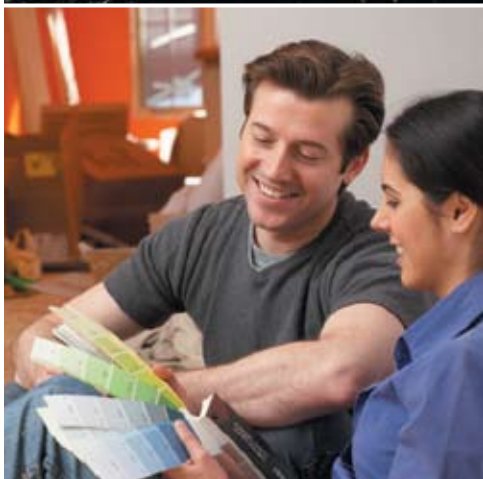


Added Value

*The official newsletter of the
Valuers Registration Board of Queensland*



Autumn 2007



***Valuers Registration
Board of Queensland***



First Award for Central Qld University

For years the Board has been acknowledging excellence in students carrying out valuation studies at the University of Queensland and Queensland University of Technology.

This year was the first occasion that provided the opportunity for the Board to recognise the achievements of a student at Central Queensland University in the new Real Property Degree.



Bob Mullins presents Penny Lentell with her Valuers Registration Board Prize

The winner of the \$1,000 Valuers Registration Board Prize was Penny Lentell, a final year student and Rockhampton based trainee valuer. Penny, a mature age student, worked for 4 years with Taylor Byrne Valuers, and is currently employed by Herron Todd White, Rockhampton. Her work involves predominantly residential valuations for bank clients, and the residential market is the area she proposes to further develop her skills when she graduates at the end of 2007.

Penny proposes to remain and practice in the Rockhampton private sector, and the Board congratulates her and wishes her every success in her career.

Judging applicants' capability for registration

The aim of the Board in interviewing an applicant and reviewing reports offered in support of their application, is to assess the level of skill that has been developed by the applicant; their ability to analyse relevant sales evidence; carry out a comparison with the property being valued and

prepare a report that can be readily understood and followed by a client.

Applicants are responsible to provide factual data and sales comparisons; carry out all relevant searches and fully understand any assumptions, definitions and propriety software adopted and all calculations made in the assessment process. The Board is interviewing the applicant for registration, not their employer, so it is not acceptable to suggest that a certain practice is adopted by the firm and the applicant is just following that approach without understanding why.

Applicants are seeking registration as a professional valuer where the valuer's opinions influence the financial status of clients. The Board is looking for an ethical, factual and professional approach to the valuation process to ensure the protection of client's interest and the good standing of the valuation profession in the community.

Uncouth and Extremely Discourteous

Could this be said about you or your staff? Although you would hope not, this typifies a trend in recent complaints to the Board. Complaints about the attitude, approach and demeanour of valuers have included:

- uncouth and extremely discourteous
- bullied my wife
- refused to identify himself
- bordering on criminal behaviour
- made threats before leaving

Consumers may not be able to comment in a knowledgeable way about the valuation undertaken but they can and do make complaints that often have their genesis in the behaviour of valuers. The Board refers each complaint it receives to the valuer against whom the complaint is levelled. The valuer is obliged to take the time needed to respond and may have to refer the matter to their professional indemnity insurer. The Board may decide to appoint an investigator and prosecution may follow.

Much of the time spent dealing with such complaints could be avoided if valuers maintained common courtesies and demonstrated a professional demeanour. Lateness, rudeness, failure to respond to telephone calls, swearing and use of derogatory language are all impolite and cause consumers to suspect the professionalism of the valuer with whom they are dealing. The Board urges valuers to keep in mind problems that might occur if common courtesies are not observed.



