

NZ VRB Exam and Portfolio Preparation - Graduate Valuers

PRESENTED BY PETER BATES

make
everyday
better.

Who am I?

I've been a valuer for 18 years and spent a few years as a lawyer too.

Most of my work is forensic valuation of residential, lifestyle and mixed use (part commercial or industrial) properties for barristers and solicitors, litigants, statutory valuation purposes or peer review for evidence purposes. I also act as an arbitrator for land valuation disputes.

I am based in Auckland and cover evidence matters throughout New Zealand and some matters overseas.

Expert valuers can provide a very useful contribution to the dispute resolution process, in all its forms. My focus is to provide high quality independent expert witness and land valuation advice.

My roles are:

- Principal – Property Consulting and Valuations (Technical Director), Beca.
- Director, Registered Valuer (NZ and QLD), ANZIV, Bates Valuation Evidence Ltd.

My Role with Beca

I have overseen the Valuation and Property Consulting division of Beca as Principal.

Beca are involved in major infrastructural projects around the world and value specialist property types and large scale portfolios. Beca is New Zealand's largest employee owned engineering and related consultancy services group. They have offices across the world with a very strong presence in Australia, New Zealand, the Pacific and across South East Asia.

They have a wider presence such as in engineering projects, for example, in the Netherlands and Belize and they recently added an office in Thailand.

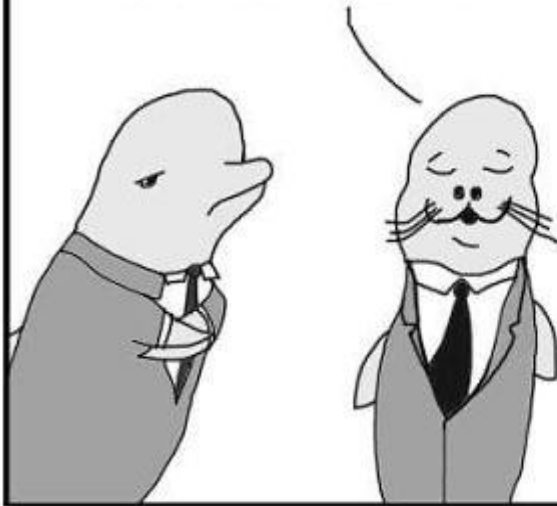
Disclaimer

The opinions expressed here do not constitute legal or valuation advice and are for educational collegial purposes. My views do not necessarily represent those of Beca, Bates Valuation Evidence Limited or any other entity (such as the VRB).

No liability is accepted (in tort or otherwise) in connection with or expression of this presentation.

The onus is on the applicant to be current with case law, markets and technical issues. This presentation necessarily includes historic information, by way of example only.

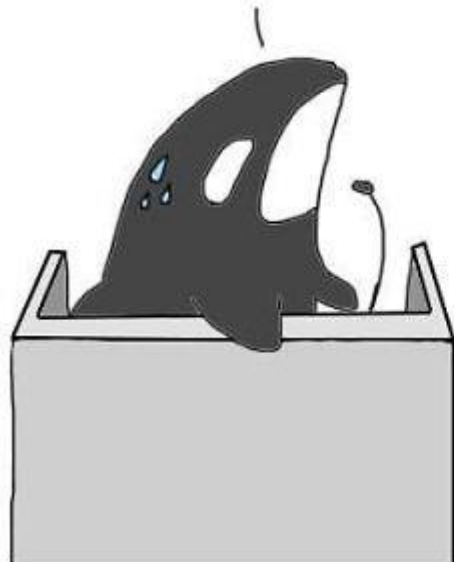
WOULD THE DEFENDANT
TELL THE COURT EXACTLY...



