

The New Zealand VALUERS' JOURNAL

JUNE 1987

VOLUME 27

NUMBER 5

page	
223	The Dearth of Hard-Core Analytical Research
238	New Zealand Institute of Valuers Services Ltd
242	How Long Will the Office Boom Last?
248	Rental Arbitrations - Practical Situations
255	Visual Aids - Computer Applications
262	Restrictive Trade Practices - Advertising

NEW ZEALAND INSTITUTE OF VALUERS

Incorporated by Act of Parliament

PRESIDENT

R. E. HALLINAN

VICE-PRESIDENTS

R. L. JEFFERIES, A. P. LAING

MEMBERS OF COUNCIL

Northland	W. A. F. Burgess	Wellington	G. J. Horsley
Auckland	R. L. Jefferies	Nelson-Marlborough	A. W. Gowans
Waikato	T. J. Bernau	Canterbury-Westland	R. E. Hallinan
Rotorua-Bay of Plenty	W. A. Cleghorn	South Canterbury	E. T. Fitzgerald
Gisborne	G. T. Foster	Otago	A. P. Laing
Hawke's Bay	K. E. Parker	Southland	J. W. Briscoe
Taranaki	J. P. Larmer	Valuer-General's Nominee	I. W. Gribble
Central Districts	R. V. Hargreaves	Immediate Past President	G. J. Horsley

BRANCH SECRETARIES

Northland	Miss S. G. Gaskell, P.O. Box 229, Whangarei
Auckland	- S. N. Borich, P.O. Box 3650, Auckland
Waikato	R. A. Porter, Box 4348, Hamilton East.
Rotorua-Bay of Plenty	D. J. Owen, Box 1318, Rotorua.
Tauranga (Sub-Branch)	A. H. Pratt, Box 256, Tauranga
Gisborne	G. H. Kelso, Box 2038, C/- Lewis & Wright, Gisborne.
Hawke's Bay	D. R. Buchanan, Box 458, Napier.
Taranaki	P. E. Thornhill, 9 La Salle Drive, New Plymouth.
Wanganui (Sub-Branch)	M. A. McSkimming, P.O. Box 53, Wanganui.
Central Districts	P. H. von Velthooven, Box 952, Palmerston North.
Wairarapa (Sub-Branch)	R. K. S. Murchison, Box 586, Masterton.
Wellington	W. J. Tiller, Box 2871, Wellington.
Nelson-Marlborough	B. B. Jones, Box 167, Nelson.
Canterbury-Westland	C. N. Stanley, Box 1397, Christchurch.
South Canterbury	P. J. Cuneen, P.O. Box 119, Ashburton.
Otago	A. J. Still, Box 1082, Dunedin.
Southland	D. H. Paterson, P.O. Box 399, Invercargill.

PAST PRESIDENTS

1938-1940 - N. H. Mackie, Palmerston North.	1962-1964 - S. Morris Jones, Wellington.
1940-1943 - G. B. Osmond, Auckland.	1964-1966 - M. B. Cooke, Christchurch.
1943-1947 - A. W. A. Sweetman, Auckland.	1966-1968 - D. G. Morrison, Whangarei.
1947-1949 - O. F. Baker, Christchurch.	1968-1970 - A. R. Wilson, Napier.
1949-1950 - J. A. Wilson, Dunedin.	1970-1971 - J. M. Harcourt, Wellington.
1950-1951 - O. Monrad, Palmerston North.	1971-1974 - R. S. Gardner, Auckland.
1951-1952 - L. E. Brooker, Wellington.	1974-1976 - G. M. Niederer, Invercargill.
1952-1953 - L. A. McAlister, Wellington.	1976-1977 - L. M. Sole, Rotorua.
1953-1954 - W. G. Lyons, Palmerston North.	1977-1978 - E. J. Babe, Wellington.
1954-1955 - S. E. Bennett, Auckland.	1978-1979 - P. G. Cooke, Nelson.
1955-1957 - R. J. Maclachlan, Wellington.	1979-1981 - P. E. Tierney, Tauranga.
1957-1958 - V. W. Cox, Napier.	1981-1983 - R. M. McGough, Auckland.
1958-1960 - G. C. R. Green, Dunedin.	1983-1985 - R. M. Donaldson, Timaru.
1960-1962 - J. W. Gellatly, Wellington.	1985-1987 - G. J. Horsley, Wellington.

