

2011

ANNUAL REPORT

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PHIL HINTON

Phil works at KCL Property Management Ltd in New Plymouth; a company that specialises in property investments and syndication, development and property management for an asset base of \$450 million. More recently Phil has moved to the role of Executive Director, responsible for syndication formation and set up, investor presentations with a joint role in acquisitions and disposals. He is a fellow of the Property Institute and the Institute of Valuers, and has been chair of the Property Institute since June 2011

PRESIDENT'S REPORT

I am pleased to present the Presidents Report to all members of the Property Institute of New Zealand for the year ending 31 December 2011.

2011 was an extremely busy year for the Institute on a number of fronts; a continual ramping up of the quality assurance accreditation scheme, the implementation and continued development of the professional pathways programme and a review of the service level agreement between NZIV and PINZ, in addition to the creation of Property Education and Training Limited, in order to provide a platform for external parties e-learning opportunities.

Steady progress in these areas has resulted in a number of successful initiatives, as well as a good operating surplus for the Institute's finances. These results have been due to the strong, committed input from a number of individuals throughout the Institute who serve on a range of community councils and standing committees or boards.

Amongst all of this, the board remains focused on the need for the Property Institute to provide the basis for improving standards within membership as well as continuing education and being a voice for its members.

QAAS SYSTEM

This has been a major focus of the Property Institute over the previous 12 months. Interest in the scheme particularly from small to medium size firms, has been very strong and as at the date of writing this report approximately 140 member firms have expressed interest in joining the scheme. The strong response from members indicates a common and accepted need to improve quality assurance throughout the operational practices of member firms. Along with larger international and national property practices which already have quality Assurance Schemes in place, the QAAS System will help raise standards within the membership and improve the quality of output to clients across the spectrum. We have always believed that this is a worthwhile initiative, and very timely given the highly competitive nature of the property market professional services sector. Particular thanks goes to Nicky Bilbrough who has championed this concept from the beginning and been ably supported by our consultant, Jo Parry, in rolling the system out.

MEMBERS SURVEY

A survey of PINZ members was carried out during the latter part of 2011, and this has given us a valuable insight into members' perception of PINZ and the areas that further improvements can be gained in. Our Strategic Plan developed for 2012 and 2013 has addressed these points and provided the Board a strong focus on what needs to be achieved over that period. The survey has also given us more of a mandate to carry out activities and to progress actions such as positive engagement with members and seeking to improve quality educational programme roll outs

PROFESSIONAL PATHWAYS PROGRAMME

Modules available online now under the first stage include professional ethics, property law, professional risk, professional standards and inspections, recording and measurement. A number of other modules are completed and under moderation and review, or else under development. It must be remembered that the core focus of the Pathways Programme is to assist improving the take-up from graduate members and others looking for advancement through the Institute, as well as to facilitate a registration path for the property manager, advisor and infrastructure, plant and machinery valuer communities. In the past this core information from within the Institute was

not available in such an accessible form, and what is now being created will provide a consistent transition process for members seeking to improve their knowledge and skills within the industry while also ensuring membership classification is properly earned

PROPERTY EDUCATION AND TRAINING LIMITED

The Professional Pathways Programme has also revealed a strong external interest in other organisations accessing the Property Institutes learning modules. To facilitate this, Property Education and Training Limited has been formed as a platform to provide external parties e-learning opportunities and also to create a vital revenue income stream for the Property Institute. A good level of interest and enquiry has been received both from within New Zealand and overseas, with this new company also allowing the opportunity for us to potentially joint venture with the Australian Property Institute in terms of e-learning opportunities.

PUBLICATIONS

Members would have recently noticed the hard copy publication of Property Quarterly. The member survey indicated a good response for this publication and its highly readable form. It has demonstrated strong national support in terms of articles produced, along with a much improved level of advertiser enquiry. At the same time, the joint journal published with API still fulfils a role as a higher learning and technical publication in its own right.

LEGISLATION

During the last year, the Property Institute has engaged closely with the Real Estate Agents Authority, the Department of Building and Housing as well as groups such as the Building and Construction Productivity Partnership that seeks to understand the various components that impact on the life cycle of a building within New Zealand. PINZ has been part of a key sector interview in relation to this study. Our consultation with other land based professionals with aligned interests to the Property Institute has also been carried on, including groups such as New Zealand Institute of Primary Industry Management, the New Zealand Institute of Forestry and the New Zealand Institute of Surveyors.

There is no doubt that the impact of legislation will continue to be an educational matter that the Institute will bring to members as events occur. The general shake down in the financial advice area in New Zealand has resulted in legislation that has been designed to protect the public in as many ways as possible. The Institute has an opportunity to remain as leaders in the property sector field in this area and is continually establishing its presence as a body that forms part of any consultation undertaken.

OTHER MATTERS

The potential implementation of a PINZ fee guideline for residential valuers is also being undertaken at the present time. Discussions with the Commerce Commission have been carried out in order to fully understand the matters that the Commission will be concerned with. Essentially, member firms can eventually expect that a mystery survey will be undertaken to gather information that will then go into a fee guideline booklet, similar to that which is already produced by the New Zealand Institute of Architects. This is a benchmarking exercise, for the benefit of members of the public and other clients who use valuers' services for residential work,

and also to help counter the potential for residential valuation fees to be ratcheted down over time.

Changes to the PINZ Code of Ethics have been implemented and are before the AGM for voting upon by way of resolution. These changes came from the events of last year's AGM where it was apparent there was some discrepancy between the NZIV Code of Ethics and the PINZ Code of Ethics in the way they operate. A working party was formed to investigate required changes to provide clarity for members, with the intent that NZIV Code of Ethics would only apply to registered valuers operating as registered valuers in a completely independent capacity. All other activities by PINZ members would be covered under the PINZ Code of Ethics.

Other events planned include a study tour to China in September 2012 where PINZ will be represented while continuing strong involvement with the IVSC at international level has been supported by the Property Institute. As members will be aware, new International Valuation Standards have been in force as from the 1st January 2012, with copies available through national office.

During 2011 and this year, Christchurch Property Institute members have continued to struggle against adverse conditions both on a personal and family level as well as dealing with a wide range of disaster related property outcomes. Over this time, the Christchurch Branch has been instrumental in creating a high quality submission to the Christchurch City Council in relation to the Central City Plan and is to be congratulated on their effort and diligence in doing this on behalf of the Institute.

2011 INSTITUTE AWARDS

As a highlight each year and to honour those top achievers within the Property Institute, the annual awards were announced at the 2011 Annual General Meeting in Wellington and subsequently presented at the Centennial dinner at the 2011 AGM held at the Amora Hotel in Wellington on 26th May 2011.

Congratulations to the following individuals who were recognised by the industry:

Academic Award: **Song Shi**

Young Property Professional: **Matt Straka**

Innovation Award: **Jones Lang La Salle**

Industry Award: **Callum Taylor**

Fellowship was awarded to the following member – **David Eric Bower**

Congratulations to those who have received awards or elevation to Fellow Status.

PROFESSIONAL COMMUNITIES

My appreciation is extended to all committee members of each professional community; Real Property Valuation (as represented by the Valuers Council), Property and Facility Managers, Property Advisory, and Infrastructure, Plant and Machinery Valuation (as represented through the Plant and Machinery Council). A large amount of time is put into the running of these community committees by members and all of the time is given gratis. On behalf of Property Institute members I would like to extend my thanks to all of those people involved in various communities throughout the organisation.

STANDING COMMITTEES

I also wish to acknowledge the tireless work undertaken by the members and chairs of all our standing committees including the Professional Practices Committee, Graduate Committee, Education Committee, International Committee and Finance and Technology Committee in respect of the activity and reporting through to the Board during the previous year.

PROPERTY INSTITUTE SPONSORS

I would like to thank the support of our sponsors during the year who were Simpson Grierson, AON, Headway systems, Resene, Quick Map, Terra Link, Pivotal, Paramount Services, and Estate Master. Your assistance and support to the Institute and its members is greatly appreciated. At the same time I wish to extend special thanks to the supporting guidance provided to the Board by Simpson Grierson partner, Phillip Merfield.

