

Submission of Rodney L Jefferies, FNZIV(Life), LPINZ.¹

On

Review of the Occupational Regulation of Valuers 2014

The writer

The writer, a Past-President of the New Zealand Institute of Valuers (NZIV) and Past Vice-President and a Founder of the New Zealand Property Management Institute (NZPMI)², has an extensive background as a registered valuer, practitioner, educator, author, and researcher over the last 51 years. Valuation reform including regulation/licensing and the future of the valuation profession in New Zealand (NZ) have always been something on which he has held strong views.

His publications* advocate reform in valuer registration, voluntary membership of the valuation profession and allowing the market to determine and the profession itself to respond to the public demand for high quality valuation services in NZ.

He has always advocated that high levels of valuation service and expertise come from a combination of quality education, up-to-date and forward thinking valuation methodology rather than statutory controls, regulation, or the weak standards and ineffective ethical disciplinary procedures in the regulated valuation profession as exists in NZ.

The views expressed in this submission in response to the key questions and other issues as set out in the *Review of the Occupational Regulation of Valuers — Discussion Document* follow and are supplemented by additional General Comments/Submissions at the end of this document.

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* See **References** after submissions attached.

¹ Also being a Student Member of the Royal Institution of Chartered Surveyors (RICS).

² The New Zealand Property Management Institute (NZPMI) founded in 1977, was renamed the Property and Land Economy Institute of New Zealand (PLEINZ) in 1995. It merged with the New Zealand Institute of Valuers (NZIV) and Institute of Plant & Machinery Valuers (IPMV), voted in 1999 to form the New Zealand Property Institute (NZPI) that was incorporated in 2000, see <http://home.xtra.co.nz/hosts/pleinz/>, see the *Newsline* web page, Notes from National Office - Issue 9, 28 September 1999. The merged institute was renamed the New Zealand Property Institute (PINZ) in 2005, http://www.property.org.nz/Category?Action=View&Category_id=699

Submissions:

Key questions:

Proposals to address problems and concerns

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

Yes, this is systemic and a source of dissatisfaction amongst valuers themselves and their clients.

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

Yes. However, there is no valid need for a reconstituted (or any) statutory VRB in NZ, see General Comments. See also response to Q3 below. If the VRB continues in any form, lay representation is essential, as is the availability of specialist members, or assessors.

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

As above, in response to Q 2, the alternative complaint and disciplinary structures that already exist have lay and other expert registration board (or equivalent panel) members (PINZ and RICS).

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

Yes. Non-statutory registration for property professionals exists in NZ in three of the four professional communities³ which PINZ represents; Infrastructure, Plant and Machinery Valuation; Property and Facilities Management; and Property Advisory; as well as internationally for Chartered Surveyors in the RICS for all property disciplines.

Real property valuation registration in NZ should similarly be non-statutory and with voluntary membership, and allowing it to be offered by PINZ and RICS.

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

See response to Q4. In further elaboration, there is no need for government involvement in professional accreditation regimes of neither professional valuation organisations nor statutory oversight of any voluntary valuer registration or professional valuation designations and their administration. Adequate statutory protection of the public and recompense for victims of bad valuation practice exists under commercial law and consumer protection legislation. See also response to Q8 and General Comments.

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?

It should be entirely over to the profession(s) to set up appropriate complaint systems, and to discipline its designated or accredited membership. Tiered valuation accreditation/licencing systems work effectively in the USA, Canada, and a few other countries, e.g. South Africa. See also General Comments.

³ See Professional Development Overview at https://www.property.org.nz/Category?Action=View&Category_id=773 and PINZ Professional Pathways at https://www.property.org.nz/Category?Action=View&Category_id=695 .

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

This is a "red herring" issue. The nature and seriousness of any investigations into a complaint against a designated or accredited professional valuer will determine the role and need (if any) for reliance on check valuations.

