



CoreLogic[®]

CoreLogic NZ Limited

Submission in response to
“Review of the Occupational Regulation of Valuers Discussion Document”

26 August 2014

1 Introduction

- 1.1 CoreLogic operates a Valuation Ordering Service through which banks' customers can order property valuations to support mortgage lending. The Valuation Ordering Service has a nationwide panel of valuers – more than 75 valuation firms are registered with the panel. To date over 25,000 valuations have been delivered through the CoreLogic Valuation Ordering Service.
- 1.2 CoreLogic has a dedicated internal team of experts, including experienced valuers, working with the panel valuers to ensure that robust and well considered valuations are delivered by panel valuers to support residential mortgage lending decisions by the major New Zealand banks.
- 1.3 CoreLogic therefore has an interest in the regulation of the profession and welcomes the opportunity to make a submission on the Discussion Document.

2 General Response

- 2.1 CoreLogic considers the key area of focus for the review should be ensuring and enhancing the quality of the profession. Developments such as continuing professional development are important to provide a proactive compliance regime and quality improvements. In addition, CoreLogic would welcome increased transparency in disciplinary proceedings and a wider range of “sanctions” available, such as facilitating mentoring and other development opportunities.
- 2.2 These are matters of primary importance to CoreLogic in its role managing the Valuation Ordering Service. CoreLogic already takes steps to enhance the quality of valuations, with a view to reducing risk for valuation firms and banks, and is committed to continuous improvement.
- 2.3 CoreLogic has responded to each of the questions in the Discussion Document below and would be happy to provide further information.

3 Response to Questions

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

- 3.1 CoreLogic agrees that there is not sufficient accountability and transparency in the Valuers Registration Board's (VRB's) operations. CoreLogic supports the proposal to have the VRB report to the Minister and to provide public reports on disciplinary proceedings. It is particularly important to have disciplinary proceedings published as is the case with other statutory occupational regulators. The current process is protracted in nature with significant time required to achieve any form of resolution regardless of the nature and severity of the issue.

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

- 3.2 CoreLogic considers that there should be lay people on the VRB to avoid “group think”, which could occur with the current composition of only valuers.

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

- 3.3 CoreLogic agrees, as set out at paragraph 3.2 above.

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

- 3.4 CoreLogic agrees that “registered valuer” should remain a defined term (refer to CoreLogic’s response to question 11) however:
- 3.4.1 the VRB (or another defined body) needs to determine which professional bodies allow accreditation of valuers as a registered valuer; and
 - 3.4.2 we believe it should be mandatory for a valuer to belong to an accredited professional body. The professional body should have the responsibility to validate the VRB requirements to maintain registration.
- 3.5 The VRB would set minimum or mandatory requirements it expects from accredited bodies.
- 3.6 There is no need for one particular professional body to be a mandatory body. Other membership associations (other than NZIV) can offer benefits to members and should be able to do so.

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

- 3.7 The main issue would be ensuring that adequate member services were being offered.

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?

- 3.8 CoreLogic agrees with the proposed tiered complaints system.

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

- 3.9 CoreLogic considers the tiered complaints system would enable a reduced reliance on check valuations and more of an opportunity for a forensic review of a valuation report to identify the issues where ‘failure’ may have occurred. In many instances failure may be due to the lack of research and understanding of property attributes and understanding of accepted valuation principles and practices.

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

- 3.10 CoreLogic supports the range of sanctions proposed, but would also favour additional processes such as directing a member to undertake mentoring or some other form of continuing professional development, such as learning modules. Through the Valuation Ordering Service CoreLogic has facilitated mentoring arrangements and found it to be a valuable way to rehabilitate valuers to learn and develop property and/or valuation skills. The implementation of sanctions such as further training and mentoring could be achieved through a mediation process.

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

- 3.11 CoreLogic considers compliance monitoring is necessary, but also notes that proactive compliance is preferable to compliance monitoring after the event. CoreLogic would like to see greater emphasis on continuing professional development and guidance to ensure compliance rather than only focusing on monitoring and sanctions.