NATIONAL BOARD AND CHIEF EXECUTIVE

The Property Institute Chief Executive, David Clark has provided very strong operational leadership to the Institute as well as achieving another operating surplus for the current year. David has once again demonstrated our ability to live within our means and apart from his financial stewardship, provides a very good staff working relationship within the national office for all employees, and I thank him for his efforts in this area. At the same time I wish to recognise the strong support from all employees in the national office and the help that they have given both to members as well as national committees and boards.

I also wish to recognise the support and attendance of all Board members during the year. A total of 12 meetings were convened during the year

	Attended	Not Attended
Ian Campbell (Imm Past President & Northern region)	12	-
Phil Hinton (Chair & Advisory Community)	12	-
Ian Mitchell (Central Region)	4 (retired April 2011)	1
Phillip Merfield (Independent)	12	-
Nicola Bilbrough (Valuers Council)	8	4
Mark Dow (Southern Region)	10	2
Greg Ball (Central Region)	8 (started April 2011)	1
Tyrell Snelling (Property & Facility Managers)	8	4
Graham Barton (Infra, Plant & Machinery)	3 (to March 2011)	-
Marvin Clough (Infra, Plant & Machinery)	10 (from March 2011)	1
Blue Hancock (Valuers Council)	3 (from September 2011)	-

Each Board member is an elected representative from a professional community or region. The role of the Board member is often time consuming and together with participating on other standing committees and councils, these members have a heavy workload and I thank all my fellow Board members for their time and effort in this regard.

I also wish to recognise the retirement of Graeme Barton (Infrastructure, Plant and Machinery Community) following last year's AGM, as well as Chris Stanley who stepped down from a Board role as predecessor to former president Ian Campbell.

FINAL APPRECIATION

I wish to acknowledge the support of all members that have contributed to the running of the Institute and provided support to the National Board. As I enter my second year of the Presidents term, I have been heartened by the support and professional of all those who have given their time and expertise to helping the Property Institute move forward. While each year is full of challenges, there are additionally a number of opportunities to improve the service to members on a number of different fronts and I look forward to continuing with these over the next 12 months

Phil Hinton
President



DAVID CLARK

David is a Chartered Accountant. Employed at Telecom for 17 years, mainly in finance roles, David was Telecom's Corporate Property Manager from 2001 till leaving in 2006.

Prior to joining the Institute in August 2009, David was employed as a consultant on property issues at Outsource Solutions, United Group and NZ Post.

CHIEF EXECUTIVE OFFICER'S REPORT

2011 saw the culmination of a substantial period of reform for the Property Institute and our members alike. We are now better poised to take advantage of future opportunities to better support members across all the professional communities, and the organisation is substantially stronger, both financially and operationally.

Even the announcement by Property IQ that they were to trial a valuation ordering system had a positive side. We saw the best attendance at branch AGMs for years, and the Valuers' Council came together to approach the major banks, in order to better understand their concerns and how we as a community can better serve them. I am confident that our professional community will emerge from this stronger.

These events also triggered the formation of the Quality Assurance Accreditation Scheme (QAAS). It is commonplace amongst professional support organisations to provide quality management accreditation services for members – in many cases compulsorily – and I am proud to now be able to count the Institute amongst them. We have seen encouraging signals both from Government, as well as the support of the Valuer General.

2011 IN REVIEW

Financially, the Property Institute and the Institute of Valuers are in a sound state. The Property Institute's profit of approximately \$100,000 was a good effort in a difficult operating environment. The Institute of Valuers recorded an operating profit of \$25,000 before accounting for the Headway loss.

We intend to continue our strategy of diversifying revenue sources in order to be able to support membership costs in a declining membership environment. It is anticipated that membership levels will continue to decline over the next few years, principally as a result of an ageing member profile and the consequent loss of membership as members retire. The downturn in the property market also cost us members, however it is heartening to see the number of jobs listed on our JobMail service substantially increasing in recent times. This is indicative of increased property market activity and the upturn in jobs that this generates.

Our efforts to compensate for any long term drop in membership revenue saw a major boost this year with the launch of Property Education and Training Limited (PETL). This new company allows us to leverage the online learning platform which we currently provide for members' benefit into a learning service for other organisations. To date, this has been highly successful, with business arrangements being entered into with Land Information New Zealand, the Real Estate Agents Authority, and the International Valuation Standards Council. I share the board's confidence in the future success of PETL, and we see it as a significant source of future revenues for the benefit of members.

We have also produced Property Quarterly, a publication written "by members, for members". This was an initiative borne out of the results of the member survey, and the feedback has been universally positive. Also as a result of the member survey we have introduced JLT as a new provider of professional indemnity cover for members. Many members have benefited from the Institute-negotiated rates on offer, and the institute itself has switched cover to them, resulting in a substantial decrease in premiums. 2012 will see the introduction of several more initiatives suggested by the survey.

APPRECIATION

As well as our efforts in broadening our revenue base, the National Office staff have done a tremendous job in driving costs down over the last few years, working under the understanding that every dollar spent must be for the benefit of members. They are loyal, dedicated and in touch with the needs and wants of members. Jacklyn Hensch left in November and her position has been filled by Daniel Miles shortly before this went to press. Jo Parry came on board as a full time employee to implement the QAAS which she developed during 2011 as a contractor. I thank the staff for their wonderful efforts over the year. Life in the office would be difficult without their support.

I also have to pay tribute to the dedication – and massive workload – of Nicki Bilbrough, Chair of the Valuers' Council. Nicki has been a tireless supporter of the institute's activities throughout a period fraught with demanding issues. It is extremely positive for the future of the industry to have such a senior female role model.

Finally, I acknowledge the support and commitment of our Board of Directors and our President, Phil Hinton. The board can be justifiably proud of their work and stewardship of the Institute over the last year, and I look forward to working with them over 2012 to continue the process of building a better Institute for our membership.

David Clark
Chief Executive Officer



NICKI BILBROUGH

Nicki gained initial valuation experience with the then Government Valuation Department in Napier, where she undertook rural and urban roll valuations, before moving to the Legal and Property Management Department for Wellington City Council. Nicki then moved to Darroch & Co Property Consultants, Christchurch and Bennett & Associates Ltd, Christchurch and became a director in April 1990. More recently Nicki was a partner in Bilbrough Tiller & Co, and is now with CB Richard Ellis.

VALUERS COUNCIL

One sentiment can summarise 2011 - change is the constant in life. Without a doubt we have faced significant changes in our environment over the last 18 months, and the council has been instrumental in a number of initiatives to lead the property profession through this time.

COUNCIL MEMBERS

The council for 2011 comprised Nicki Bilbrough (President), Terry Naylor (Vice President), Peter Loveridge (Vice President), Bob Malone, Brian Stafford-Bush, Geoff Tizard, Ton Remmerswaal, Ken Pawson, Blue Hancock, David Paterson and Neill Sullivan as the Valuer General.

Retiring from the council in 2012 are Geoff Tizard, Brian Stafford-Bush and Bob Malone. Geoff, Brian and Bob will be sorely missed. They have all worked hard for our members, been particularly supportive of me, which I personally thank them for, and have earned member's gratitude. Their retirement is well deserved.

Replacing Geoff, Brian and Bob are Roger Gordon, Mike Sprague and Nigel Kenny respectively. I welcome Mike, Roger and Nigel to the council and hope that you will find within the council a platform to serve the profession.

MEMBER ADVANCEMENTS

This year the council advanced 22 members to Associates of the New Zealand Institute of Valuers. A Fellowship was awarded to David Bower, and the John M Harcourt Award was awarded to Bob Hargreaves.

VALUATION ORDERING SERVICE

The Valuation Ordering Service was introduced to banks in February 2011 and the service polarised our profession. Many members believed that it would be the down-fall of residential property valuations; others saw it as an opportunity.

The council came under fire for not speaking out against the Valuation Ordering Service. A great deal of consideration was given to the role of the council, and external advice was sought from our lawyers and the Commerce Commission. We concluded that it was a business decision and therefore members had the right to determine whether they would be involved with the service, as long as any work undertaken is done so in compliance with the Institute's rules and standards.

The council did, however, undertake to meet with the banks to understand their reasons for adopting the Valuation Ordering Service.