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

No. Warnings with compulsory compliance oversight for minor first offences are OK and/or suspension to cover a period of retraining. CPD/Ethics education and demonstrated competency are essential criteria before reinstatement. Serious offenders should be punished by deregistration, or cancellation of designations, accreditation, or expulsion from the valuer profession(s) for proved incompetence or unethical conduct. Fines are ineffective, but compensation redress payments may be appropriate to those financially affected in some cases, as well as payment of the investigation and prosecution costs. However, there is adequate consumer protection legislation or civil actions available to the public, leading to punitive orders, punishment, and/or sanctions for proven incompetency or unethical practices, and in serious cases jail sentencing, e.g. for fraud, available through the Courts in this regard.

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

As above, this is a matter for the professional organisation(s) ethical, compliance, investigative and disciplinary regime(s) to determine and administer.

Q10 Do you agree with the proposal for the VRB to undertake more analysis of complaints and outcomes?

Why/why not?

Not necessary as such analysis has little disciplinary value. It is an area for professional education and compulsory professional development programs undertaken by the professional organisations governing valuers. Courts do not undertake analysis of their cases and judgements themselves, so why should the VRB?

All VRB decisions should be accessible electronically like other legal decisions of the Courts and Tribunals via the Justice Department's web site.

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

No. "Registration" or "Registered" is an archaic and inappropriate title of little value or distinguishing meaning today, compared to other registrations such as for mail, dogs, cars, web addresses, retirement villages, companies, charities, tradespeople, vehicle salespersons, etc., etc. It is an unsuitable term, this day and age, for accreditation of professionals. Professions need to use expressive designations or other accreditation terms, which are more meaningful, and appropriate to their members' status, education, qualifications, and expertise, not a one-for-all overarching "registered" terminology. If a valuation professional organisation wishes to use registered, accredited, licenced, or other "branding" or quality assurance⁴ terms, then that is entirely for them to use, explain, justify and promote their relevancy to the public using their members' valuation services. The more accurate, transparent and meaningful the "branding", the more effective it will be.

⁴ PINZ Quality Assurance and Accreditation Scheme (QAAS) established in 2011 is limited to firms in New Zealand, employing PINZ members, that provide services in the four professional communities which the Institute represents; Real Property Valuation; Infrastructure, Plant and Machinery Valuation; Property and Facilities Management; and Property Advisory. http://www.property.org.nz/Category?Action=View&Category_id=664.

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

Yes, but only if statutory registration for valuers is continued. Otherwise, it is over to the valuation professional organisation(s) to determine their requirements for accreditations/designations as appropriate for the level of experience, education, qualifications required of their members. Requirements for their upkeep to maintain or renew their professional recognition by way of designations or accreditation must be effective, transparent, and meaningful to both their members and the public and consumers of valuation services.

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.

See response to Q12 above. I do not support the statutory "recertification requirement" changes proposed. They are unnecessary. CPD requirements are a matter for the valuation profession(s) to police and ensure their accredited or designated members offer quality services to the public. Monitoring this (as at present is done by PINZ and RICS) to ensure up-to-date skills and knowledge of their members is applied as good practice, is their profession's responsibility. Quality assurance regimes are encouraged, but not compulsory, by PINZ for valuation firms (not individuals), while RICS require quality assurance certification for individual registered valuers⁵.

Q14 Should CPD be mandatory? Why/ why not?

Yes, but within a voluntary valuer designation/registration/licensing/accreditation or other endorsement regime provided by the valuation profession(s).

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

Yes, in principle, as above. It is, however, a matter for the valuation profession(s) as already exists, not for statutory intervention. The over-riding function of the International Valuation Standards Council (IVSC) already provides recognised valuation standards, ethical guidance (Code of Ethics for Professional Valuers) and technical information papers (TIPs) for the guidance of member valuation professions around the world. These IVSC standards and publications sometimes need modification for local legislation and practice. There is no justification or role for statutory intervention. The IVSC has recently issued a Policy Paper, *Global regulatory convergence and the valuation profession* (2014), which is relevant in undertaking valuer regulatory reform in NZ, see References.

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

No, see response to Q15 above. It is a matter solely for the valuation profession(s).

⁵ RICS Valuer Registration accredits individuals and not firms. Therefore, firms are not entitled to use the designation RICS Registered Valuer or any logo attached to the designation. See References.