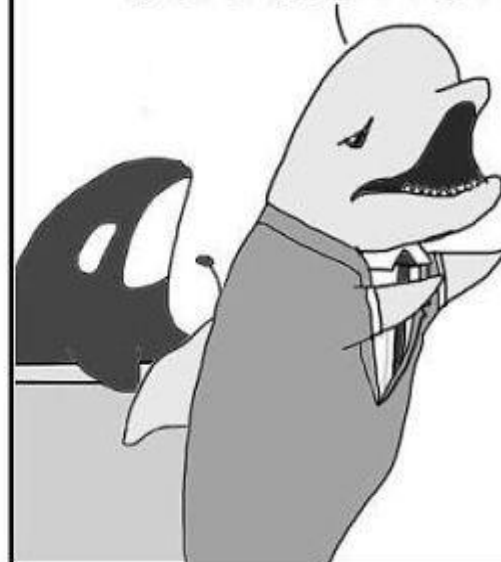
...WHAT KIND
OF WHALE YOU ARE?



WELL, I'M...UH...



OBJECTION!



What I will Cover

- The benefits of study groups across a range of companies;
- Significant benefits of attaining valuer registration;
- Past valuation case law for VRB exam;
- Past VRB exam experience (question orientated);
- Portfolio preparation;
- The importance of a collegial attitude to such topics; and
- Sharing and learning from different valuation companies.

Benefits of Study Groups

- Test your learning;
- Division of tasks;
- Getting to know colleagues and contacts;
- Brainstorming / sounding board;
- Access to a wider range of experience; and
- PINZ and NZIV CPD.

Benefits of Attaining Valuer Registration

- Legislative status, e.g. Land Transfer Act, Property Law Act, Public Works Act etc.;
- Trans-Tasman Mutual Recognition (Western Australia and Queensland);
- Specialist disciplinary panel?
- Benchmark of professional requirements; and
- Public recognition of protected terms.

Valuation Case Law for VRB Exam (now dated)

CASES

1. ✓ Segama v Penny Le Roy (November 1983)
2. ✓ Hedley Byrne v Heller & Partners (1963)
3. ✓ Singer & Friedlander v John D Woods & Co (June 1977)
4. ✓ Jefferies v Dymock (1987)
5. ✓ Mahoney v Modick (1990)
6. AMP v Watpat Nominees
7. ✗ Edmund Barton Chambers v Mutual Life & Assurance Co (September 1986)
8. ✓ Poverty Bay Catchment Board v Forge (1956)
9. ✓ Corisand Investments Ltd v Druce & Co (July 1978)
10. ✓ Baxter v Gapp & Co Ltd (1938)
11. ✗ Valuer-General v Radford & Co Ltd (July 1989)
12. ✗ Valuer-General v Addington Raceway Ltd (1969)
13. ✓ Falcon Investments Ltd v State Insurance (1974)
14. ✗ South Australia Asset Management v York Montague (June 1996)
15. ✓ Broken Hill Proprietary Co Ltd v AMP (April 1986)
16. ✗ United Sharebrokers Ltd v Landsborough Estate Ltd (1990)
17. ✗ Tower Corporation v HM the Queen
18. ✗ Fletcher/Whitcoulls
19. ✓ Spencer v Commonwealth of Australia (1907)
20. ✗ Legal & Government Life of Australia v Hudson Property
21. ✗ Gladewski Corp & Gillespie v Elders Pastoral
22. ✓ Yianni v Edwin Evans (1982)
23. ✓ Feltex International v JBL Consolidated (1988)

