



# Department of Sustainability and Environment

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**Valuer-General Victoria reference: AD/06/0097-3, LR005673**

Your reference: D05/24019

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The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

Dear Sir

**Re: Application by Australian Property Institute for Minor Variation to Authorisation A90545 – Interested Party Consultation**

Apologies for the delay in replying to the Commission's letter of 24 May. However, I provide the following comments in support of the application.

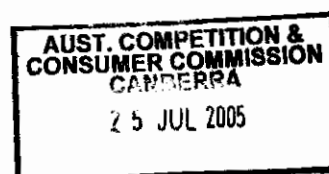
In Victoria, from 1 January 1995, valuers have operated as an unregulated professional group, since the abolition of the Valuers' Qualification Board, following the 1994 deletion of the provisions for the Board from the Valuation of Land Act.

The majority of practising valuers in Victoria are included within the 900+ Certified Practising Valuer (CPV) members of the Australian Property Institute (API). There are also approximately 50 "sworn valuer" practising members of the Real Estate Institute of Victoria. However it is believed that most "sworn valuers" are also CPV members of the API.

The international organisation Royal Institute of Chartered Surveyors (RICS) has a valuation chapter to which a number of practising valuers in Victoria belong, but again most of these valuers are also CPV members of the API.

In summary, the majority of valuers practising in Victoria do so under the rules of conduct of the API.

Valuations made for Government purposes i.e. valuations underpinning Government property transactions involving the sale, purchase and leasing of property, are subject to the quality and probity control of the Valuer-General. All valuers engaged by Government and Valuer-General Victoria (VGV) are drawn from a panel of valuers administered by the VGV. These valuers are required to have CPV membership of the API and hold a pre-determined amount of professional indemnity insurance for the provision of valuations to government.



Valuers required to provide valuations for municipal rating and state land tax purposes, are also required to hold qualifications as determined and gazetted by the Minister responsible for the Valuation of Land Act. The current gazettal requirement includes CPV API membership.

In summary, the Victorian Government depends upon CPV API members to deliver its valuation services with the added protection of VGV probity monitoring and quality certification. As not all API members have the required skills, experience and operational environment to enable them to always provide soundly-based valuation advice, it is essential that the API has an appropriate code of conduct to use for disciplinary purposes.

In regard to large organisations such as banks purchasing valuation advice, their quality assurance processes vary from non-existent exposing their businesses of the possible risks associated with using unsound valuations, to well administered, independent and quality controlled valuation acquisition procedures.

For the general public, it is a case of let the buyer beware.

### **Complaints Against Valuers**

Basically the public and property investment and finance industries must rely on the API delivering CPI members with sufficient knowledge, experience, good character and general aptitude to undertake a range of valuation work.

There is a strong view within the property industry that the API needs to increase its entry requirements to enable its membership to be better equipped to meet the ever-increasing complexities of the property industry.

In Victoria, complaints regarding valuer conduct can be referred to the API who should deal with the complaint in accordance with the procedures contained in their professional rules of conduct.

Many people, both within and outside the API, believe that the API's internal disciplinary processes are ineffective at best and fundamentally flawed at worst, due to their lack of independence. The API has no power to discipline non-members practising as valuers.

### **Recommendation**

From the perspective of the public good and protection, it is considered that the API should be given every encouragement to improve both the entry and quality control standards. Therefore the proposal to make minor variations to the API constitution and by-laws under Authorisation A90545 is fully supported.

Yours faithfully



**Jack Dunham**  
Valuer-General