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

Yes. A minimum age criteria to practice as a valuer is discriminatory and archaic. Qualifications, proven experience, competency, and good ethical character should comprise the criteria to practice as a valuer. See also General Comments.

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

Not applicable. I do not consider the statutory registration of valuers as proposed is necessary, valid, or required. The professions themselves should bear the costs in line with the benefits of any branding, accreditation and quality assurance regimes deemed necessary for their members.

Other Issues

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.

The compulsory NZIV membership provisions of the Valuers Act 1948 have impeded the growth of the property valuation profession in NZ by entrenching a statutory monopoly to the NZIV over membership of registered valuers. However, the merger in 2000 and the current coexistence of the NZIV under the "umbrella" of PINZ, is a temporary arrangement. This state of affairs has become quasi-permanent, contributing to the moribund nature and protracted continued statutory existence of the NZIV⁶. See also General Comments.

Membership of PINZ is far more attractive to property graduates as it provides a career path wider than pure valuation in line with their broader property degree qualifications. NZ property graduates only apply for membership of NZIV when compulsorily required as a pre-requisite to obtain valuer registration, and are generally already PINZ Affiliate, Graduate, Member, Associate, or Senior members. Applicants for valuer registration may also be already registered by PINZ in other property disciplines and thus obtaining NZIV Member status merely as a pre-requisite for eligibility for statutory valuer registration application is an involuntary and reluctant step imposed on moving into a valuation career, with little if any membership or other benefits.

The Valuers Act also effectively bans the RICS from fully operating in New Zealand, i.e. promoting and offering its Valuer Registration to NZ members.⁷

Now that all three NZ universities educating property graduates have their courses accredited by the RICS for graduate membership, RICS will become even more attractive than PINZ for NZ property graduates, as PINZ does not operate internationally. NZIV membership is even more irrelevant to modern graduates than in the past.

RICS is the most attractive professional membership option for young property professionals wishing to

⁶ Due in large part to inactivity by successive governments not pursuing reforms of the Valuers Act during at least the last thirty years, viz the 1984 proposals, see discussion in Hallinan (1989) and the reforms still going on ten years later, in Ormerod (1999).

See *Update to Members on decisions made at the AGMs in Queenstown*, in 2004, at page 10; also Past-President Graeme Horsley's objection to Remit 1 at the NZIV 2014 AGM at page 5 of the Minutes, which on voting was a *déjà vu* of the 2004 AGM 10 years earlier. See References. [The minutes refers in error to a massive turnout of "remits" that should refer to "proxies"]

⁷ As stated by VRB Board member Evan Gamby, at the PINZ AGM July 2014, Minute Item 8, General Business at p.4. (See References).

obtain overseas experience, jobs, and careers. Having obtained such overseas experience and RICS Valuer Registration⁸, on returning to NZ they can then obtain registration, but currently forced to become NZIV members. This is simply due to the compulsory membership provisions of the Act, and subject to the provisions of existing reciprocity agreements.

Statutorily prohibiting the RICS to offer full membership with their registration to NZ graduates, student RICS members who are NZ citizens, or NZ resident immigrant RICS member valuers, is a denial of basic human rights for residents to follow their career choice and preference, see General Comments.

This is also grossly discriminatory, unnecessary, archaic, and contrary to modern competitive business practice and breaches international trade agreement obligations, including the Trans- Tasman Mutual Recognition Act 1977, that resulted in the PINZ/API Memorandum of Understanding described in *New Zealand and Australian Property Institutes get closer together*, see References.

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?

Yes. Valuer registration (or any equivalent accreditation) should not be under statutory control. The valuation profession in NZ (current and future) will survive only with competition for membership and services. Liberalisation will serve the public better than under the current archaic, anti-competitive, largely ineffective, and restrictive regime.

This liberalisation objective pre-dates the merger of PLEINZ and NZIV into (now) PINZ, see Hallinan's and Jefferies' papers presented at the NZIV's 50th Jubilee Seminar in 1989 (see References), when the liberalisation of the Valuers' Act was then under active review, but was later abandoned after a change of Government.