24. ✗ Lindisfame College Council v Valuer-General (1981)
25. ✓ Valuer-General v Wellington City Corporation (1933)
26. ✓ Drapery Investment Co v Mayor of Wellington (1912) - OIC
27. ✓ Bisley v The Proprietors of Wakatu (1985)
28. ✗ Jacobsen Holdings Ltd v Drexel (1986)
29. ✗ Warren & Susan Diffy v Valuer-General
30. ✓ Craneheath Securities Ltd v York Montague Ltd
31. ✓ United Bank of Kuwait v Prudential Property Services Ltd
32. ✓ W.C.C. v National Bank of New Zealand Properties Ltd
33. ✓ Manukau City Council v Neil Construction (August 1977)
34. ✓ Manukau City Council v Somerville Culver (1969)
35. ✓ Carlton Heights v Ministry of Works (1963)
36. ✓ Whareroa Tui Block v Ministry of Works (1957)
37. ✓ Lower City Corporation v Dyke (1954)
38. ✓ Green & McCahill v Ministry of Works (1965)
39. ✗ Malpas v Proprietors of Aihau - Wanganui (1985)
40. ✓ G.U.S. Properties Ltd v Tower Corporation (1990)
41. ✗ Mount Cook v Valuer-General
42. ✗ Greaves & Co (Contracts) Ltd v Baymham Meekle & Partners
43. (Fletcher Case) W D Gosper and T N Olsson and ORS v Re Licensing (NZ) Ltd & ORS
44. ✓ Commissioner of Inland Revenue v Wattie (October 1998)
45. ✗ Freda Rowen v The Attorney - General of New Zealand (March 1997)
46. ✓ Boat Park Ltd and Licaka Holdings Ltd v BHW Hutchinson and DC Findlay (1998)
47. ✓ Neil Construction Limited and Others v North Shore City Council, Rodney District Council and Waitakere City Council (September 2000)
48. ✗ The Sisters of Mercy (Roman Catholic Diocese of Auckland Trust Board) v The Attorney General (2001)
49. ✓ Mangatu Incorporation and Others v Valuer General (December 1998)
50. Williams and Others v Attorney General and The Chief Executive of the

Ministry of Maori Development (August 2001)

51. ✓ Ponsford v HMS Aerosols (1979)
52. ✓ Lear v Blizzard (1983)
53. ✓ Plinth Property Investments Ltd v Mott, Hay and Anderson (May 1978)
54. ✓ Beer v Bowden (April 1976)
55. ✓ Thomas Bates & Son Ltd v Wyndham's (Lingerie) Ltd (November 1980)
56. ✗ Auckland Hospital Board v Auckland Rugby League (1966): In Re an Arbitration - Carlaw Park
57. ✗ The Wellington Rugby Union Inc. v The Valuer General and The Maori Trustee (1984)
58. ✓ Wanganui Racecourse Trustees & Wanganui Jock Club v Valuer General (1982)
59. ✗ McKee and Comesky v The Valuer General (1971)

STATUTES

- ✓ The Building Act 1991
- ✓ The Resource Management Act 1991
- ✓ The Rating Valuations Act 1998 (replaces Valuation of Land Act 1951)
- ✓ The Land Act 1948
- ✓ The Public Works Act 1981
- The Trustees' Act 1956
- The Securities Act 1978
- The Public Bodies Leases Act 1969
- The Goods and Services Tax Act 1985
- The Maori Reserved Land Act 1955
- ✓ The Valuers' Act 1948
- ✓ The Rating Powers Act 1988 and Amendments (2001)
- ✓ Local Government (Rating) Act 2002
- ✓ The Land Valuation Proceedings Act 1948
- ✓ The Unit Titles Act 1972 (reprinted 1989)
- ✓ The Solicitors' Nominee Regulations
- The Local Government Act 1974
- The Treaty of Waitangi Act 1975
- ✓ The Arbitration Act 1996
- The Arbitration Act 1908

Past VRB Exam Experience

- Discussion.
- Questions... (join a study group and find out!!).

Portfolio Preparation (Presentation of Valuation Work)

Schedule of Valuations Completed

A schedule (in table form or similar) of all valuation work completed over the three year minimum experience period is required to be submitted. The schedule must be able to be reconciled with the diaries (Sec 02.05.05) and should include the following minimum data:

- date valuation completed
- address of property or other identifier
- type of property being valued (eg residential/commercial/industrial/farm)
- purpose of the valuation (eg rental/market/mortgage/asset/insurance)
- value ascribed to the property (if relevant)
- mortgage recommendation (if relevant)

Each applicant must submit for examination 20 valuation reports which are both representative of the applicants work over the three year experience period and of the range of work completed. All reports must be signed by both the applicant and his/her supervisor.