QUALITY ASSURANCE SCHEME ESTABLISHED

After a process of engaging interested parties such as banks and insurance companies, and gathering input and feedback from our members, the Valuers Council lead the development of the Quality Assurance Accreditation Scheme (QAAS). I would like to recognise the efforts of Jo Parry in this work. Jo was contracted by the Property Institute to design the QAAS and now manages the scheme for us.

The QAAS is a tailored programme designed specifically for property companies rather than individual members. Over 140 companies have now registered their interest in applying for accreditation and many others are considering what role the QAAS may have in their business given their specific circumstances.

The inaugural meeting of the Accreditation Risk Management committee occurred in April 2012 and the first applications have been approved. Members of the committee include myself, Graeme Kirkcaldie, Chris Orchard, Jon Nanson, Trish Lowe, Karen Cooke (Chair), Marvin Clough and Ton Remmersaal.

There is no doubt in my mind that the QAAS will be a success. The companies that participate will benefit from having clearly written processes that demonstrate how they comply with the Institute's standards and ethics, and provide guidance and direction for staff. The quality management system captures not only valuation procedures, but also considers broader processes such as a complaints procedure and a conflict of interest policy.

In addition to a greater focus on the adherence to standards, the property profession further benefits from the QAAS through better communication with banks and insurance companies. Representatives from these companies are involved in establishing points of inquiry for accredited companies to consider each year as part of their self-evaluation activity. Through this process we will more quickly be alerted to issues and risks faced by our members and able to act promptly and proactively to address them.

I expect that it will take at least 12 months for the QAAS to have a positive impact on the adherence to standards across the profession. However, for those companies that are participating, the positive effects will be more immediate.

CODE OF ETHICS REVIEW

At the 2011 AGM we undertook to review the Property Institute Code of Ethics and have done so through a working party. An Ethics road show will be run throughout the country in 2012 and I encourage members to participate. The road show will involve workshops so that scenarios can be discussed between members.

NZIV BRANCHES REFORMED

2011 saw the re-formation of the Wellington and Canterbury/ Westland Branches of the NZIV. To date the Wellington Branch has run successful education that included a speaker on Leaky Buildings and Neill Sullivan, Valuer General, on his view of the future of the valuation profession.

LEGISLATION REVIEW

Earlier in 2012 the council, in conjunction with the Property Institute, wrote to the Minister seeking a review of the Valuers Act 1948. It is now 63 years old and although, when written, it was probably legislation ahead of its time, it now needs modernising to make it relevant for our current business practices.

Reading the Valuers Act recently I was struck with the focus on protecting the interests of the valuer. More emphasis is needed on the protection of the public and less emphasis on the protection of the valuer. If we aim as a profession to protect the public by undertaking valuations to our internationally set standards and in an ethical and professional manner, surely then it would follow that we are protecting ourselves and we will strengthen our reputation as a profession of integrity.

FAREWELL

As I prepare to step down from my position as President in June I have indulged in a few moments of reflection. I can't say that I have enjoyed every minute of my presidency, but I hope that during my term that I have lead the council to meet the challenges we have faced in a positive manner and that ultimately the profession will be the better for it. Time will tell.

Nicki Bilbrough

Chair, Valuers Council

NZIV MEMBERSHIP

	Real Property Valuers	Infrastructure Plants & Machinery	Property Advisors	Property & Facility Managers
Life Members	15	1		1
Fellows	142	2	32	6
Members	886	34	210	52
Affiliates	61	2	9	7
Graduates	23	1	4	2
Total	1127	40	255	68



MARVIN CLOUGH

Marvin is senior plant and infrastructure valuer for Beca and is located in New Plymouth. He has undertaken plant & equipment, and infrastructure valuations for major clients including public and private entities, and has been involved in a number of projects ranging from kindergartens to breweries, involving market valuations, insurance valuations, due diligence, and valuations financial reporting. He also has experience in the collection, analysis and reporting of property and asset data for the purposes of long term renewal planning.

Marvin has lectured in Plant & Machinery Valuation at the University of Auckland, and is Chairman of the Property Institute of New Zealand's Infrastructure, Plant & Machinery Committee.

INFRASTRUCTURE, PLANT & MACHINERY VALUERS' COMMITTEE

The Infrastructure, Plant and Machinery (IPM) Committee have had an active year with a number of initiatives undertaken. Of particular significance were the addition of Marine Valuers and Aircraft Valuers as specialised registration classes for IPM Valuers, the reviews to insurance valuation matters following the Christchurch earthquakes, and providing guidance on IPM views for the Accreditation and Risk Committee.

Our popular IPM Conference was held in November with 28 attendees, including representatives from the banking and finance industries. Guest speakers included Deborah Fisher from JLT, James McPhee from BNZ, and the very entertaining John McBeth of television and radio fame. The 2012 conference will be in New Plymouth, and the 2013 conference will be a joint Property Institute / API IPM Conference to be hosted in Sydney.

Our focus for 2012 is how to raise the profile of the IPM Valuer profession and attract new members to the Property Institute.

The coming year's focus will be on raising the profile of the IPM Valuer profession and attracting new members to the Property Institute. There are currently around 60 members nationwide associated with IPM valuations. During 2011 we received 10 applications from new members, which was offset by three retirements. This slight gain in overall numbers is something we hope to build on in 2012.

I am writing this following my first year as Chairman of the Committee, succeeding Graham Barton who stepped down at our March 2011 meeting after three years as Chairman. The committee and I thank him for his efforts.

Finally, many thanks to the team at the Property Institute head office for the support and behind the scenes work over the past 12 months.

Marvin Clough

Chair, Infrastructure, Plant and Machinery Committee



GERARD LOGAN

Gerard has a national reputation for being widely involved in both valuation and strategic property advice, as well as the development sector. His career has involved all aspects of property including identification of strategic opportunities, preparing feasibility studies, capital raising of debt and equity, practical development at both an advisory level and hands on project management of developments.

Gerard is currently working in Wellington for two corporates, one of which includes new initiatives that are changing the valuation delivery model.

PROPERTY ADVISORY PROFESSIONAL COMMUNITY

The Community made further progress during 2011 in developing the platform for representation, education and membership. Property Advisory has a variety of property backgrounds, and includes other kindred professions such as legal, resource management and surveying as well as the traditional valuation and property management backgrounds.

With the previous Chair, Phil Hinton, taking over the Presidency of the Property Institute in 2011, I have taken over the chairmanship of the Property Advisory Professional Community Committee.

At the close of the year, 437 members had nominated Property Advisory as their primary community, up 7 from the same time 2010. In addition, there were a further 290 Institute members from other communities selecting Property Advisory as secondary membership. From this, it is evident that as a community, our vision must be to continue to develop engaging and worthwhile focus groups, education and membership pathways to suit the needs of our very widely based membership.

During the year we continued to seek clarification from the Real Estate Agents Authority on the requirement for our members to be licenced under the REAA regime. We are continuing our regular contact with them with the intention of seeking exemptions for our members.

Our educational drive has again concentrated on developing the professional pathways programme and although progress has been slow, we now have six modules completed and four more under moderation. Another eight are under construction. On 1 April 2012 professional pathways become compulsory for all new members which should provide new members with the tools and knowledge to launch their professional careers.

During the year we held webinars covering

- | | |
|------------------------------------|------------------------------|
| Real Estate Agents Act | Unit Titles Act |
| NZEIR Economic Update | Forestry and the ETS |
| Viticulture – an Industry Snapshot | Application of Lease Clauses |
| BERL Economic Update | Green Star Rating Scheme |

THE PROPERTY ADVISORY HUBS

Establishing hubs in the major centres has proved to be difficult and it is evident the community needs to work in with the branch committees to encourage participation. However this is still an objective of your committee and we will be conducting a number of face to face events during 2012.

At this point it is very important to acknowledge the help and support I have received from the various members of the Property Advisory Professional Community Council. James Puketapu, Ian Mitchell, Roger Soulsby, Philip Merfield, Paul Mautz, Rob Hawthorne as the Committee have been a huge help to me during the year. Without the support of all members on the Committee working together and dealing effectively and independently with the many important roles required, plus their attendance at monthly face to face or audio meetings, we could not have moved the community structure to where it is today.

