understand Valuers issues and the Board needs to be predominantly made up of Valuers but other expertise such as accounting and legal would be useful adjunct.

Q4 Do you agree that it should not be mandatory for registered valuers to join NZIV or any other professional association?

A4 Do not agree. Membership should be mandatory to enable control.

Q5 What if any issues do you think would need to be managed if professional association membership was voluntary?

A5 If voluntary, there would be difficulties in maintaining control and collecting funds to enable administration. Those outside the organisation would enjoy coat-tail benefits of the members funding progress and education for the benefit of the profession.

Q6 Do you think that a tiered complaints system could deliver the benefits outlined above? If not, why not and do you have any thoughts on how else those benefits might be realised?

A6 Tiered complaint system would be beneficial, certainly time taken under current process is far too long for both valuers and public.

Q7 Do you think it is possible to reduce the reliance on check valuations and, if so, how might this be done?

A7 At the lowest level for incorrect valuations, peer reviews would be useful but for more serious cases, full check valuations would be the only way to establish the degree of fault. Complaints relating only to conduct or ethics should not require either peer reviews or check valuations.

Q8 Is the range of sanctions proposed above adequate? If not, what other sanctions would be appropriate?

A8 Difficult to know whether these sanctions proposed are adequate as we do not have the full story of degree and type of transgressions. Sanctions must be commensurate with the seriousness and type of charge.

Q9 Is there a need for compliance monitoring and if so by whom?

A9 Compliance monitoring should be part and parcel of the whole system which further reinforces the need for compulsory membership of some form of governing body.

Q10 Do you agree with the proposal for the VRB to undertake more analysis of complaints and outcomes? Why/why not?

A10 Agree VRB should undertake more analysis with the information dispersed by way of some form of educational tool.

Q11 Do you agree that "registered valuer" should be the only protected title? Why/why not?

A11...See no point in retaining the term "public valuer" but fully support retention of "registered valuer" as it is the term best understood by practitioners and the public.

Q12 Do you think it is necessary or desirable to change the existing registration period and/or registration renewal requirements? Why/why not?

A12 Annual registration should be retained but in conjunction with compliance monitoring. Annual practicing certificate number could be a mandatory requirement in signing off the report by a registered valuer.

Q13 If you have answered "yes" to the above question, please indicate whether you prefer one or other of the suggested approaches or another approach.

A13 Agree that minimum CPD should go hand in hand with issue of annual practicing certificate.

Q14 Should CPD be mandatory? Why/why not?

A14 Agree that CPD should be mandatory to demonstrate ongoing commitment by a valuer to being part of the profession and maintaining or enhancing skill levels.

Q15 Do you agree with the proposal for setting practice standards? Why/why not?

A15 Practice standards need to be set by the profession but there needs to be one controlling body setting and maintaining such standards.

Q16 Do you agree with the proposal for setting ethical standards? Why/why not?

A16 Ethical standards are a bit like the 10 Commandments and should be largely generic.

Q17 Do you agree that the minimum age requirement should be removed?

A17 There should be no requirement for minimum age as it is more than adequately covered by time and skill requirements to achieve registration.

Q18 What do you consider are the benefits and costs of implementing any or all of the proposals?

A18...It seems to me that the benefits would be more procedural than cost effective.

Q19 Do you think there are any aspects of the current occupational regulation scheme for valuers that impede competition in the supply of valuation services? Please specify which aspects and how they impede competition.

A19 The only way I see that competition could be enhanced would be lowering of standards or entry requirements and that would be counterproductive to the intention of occupational regulation.

Q20 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?

A20 The only way I see that competition could be enhanced would be lowering of standards or entry requirements and that would be counterproductive to the intention of occupational regulation.

Q21 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?

A21 The 3-year supervision timeframe is barely adequate for students currently coming out of University with no practical training at all. However time spent with a valuation firm during University holidays should be able to count towards the three year minimum.

Q22 Do you favour a tiered registration system that provides for provisional registration (with less experience and other requirements) as well as full registration?

A22 I do not favour a tiered registration system. It will require more management and costs and is likely to lead to confusion for consumers.

Q23 Should the requirement for overseas valuers to have at least one year's practical experience in New Zealand be retained?

A23 Agree generally but we have found that some overseas qualifications have produced "better" valuers than others. Reciprocity should be by examination as well as a minimum term of practical experience.



Q24 Do the existing degree courses and post-graduate training requirements provide registered valuers with the expertise required to do sum insured valuations?

A24 Quite frankly no.

Q25 Is there a need for practice standards covering sum insured valuations?

A25 Yes, but there is also a need for the institute or other governing body to provide modal and multiple guidelines. The provision of "benchmarks" disappeared when the Valuers Institute became part of the Property Institute of New Zealand and such specific valuation parameters were no longer investigated and published.

Q26 Could registration requirements be reduced for some types of valuation?

A26 Registration is not now required for all types of valuations but it seems logical that registration should be a minimum requirement for all types of valuations.

Q27 Are the current registration requirements excessive for valuers who only carry out residential valuations? What would be the risks and benefits to consumers if the requirements were reduced?

A27 Time on the job requirements are already at a minimum level. I see no benefit to consumers if requirements were reduced but greater risk to consumers and to the profession if reduced.

Q28 Are there any risks in allowing registered valuers who have not passed degree courses in valuation to do rural valuations?

A28 Immense risks as they are effectively Going Concern valuations which require more knowledge and expertise than the average urban valuation.

Q29 Are the valuation qualifications offered by the accredited universities fit for specialist purposes? If not, what are the problem areas?

A29 Quite frankly the valuation degree courses are less useful than the old institutes valuation courses. Also most valuers do not know which particular line of valuation work they would like to specialise in until they have spent some time actually working in valuations. It may be useful to look into some form of post-graduate course for valuers wishing to specialise in such fields as Going Concern valuations.

Q30 Do you think any changes are required to the existing professional indemnity insurance arrangements?

A30 From a business owner's perspective I am in favour of capped insurance cover if it will reduce premium costs but may undermine public confidence. Probably best left as it is.

Q31 If so, do you favour either of the options outlined above or have an alternative suggestion?

A31 The professional indemnity cover should be a requirement for all practicing valuers. But should a faulty valuation be linked to a valuer or to a company which can do a phoenix reincarnation???

Other Issues

There needs to be a balance between the administrative costs of occupational regulation and affordability on the part of members of the profession to ensure an adequate supply of valuation services.

Somehow the system needs to give recognition and distinction between valuers as individuals and valuation firms. This covers such aspects as professional indemnity insurance, quality assurance systems, product delivery and responsibility.

Furthermore within that system there is likely to be a mix of engagement relationships such as employee and independent contractor.