

Submission on the Review of the Occupational Regulation of Valuers

To: Land Information New Zealand (LINZ)
From: Property Council New Zealand (Property Council)

PROPERTY COUNCIL (at the address for service given below) makes the following submission on the Review of the Occupational Regulation of Valuers:

About Property Council

1. Property Council is a not-for-profit organisation representing the country's commercial, industrial, retail, listed and unlisted property funds, local government, not for profit organisations and multi-unit residential property owners, managers and investors – including thousands of New Zealanders with retirement savings in listed property entities, unlisted funds and KiwiSaver.
2. Our close to 700 member companies have billions of dollars invested in commercial property. They range from leading institutional investors, listed and unlisted property entities and financial organisations to private investors and developers.
3. As building owners, developers, consumers, taxpayers and ratepayers, Property Council's members want to live and work in a built environment which is economically viable, sustainable, vibrant, and a desirable place to be. A vibrant and prosperous built environment, which evolves through better urban design, will attract more economic activity and investment (domestic and foreign), which in turn improves financial returns.
4. Property Council's public policy interests fall into three primary areas of analysis: urban strategy and infrastructure; compliance and legislation; and capital markets. Property Council supports the implementation of statutory and regulatory frameworks that enhance (and do not inhibit) productivity-driven economic growth and prosperity. Property Council is also a proponent of urban sustainability and heritage outcomes, which are realised through the active governance and management of the urban environment.

The Review of the Occupational Regulation of Valuers

5. Property Council supports the view that the current scheme – which has not been reviewed since the Valuers Act 1948 (the Act) came into force – needs to be modernised, and welcomes and supports this timely review. While the Act has largely served the industry well and has some aspects that are working well, it is now out of date and there are a number of problems that need to be addressed.
6. It is envisaged that the review and a new structure would enhance efficiencies and transparency – particularly with regard to the complaint resolution mechanism – as well as make the processes simple and straightforward.
7. Below are Property Council's responses to the questions that are considered to be of greater concern.

Response to Question 1: Do you agree there is a lack of accountability and transparency in relation to the Valuer Registration Board's (VRB's) operations?

8. Property Council agrees there is a lack of accountability and transparency in relation to the VRB's operations.

Response to Question 2: Do you agree the composition of the VRB is problematic? If so, how?

9. Yes, the current composition can be deemed as lacking transparency and accountability given it largely consists of valuers only.

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

10. Yes, Property Council agrees with this proposal.
11. The feedback received from members is that VRB members should serve a maximum term of, say, 5-10 years.

Response to Question 4: Do you agree that it should not be mandatory for registered valuers to join the New Zealand Institute of Valuers or any other professional association?

12. Property Council agrees it should not be mandatory for registered valuers to join one particular organisation only, but believes mandatory professional membership is necessary.
13. Opening up membership to other organisations would bring about competition and potentially increase the level of service provided to members, with each organisation striving: for excellence, and to outperform the other(s); this would inherently result in high value to members. A mandatory membership with one particular organisation can result in inefficiencies over time and does not guarantee that best service is being provided to members.
14. Our members find the costs associated with membership particularly high, and it is hoped that new entrants would mean lower membership fees and higher/better quality service.

Response to Question 6: Do you think 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?

15. Yes, a tiered system would result in efficiencies and would potentially enable complaints to be handled and attended to much quicker.
16. The current process has been highlighted as being inefficient in terms of time and cost, as well as being open to abuse by frivolous complaints.

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

17. The reduction in the reliance on check valuations can be tricky and problematic if not done so correctly.
18. We understand that the costs associated with a check valuation are usually not overwhelmingly high

and form an important component of the complaint resolution process.

19. A greater use of peer reviews may also help determine whether a check valuation is required.

Response to Question 8: Is the range of sanctions proposed adequate? If not, what other sanctions would be appropriate?

20. Member feedback has been that the proposed increase in the fine to \$20,000 (from \$10,000 currently) is less than adequate to be an effective deterrence.