In addition, thanks must go to our national office CEO, David Clark, and his dedicated professional and motivated team who have helped us in so many ways during the year.

In closing, the AGM of this Professional Community will be held in May and I urge any members wishing to become more involved in the community to put their names forward for the committee. The opportunity to really grow the property community is there; all we need to do is to become involved in the process, in order to make it happen.

Gerard Logan

Chair, Property Advisory Committee



TYRELL SNELLING

Tyrell holds overall executive responsibility for the Property and Asset Management division of Jones Lang LaSalle in New Zealand. He has an in depth knowledge of the New Zealand property gained from more than 20 years experience in Property Management, Development, Engineering, Investment and Divestment, including the last nine years with Jones Lang LaSalle.

Tyrell provides senior level advice, assistance and support to our property management and project management teams as well as liaison with clients to ensure their service delivery requirements and expectations are fully satisfied

Tyrell is board member of the Property Institute of New Zealand and is the chairman of the Property and Facilities Managers professional community within PINZ.

He is highly regarded and has an excellent reputation in client and customer service.

PROPERTY & FACILITIES MANAGERS

PROFESSIONAL COMMUNITY

The Property and Facilities Managers Community concentrated its efforts during the year on delivering the professional pathways programme for our members and considerable progress has been made. We now have six modules available to members and four more are under moderation. 2012 will see another eight delivered to members.

We started the year with the Managers Mixers in Auckland, Wellington and Christchurch with the intention of holding them regularly throughout the year. Numbers were initially good but dropped off during the year and the decision was made to suspend them pending a review. The committee believe a fresh format is required, and the new committee will be looking at options for 2012. We thank the sponsors for these events, Paramount Property Services and Argus Fire Protection.

The Annual conference was held in Wellington in May and the programme catered for members through various workshops on crisis management, sustainability, a site visit to the new Telecom building, the impact of fibre rollout on NZ and energy costs. The excellent plenary sessions provided an economic update from Ganesh Nana, an outline of the issues around leases following the earthquake by Greg Towers and Ish Fraser, crisis management plans and a frank assessment from Graham Henry on why we were going to win the World cup.

During 2011 the community held the following CPD events.

- March - Real Estate Agents Act
- April – NZIER Economic update
- August – Unit Titles Act
- October – Application of Lease Clauses
- November- Green star rating of Buildings

We continue to be concerned that the Real Estate Agents Act 2008 captures many of our members who are caught, in our minds unfairly, by the broad definition employed by the Act. We will continue to seek exemption from the Minister for our members where they are not acting as real estate agents in transactions.

Finally I thank the members of the committee for their support and assistance during the year, Stuart Bent, Ian Campbell, Stefan Winstanley, Evan Harris, Saatyesh Bhana and Leighton Toy and Joanna McCracken. I have stood down from the chair and Stuart Bent has been elected to take over in 2012.

Tyrell Snelling

Chair, Property & Facilities Managers Committee



JOHN SCHELLEKENS

John Schellekens is National Director of Professional Services at CB Richard Ellis. Previously, he was a Partner at Ernst & Young responsible for Real Estate Advisory Services, and a Senior Director and National head of the Valuation and Advisory Services division of CBRE.

John holds a Bachelor of Commerce (Valuation and Property Management) and a Master of Property Studies (with Distinction) from Lincoln University. He is a Registered Valuer, a Senior Member of the New Zealand Property Institute and an Associate Member of the New Zealand Institute of Valuers.

VALUATION AND PROPERTY STANDARDS BOARD

2011 was a busy year for the Valuation Standards Board. PINZ spearheaded a complete re-write of the Insurance Valuation Guidance Note. This had previously been in draft form for quite some time and we were keen to ensure that members had a useful and up to date guidance note. As it transpired, delivery of this standard proved quite timely given the events in Christchurch. The Board delivered a Webinar on this guidance note in early 2011.

We also introduced the following two guidance notes:

- Valuation of Self Storage Facilities and
- Market Value of Property, Plant and Equipment as part of a Going Concern Business.

The most significant event for Valuers in terms of standards was the late 2011 issuance of the new International Valuation Standards (IVS). There was a view held back in 2008 that a lack of consistency and transparency within the global valuation profession had some part to play in the financial fallout of the global financial crisis. Accordingly, the International Valuation Standards Committee (IVSC) were tasked with delivering a set of standards that addressed these issues and could be applied more easily and consistently across the globe. The result was a set of standards that represent a significant change to the IVS with a general move away from prescriptive standards to a more principles based framework. The core standards have been reduced in number with many of the core principles now covered in a Framework document and International Valuation Guidance Notes now no longer exist; they will eventually and progressively be replaced by Technical Information Papers.

We decided, as did API, in late 2011 to adopt the new IVS effective from 1 January 2012. A key focus for the Board in 2012 will be reconciling the PINZ/API Standards with the new IVS. It is important for members to understand that the PINZ/API standards, and guidance notes, remain unchanged and still applicable. A Webinar on the new IVS was delivered by the Board in February 2012.

The Board also:

- Submitted on a draft IVS paper relating to Valuation Uncertainty
- Addressed a long outstanding debate on mortgage recommendations

I recently stood down from Chairmanship of the board, and Chris Stanley will be taking over this position. Chris will also continue his important role in liaising with the API board, particularly as PINZ and API focus on strengthening the teaming on standards issues, avoiding unnecessary duplication.

I would like to thank the members of the Board for their support and hard work in 2012.

John Schellekens

Chair, Valuation and Property Standards Board



EARL GORDON

Earl is a Wellington –based registered valuer who has practiced on his own account since 1985. He was first appointed to the Professional Practices Committee of The New Zealand Institute of Valuers in 1988 and, in later years, has carried out the function of chair of the committee under the umbrella of the Property Institute of New Zealand.

Earl represents the profession on the Land Professional Mutual Society Board, an incorporated society providing professional indemnity insurance cover to practicing valuers and kindred professions.

PROFESSIONAL PRACTICES COMMITTEE

The role of the Professional Practices Committee is to handle matters of complaint from the Public, and member-to-member issues. The Institute's by-laws provide the framework for resolving issues. We address complaints with respect to registered valuers which, under the terms of the Valuers Act 1948, are required to be investigated and considered by the Valuers Registration Board.

Over the 2011 year, the committee met by teleconference seven times, with the last meeting on 16 December. Over this time, thirty five formal complaints were received, thirty one relating to Registered Valuers and four to other professional associations within the Institute.

- An analysis of the 31 valuation complaints shows:
- Eleven related to alleged overvaluation of residential property,
- Ten related to ethical issues,
- Seven related to alleged undervaluation of residential property,
- Two related to alleged under rentals of commercial property, and
- One related to alleged incorrect analysis in commercial acquisition of land

Of the other four Property Institute complaints, two related to ethical issues and two related to alleged Plant and Machinery undervaluation.

Two of the thirty one Registered Valuer complaints have now been closed with no case to answer.

Three of the four other Property Institute cases have also closed after investigation by this committee.

In addition to formal written complaints the Institute continually received inquiries from the public as regards the actions of our members. This committee endeavours to defuse the issues as much as it can.

Valuers are reminded of the duty of care and responsibility they owe to their client, mortgagees and third parties who may rely upon their valuations.

In January this year the new International Valuation Standards were adopted by NZIV and the Property Institute. If you haven't read these yet it would be in your interest to do so. In terms of reporting, the new standard is "IVS 103". This standard is very general and less prescriptive in nature than the previous standards and applications; however it does set down some good parameters.

Members are also reminded of the importance of adopting a Client Engagement Contract when undertaking an assignment. Principally the terms of engagement set out the obligation of the valuer, the obligation of the client, the likely fee involved and other aspects.

The Professional Practices Committee would recommend the use of an engagement contract as a practical tool in the running of a successful business to ensure that both parties continue to enjoy a satisfactory relationship.

Members are reminded that as property professionals we need to confidently assure our clients and members of the public that competence is maintained and improved by an adequate process of CPD during our professional life. This is a process that we individually need to take responsibility for – it will serve to strengthen our industry.