LIFE MEMBERS

S. Morris Jones (1968)	J. Bruce Brown (1970)	E. J. Babe (1982)
M. B. Cooke (1970)	D. G. Morrison (1976)	M. R. Mander (1985)
R. J. Maclachlan (1970)	R. M. McGough (1987)	

HONORARY MEMBERS

N. H. Chapman	J. P. McVeagh	J. S. H. Robertson
A. D. Thompson	D. W. Spring	M. Aldred
Sir William Rodger	J. A. B. O'Keefe	R. Aldred
	F. B. Hunt	

JOHN M. HARCOURT MEMORIAL AWARD

E. J. Babe (1975)	R. L. Jefferies (1979)	K. J. Cooper (1981)
R. S. Gardner (1977)	S. W. A. Ralston (1980)	S. L. Speedy (1983)
	A. L. McAlister (1986)	

The New Zealand VALUERS JOURNAL

JUNE 1987

VOLUME 27

NUMBER 5

Editor

M. Evan Gamby

Editorial Board

S. L. Speedy
R. L. Jefferies

R. Frizzell
A. P. Laing

M. E. Gamby
J. A. B. O'Keefe

General Secretary

J. G. Gibson

Westbrook House, 181-183 Willis Street

P.O. Box 27146 Wellington

Phone 847-094

Statistical Officer

R. P. Newton

Contributions with a biographical note of the author should be typewritten and sent to the Editor, P.O. Box 27146 Wellington, who reserves the right to accept, decline or modify material. Views expressed by the Editors and contributors are not necessarily endorsed by the New Zealand Institute of Valuers. Copies of manuscript should be retained by the author as they cannot be returned. Deadline - 2 months prior. Business letters, subscriptions and advice of changed address should be sent to the General Secretary, *The New Zealand Valuer* 1986 ©. The mode of citation of this volume of *The New Zealand Valuers' Journal* is - [1987] N.Z. Val. (page).

Contents

- 2** **26** President & Vice Presidents
The new President of the New Zealand Institute of Valuers is Roger Earnest Hallinan - Canterbury/Westland.
- 228** Life Membership
Robert Morrin McGough was awarded this distinction by a unanimous vote of the Council of the Institute, confirmed by the members at the Annual General Meeting.
- 238** In the Scheme of Things - E. T. (Ted) Fitzgerald
What is "New Zealand Institute of Valuers Service Ltd?" What services other than Valpak are offered, and what is the main objective of the company?
- 242** The New Zealand Office Market Towards the 1990's - S. P. Tuck
How long will the Boom last? The classic property cycle. Office accommodation standards in New Zealand up to the 1980's were, in the main, absolutely awful. Rentals are now increasing at a rate of 20-25% p.a. The author predicts a period of low or no rental growth for 3-5 years from 1990.
- 248** Rental Arbitration - John N. B. Wall
A general discussion covering practical situations. Caution advocated to Property owners and Managers who ask for rentals in excess of the valuer's recommendations.
- 255** Visual Aids Can Enhance Your Valuation Reports R. V. (Bob) Hargreaves
Visuals should be kept simple and free of information distortion. They should clarify rather than decorate reports. Graphics can be incorporated directly into a report.
- 262** The Commerce Act - Fair Trading Act - John Collinge
The principal area of The Commerce Act which impacts upon the professions is in relation to restrictive trade practices. In America studies suggest that the quality of service is the same whether advertising is permitted or not.

<i>page no.</i>		<i>page no.</i>	
222	Contents	241	Publications received and noted
223	Editorial Comment	252	BOMA/PMI Comments
224	Councillors' Photograph	261	The Profession's Response N.Z.I.V.
225	President's Message	267	The Commerce Act - Opportunities and Obstacles
228	Citation for Fellowship	268	Valuers' Registration Board decisions
232	Letters to the Editor		M. L. Svensen
233	Report on 48th Council Meeting and AGM		H. L. Simkin
236	Membership	274	Professional Directory
237	Obituary		

The Dearth of Hard Core Analytical Research

Despite the title, which sounds like a second rate video, New Zealand lacks good sound analytical research into valuation and property - related problem areas. This is probably a world-wide trend as most gurus of property concentrate on amassing fortunes by exploiting the market, using aggressive business tactics.

Few of these have more than a slight knowledge of property economics. Many work on the hunch principle, and most would-be gurus never make it and are never heard of. Any-way property gurus are busy creating empires.

On the other hand valuers and property consultants should be real estate analysts in the true meaning of the term.

In recent years there has been a strong emphasis in the Valuation profession on:

- (a) Window dressing - making the product look good.
- (b) Computer applications - principally data retrieval.
- (c) Marketing the product - mainly through the Institute, but also subtly by firms in other ways.
- (d) Grappling with a changing market expectation of professionals.
- (e) Satisfying clients' widening requirements, by spreading knowledge into Valuation related areas.