The Valuers' Bill when originally introduced in the House of Representatives in November 1948,⁹ by the Minister in Charge of the Valuation Department, gave as one of the main reasons for the Bill, that the Government wanted land agents¹⁰ to be unable to give evidence in the Land Valuation Court (also proposed at that time).

Initially valuers without qualifications but with experience considered adequate by the VRB were "grandfathered" into registration by applying within 12 months, and all existing NZIV members applying within 3 months. Thereafter, registration was limited to applicants over 25 of age having a recognised certificate and not less than 3 years' practical experience in valuing. See also General Comments and Jefferies (1972).

⁸ "RICS Quality Assured — RICS Registered Valuer" as in the RICS logo, (See *RICS Valuer Registration* in References).

⁹ Brooker, L.E. (1948) who reported that the object of the Valuers' Bill was to secure a higher standard of valuation throughout the Dominion, to check the possibility of malpractices, and to assist the courts by ensuring a high standard in valuation work and to protect public against incompetent valuers.

¹⁰ Whose involvement in property sales the Minister described as an *incubus* on society (as recorded in the *Hansard* report).

It should be noted that real estate agents are now required to undertake and give (free) written valuations (called appraisals), to vendors as part of the sale listing process, to justify the listing price advice and marketing. These reports must meet a minimum criteria and content under Clause 10.2 of the Real Estate Agents Authority's *Professional Conduct and Client Care Rules* 2012, pursuant to Section 14 of the Real Estate Agents Act 2008. This makes a mockery of the original *raison d'être* for the Valuers Act 1948 being a justification now for continuing statutory valuer registration.

Q21 Do you think the three year supervised experience period for NZ graduates is too long? If so, how long should the experience period be?

See also response to Q6. Recent property graduate's supervised valuation work experience and practical field trip valuations undertaken during undergraduate valuation studies, is credited towards the required three-year post-graduate supervised experience, and appears to work well in this respect.¹¹ However, under a deregulated valuer occupational regime, it will be for the professions themselves to set the required experience along with other criteria for membership, designation, or other "stamps of approval" such as registration, licensing, accreditation or other branding of their members' abilities and valuation services.

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

See also response to Q6. The valuation profession(s) should determine any "tiering" of valuer registration, accreditation or other certification, etc. The specific areas of registration, certification, or quality assurance of different specialties should be public demand based. There is no need for a complicated statutory straitjacket approach to this at all.

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

A mandatory NZ experience component of a designation/registration/accreditation, etc. must be flexible enough to meet the qualifications and experience of a valuer immigrant coming to reside and practice in NZ. The acknowledged shortage and ageing of NZ valuers demands the addition of experienced overseas or returning NZ qualified valuers as desperately needed to bolster the dwindling stock of NZ valuers, especially those in active practice. See also General Comments.

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

NZ property degree and diploma courses' content is inadequate in this respect. If taught at all, insurance valuations are complicated. Students do not have the necessary skills to assess reinstatement requirements nor accurately estimate the rebuilding, demolition and ancillary costings required. The topic is typically taught in one lecture, if at all, with the only practical experience as an adjunct to a residential, industrial, or commercial valuation assignment. Specialist, post-graduate training and/or certification programs are required. See also response to Q25, below as property valuers are not the only professions undertaking this work for the public.

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

Probably, but this needs to not only cover real property valuers but also all professions undertaking replacement or sum insured property valuations, as it carries a high level of risk¹². Architects, engineers, quantity surveyors, and ex-builders offer competitive services for this work that is currently of highly

¹¹ Lincoln University's property degrees have a compulsory work experience component, undertaken during University holidays, and if directly related to valuation experience, can be certified for this purpose.

¹² Deb Fisher of JLT – Insurance Partner to The Property Institute, June 2014, see Other References for source.

variable skill levels and results¹³. Separate consideration from real property valuer statutory legislation may be required, under other consumer, regulatory or licensing provisions. It is a broader issue than property valuer regulation, and beyond the scope of this legislative review of the Valuers Act.

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

See also response to questions 21, 22, and 23. See also General Comments.

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?

Again, see response to questions 21, 22, and 23. See also General Comments.