In conclusion I would like express my sincere thanks to my fellow committee members David Paterson, Steve Sampson, Iain Gribble, Mark Dow and Graeme Kirkcaldie, and my thanks for their assistance over the year to National Office staff David Clark, Jenny, Allan and Carlos.

Earl Gordon

Chair, Professional Practices Committee



JOHN DARROCH

John is Director of Valuation Services Auckland for Bayleys. Prior to this, John was co-owner of Darroch Valuations, and then manager after its sale to Quotable Value.

He has been a commercial and industrial valuer since 1986 and has spent over 10 years on Auckland Branch Committees – he was Branch Chairman NZIV in 1994, committee member of PLEINZ and then Branch Chairman of the new NZPI in 2000.

EDUCATION COMMITTEE

EDUCATION COMMITTEE 2010

It has been busy year for the education committee, with the launch of the Professional Pathways programme and a number of other developments within the e-learning environment,

The community has undergone a number of changes in the chairperson role with Scott Keenan stepping down and John Darroch taking on the role. John has now past the chairpersonship on to Andrea Young of Rotoura.

A major part of our work has been the preparation for the Professional Pathways initiative. This system is intended to be of assistance to all of our members in their career. The pathways programme was launched this year, and a number of modules are available with more undergoing final review or in their development stage. Another major milestone was the institute gaining accredited provider status with the Real Estate Agents Authority. This allows the Institute to provide both verified and non verified professional development to members and non members of the Institute.

Via its subsidiary company, the Institute has entered into a memorandum of understanding with Land Information New Zealand to develop a training module for members and other property professionals on Crown Land/Property. Further modules in this area are being considered, as well as acquisition and disposal of Crown land and Crow Land management. The agreement with LINZ recognises the Institute's leadership in the area of providing education for property professionals

The Institute would like to thank the committee for their work over the past year. We look forward to bringing to members a innovative programme of education for a dynamic and diverse professional Institute.

John Darroch

Chair, Education Committee



IAN CAMPBELL

Ian is a Registered Property Consultant and Property Manager with 24 years corporate real estate experience providing advice on matters relating to property management, acquisitions, disposals, leasing and supplier management. Ian's first property role was with the AMP Society Property Division in Auckland and was then promoted as their South Island Building Manager in Christchurch. In 2001 Ian formed PropertyWorks as an independent property consulting company and later sold in 2007.

INTERNATIONAL COMMITTEE

The International Committee is responsible for maintaining and enhancing the Property Institute of New Zealand's standing in the international arena. To achieve this, the committee seeks to maintain its existing relationships with similar organisations and establishing new relationships with developing nations. This ensures that New Zealand has a voice on international property issues that have an impact on our members.

Our international linkages not only give our members access to developments in the global property market but also provide our members with employment opportunities through our reciprocity agreements and memoranda of understanding.

We have developed a very strong relationship with the Australian Property Institute (API) through the Strategic Alliance. This alliance delivers real benefits to our members with the joint development of Valuation and Property Standards, the Property Journal, joint conferences and education.

Through the alliance, the Property Institute has representatives on the API Standards Board, the National Professional Board, International Committee and on the joint Journal Editorial Board. The President and CEO have regular contact with the API National Council and Director to develop new initiatives to deliver greater benefits to our members. Both Institutes continue to develop a range of educational programmes that can be delivered to our members on our web platform.

The 2010 IVSC AGM was held in Hong Kong, and I attended representing us. The Hong Kong meeting included not only the AGM but also meetings of the Standards Board, Professional Board, Advisory Forum and Board of Trustees. This gave us the opportunity to meet with key members of valuation organisations and discuss a range of issues impacting on professional bodies worldwide.

Following this meeting April Mackenzie, a Trustee of IVSC, visited the Property Institute in Wellington. We have also offered to assist IVSC with delivering education on our web based learning platform.

We have also continued our association with the World Association of Valuation Organisations (WAVO). WAVO has a focus on education in developing countries providing valuation standards and practice guidelines.

PINZ has a Strategic Alliance with API and we are both reviewing our relationships with other valuation organisations through our strategic alliances, reciprocity agreements and memorandum of understandings.

Further opportunities exist in 2012 for networking with the Pan Pacific Congress to be held in Melbourne in early October. A number of our members will be delivering papers. In addition, we will continue to arrange learning opportunities for Institute members, such as this year's international study tour of China.

The International Committee is taking a proactive position to ensure our members are aware of significant changes in the global market in which we operate and benefit from our relationships.

Ian Campbell

Chair, International Committee



TERRY NAYLOR

Terry has been in private practice since 1985, and became a shareholder and director of FordBaker Valuation Limited in 1995. His experience includes a wide range of urban and rural valuation work, with specialisation in valuation of hotels, motels and other hospitality related properties throughout the South Island together with a full range of residential work.

Terry takes an active role as a councillor representing the southern region, and is the President-elect of the NZIV as well as an active sportsman.

FINANCE & TECHNOLOGY COMMITTEE

The Finance & Technology Committee have overseen another successful year in 2011. Highlights include the development of the Quality Assurance Accreditation Scheme (QAAS), the successful implementation of Xero accounting system and the further development of the on-line learning platform which the Finance & Technology Committee expects to be a revenue earner for the Institute in the future. A new company, Property Education and Training Limited, has been formed to market on-line learning products and services outside the membership base.

PROPERTY INSTITUTE

Total Revenue is up 3.1% but this is mainly because of the 2 day conference in 2011 (1day in 2010).

Subscriptions were down slightly and the SLA payment also \$40k down on 2010.

Total Expenses were up 4.3% but this too is because of the 2 day conference.

Board and Council meeting costs increased \$7,225 as a result of increased airfares rather than increased meetings. Legal fees increased \$31,152, a reflection on the issues the Institute was confronted with during the year. The cost of the Property Quarterly magazine is included in the Information Services & Publications line.

Most other expense lines decreased from 2010.

The Net Profit of \$99,321 was an excellent result, similar to 2010. The F&T committee appreciate the necessity of achieving profits for the Institute as it not only provides financial stability but also the ability to invest in initiatives that benefit members and future growth.

The Balance Sheet is showing the effects of 3 years of profit with members funds now standing at \$575,852 as at 31 December 2011, up substantially from the \$309,652 in 2008. Members should note that the assets include \$103,000 for the development of the QAAS. This will be amortised against the revenue from the scheme over the next 3 years.

NZIV

Prior to the inclusion of the Headway result, NZIV had another satisfactory year.

Total Revenue increased slightly but when the 2010 Headway dividend is excluded, the increase is \$18,871 (2.5%). Interest income improved as a result of the better interest rates on offer.

Total Expenses were the same from year to year. The SLA payment was \$40,000 less but legal fees and the Presidents honorarium offset this.

The operating profit of \$27,384 before the Headway result was an acceptable result, \$5,986 above 2010. After accounting for our 50% share of the \$81,000 Headway loss, the NZIV suffered a deficit of \$13,588. Members are referred to the Headway report within for more detail.

Despite the Headway loss, the Balance Sheet remains in a healthy state with members funds being \$851,614 at 31 December 2011. The Institute's premises at 181 Willis Street in Wellington have not been revalued this year and are recorded at \$307,830. The Headway investment in the balance sheet has been reduced to \$122,840 but this is not a reflection of the value of the shareholding.

We anticipate audit fees and insurance costs will reduce in the 2012 financial year.

EXPENSES

Over the last five years expenses have dramatically declined to be at least \$500,000 less than they were in the 2007 year.

Diligence, hard work and cost cutting have seen the excellent result for both the Property Institute and NZIV.

The Finance & Technology Committee must pass on their thanks to the well performed staff in our Head Office and CEO, David Clark.

I also wish to thank the members of the Committee, Ian Campbell, Phil Hinton, David Clark and Carlos Castro and also Blue Hancock (part year).

Terry Naylor

Chair, Finance and Technology Committee



ALAN STEWART

Alan Stewart, past National President of NZIV and a fellow of PINZ, represents the profession on both the Headway Board and the Executive of LPMS. Alan is a Lincoln Graduate (VFM) and Christchurch – based registered valuer, with dual rural and urban qualifications. Alan runs his own practice, with particular expertise in lifestyle and rural property issues.

