

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

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

**A1 Not so much accountability, but certainly transparency is lacking.**

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

**A2 Composition does appear to be "an old boys' network". Appointment process is not transparent, nor does there appear to be any information as to any "time in office" limitations.**

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

**A3 Should still be predominantly Valuers but some lay expertise would give balance.**

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

**A4 No - Mandatory is necessary to allow control and provide funding base.**

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

**A5 Lack of control over fringe or rogue members, erosion of funding base, loss of public confidence in 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 A tiered complaints system would be beneficial with the lower order complaints committee but such committee would also need to have a fully transparent appointment process with appropriate time limits on representation. Probably needs a valuers anonymous "dropbox" for valuer to valuer complaints.**

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

**A7 We cannot see how it is possible to reduce reliance on check valuations, the requirements on Valuers as experts for VRB cases are no less than those required of Valuers presenting at arbitration or in Court. Peer review would be a lesser cost initial stage in deciding whether full check valuations are required.**

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

**A8 The range of sanctions is appropriate apart from increasing the fine. However, it could also include "name and shame" for various cases. A better compliance monitoring is to be encouraged but that would also require compulsory membership for it to be feasible.**

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

**A9 The PINZ Quality Assurance System (QAS) has an inbuilt monitoring process but not all firms are part of this. Any valuer found to transgress should be under a compulsory monitoring regime until satisfactory performance achieved.**

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

**A10... Analysis and publication of results would be beneficial as part of the education process.**

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

**A11 We agree that registered valuer is the only title that needs to be retained. The additional title of public valuer is superfluous and the distinction between "registered valuer" and "public valuer" is not understood by the public, nor indeed did any of our valuers know that the mere payment of a \$333 annual fee would entitle them to use the post nominal "public valuer".**

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

**A12...Yes, a better link required between Annual Practising Certificate and CPD compliance.**

*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...Suggested approaches appear reasonable.**

*Q14 Should CPD be mandatory? Why/why not?*

**A14...Yes, needed to ensure continued upskilling and cognisance of current trends/codes of practice.**

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

**A15 Giving VRB the ultimate responsibility of approving practice standards is another layer of responsibility that will incur an administrative cost. The creation of multiple valuers Institutes will exacerbate the problem.**

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

**A16 Agree with proposal for setting ethical standards but there should be greater emphasis and provision for valuers to raise issues with governing body when a practising member is known or appears to be behaving unethically, or incompetently.**

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

**A17...Agree, it is superfluous given the other time and technical benchmarks.**

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

**A18...Procedural and administration benefits are outlined but we suspect a major shortfall on assumed cost benefits. Funding costs likely to significantly increase.**

*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 We are not aware of any aspects which impede competition in the supply of valuation services. However we are concerned with the ageing of the members of the profession and the difficulty of encouraging and providing for young Valuers to enter. In the past the old Government Valuation Department was the training field for the bulk of the Valuers now in that older age group. Reliance on private firms to fulfil that role has reduced opportunities. Some financial assistance to firms prepared to take on trainee Valuers may be required.**

*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 We do not think the occupational regulation of Valuers should be liberalised. Any "watering down" of training and qualifications is undesirable.**

*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... From our experience in training graduates and taking them through to registration, three years is barely enough, partly because the knowledge and skill at entry level (ie tertiary education) means they are too "green" on day 1.**

*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 Do not agree with a tiered registration system. It would be confusing for the public and require another layer of administration and regulatory costs.**

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

**A23 Yes**

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

**A24 No**

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

**A25...Yes**

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

**A26 Already exists in that registration is not required to undertake certain types of valuation, but unwise to lower the bar.**

*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 No. You only have to be a supervising valuer to understand the pitfalls and mistakes still made by residential valuers well advanced through their three year training period.**

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

**A28 Yes, rural valuations (economic farms) require years of experience and specialisation as do other going concern type properties such as hotels, motels, boarding houses and resthomes.**

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

**A29 No. Our experience is that Valuers are very short on building construction knowledge and valuation "overviews". Some element of practical experience should be mandatory during the degree course.**

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

**A30 No. Many of the lenders we work for require certification as to the level of our professional indemnity insurance cover.**

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

**A31 Disclosure of insurance cover would be beneficial to the public but may be a disclosure "too far" for some firms.**

## **Other Issues**

**1) New proposals for VRB and complaints committee are discussed but silent on the subject of remuneration. Unless LINZ is expecting these positions to be filled by volunteers, members will need to have adequate compensation so there is a cost implication.**

**2) The discussion document gives no recognition to the benefits of the QAS Certification recently introduced by PINZ and how this model should impact on regulatory controls, elevation of standards, professional recognition and public confidence.**