The Board requires the collection of valuation reports to be presented in a secure form, preferably plastic spiral binding.

The valuation reports should be full and detailed and to a standard required by the public and where applicable equivalent to the appropriate NZ Institute of Valuers' practice standard or any legislative requirement.

Valuation reports submitted to the Board need to include as appendices (where appropriate):

- A copy of the certificate of title.
- An accurate dimensional plan of the dwelling or major buildings with area calculations.
- Valuers field notes.
- A summary of analysed market evidence and derivation of valuation.
- Details of relevant territorial authority planning documents and other Resource Management Act information.

Applicants may submit valuation reports as evidence of their work which were completed for “*in house*” purposes ie not for the general public or organisations outside of where the applicant works. Importantly however the Board’s requirements as to style and content remains as per “public” reports.

Reports Prepared at Time of Application

Reports prepared at the time of application from material and records compiled some months or years earlier are not acceptable to the Board and must not be submitted for consideration.

Reports must have been compiled at the time the valuation was undertaken and must represent the work of the applicant.

Reports must not be:

- Compiled from research, calculations and conclusions prepared by other valuers.
- On projects in which the applicant has had only a minor involvement.

Portfolio Preparation

<https://www.linz.govt.nz/regulatory/valuation/valuers-registration-board> (download the registration requirements manual here)

Statutory Requirements

The Valuers Act 1948 at section 19 sets out the eligibility criteria that the Board is required to have regard to when considering any application for registration. Prospective applicants, **prior to application**, must meet the following criteria:

- Be at least 23 years of age.
- Be of good character and reputation.
- Have attained a reasonable standard of professional competence, which the Board recognises as having been obtained under the direct supervision of a registered valuer.
- Hold a recognised certificate, or have passed an examination approved by the Board.
- Have had not less than the equivalent of 3 years full time practical experience in the valuing of land, during the 10 years immediately prior to making application. If the academic qualification is obtained outside of New Zealand one year of the three years experience is to be gained in New Zealand. The applicant must also be a member of good standing in an overseas professional organisation with which the Board has a reciprocity agreement.

Professional Considerations

When making the decision whether or not to register an applicant, the Board recognises that the applicant could immediately commence practice on their own account

The Board must therefore be fully satisfied that the applicant can offer to the public a service that is backed by:

- A good academic training.
- Practical experience.
- A responsible and professional attitude.

Referees

The Board will make an assessment of the applicant's good character and reputation by considering personal references submitted to the Board by the applicant's referees. The Board has determined that at the time of application, the names of at least three referees are required. References from the nominated referees are used by Board as evidence of whether the applicant has achieved the requirements or otherwise.

Two of the referees must be Registered Valuers, at least one of whom must have close knowledge of the applicant's valuation work, in a supervisory capacity.

The referees need to reflect on and comment where possible on the following matters relating to the applicant:

- character and reputation
- professional standing
- range and quality of practical experience
- standard of competence achieved
- suitability for registration

References shall be confidential between the Board and the referee.

Range of Valuation Experience

The Board will make its assessment of an applicant's achievement of this requirement by examining a cross section of the applicant's valuation work.

Applicants are expected to have completed a reasonable number of valuation reports as well as a range of valuation work over the three year period of their experience.

The Board acknowledges that an applicant's opportunity for gaining experience is determined by the nature of their academic qualification, the district in which they operate and the requirements of their employer.

Applicants who have practical experience in a narrow field of valuation are unlikely to meet the Board's requirements for demonstrated professional competence and will not be registered.