These are all very worthwhile, necessary objects and aims, and ensure the pace has been a bit hectic of late, particularly in the major metropolitan areas.

Coupled with the implications of The Commerce Act 1986 and The Fair Trading Act, you would think valuers just might be forgiven for missing a few points here and there ... But they won't be!

Valuers' efforts are being diverted away from the professionalism that has built the reputation of the New Zealand Valuers Institute, and given the words 'Registered Valuer' a degree of prominence over less than 50 years.

We are professionals and we will ultimately rise further or fall, individually and collectively, on our skills as valuers. Valuers who cut fees to the bone to get major work ultimately kid only themselves. But unfortunately they can bring disrepute upon their fellow practitioners if standards are reduced. Naturally the client is also to blame in that the tendering system is totally inappropriate for professional work. It drives the quality of work down to the lowest common denominator which is money. You get what you pay for.

We all now accept (at least we should accept) the pace of change. In a very fast moving market the skills of analytical research, sound logic, valuation expertise and market interpretation will be required as never before. Valuers have to get back to 'their knitting'.

There are three universities providing degrees and Post Graduate degrees in property. Lincoln College is now seeking to establish a Chair in Property. Yet virtually no market-related analytical research peculiar to the New Zealand market is coming out of the universities, and very little is originating from members of the Institute.

The graduates coming from the universities now have fewer skills to meet the demands of this market than the valuers trained by the universities and the Institute 20 years ago had to meet the market of their time.

We all know about the speed of change. The Institute with the help of the universities must train and constantly retrain valuers with up-to-the-minute skills.

This editorial is not however about continuing education per se. It is designed to highlight certain areas where valuers can clearly be seen as deficient in the present market. One such area is referred to by Dr Kevin Johnson in his letter to the Editor on D.C.F. and I.R.R. There are only a handful of valuers throughout the country who can properly handle I.R.R. over a range of applications and of these most would freely acknowledge their limitations.

It is certainly about time that one of the universities held an indepth study of this important area in conjunction with those 'enlightened valuers who seek the truth'. Possibly this could involve a university term of lectures and workshops. A respectable series of papers might then emerge, utilising the expertise of the universities brought to bear on the needs of established practitioners.

This is by far not the only area of concern. There is a fundamental lack of understanding in key areas of basic economic thought and logic relating to valuation principles. Three other areas will serve to illustrate this concern.

1. 'Key Money'. What is it? And what is its relationship to 'market rentals' for new leases? How are valuers distorting the market by interfering with market rentals when undertaking rent reviews?
2. What is the true meaning of a capitilisation rate? In a market where properties are being sold, with buildings designed for a 20 year maximum life, what is the relevance of a single yield (or capitilisation rate)? Are there not two major components?
 - (i) a bank on the future in the land, and
 - (ii) a fast depreciating 'asset'.on which both a cost recovery and a financial return is required.
(Think about that when you read Paul Tuck's article, 'The New Zealand Office Market Towards the 1990s'.)
3. Long term land leases. Freehold and near freehold prices are being paid for central city land. Why are investors prepared to pay the freehold price? And how does this relate to the development proposed, or to equity participation?

Think too about joint ownership, equity participation, fragmented ownership, the valuation of property companies, property trusts and the like. There are quite severe economic and possibly ethical problems that have been overlooked because prices have been on the up. What is the value of a 'share' in a property company or a property trust? And do valuers know enough about the 'article' they are valuing?

Apology

The March 1987 Editorial Comment was issued under the name of A. P. Laing, the author and a member of the Editorial Board, but by deft sleight of hand the Editor's photograph appeared in error. Fortunately Mr Laing's photograph was correctly inserted on page 178 of the same issue - to which you are referred to note the differences in physical appearance.

PRESIDENT'S MESSAGE

Undoubtedly the role of the Registered Valuer in our society continues to expand in the climate of this constantly changing and adapting environment we now live in. Not only does "Registration" as a Valuer equip us admirably to perform valuing services, but also those actively "valuing" having increasingly found over recent years that the services they are called upon to perform have diversified into a wide ranging number of supporting areas of expertise. Our members today are able to offer a range of skills in the broad area of "land economy" including consulting, managing, arbitrating, analysing and advising on a wide range of mainly land based assets.

The immediate challenge to the New Zealand Institute of Valuers is to better equip members to enable them to maintain and even enhance their existing professional status in society. To this end the Council of the New Zealand Institute of Valuers recognises that primarily the membership requires avenues for knowledge exchange to be developed to a more extensive level than ever before.

