

From: Rodney Jefferies [REDACTED]
Sent: Tuesday, 26 August 2014 10:42 a.m.
To: LINZ regulatory submissions
Subject: RE: Submission on the Regulation of Valuers Review
Attachments: Voluntary membership Jefferies 1990.pdf

Importance: High

Follow Up Flag: Follow up
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Thank you for your acknowledgement of my submission.

Could you kindly add the below reference as I had been looking for, but could not find it in time, to add as a supplementary submission.

Jefferies R L (1990) *Voluntary Membership*, Guest Editorial, NZ Valuers' Journal March p. 5.

I also attach a PDF of this Editorial I wrote as (then) President of NZIV that refers to an interesting Membership Referendum in respect of the Government's review issued in 1989 and the responses *vis à vis* voluntary membership and statutory regulation in response to the then proposal to make the profession non-regulatory. You will note my personal view on voluntary membership and state certification has not changed!

Yours faithfully,

Rodney Jefferies
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Guest Editorial

Voluntary Membership

The Government has given clear signals of its intentions in respect to the profession of valuation in its *Review of Occupational Regulation: Valuers*, released in September 1989, the subject of the *Discussion Paper* circulated to all members of the Institute in October 1989 with the Referendum on the *Future Structure of the NZIV*.

Voluntary or compulsory membership is clearly the crux of the issue. The essence of the status quo position is the retention of the legislative requirement for all registered valuers under a state certification system to also be members of the Institute and therefore come under the influence of the Institute's Code of Ethics and Standards, as being the best way of maintaining public protection.

The referendum results indicate that the membership sees little advantage in changing this aspect of the regulation of valuers, - 372 or 67% of the 554 respondents (the latter representing 27% of the total membership) supporting the status quo. It may not represent the majority of the membership, but is surely indicative. 121 or 22% of respondents favour self-regulation. Only 61 or 11% of respondents support the Government position.

However *IF* the Government sticks to its policy and brings in voluntary membership in terms of its current proposals, *THEN* there is a major swing of support to self-regulation - 385 or 69% of respondents in the referendum.

The conclusion is that our membership likes what it has now, doesn't like the Government proposal and faced with voluntary membership would prefer to opt for self-regulation (i.e. no state certification).

The main concerns expressed in the comments accompanying the referendum responses centre around the likely increase in costs to the profession of funding the proposed state certification and especially the disciplinary functions. The recurring response was that if the Government considers the public need protection in this form then they should pay for it. To lumber those members who choose to seek state certification with the total cost would make it prohibitive, and be totally counter-productive to the Government's stated aims of reducing consumer transaction costs. Though 311 or 56% of the respondents indicated they would retain state certification most of these were subject to the comment that it would depend on the cost and the market requirement or need to be so certified.

Government, however, to open up competition in valuation services, also intends to review the need to legislate for certain work to necessarily be undertaken by registered or certified valuers.

This would only serve to reduce the need for such state certification! Surely this is a classic case of the Government, on behalf of the public, shooting itself in the foot.

Notwithstanding these criticisms of the Government's proposals, we need to prepare ourselves for voluntary membership as whether we like it or not the change may be forced on us. We need to consider carefully if it would be all that detrimental. Surely it is the *state certification* proposal, not the *voluntary membership* aspect that is ill conceived.

I believe that voluntary membership would not, in itself, be detrimental but beneficial to the health of the Institute. 468 or 85% of respondents indicated they would remain members of the NZIV, though many with the proviso that the costs and benefits would be paramount considerations. However, we currently have a significant element of non-active and "dead-wood" members who given the choice, would see no personal benefits in continued membership, but like pruning a fruit tree to encourage growth and the quality of fruit, the Institute would emerge a stronger and more dedicated professional body. Members would be more active in requesting and being prepared to pay for affordable services that they demanded, while achieving higher level of standards and public recognition than under the present system.

As an Institute we must have a policy that while preserving the majority views of its members, allows a leadership that can foresee changes as they are coming up, be flexible enough to change with the times and anticipate the inevitable. Some changes must be pursued whether or not we actually get voluntary membership, such as increasing standards, improved disciplinary procedures, continuing professional development, and cost effective services to members etc.

If a compromise with Government can be achieved, to maintain public confidence in a state certification system with full support and participation of Institute members, both current and future, then it is essential that the Government at the very least must continue to substantially fund that public protection element of the proposals - i.e. the disciplinary function.

Rodney Jefferies, President