HEADWAY SYSTEMS LIMITED

It is my pleasure to report on the performance of your Company for the last financial year.

I acknowledge the key role of the existing Board members with no change in personnel. Blue Hancock, and I represent the NZIV, and Ken Stevenson and Errol Saunders represent PTI Investments – the other 50 per cent shareholder.

In terms of financial results, a first glance at our annual accounts shows a recorded loss of around \$80,000. Whilst there has been a drop in gross surplus partly offset by reduced expenses, largely because of lower sales volumes, there were a number of "one off" expense items this last year which skewed our year's trading result. These included expensing of major development items which resulted in a significant increase in depreciation. We have sought a formal response from our accountants who confirm that these one off adjustments include two major items: the loss on sale of fixed assets of \$26,000, and adjustments for additional depreciation of approximately \$115,000. Excluding these one off adjustments, the true operating cash surplus was just in excess of \$59,000.

We are mindful that there are a number of issues facing the Company in the short/medium term which require resolution, and these include:

- The need to finalise the data supply contractual arrangements with our major supplier, ie, PIQ.
- Ongoing review of Company shareholding to ensure the Company is adequately capitalised.
- Strengthening of our existing and future partner relationships with the likes of: PIQ, Custom Software, SSI, and existing Local Authority data suppliers.

I must acknowledge that a big strength of our Company in terms of ongoing service to our clientele is the very loyal staff we retain. Glenn has seen fit to step aside as General Manager, but is still on our payroll as Special Projects Manager. Tracy has assumed the role of Operations Manager, and we are extremely grateful for her expertise in that area. She is ably supported by Gillian, Nick, Steven, and Sarah.

This is a very dynamic market that we are operating in with strong competition for market share. I can assure you the Board is responding to these challenges ahead and are confident in providing further growth opportunities for the Company to ensure protection of shareholder value.

We all look forward to the challenges for 2012 and beyond.

Alan Stewart

Chair, Headway Systems Limited



PROPERTY INSTITUTE OF NZ

FINANCIAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2011

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Operating Income			
Service Level Agreement NZIV	5	620,000	660,000
Subscription Income		327,088	335,727
Sponsorship / Partnerships		92,987	96,992
Seminar Income		50,493	44,963
Publications		22,936	15,207
Annual/Property Summit Conference		209,943	133,006
Branch Income		104,008	102,172
Interest Income		2,464	2,591
Sundry Income		-	8,584
Total Gross Income		1,429,920	1,399,242
Operating Expenses			
Accident Compensation Levy		1,662	2,867
Audit Fees		9,620	8,120
Bank Charges		13,360	10,036
Board Costs		28,741	37,093
Branch Costs		102,011	97,864
Valuers Council Expenses		15,577	-
Cleaning		2,825	3,187
Conference Expenses		135,792	94,458
Computer Expenses		22,482	29,792
Equipment Lease Costs		10,937	11,506
Functions/Awards		5,239	2,444
General Expenses		18,599	23,812
Heat Light & Power		2,617	2,914
Information Services - Publications		78,365	54,113
Insurance		15,074	13,855
International Costs		8,602	21,736
Legal Fees		51,183	20,260
Marketing Expenses		43,212	58,159
Seminar Expenses		34,375	43,667
National Committees		49,790	45,377
Printing, Stationery & Postage		10,039	12,285
Rent & Levies		11,866	13,892
Rates		4,530	4,616
Recruitment Costs		170	-
Premises Costs		1,470	7,591
Staff Training		7,637	5,797
Salaries & Wages		573,984	561,982
Telephone		20,974	22,225
Travelling Expenses		12,749	19,781
QAAS Expenses		5,314	-
		1,298,796	1,229,429

**STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Depreciation Fixed Assets	2	18,978	32,618
Amortisation Intangible Assets	3	13,175	9,095
Net Depreciation Adjustment		<u>32,153</u>	<u>41,713</u>
Doubtful debts		(7,028)	12,180
Loss on Disposal of Assets		6,678	
Total Expenses		<u>1,330,599</u>	<u>1,283,322</u>
Net Surplus before Tax		99,321	115,920
Tax Expense/(Refund)	4	-	-
Net Surplus after Tax		<u>99,321</u>	<u>115,920</u>

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Accumulated Funds at Start of the Year		476,531	360,611
Net Surplus/ (Deficit) for the year		99,321	115,920
Accumulated Funds at End of the Year		<u>575,852</u>	<u>476,531</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Total Accumulated Funds		575,852	476,531
Accumulated Funds is represented by:			
Current Assets			
Cheque Accounts		225,253	157,556
Call and Term Deposit Accounts		195,029	254,497
Accounts Receivable	6	508,854	211,233
Inventory		4,953	4,054
Prepayments		18,791	18,038
Tax Payable/Receivable		6,556	6,653
Total Current Assets		<u>959,437</u>	<u>652,031</u>
Non-Current Assets			
Fixed Assets	2	44,351	67,775
Intangibles Assets	3	107,360	27,448
Total Non-Current Assets		<u>151,711</u>	<u>95,223</u>
Total Assets		1,111,148	747,254
Current Liabilities			
Accounts Payable	7	359,102	62,040
Accrued Expenses		38,175	26,851
Holiday Pay		15,924	32,654
GST Payable		21,842	24,498
PAYE Payable		21,282	21,562
Subs in Advance		64,782	88,929
Copyright Licensing		14,189	14,189
Total Current Liabilities		<u>535,296</u>	<u>270,723</u>
Total Liabilities		535,296	270,723
Net Assets/ (Liabilities)		<u>575,852</u>	<u>476,531</u>

For and on behalf of the Board;

President 

Date 16 May _____

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of Accounting Policies

Reporting Entity

The financial statements presented here are for the PROPERTY INSTITUTE OF NEW ZEALAND (The Institute). The financial statements have been prepared in accordance with the requirements of the Incorporated Societies Act 1908 and generally accepted accounting practice.

Measurement Base

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Accounts Receivable are stated at their estimated realisable value. Debts considered uncollectible are written off. There is no other provision for doubtful debts.

Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

The principle rates used to calculate depreciation are –

Leasehold Improvements	21.60%	DV
Furniture and Fittings	40% - 48%	DV
Office Equipment	20% - 48%	DV
Computer Equipment	40% - 48%	DV
Website	40% - 48%	DV

Stock has been valued at the lower of cost and net realisable value.

Goods and Services Tax: The financial statements have been prepared on an exclusive basis except for Accounts Receivable and Accounts Payable.

Subscriptions in Advance: Subscriptions relating to the subsequent year that have been invoiced and receipted in the current accounting period are not recognised as revenue but treated as Income in Advance.

Differential Reporting: The Institute qualifies for differential reporting as it is not publicly accountable and not defined as large in accordance with the framework for differential reporting. The Institute has therefore taken advantage of all applicable differential reporting exemptions.

Comparative figures: Certain comparative figures have been reclassified to conform to the current year's presentation.

Taxation is being provided on the income earned by the Institute on transactions outside of its membership. The Institute is not liable for tax on its dealings with members.

Changes in Accounting Policies

There have been no changes in accounting policies which have been applied on bases consistent with those used in previous years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

2. Fixed Assets

	2011 \$	2010 \$
Furniture & Fittings		
At cost	43,660	43,660
Less Accumulated Depreciation	(28,949)	(25,307)
	<u>14,711</u>	<u>18,353</u>
Office Equipment		
At cost	37,585	37,585
Less Accumulated Depreciation	(28,027)	(25,626)
	<u>9,558</u>	<u>11,959</u>
Computer Equipment		
At cost	163,561	161,330
Less Accumulated Depreciation	(151,585)	(142,697)
	<u>11,976</u>	<u>18,633</u>
Leasehold Improvements		
At cost	43,170	43,170
Less Accumulated Depreciation	(28,386)	(24,340)
	<u>14,784</u>	<u>18,830</u>
Loss on Disposal	(6,678)	-
Total Fixed Assets	<u>44,351</u>	<u>67,775</u>

Depreciation Fixed Assets

	2011 \$	2010 \$
Furniture & Fitting	3,643	6,822
Office Equipment	2,401	2,983
Computer Equipment	8,888	17,545
Leasehold Improvements	4,046	5,268
Total Depreciation Fixed Assets	<u>18,978</u>	<u>32,618</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

3. Intangible Assets

	2011 \$	2010 \$
Website New (Cyberglue)		
Cost	36,543	36,543
Less Accumulated Depreciation	(22,270)	(9,095)
	<u>14,273</u>	<u>27,448</u>
Quality Assurance Accreditation Scheme		
Cost	93,087	-
Less Accumulated Depreciation	-	-
	<u>-</u>	<u>-</u>
Total Intangible Assets	107,360	27,448

Costs have been capitalised that have incurred in the development of a new tool/program that the Institute plan to sell to Valuers

Amortisation Intangible Assets

Website New (Cyberglue)	13,175	9,095
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4. Taxation

Tax losses have been carried forward of \$ 58,534 (2010 \$59,801) and are available to be offset against the current year's income tax exposure.