To maintain and further develop our professional expertise is an achievable aim by attending Branch educational seminars and meetings, reading the New Zealand Valuers' Journal, and other similar publications, attending national seminars, and keeping abreast of our world by reading newspapers, magazines, periodicals, etc., and also by observation of what is happening around us in the world in which we live and practise. Provided we accept that we can never "know it all" we all clearly have a thirst for knowledge.

The Education Board of our Institute has been structured and instructed by your Council to further develop Continuing Education to the point where we should each be seeking to attend not less than 20 hours per year of continuing education programmes. In conjunction with other land based professions we are forging closer links with the Universities with the object of the Institute and the Universities being jointly involved in continuing education programme.

Over the last 12 months or so the New Zealand Institute of Valuers Council has developed a Draft Business Plan or Corporate Plan designed to chart our future course, both in the short term and in the longer term. The Business Plan recognises the current functions our members perform and seeks, by way of the Draft Statement of Objectives, to expand and diversify our membership base. The initial mandate for Council to proceed to develop a Draft Statement of Objectives was gained by a random survey from members which was conducted early in 1986.

Both the Council and the Executive Committee have proceeded to formulate the Draft Statements and it is now time for all members to consider the full ramifications of the cur-

rent proposals. Essentially the Draft Business Plan is a discussion document which demands in-depth consideration by all members. Initially of course we must address the issue as to whether it is accepted that we do wish to broaden and diversify our membership base to include persons with expertise in the various other areas of valuation as referred to in the Draft Business Statement. Undoubtedly there are those who will believe that in a more sophisticated society there is a greater need for specialisation which may mean our membership base should remain essentially as it is presently. On the other hand, there are those who will believe that in order for our Institute to survive in this constantly changing world we should broaden or expand our membership base to incorporate Valuers of other assets, in addition to our traditional land-based Valuers.

Assuming the latter course of broadening our base is adopted, there are a number of very important issues to be addressed, as incorporated in the Draft Statement of Objectives. Clearly some of the most important are the establishment of education and admission criteria, the development of varying categories of membership, and the provision of appropriate pathways to admission into the Institute. No doubt the existing membership will be concerned to preserve their existing status as a professional group. It is important therefore that all members give serious consideration to the issues.

Regardless of whether we retain the status quo or adopt the Business Statement it is my personal view that we suffer significantly from an "identity" problem. We tend to be totally confused ourselves as to whether we are Registered Valuers, Practising Valuers, Non-Practising Valuers, Government Valuers, Corporate Valuers and now Corporat"on Valuers - not to mention just "Valuers":

If we ourselves are confused you can imagine how the community sees us - or doesn't see us. Over the last two to three years the Institute has spent thousands of dollars promoting the term "Registered Valuer" : There is however a real threat the Government may remove the requirement that membership of our Institute be compulsory, yet still retain the Valuers' Registration Board and requirement to hold Annual Practising Certificates. If this were to happen we could have "Registered Valuers" within the Institute and those who chose to withdraw their membership from the Institute yet remain "Registered Valuers" : If that were to happen do we really want to continue to promote the term "Registered Valuer"?

I believe we must ensure that the Institute is in a position to offer services to all Valuers to the point where none of them would not voluntarily want to be members. That is indeed a real challenge for this Institute.

New Zealand Institute of Valuers President 1987

He was born in Christchurch in August 1945, was educated at Shirley Boys High School, and after appointment to the Valuation Department as an urban field cadet in 1963, proceeded to Auckland University where he completed a Diploma in Urban Valuation in 1966.

He was posted to the Invercargill Branch of the Valuation Department in 1967, and during the year completed the Real Estate Institute examinations, and became an Associate Member of that Institute.

Roger was transferred to the Christchurch Branch of the Valuation Department in 1968, and became registered as a valuer in September 1970, being advanced to Associate status in December of the same year.

He was appointed Senior Valuer to the Department in Hokitika in 1971 but resigned shortly afterwards to take up an appointment in the valuation practice of Moyle Fright & Telfer.

Roger's involvement in Institute affairs has included Secretaryship of the Canterbury/Westland Branch from April 1970, service on the Branch Committee in 1975, and election as Branch Councillor in 1979, a post he continues to hold.

He is held in very high esteem by his colleagues in the local branch and has gained reputation amongst business and professional people for his competent and thorough approach to valuation assessments. He has a particular interest in the insurance valuation area and has delivered papers on this and other subjects within New Zealand and overseas.

Roger Hallinan is married with three daughters, and lives in Christchurch.

At the 1987 Council Meeting of the New Zealand Institute of Valuers held in Nelson in April. Mr R. E. Hallinan was elected to the highest active office in the professional body - President of the Institute.

Roger Hallinan served two years as Junior Vice President and was elected senior Vice President at Palmerston North in April 1985.