Applicants must satisfy the Board that they are competent in a sufficiently broad range of valuation competencies to justify the Board adding their name to the Register. These shall include at least these core competencies:

- Building Materials and Construction Techniques
- Case Law and its Application to Valuation
- Duties and Responsibilities of Valuers
- Recognised Principles and Methodology
- Valuations for Insurance Purposes
- Reporting Standards and Communication
- Property Dispute Procedures and Arbitration
- Economic Theory - Highest & Best Use
- Leases and Other Land Tenure
- Legislation, Statutes & Regulations affecting Valuers
- Statutory Valuations

It is essential that prospective applicants discuss the Board's requirements with their employer/supervisor at an early date within their practical experience period so that they are not subsequently disadvantaged

Applicants who have the majority of their valuation experience in a discipline different from their formal valuation qualification (urban qualification with rural experience) will need to demonstrate to the Board that they have the theoretical knowledge of valuation in the area of their experience.

Applicants will be tested by way of oral examination by the Board on their valuation knowledge and experience.

Supervision of Applicant's Work

The Board has determined that to "have attained a reasonable standard of professional competence", applicants will need to have worked under the supervision of a registered valuer. Supervision ensures that graduate valuers receive appropriate practical guidance and tuition post graduation.

Registered Valuers who carry out the supervisory role need to fully understand the Board's requirements for prospective applicants as far as practical experience and the documentary requirements of applications.

It is strongly recommended that prospective applicants discuss their practical training, CPD and other matters, with their supervisor throughout the three year practical valuation experience period.

My Suggestion of Key Property Types / Areas to Cover in Your Portfolio

- **Subdivision**

- Hypothetical Development
 - Rate per potential title
 - DCF
 - Net rate (ha / sqm)
 - Percentage adjustment of blocks

- **Insurance (a few types of property)**

- **Rent Review**

- Retail
 - Commercial
 - Industrial

- **Compensation**

- **Unit title**

- **Cross lease**

- **Leasehold**

- **Market value**

- Industrial
 - Commercial/retail
 - Basic vacant land
 - Basic house
 - Lifestyle property

Property Types / Areas to Cover in Your Portfolio Continued

- **Specialised property**

 - Museum

 - Stadium

 - Town Hall etc.

- **Leaky building**

- **Rating objection**

- **Difficult issues**

 - Seabed

 - Contamination etc.

File in Folio – Cover Page to Include:

- **Address**
 - **Client**
 - **Property Type (& VG Code)**
 - **Purpose**
 - **Approach**
 - **Date**
 - **Supervisor**
-
- Individual pocket per page or binding.
 - Think about the order of your file and the portfolio.

NZ VRB Marking Schedule (2012)

VALUERS REGISTRATION BOARD									
MATRIX FOR EVALUATION - PRE-REGISTRATION EXAMINATION									
Applicant Name:									
Applicant Code:									
Date Of Examination									
Board Member:					Panel Recommendation				
Pass Mark 60%					<div style="display: flex; justify-content: space-around;"> Pass Defer Decline </div>				
Comments									
<div style="display: flex; justify-content: space-between;"> Board Decision: Pass Defer Decline </div>									
PARTICULAR	SCORE out of 5					w. score	TOTAL SCORE	Panel Decision	Possible TOTAL
	1	2	3	4	5				
Academic						2			10
Market Knowledge						2			10
Workbook									
- range of experience						2			10
- supporting documentation						2			10
- quality						2			10
Supervision/References						2			10
C P D						1			5
Presentation						1			5
Scenario Topics									
(1) Building Construction						2			10
(2) Case Law (7)						2			10
(3) Time Value of Money (5)						2			10
Accumulated Totals						20			100

Importance of a Collegial Attitude

- Not a competition between yourself and others;
- Aim to better yourself;
- Future relationships (market data / sounding board etc.); and
- Help others in the future.

Sharing and Learning from Different Valuation Companies

- Share the load; and
- A range of experience from different companies.

Any Questions?

Feel welcome to contact me via:

- Phone: 0064 9 482 0209 or +64 21 427 399
- Email: info@bates.net.nz
- Post: PO Box 35 246, Auckland 0753

These slides can be seen at www.bates.net.nz/news



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