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

In either a statutory (or non-statutory) valuer registration or accreditation regime, those who offer rural valuation services to the public should be academically qualified by a degree, undergraduate or post-graduate diploma covering a full range of rural valuation, agribusiness, and farm management courses. As well, they should have a minimum rural valuation experience component for that registration or accreditation required for public practice. In many cases, valuers under the current regime are already registered valuers, and simply expand their work into areas (urban into rural, or rural into urban) without academic qualifications to adequately prepare them.

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

Undergraduate property studies degrees in NZ at Auckland, Massey, and Lincoln universities are very extensive and generalist degrees. There may be urban/rural specialist streams or majors and combined (conjoint¹⁴, and four year¹⁵) courses that enable some students to combine both urban and rural majors¹⁶, sufficient to obtain valuer registration (under current requirements).

In general, the requirements of core generalist subjects and the ability to select a wide range of soft options to meet graduation requirements, has also squeezed down the valuation component of graduates' property degrees.¹⁷

The NZIV/PINZ¹⁸ and VRB accreditation process of these degrees has contributed to this by prescribing the subjects that graduates are required to pass to obtain valuer registration. Significant numbers of property students, who do not see valuation as a worthwhile career option for them, do not include all

¹³ TVNZ (2014), *Huge differences' in house valuations cause concern*, Published 9 August, <http://tvnz.co.nz/national-news/huge-differences-in-house-valuations-cause-concern-6050814> [plus video].

¹⁴ As at the University of Auckland taking four or five years, being popular for property students to combine with related Commerce, Law, Engineering, Planning, and Architecture disciplines.

¹⁵ Lincoln University has just commenced a four-year undergraduate property degree suite for rural and urban valuers with a greater range of options and specialist rural/urban courses, especially to satisfy RICS accreditation.

¹⁶ Only at Massey and Lincoln Universities that offer both urban and rural property degrees.

¹⁷ Mainly by cutting down field trips, reducing the number of assignments and the watering down of written examinations in valuation subjects by using multi-choice questions and absence of valuation problem solving questions requiring detailed calculations and setting out valuations to demonstrate their acquired knowledge and skills.

¹⁸ PINZ similarly accredits the NZ university degrees and diplomas for membership/registration in its other property communities.

the prescribed required subjects for valuer registration and cannot apply for registration as a valuer after graduation, and are lost as potential valuers.

This amounts, over the years, to the preclusion for many property graduates to make a career change into valuation practice, whilst many experienced registered valuers move into other property disciplines or careers into management roles or other businesses or industries. The specialist valuation knowledge required by applicants for valuer registration holding non-accredited property degree holders is available by taking additional undergraduate courses (utilising cross –credits from their undergraduate degrees in other disciplines), or by completing a post-graduate course to supplement their undergraduate study. For example, Lincoln University rural qualified graduates, before moving outside with their rural academic qualifications can enrol in a Graduate Diploma in Valuation (Urban), substituting the prescribed subjects (or equivalents) already passed in their undergraduate degree, with more appropriate urban and financial courses. Vice versa, property qualified graduates can substitute rural subjects for already passed urban or other specified subjects, often requiring additional subjects, as well to satisfy registration accreditation after graduation. Applicants require pre-approval by the VRB before starting such (non-standard accredited) post-graduate study.

Specialist valuation services should require applicants for accreditation to undergo specialist training before carrying out valuation services for which their education does not academically qualify them to practice. However, the Valuers Amendment Act 1968, removed the rural/urban valuers registration classification. There is no longer any requirement on valuers changing from one speciality to the other, to re-register, nor prove their competency, only the ethical requirement to comply with the NZIV Code of Ethics as to practicing within their competency.

If an education market demand is established, the provision of new specialist education courses will depend on academic institutions responding by providing suitable diplomas or credit courses. Specialist courses, diplomas, post-graduate or certificates of proficiency for credit, in such areas could include subjects covering reinstatement insurance valuations, investment-grade property valuations, going-concerns, compensation valuations and negotiations, infrastructure plant and machinery valuation, and other specialist areas as identified from time to time.

Experience shows that few applicants apply for, and often lack of professional support and promotion of, these valuation career change options, leading to failure of such specialist valuation courses, unless the subjects are taught concurrently in undergraduate property degree courses. Hence, the conundrum of having new specialist valuation courses with enough students to make them economic.