Roger is a Director of Robertson Young Telfer (Southern) Ltd following the amalgamation of his practice, Telfer Hallinan Johnston & Co, with partnerships in Auckland and Wellington.

Elected Senior Vice-President 1987

R. L. Jefferies

Mr Jefferies who was born in 1942, is the Auckland Branch Councillor, and is a Senior Partner in the Valuation Practice Barratt-Boyes Jefferies, now a member of Val-Group.

He qualified with a Diploma of Urban Valuation from the University of Auckland in 1964, and completed a Bachelor of Commerce & Administration Degree at Victoria University in 1967. He became registered in 1967, an Associate of the Institute of Valuers in 1968, and was advanced to Fellow of the Institute in 1979. He is also a member of the Property Management Institute.

Rodney Jefferies has made an outstanding contribution to the valuing profession in New Zealand, having filled lecturing positions at Auckland University in valuation from 1973 to 1982, written the textbook 'Urban Valuation in New Zealand - Volume 1' published in 1978, and was the Hon. Editor of the Journal, *The New Zealand Valuer*, published by the N.Z.I.V. between 1968 and 1974. He was awarded the John Harcourt Memorial Award by the Institute for recognition of

his outstanding services, and has been in private practice in Auckland since 1970.

He has served as Chairman of the Committee of Inspection into the liquidation and collapse of the Securiti-Bank & Merbank Group of Companies and has served as a consultant to the Directorate General of Taxation in Indonesia for three and five month periods in 1980 and 1983 respectively.

Rodney Jefferies has addressed numerous seminars, con-

ferences and workshops on valuation and property investment topics throughout New Zealand during the past twenty-two years, and continues to make a major contribution to the profession.

Rodney remarried in November 1984 and has a son and two daughters by a previous marriage. He resides on the Whangaparaoa Peninsula commuting daily to Auckland.

Elected Junior Vice-President

A. P. LAING

acted as Valuer, Accountant and Consultant to many of Otago's leading institutions and farmers.

He has always displayed a degree of knowledge, experience and judgment which is very well respected by both clients and his colleagues within the Institute.

Alex was elected to the Otago Branch Committee in 1979 and was appointed convener of the branch education committee which he has served with enthusiasm and distinction. He has organised and chaired seminars on diverse subjects such as Town and Country Planning, Current Cost Accounts and Pastoral Lease renewals. He presented a paper on the valuation of Pastoral Leases at the 1979 National Conference Seminar held in Dunedin.

Alex undertook a study course in the U.K. and U.S.A. to investigate the appraisal of mineral resources, land restoration and compensation associated with strip coal mining.

He has given willingly of his time to the tutoring of student members and has always been prepared to freely pass on his knowledge and experience to all within this Institute.

In addition to supervising farms on behalf of institutions and private investment groups, Alex has an interest in a small farm on the Taieri Plains. His outside interests include membership of the Board of the Fortune Theatre Trust and the Otago University College Council.

Alex was elected a Fellow of the N.Z.I.V. in 1983 and has represented the Otago branch as Councillor since 1985.

Alex Laing, one of Otago's leading practising public Valuers, was born in Wellington in 1939. After completing his Diploma of Valuation and Farm Management at Lincoln College in 1961, he joined the Land and Survey Department and in 1965 he set up his own practice in Dunedin. Continuing his studies at the University of Otago, he was awarded a Bachelor of Commerce in 1969.

Alex Laing successfully integrated a farm accountancy practice with his normal valuing role and over the years he has

VALUATION PRACTICE FOR LEASE/SALE

A sole practitioner offers an established urban valuation practice for lease/sale as a going concern. A wide stable client base with excellent prospects for further development.

For further information write to PO. Box 11301, Wellington.

Citation Life Membership

Robert Morrin McGough

for many years, and in his contribution to the Branch Committee particularly as Councillor over a period of eight years.

Bob is well known to valuers throughout New Zealand for his service on National Committees, particularly Tariff and Investigation, as a speaker at Conventions and Seminars, as an expert witness and valuer of unquestionable high repute and independence. He has recently been appointed to the Land Valuation Tribunal in Auckland.

His nomination recognises his long service at national level, coupled with his outstanding service, help, counsel and friendship as a fellow valuer to members of the Auckland Branch.

Bob commenced his valuation career with the Valuation Department as an Urban Field Cadet in 1953 and completed the Diploma in Urban Valuation at Auckland University. He commenced public practice in 1961 with C. F Bennett Ltd, and was involved as a part-time lecturer at Auckland University and Auckland Technical Institute for many years. Bob's special interest was that of students, being student representative for approximately 10 years. He was Branch Chairman 1971-72, was elevated to a Fellow in 1972 and was Auckland Branch Councillor 1977/84.