5. Related Party Transactions

The Institute has a related party relationship with The New Zealand Institute of Valuers (NZIV), due to the two entities having largely the same members, Governing Boards and a shared management structure.

The Institute received a payment of \$620,000 from the New Zealand Institute of Valuers (NZIV) under the Service Level Agreement this year (2010: \$660,000), for shared management services.

6. Accounts Receivable

	2011 \$	2010 \$
Accounts Receivable	43,567	19,463
NZIV Receivable	471,364	205,039
Provision for Doubtful Debts	(6,366)	(13,394)
Accrued Interest	289	125
Total	<u>508,854</u>	<u>211,233</u>

Related party balances are repayable on demand and are interest free

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

7. Accounts Payable

	2011 \$	2010 \$
Trade Creditors	61,611	39,570
NZIV Payable	297,491	22,470
Total	<u>359,102</u>	<u>62,040</u>

Related party balances are repayable on demand and are interest free

8. Lease Commitments

Fuji Xerox Photocopier Lease

	2011 \$	2010 \$
Next Twelve Months	4,668	4,668
One to two years	4,668	4,668
Two to five year	-	4,668
Total Lease Commitment	<u>14,004</u>	<u>14,004</u>

Alleasing – Telephone System & Accessories

	2011 \$	2010 \$
Next 12 Months	6,838	6,838
One to two years	1,709	1,709
Two to five years	-	-
Total Lease Commitment	<u>8,547</u>	<u>8,547</u>

9. Capital Commitments & Contingencies

There are no capital commitment or contingent liabilities at balance date (2010:nil).

10. Subsequent events notes

There are no other significant subsequent events after balance date (2010:Note).

In November 2011 the Institute become a 85% shareholder in the newly incorporated company – Property Education and Training Limited (the "Company").

The Company commenced trading in 2012, at balance date 31 December 2011, no consideration had been paid for shares issued and the net assets of the company was nil.

Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit
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To the Members of Property Institute of New Zealand

Report on the Financial Statements

We have audited the financial statements of Property Institute of New Zealand on pages 5 to 13, which comprise the statement of financial position as at 31 December 2011, and the statement of financial performance, statement of for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board Members' Responsibilities

The Board members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

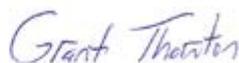
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm carries out other assignments for Property Institute of New Zealand in the area of taxation advice. The firm has no other interest in the Property Institute of New Zealand.

Opinion

In our opinion, the financial statements on pages 5 to 13 present fairly, in all material respects, the financial position of Property Institute of New Zealand as at 31 December 2011, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
16 May 2012



NEW ZEALAND INSTITUTE OF VALUERS

FINANCIAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2011

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Operating Income			
Subscription Income		702,712	690,823
Dividend Income	9	-	15,000
Interest Received		36,790	29,709
VRB Recoveries		15,215	12,359
Sundry Income		-	2,845
Total Gross Income		<u>754,717</u>	<u>750,736</u>
Less Expenses			
Audit Fees		6,620	7,372
Bank Charges		300	305
Depreciation		2,200	2,910
General Expenses		340	2,442
Insurance		9,694	9,572
Presidents Honorarium		20,000	9,414
Professional Practices Committee		26,835	26,308
Professional Practices Investigations		14,593	11,015
Service Level Agreement PINZ	9	620,000	660,000
Legal Fees		26,751	-
Total Expenses		<u>727,333</u>	<u>729,338</u>
Operating Surplus/ (Deficit)		27,384	21,398
Unrealised gain/(loss) on Investment in associates		(40,972)	(13,586)
Net Surplus for the year before tax		<u>(13,588)</u>	<u>7,812</u>
Tax expense / (refund)	4	-	-
Net surplus for the year		<u>(13,588)</u>	<u>7,812</u>
Statement of Movements in Equity			
Equity at the Beginning of the Year		866,810	955,464
Net Surplus/ (Deficit) for the year		(13,588)	7,812
Movements in Revaluation Reserves	6	-	(96,466)
Equity at End of the Year		<u>853,222</u>	<u>866,810</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Note	2011 \$	2010 \$
Representing Members' Funds			
Revaluation Reserve	6	151,264	151,264
Accumulated Funds	5	701,958	715,546
Total Funds		<u>853,222</u>	<u>866,810</u>
Accumulated Funds is represented by:			
Current Assets			
Main Bank Account		81,456	168,487
Short Term Deposit		707,422	533,665
Prepaid Expenses		2,423	2,423
GST Receivable		47	29,602
Accounts Receivable	7	297,491	23,015
Interest Accrued		4,434	2,348
Accrued Income		6,615	-
Total Current Assets		<u>1,099,888</u>	<u>759,540</u>
Non-Current Assets			
Fixed Assets	2	307,800	310,000
Investment in Associates		122,368	163,340
Total Non-Current Assets		<u>430,168</u>	<u>473,340</u>
Total Assets		1,530,056	1,232,880
Current Liabilities			
Accounts Payable	8	480,481	207,282
Subscriptions in Advance		189,353	149,538
Accrued Expenses		7,000	9,250
Total Current Liabilities		<u>676,834</u>	<u>366,070</u>
Total Liabilities		<u>676,834</u>	<u>366,070</u>
Net Assets/ (Liabilities)		<u>853,222</u>	<u>866,810</u>

For and on behalf of the Board;

President



Date 16 May

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Statement of Accounting Policies

Reporting Entity

The financial statements presented here are for NEW ZEALAND INSTITUTE OF VALUERS (The Institute). The financial statements have been prepared in accordance with the requirements of Generally Accepted Accounting Practice (GAAP), the Institute Rules and the requirements of the Valuers Act 1948.

Measurement Base

Unless otherwise stated the accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been followed.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Accounts Receivable are stated at their estimated realisable value. Debts considered uncollectible are written off.

ANZAC House Unit Title building and partitions and fixtures are stated at fair value. The Council has a policy of revaluing its interest in ANZAC House every two years. This was performed at 31 December 2010 by Mark Spring of Jones Lang LaSalle Limited, an independent Registered Valuer. All other fixed assets are recorded at cost. Depreciation has been calculated using the maximum (1% Straight line) rate permitted by the Income Tax Act 2007.

Investments are valued at cost.

Goods and Services Tax: The financial statements have been prepared on an exclusive basis except for Accounts Receivable and Accounts Payable.

Equity Accounting of Associated Entities: Equity accounting has been applied in respect of the associated company Headway Systems Ltd. Associated entities are those entities in which the Institute holds an interest in the equity and over which the Institute exercises significant influence but not control of the entity.

Subscriptions in Advance: Subscriptions relating to the subsequent year that have been invoiced and receipted in the current accounting period are not recognised as revenue but treated as Income in Advance.

Differential Reporting: The Institute qualifies for differential reporting as it is not publicly accountable and is not defined as large. The Institute has therefore taken advantage of all applicable differential reporting exemptions.

Comparative figures: Certain comparative figures have been reclassified to conform with the current year's presentation.

Taxation is being provided on the income earned by the Institute on transactions outside of its membership. The Institute is not liable for tax on its dealing with members.