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

PI insurance is a matter entirely for the professional organisations/insurance industry to determine, not for statutory intervention, mandate, or control by the VRB. PI insurance for registered valuers should not be mandatory and is normally a matter for the valuer's employer to arrange if considered necessary. The mere existence of a PI insurance cover (frequently a pre-requisite before client engagement) can encourage complainants against valuers. Valuers whose skills may be at fault can hide behind PI insurance settlements in the event of financial claims for valuation errors or other bad practice causing significant financial or other significant harm to their clients, avoiding a complaint to the VRB.¹⁹

¹⁹ Professional valuers should be personally liable for their professional conduct and any financial (as well as ethical) consequences from their professional engagements with the public and not be shielded by PI insurance settlements. It simply encourages bad practice and slack CPD compliance, by undertaking soft options such as valuer attending

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

No. As above, not an exclusively statutory property valuation registration reform matter.

General comments/submissions

At page 8 of the Discussion Document, the stated premise is that "... the (valuation) profession should continue to be regulated" under the 1999 Cabinet's Policy Framework, that is 15 years out of date.

I disagree with this presupposition that permeates the discussion document, and submit that the real property valuation profession should be de-regulated – i.e. the Valuers Act 1948 and Amendments simply be repealed and not replaced. The consequent disestablishment of the NZIV and assimilation of its prior role fully into PINZ is in accordance with the stipulated proposals integral in the reasons supporting the 1999 merger vote and that the property valuation profession, like other related property professions in NZ, should be self-regulating.

89% of NZIV members in 1999²⁰ who voted for the merger of PLEINZ,²¹ IPMV, and NZIV, that formed the NZ Property Institute (NZPI) in 2000 (now) PINZ, have the majority membership of this Institute.

That postal merger (referendum) vote was binding on all the professions involved being on the basis that all then existing institutes would cease to exist, including NZIV that would be wound-up as provided for in the NZIV Rules 149 and 150 (subject only to a Valuers Act amendment or its repeal). Voluntary professional registration offered by PINZ was to follow reflecting the aims and objectives of the merged institute at the time.²² This Extraordinary General Meeting NZIV resolution by membership referendum vote, as defined under the NZIV Rules was a directive to the PINZ Board and Valuers' Council of the (now) merged institutes. Until reversed by its members, it remains active and cannot be reversed or undermined as discussed in the Discussion Document (see response to Q4). Dissolution of the NZIV simply needs implementing by repealing the statutory creation of the NZIV in Sections 9 to 17 of the Valuers Act, including the mandatory membership requirements, the ancillary provisions referring to the Institute, and consequential amendments, even if statutory regulation (with voluntary membership) is maintained, or the Act's complete repeal.

However, a small but active and influential number disaffected valuers armed with their minority of camp follower NZIV members' proxies continue to frustrate this objective. These valuers have perpetuated objections to any reform particularly over the last 15 years plus, and manipulated a "status quo" position on the need for NZIV's continued separate existence, statutory valuers' registration, and a non-association with PINZ.²³

This has resulted in the NZIV being *in extremis*, slowly decaying, reducing numbers, its membership ageing, with real property valuers becoming an "endangered species". The NZIV provides few direct services to

branch and national meetings to accumulate CPD points, without engaging directly in further education and upskilling.

²⁰ See Notes From PLEINZ National Office - Issue 9, 28 September 1999, PLEINZ News web page. see <http://home.xtra.co.nz/hosts/pleinz/>.

²¹ PLEINZ established a non-statutory Registration Board for property managers in 1995, that continues as part of PINZ today.

²² Bilbrough A and Ormerod R in their respective NZ Valuers' Journal Editorials, pre and post the 1999 merger. See Other References.

²³ At the NZIV AGM, 7 July 2014, in their proxy war battle being victorious in the passing of Remits 2, 3 & 4. See Minutes Item 7 at pages 4-9, sourced as per the References.

its members, provided instead by PINZ under its service level agreement (SLA) with the NZIV.²⁴ Over the last 14 years, the NZIV has lost its commercial influence, also in terms of public perception of both its existence and useful role. The NZIV's cessation as a statutory body is overdue.