It is considered timely and fitting that Bob's outstanding service to the profession and Institute at large be recognised in considering him for Life Membership.

All Council members will be aware of Bob McGough's service as President and Past-President of the Institute, during a time of considerable change in the Institute's administration and progress.

Bob has contributed outstanding long service to the valuing profession in Auckland particularly in the education of valuers as a part-time lecturer and also as student/liason counsellor

Citation for Fellowship

Raymond John Chappell

Ray Chappell is the General Manager of the Rural Banking and Finance Corporation.

Ray was born in February 1937 in Timaru and educated at Waitaki Boys High School, Oamaru. He joined the Public Service as a rural field cadet in 1956. After gaining his Diploma in Valuation and Farm Management from Lincoln College he joined the State Advances Corporation as a Farm Appraiser at Gisborne in 1961. In 1967 he took up the position of Senior Appraiser at Greymouth where he stayed until 1972. Following a year as District Appraiser in Te Kuiti, Ray was appointed Supervising Appraiser, Head Office.

In 1975 he was seconded to the Ministry of Foreign Affairs to take up the position of Rural Credit Specialist with the Thai Bank of Agriculture and Agricultural Co-Operatives in Bangkok. On returning to New Zealand in 1976 he was appointed Divisional Director Lending in the Rural Banking and Finance Corporation and in December 1981 accepted the position of Assistant Director General Lending with the Housing Corporation. In June 1984 he was appointed to his present position of General Manager.

Ray joined the NZ Institute of Valuers as an Intermediate member in 1961 and was advanced to Associate status in 1966. He is also a member of the NZ Society of Farm Management.

Ray served on the Education Committee and Board of Examiners continuously in the period 1974 to 1984 (except for the period of his secondment to Ministry of Foreign Affairs).

In 1984 he was appointed to the national Executive of the Institute and was also Chairman of the Education Committee until he resigned from active participation in Institute affairs at the beginning of this year. Ray's contribution by way of his rural expertise and undoubted administrative ability to education matters was significant during his long term of service on the Education Committee and Board of Examiners. As a member of Executive his wise counsel was appreciated, specifically in rural matters and in the area of complaints and professional practice. His contribution was appreciated and admired in the latter period, more so in the light of the demands of his onerous position. Ray is a quiet, unobtrusive personality whose standing in Government and rural circles brings credit on the profession.

The Branch Committee unanimously supports this recommendation for advancement to Fellowship status.

Andrew Donald Guy

Don Guy was born in 1932 and had a childhood background of farming life on his parent's farm at Woodhill, north of Helensville. After having primary schooling at Woodhill and then one year at Helensville High School he completed three years at Christs College in Christchurch.

From this period to the present day his activities and lifestyle has been associated with many types of farming both in the North and South Island. After college in Christchurch he worked on a sheep station in Wairarapa, then at Kaiwaka, followed by a couple of years overseas.

He returned to become a stock agent working for the stock and station firms of North Auckland Farmers, National Mortgage, and Alfred Buckland. He gained much respect from the farming community in the three and a half years in this work in many areas of the Auckland province.

He commenced his valuing career by joining the Government Valuation Department at Auckland in November 1965 where he set about sitting the Rural examination and requirements of the Institute. He was admitted as a student member in 1966, completed his examinations and was registered in June 1975 and in the same year was admitted both as an Intermediate and then advanced to Associate status.

He left the Valuation Department in 1975 to set up his own valuing practice in Papakura which has now expanded to the firm of Guy Stevenson Petherbridge with offices in Manukau City and Papakura.

From 1975 he was very actively engaged in Institute affairs and served on the Auckland Branch Committee from 1981 to 1985 on a number of sub-committees. These he ably filled as well as being a Rural Examiner for the practical and oral examinations.

He continues to live on and to farm a small holding at Papakura while maintaining a full-time valuing practice mainly rural but also extending to semi-rural and some residential work as well. He is held in very high esteem by the public and professional people with his views on rural valuation continuing to be widely and respectfully sought by the valuing and rural communities.

The Auckland Branch unanimously supports Don Guy's elevation to the status of a Fellow of the Institute.

Paul James Goldfinch

Paul was born in 1938 and has spent most of his working life in the Manawatu district. He attained Associate status of the Institute in 1967 and worked for the Valuation Department in Palmerston North and Lower Hutt. In 1971 he joined the firm of J.P. Morgan and Associates in which he subsequently became a partner in 1976.