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

- 3.12 CoreLogic agrees with the proposal to undertake more analysis of complaints and outcomes, with a view to lessons being shared with a wider audience for the benefit of all.

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

3.13 CoreLogic agrees that “registered valuer” should be the only protected title and it should be clear that a practising certificate is required to provide valuations of land for the public. The definition of “registered valuer” allows the public to identify that the work has been completed by a registered valuer, as opposed to other forms of valuation. CoreLogic does not support the NZIV proposal to protect other titles, such as “valuation” or “valuer” and does not consider the protection of these titles necessary. If “registered valuer” is defined then there is no need for a separate definition of “valuer”. The term valuation is generic and does not just relate to real property.

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

3.14 CoreLogic agrees with the proposal for annual registration renewal with a statutory declaration and continuing professional development monitoring. This approach is, as noted, consistent with the approach taken under the Lawyers and Conveyancers Act 2006.

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.

3.15 As noted above in paragraph 3.13.

Q14 Should CPD be mandatory? Why/ why not?

3.16 CoreLogic supports mandatory continuing professional development. Many other professions have mandatory continuing professional development and requiring it supports a commitment to improvement of the profession. As noted above at paragraph 3.10, CoreLogic prefers a proactive commitment to compliance rather than too heavily focusing on sanctions after the event. The Australian Property Institute (API) has established a process where valuers are required to complete online modules to validate their level of learning.

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

3.17 CoreLogic considers that standards should be set by the International Valuation Standards Committee and that local professional bodies should issue guidance notes, interpretation on the standards (in the local context) and technical information papers to assist their members.

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

3.18 CoreLogic agrees with the proposal for setting ethical standards set out in the Discussion Document for the reasons outlined in the Discussion Document.

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

3.19 CoreLogic agrees that the minimum age requirement should be removed.

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

3.20 CoreLogic considers that the benefits of the proposed changes will be greater continuing professional development, quality improvement and better decision-making for those relying on valuations.

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.

- 3.21 CoreLogic does not consider there are any aspects of the current occupational regulation scheme for valuers that impede competition in the supply of valuation services. . However, the current regulations have been an impediment to lifting the standards of service delivery.

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?

- 3.22 No comment.

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?

- 3.23 CoreLogic considers that three years is too long particularly for residential valuations

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

- 3.24 CoreLogic is not opposed to a tiered registration system, depending on the structure of it. CoreLogic sees some benefits to valuers being able to undertake certain work (or certain categories of work) unsupervised after a lesser period of time, but would need to consider a more detailed proposal. A tiered structure would support graduates into the profession and support and encourage firms to employ and train graduates. This could be completed by a stepped process where learning modules are completed as practical experience is gained. This can ensure that graduates meet the required standards at the different levels of registration.

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

- 3.25 CoreLogic supports retaining the requirement for overseas valuers to have at least one year's practical experience in New Zealand.

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

- 3.26 CoreLogic does not consider there is adequate training in place for sum insured valuations. All professions involved in undertaking such valuations should have specific training and guidance available to them.

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

- 3.27 CoreLogic considers there should be practice standards for sum insured valuations. In particular there should be technical guidance notes and further training on construction types.

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

- 3.28 Refer to the response to question 22.

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?

- 3.29 CoreLogic does not consider the current registration requirements excessive. It considers it is appropriate for all valuers to undertake the same level of base training and registration requirements however this should be tiered, as noted in the response to question 22.

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

- 3.30 As noted above, CoreLogic considers that all valuers should undertake the same level of base training and be subject to the same registration requirements. A valuer can then choose to specialise in a particular area. CoreLogic would not support some categories of registered valuations being undertaken by people who have not passed an approved degree course.

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

- 3.31 CoreLogic considers the university courses are appropriate. As with many professions, the training and development a valuer receives on the job and after qualifying is extremely important. This therefore needs to be structured, targeted and focused recognising the specialisations from residential to complex.

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

- 3.32 CoreLogic does not consider it necessary to require mandatory professional indemnity insurance.

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

- 3.33 CoreLogic favours the approach proposed of having a requirement to disclose whether a valuer holds professional indemnity insurance.