Changes in Accounting Policies

There have been no changes in accounting policies which have been applied on bases consistent with those used in previous years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

2. Fixed Assets

	2011 \$	2010 \$
Land		
At Valuation	90,000	90,000
	<u>90,000</u>	<u>90,000</u>
Buildings		
At Valuation	220,000	220,000
Accumulated Depreciation	(2,200)	-
	<u>217,800</u>	<u>220,000</u>
 Total Fixed Assets	 <u>307,800</u>	 <u>310,000</u>

The last Valuation was performed by Mark Spring of Jones Lang LaSalle Limited Registered Valuer as at 31 December 2010. No valuation was performed for the period ended 31 December 2011.

4. Taxation

Tax losses have been carried forward at \$539,424 (2010: \$572,135) and are available to offset against the current years income tax exposure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. Accumulated Funds

	2011	2010
	\$	\$
Opening Balance	715,546	707,735
Net Income Earned this Year	(13,588)	7,811
Closing Balance	<u>701,958</u>	<u>715,546</u>

6. Revaluation Reserve

The Council has a policy of revaluing its interest in ANZAC House every two years. The last valuation was performed at 31 December 2010 by Mark Spring of Jones Lang LaSalle Limited.

	2011	2010
	\$	\$
Opening balance	151,264	247,730
Current year movement	-	(96,466)
Closing Balance	<u>151,264</u>	<u>151,264</u>

7. Accounts Receivable

	2011	2010
	\$	\$
PINZ Receivable	297,491	22,470
Debtors	-	545
Total	<u>297,491</u>	<u>23,015</u>

Related party balances are repayable on demand and are interest free.

8. Accounts Payable

	2011	2010
	\$	\$
Accounts Payable	9,116	2,243
PINZ Payable	471,365	205,039
Total	<u>480,481</u>	<u>207,282</u>

Related party balances are repayable on demand and are interest free

9. Related Parties

The Institute has a 50% interest in an associated company Headway Systems Ltd. incorporated in New Zealand. The Institute's share of the associated company's loss amounted to (\$ 40,972) this year (2010: \$13,586 loss).

- The business of Headway Systems Ltd. is dealing in the electronic sales data distribution of real estate sales information, and the provision of licensed software systems.
- There are no known contingent liabilities at balance date.
- At balance date the company had no commitments for future capital expenditure.
- The operating deficit of Headway Systems Ltd. as at 31 December 2011 was \$81,944
- Headway Systems Ltd has Tax Losses to carry forward to the following financial year of \$76,883

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

The Institute has a related party relationship with the Property Institute of New Zealand due to the two entities have largely the same governing body and management.

During the year the Institute made payments to the Property Institute of New Zealand Inc. of \$620,000 (2010: \$660,000) in accordance with the Service Level Agreement between the two entities.

10. Contingencies & Commitments

There are no capital commitments or contingent liabilities as at balance date (2010 nil)

11. Subsequent events notes

There are no significant subsequent events after balance date (2010 None)

Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit
Partnership

L13, AXA Centre
80 The Terrace
PO Box 10712
Wellington 6143

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To the Members of the New Zealand Institute of Valuers

Report on the Financial Statements

We have audited the financial statements of the New Zealand Institute of Valuers on pages 5 to 12, which comprise the statement of financial position as at 31 December 2011, and the statement of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Council Members' Responsibilities

The council members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the council members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in the New Zealand Institute of Valuers.

Opinion

In our opinion, the financial statements on pages 5 to 12 present fairly, in all material respects, the financial position of the New Zealand Institute of Valuers as at 31 December 2011, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
16 May 2012



LIFE MEMBERS

G B Osmond	WA Gordon	W K Christiansen
O F Baker	D G Morrison QS	J S Gillam
E Eggleston	J D Mahoney	G C Davies
J G Harcourt	E J Babe CVO	E F Harris
O Monrad	M R Mander QSO	M R Hanna
S E Bennett	R M McGough	R V Thompson
N H Mackie	A L McAlister	J P Larmer
L E Brooker	S L Speedy	S A Ford
J W Gellatly	R P Young	A J Robertson
G C R Green	J N B Wall	M E L Gamby
S M Jones	P E Tierney	I W Gribble
JB Brown	R L Jefferies	N K Darroch
M B Cooke	G J Horsley MNZM	D J Armstrong
R J MacLachlan CBE		

MEMBERSHIP NUMBERS

	December 2011	December 2010	December 2009	December 2008
Life	20	20	20	20
Fellows	201	201	202	218
Senior	642	674	699	746
Honorary	1	4	4	4
Members	611	634	668	890
IV only	30	32	43	38
Graduates	160	145	165	239
Retired	85	85	99	15
Affiliates	246	248	262	209
Students	442	710	666	685
Total	2438	2753	2828	3064

DIRECTORY

PROPERTY INSTITUTE OF NEW ZEALAND BOARD

Phil Hinton (President)
Ian Campbell
Tyrell Snelling
Phillip Merfield
Mark Dow
Nicki Bilbrough
Ian Mitchell (retired June 2011)
Blue Hancock (appointed Sept 2011)
Greg Ball (appointed June 2011)

NEW ZEALAND INSTITUTE OF VALUERS COUNCIL

Nicki Bilbrough (President)
Blue Hancock
Bob Malone
Brian Stafford-Bush
David Paterson
Neill Sullivan (Valuer General)
Geoff Tizard
Terry Naylor
Ton Remmerswaal
Peter Loveridge
Ken Pawson (appointed June 2011)
Tim Truebridge (retired June 2011)
Roger Malthus (retired June 2010)
Tony Culav (retired June 2010)

VALUATION AND PROPERTY STANDARDS BOARD

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Chris Stanley
Gary Sellars
Graham Barton
John Darroch
Brian Stafford - Bush
Roger Soulsby
Blue Hancock
Tony Van Zijl
Geoff Tizard
Kerry Stewart

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Scott Keenan
Rob Hawthorne
Ian Mitchell
James Puketapu
Phillip Merfield
Peter Loveridge
Adrienne Young

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Terry Naylor (Chair)
Ian Campbell
David Clark
Carlos Castro
Phil Hinton

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Graeme Kirkcaldie
Iain Gribble
Steve Sampson
Mark Dow

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Craig Scoullar
Graham Barton
Basil Roberts
Brett Williams
Ray Graham
Mike Morsales

PROPERTY AND FACILITY MANAGERS COUNCIL

Tyrell Snelling (Chair)
Steve Sampson
Evan Harris
Stuart Bent
Stefan Winstanley
Saatyesh Bhana
Ian Campbell
Dennis Rodgers

INTERNATIONAL COMMITTEE

Ian Campbell (Chair)
Chris Stanley
David Clark

PROPERTY ADVISORY

Gerard Logan (Chair)
Phil Hinton
Ian Mitchell
James Puketapu
Roger Soulsby
Rob Hawthorne
Phillip Merfield
Paul Mautz

BRANCH CHAIRS

Mark Spring	Wellington
Andrew Trolove	Nelson/Marlborough
Andrew Hyndman	Central Otago
Bruce Cowper	Gisborne
Rob Smithers	Waikato
Andrew Ronald	Southland
Helen Brumby	Rotorua/Taupo
Matt Taylor	Auckland
Marius Ogg	Canterbury/Westland
Julian Rattray	Northland
Bianca Dougherty	Manawatu
Chris Boyd	Tauranga
Jeremy Wichman	Taranaki
Guy Hoban	Wanganui
Mike Barnsley	Otago
Andrew White	Hawke's Bay
Alistair Wing	South/Mid Canterbury
Phillip Harcourt	London

EDITORIAL COMMITTEE

Iain Gribble
Donn Armstrong
Peter O'Brien
David Clark
Julian Bateson
Helen Greatex
Ah Lek Tay

PINZ NATIONAL OFFICE

David Clark
Chief Executive
Joanna Parry (joined Dec 2011)
Quality Assurance Manager
Allan Smee
Education Manager
Jenny Houdalakis
Events Manager
Jacklyn Hensch (resigned Nov 2011)
Marketing and Communications Advisor
Deirdre Moran (on parental leave)
Membership Services
Debbie Coates
Membership Services
Carlos Castro
Accountant
Tui Hunter
Board Secretary