Paul served for many years on the local Branch of the Institute including a term as chairman and many years tireless duty as Editor of the branch newsletter.

Paul's contribution to the Institute is characterized by the high regard in which he is held throughout the region; his integrity and experience are acknowledged and respected by both the public and the professions. It is in this manner that he has advanced the well-being of the Institute and helped to make it the professional body from which all members derive a real benefit.

In his leisure time Paul is an active golfer and tennis player; he was also a foundation member of the Fitzherbert Lions Club and is presently a member of the Palmerston North Rotary Club. Through each of these pursuits, through his personal life and professional career Paul has advanced the standing of the Institute.

The Central Districts Branch appreciates Paul's contribution over many years and in return recommends unanimously his advancement to Fellow of the Institute.

Hamish Ferguson McDonald

Hamish McDonald is Deputy Valuer-General to which position he was appointed in November 1985.

Hamish was born in February 1942 and educated at Feilding Agricultural High School. He joined the Public Service as a rural field cadet in 1962 and graduated from Lincoln College with the Diploma in Valuation and Farm Management in 1966, following which he served in the Christchurch office of the Valuation Department. In 1972 he transferred on promotion to the Whangarei office of the Department and the position of Senior Valuer. In 1974 he became District Valuer in this office and in 1976 was transferred to Head Office as Supervising Valuer. He was appointed to the position of Chief Valuer for the Department in 1980.

Hamish joined the Institute as an Intermediate member in 1967, became registered in 1968 and was advanced to Associate status in 1969. He has served on the Northland Branch Committee of the Institute and was vice chairman of that committee when transferred to Wellington in 1976. He was the Valuer-General's nominee on Council in the years 1982-1984 and has been a member of national Executive committee since 1985. In the period 1979-1981 inclusive as assistant Editor to the NZ Valuer he made a not insignificant contribution to his specialist rural area. Hamish's particular expertise in rural valuation matters is held in respect by his professional colleagues. Amongst other duties he has been a member of the Land Settlement Board, as Valuer-General's nominee for a period in excess of 10 years.

His contribution to Institute affairs is such that the Branch Committee supports his nomination for elevation to Fellow of the Institute.

Arthur Neil Robinson

Neil Robinson is District Valuer with the Valuation Department in Nelson being qualified in both urban and rural.

Born in Hokitika in 1941 Neil was educated at Hokitika District High School. In 1960 he joined the Valuation Department as one of the first in a cadet scheme entailing two years at Canterbury University, a year in the Wellington Office, then a further two years at Auckland University. On qualifying Diploma of Urban Valuation in 1966 he spent some time in Wanganui and Lower Hutt with the Department before transferring to Nelson in 1969.

Neil's service to the Institute has been substantial being elected to Nelson Marlborough Branch Committee in 1970 serving continuously for the past 17 years. During that time he was Chairman for four years from 1974 to 1977. He gained

registration as an urban valuer in 1970 and became an Associate Member in 1971. Neil accomplished the unusual feat for an urban valuer of qualifying in the Institute Profession Rural Examination in 1977.

As well as his long service on the Branch Committee Neil has been involved in local Institute affairs, as a member of every sub-committee and has given generously of his time to assisting students. He also served as Practical and Oral Examiner for twelve years.

Neil has earned the respect of the Nelson/Marlborough regional community by his integrity and professional standards, in all matters.

In sport, namely yachting, Neil and his wife Pam together with their three sons, are involved as a family. Their success in competition reflects the attention that Neil applies to everything he undertakes.

The Nelson Marlborough Branch unanimously support this recommendation for his advancement to a Fellow of the Institute.

John Henderson Oldfield

Lim

John Oldfield is in private practice on his own account in Christchurch.

John was born in mid Canterbury in 1922 and educated in Methven. On leaving school he won a Young Farmers Club Scholarship which enabled him to commence the Diploma in Agriculture course at Lincoln College in 1941. He completed

his Diploma in 1945 as Gold Medallist in his group, the intervening years having been spent on service in the R.N.Z.A.F.

In 1946 he completed the Diploma in Valuation and Farm Management and soon after in 1947 was appointed to the staff of Lincoln College as a Field Officer in Valuation and in the Farm Management Department. From then until 1962 he was engaged in rural valuation and farm advisory work for the College, and also undertook some lecturing. From 1953 to 1955 he was Farm Superintendent of the College farm (at a time when the entire property was run as one unit) and on returning to the Valuation and Farm Management Department assumed full charge until 1963.

In that year John commenced private practice, since which time he has built up a widely known and highly respected valuation and farm consultancy business, operating largely in Canterbury, but also in other areas of the South Island.