Response to Question 9: Is there a need for compliance monitoring and, if so, by whom?

21. Property Council believes there is a need for compliance monitoring and that the industry is best placed to do so. As an example, in the United Kingdom and Asia, the Royal Institution of Chartered Surveyors offers its members the valuers' registration scheme, a proactive means of monitoring, and provision of advice and guidance, including free continuing professional development to help members comply with professional and statutory duties.

Response to Question 10: Do you agree with the proposal for the VRB to undertake more analysis of complaints and outcomes? Why/why not?

22. Property Council strongly agrees with this proposal given greater/more detailed analysis would lead to a better outcome, as well as increase awareness of pressing issues in the industry.

Response to Question 11: Do you agree that "registered valuer" should be the only protected title? Why/why not?

23. Property Council believes the term public valuer is very rarely used these days. On the contrary, the term registered valuer is widely accepted in the industry and is also used in legal documents.
24. As such, Property Council agrees that the title registered valuer should be the only protected title.

Response to Question 12: Do you think it necessary or desirable to change the existing registration period and/or registration renewal requirements? Why/why not?

25. Property Council believes it is necessary to change the existing requirements so as to make them in line with international best practice.

Response to Question 13: If you have answered "yes" to the above question, please indicate whether you prefer one or other of the suggested approaches or another approach.

26. A rigorous re-registration process followed by a statutory declaration which includes important details as highlighted in the Discussion Document would be beneficial.

Response to Question 14: Should Compulsory Professional Development (CPD) be mandatory? Why/why not?

27. Yes, it should be mandatory with member feedback being that it should form part of the annual re-certification procedure for registered valuers.

Response to Question 15: Do you agree with the proposal for setting practice standards? Why/why not?

28. Occupational regulations are put into place to protect customers; they act as safeguards to ensure high quality service is being delivered and that customers are not being exploited.

29. As such, Property Council agrees with the proposal for setting practice standards.

Response to Question 16: Do you agree with the proposal for setting ethical standards? Why/why not?

30. Property Council agrees with the proposal and is of the view that the process should be inclusive and industry-driven, with a determination being made by the VRB.

Response to Question 17: Do you agree that the minimum age requirement should be removed?

31. Yes; the requirement serves no purpose as adequate safeguards are provided in other ways.

Response to Question 19: 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.

32. The current system appears to be working well, though any new system that would enhance service delivery may be supported by Property Council.

Response to Question 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?

33. Property Council does not have a specific submission in this regard, though, and as noted in the answer to the above question, any new initiative that would enhance service delivery may be supported by Property Council.

Response to Question 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?

34. Member feedback has been that the current three year supervised experience period is adequate.

35. In addition to obtaining the necessary qualification, graduates require practical work experience to be able to prudently undertake valuations on their own. Our members feel a lesser time would have the potential to hinder this, which could potentially put the industry's reputation at risk.

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

36. Yes, this would enable individuals with lesser experience (and/or qualifications) to achieve some level of recognition.

37. The system may also result in other tertiary institutes making specialist courses available below the undergraduate degree level to assist with provisional registration.

38. Property Council is of the view that good guidelines, and compliance and monitoring systems would need to be in place given projects vary – for example, in the case of mixed-use developments – and do not always fall in one distinct category, thus having the potential to confuse customers as to what tier of valuer to instruct.

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

39. Yes.

Response to Question 24: Do the existing degree courses and post-graduate training requirements provide registered valuers with the expertise required to do sum insured valuations?

40. While they appear to do so, extra training is always beneficial.

Response to Question 25: Is there a need for practice standards covering sum insured valuations?

41. No.

Response to Question 26: Could registration requirements be reduced for some types of valuation?

42. Property Council strongly believes this is an issue which needs further and thorough investigation.

Concluding Remarks

43. Property Council would like to thank LINZ for undertaking this timely review, and also for giving us the opportunity to provide feedback on its Discussion Document.

DATED this 26th day of August 2014.