NZ is out of step with international valuer accreditation/licencing and certification regimes. Of the forty-seven countries' licensing/certification regimes as documented in Gelbtuch & Park (2011) see References, thirty-seven have no form of statutory oversight of valuers or their professions. Only four countries have similar historic statutory valuer regulation by way of registration. These are Australia (remaining in three States being New South Wales, Queensland, and Western Australia); Israel; New Zealand; and South Africa. Ten countries have a form of non-statutory licencing, mainly by the Judiciary, banks, financial organisations, or under various Government decrees, regulations or powers. Some countries have a perfunctory form of licencing or certification under a general "professions" legislation, or delegated to their individual States, variously administered by State agencies or real estate appraisal boards, e.g. in the USA.²⁵ Some independent valuers' professional associations, councils, or boards have a formal non-statutory valuers' or appraisers' registration, certification, or accreditation regimes.

In NZ PINZ is a strong and fully representative broad based property institute, predominantly consisting of property valuer (NZIV) members, has a voluntary (non-statutory) property professionals' regulation regime administered within each of its property communities' Boards, excluding the Valuers' Council. These are the Infrastructure Plant & Machinery (IPM) Valuers; Property Advisory; and Property and Facilities Management. PINZ thus has the structure and expertise to offer its own property valuer registration through a real property valuation community Board (replacing the NZIV Council), to meet modern regime changes,²⁶ providing desired protection for the public. The expertise gained over the last 66 years of the VRB will not be lost, if effectively transferred to a PINZ valuers' community registration Board by appointing one or two willing ex VRB members on to it.

In addition, the RICS has an active presence in Australasia and has an RICS valuer registration, accreditation, and quality assurance regimes, with long-standing experience in disciplinary procedures for its Chartered Surveyors including valuers, see response to Q13 and References.

The existence of both of these active professional property organisations in NZ is more than adequate to provide and bring competition for valuer registration, that promote high ethical and professional standards, with the requisite investigative and disciplinary powers over their "registered" or other branded valuers.

Liberation of valuers from statutory registration would create a climate for other organisations (institutes, societies, or other cadres) of valuers to form new professional valuation groups. These would compete with PINZ and RICS, providing a wider membership choice for valuers and for consumers to use the appropriate level of specialisation required, e.g. a residential valuation based professional organisation.

²⁴ These disaffected NZIV members are demanding the non-renewal of the SLA, see above NZIV AGM, 7 July 2014, Remit 2 at pages 6-7.

²⁵ Only US State and US territorial (Guam, American Samoa, Mariana Islands, Puerto Rico, and Virgin Island) certified or licensed appraisers on the National Registry as having currently valid certifications or licenses are authorized under Federal law to perform appraisals in connection with federally related transactions, see <https://www.asc.gov/national-registry/nationalregistry.aspx>

²⁶ Blue Hancock and Terry Naylor, in their Joint Annual Presidents 2013 Report to PINZ/NZIV – issued June 2014.

NZ consumer law, greatly strengthened by Government in recent years²⁷, together with contract and civil law proceedings available against valuers who fail in their duty of care to clients provides additional redress for consumers suffering "significant harm" from incompetent valuation services. These actions would complement but be independent of the complaint and disciplinary procedures undertaken against valuers who are members of valuation professional cadres holding designations and registration/licencing/accreditation for their members offering services to the public.

The Valuers Act in continuing to mandate registered valuers in NZ to belong to the NZIV as a condition of being registered valuers and public valuers is contrary to the Freedom of Association rights under Clause 17 of the New Zealand Bill of Rights Act 1990.

For the foregoing reasons, I submit that there is no continuing need for Government to be additionally "in the loop" in overarching statutory controls over valuers' professional membership, registration, ethical behaviour, valuation standards, complaints or discipline.

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²⁷ Currently the protection of the public, from bad valuation practice, is being further strengthened with the passing of the Acts affected by the Consumer Law Reform (2013) and its progressive implementation, see summary in <http://www.bellgully.co.nz/resources/resource.03619.asp>.

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