Taking Instructions

By Kathleen Singleton, Partner, Eliquent Business Consulting*

Like many other professionals, valuers are often eager to simply get on with the job once instructions are received. This is particularly so as many requests for valuations have to be completed in very strict timeframes, frequently within 48 hours for residential properties. However, taking a little bit more time up front to ensure instructions are properly agreed helps to minimise potential issues later on. Consider the following:

Ensure instructions are in writing: Retaining a copy of written and signed instructions is essential from a risk management perspective. If you're undertaking work under standing instructions as a panel valuer, make sure firm members fully understand the terms and conditions agreed. In all cases, instructions received verbally in the first instance should be confirmed in writing. If these are not provided by your client, you should initiate the instruction confirmation. Develop a precedent for this purpose, making sure it has headings covering all the key issues and is as specific and as complete as possible, particularly the information provided about the property to be valued. If you use the API proforma PropertyPRO report or undertake restricted valuations for residential mortgage purposes you'll be familiar with the type of instructions stipulated in the terms of the supporting memoranda. Use email or fax to simplify and expedite the process. Remember to place a signed copy of the agreed instructions on your file.

Identity of the instructing party: If you are unsure of the bona fides of the person requesting the valuation, take some extra care to check their details. Undertaking one-off transactions for unknown parties is often where valuers incur problems.

Purpose: Be sure you understand the purpose for which the valuation is being sought, who your actual client is to whom the report should be addressed, and what decisions will be made based on your assessment.

Information about the property: Ensure that the correct property can be readily identified and that supporting information about any special features (including a copy of special contract conditions, planning or development approvals etc) is provided.

Basis of valuation: As you know, the basis on which the valuation is to be carried out depends on the type of

property, the purpose of the valuation request and the standard to be followed ie API standard or international accounting standard. The Market Value approach is generally required for most valuation requests, while a Fair Value is primarily required for Financial Reporting and for Unimproved Land Value purposes is required for rating and land tax and compulsory resumption valuations. Financiers frequently require a capitalisation approach and/or a discounted cash flow over a nominated period. Others might require direct comparisons or summation values and insurance valuations consider the replacement of the improvements that could be lost. Make sure your approach follows the agreed instructions and is the most suitable method for the purpose of the valuation.

Date required: Ensure the deadline is known – and make sure you can meet this.

Form of report: Make sure there can be no misunderstanding about whether a short form or longer report is required.

Expertise required: If an "expert" report is required for litigation or dispute proceedings, make sure you understand what it will be used for, the requirements of the specific court or tribunal, who is instructing you and to whom you owe your professional responsibility.

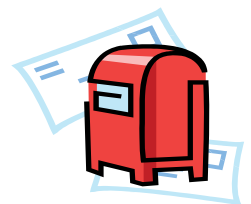
Payment terms: Ensure the fee and terms are agreed upfront and be clear about the GST situation. Make sure you understand where and to whom your invoice should be sent.

If you are sure of these things, it's then time to get on with the job.

*Kathleen is a Brisbane-based consultant who has assisted the Board over the last 3 years with industry research, facilitation of meetings with industry representatives and documenting procedures. She can be contacted on (07) 3023 5018 or by email to ksingleton@eliquent.com

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Please see over for further article



Education for the future

Part of the Board's consideration when reviewing applications for registration as a Valuer is to ensure that the applicant has acquired an appropriate education standard. There have been long standing approved courses of study at the University of Queensland and the Queensland University of Technology. In recent times the Central Queensland University introduced an accredited external studies degree in Real Property, and Bond University is advancing a degree for valuation and property students in their faculty of Business, Technology and Sustainable Development. With their three semester structure, it is proposed that Bond will offer this as a three year full-time degree course.

With this level of interest in offering property and valuation degrees, the Board continues to focus the attention of teaching bodies and the industry to the practical training of students and graduates, as well as encouraging Universities to lift the profile of rural studies offered in their courses.

Through the Board's exposure to graduates seeking registration, the Board is noticing the vast number of graduates focusing on

the urban sector of the profession and little knowledge or interest of the rural sector.

It may well be that because of the concentration of Universities in the South Eastern corner of Queensland, the Universities may be focusing on that market, but it is suggested that the industry needs to bring this matter to the attention of the educators in light of the age and dwindling numbers of professionals in the rural sector. The Board is particularly concerned about the lack of practical experience offered to students over a broad selection of properties. The Board has approached the Universities to discuss options that might be available.

The Board seeks industry input into how this experience can be offered to our young professionals in a more effective manner.

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