John has a deservedly high reputation as a thoroughly professional valuer, and the high regard in which he is held by solicitors, trust company managers and indeed all his clients reflects very favourably on our Institute.

His involvement in valuation work resulting from the flooding of high country runs through lake raising in the Mackenzie County is particularly worthy of mention but his experience of all types of rural properties in Canterbury is such that he is rightly regarded as one of the doyens of rural valuation in his province. In 1980 the New Zealand Farm Management Institute elected him Fellow.

John became a member of the Institute in 1947, and has been an Associate since 1958. Largely due to his being in sole practice, he has not held office in his Branch Committee, but over the years has been a keen supporter and attender at field days and other functions, and has also willingly offered advice on many occasions to younger and less experienced valuers who seek his opinion. As testimony to the regard with which he is held is his recent appointment as an independent chairman of the Debt Restructuring Scheme administered by the Rural Bank and Finance Corporation.

The Canterbury Westland Branch Committee supports this recommendation for advancement to Fellowship status as a recognition of the credit which John has brought to our Institute by the very high regard with which he is held by his peers and professional associates throughout Canterbury.

John Alexander Watters

John was born at Gore in 1927. He began a farming career in 1945 and gained his Diploma in Agriculture at Lincoln College in 1948. During the early 1950's John has a period of military service with K Force as a gunner. He joined the Valuation Department in May 1957 at Dunedin and at the same time became a student member of the NZ Institute of Valuers. He obtained the Institute Professional Examination (Rural) in 1960 and became an Associate member of the Institute in 1964. In April 1968 John was promoted to Senior Valuer Dunedin; later to District Valuer Nelson, (1970) Wanganui in 1972 - transferred to Dunedin in January 1977 and promoted to his present position Invercargill in March 1977.

John has had extensive involvement with court work during his career. Notable cases included Atihau at Wanganui, a detailed rent renewal and lessees compensation case, and a compensation valuation - Trotter v. MOW reported in 1966 December issue of the *NZ Valuer*. Many other cases had John's involvement, and he was frequently complimented by the court for his presentation of evidence.

John specialised in valuing high country runs and pastoral properties during his time in Dunedin. Within Otago water is an important issue and the valuation of water rights was a special feature on which many young valuers sought John's guidance. By his example, experience and assistance, he has trained and guided a considerable number of valuers, many of whom have risen to prominent positions in the profession, both within the Department and in public practice.

While in Dunedin John served a period as Otago Branch Secretary, committee member, and acted as an examiner for the Institute's Practical and Oral Examinations. He was invited to address the NZ Institute of Valuers 40th AGM at Dunedin in 1979 on the analysis of rural leasehold sales, particularly pastoral leases. During his term in Wanganui John served as a committee member on the Wanganui sub-Branch of the Institute for a period of approximately five years.

In his position as District Valuer in Invercargill, John by his quiet and courteous manner has built for himself a position of esteem amongst the rural community and the business and professional sectors in Southland. He is supportive of Institute activities in Southland and ensures his young staff in particular, participate fully in Institute affairs.

John has served the profession to his utmost throughout his career and is held in high regard by his professional colleagues. The Southland Branch Committee unanimously supports the recommendation for John Watters advancement to the status of Fellow of the Institute.

MASSEY UNIVERSITY VALUERS' REGISTRATION BOARD PRIZE

1. The prize shall be of the value of \$500 p.a.
2. The prize shall be awarded to the student who, among those candidates taking Valuation papers for the degrees of Bachelor of Agriculture, Bachelor of Agricultural Science and Bachelor of Business Studies, shows the greatest promise of being a successful valuer.
3. The award shall be made by the Council on the recommendation of the Agricultural and Horticultural Sciences faculty Board.
4. The name of the successful candidate shall be notified to the Valuers' Registration Board each year.

John Watters is currently District Valuer, Valuation Department, Invercargill.

Letters to the Editor

Sir,

Re: Article in The NZ Valuers' Journal Vol.27 Number 4
'Rate of Return on Investments - does IRR represent the true rate'

While not being directly involved with the Valuation profession I am responsible for teaching students in the Bachelor of Property Administration degree at the University of Auckland material in the subject area loosely described as Discounted Cash Flow Analysis (DCF).

Over the past two years I have read with interest a number of New Zealand written articles in the Valuer on this subject. From my teaching association it is becoming obvious that many of these articles are causing more harm than good to the understanding of the role and usefulness of such techniques in the valuation profession and are tending to undermine the good early work in this area initiated by Lincoln W. North's Seminar and subsequent published material. In particular, C. H. H. Clarke's article in the latest copy of your journal is extremely poorly researched, incorrect and misleading and will only create additional confusion for the valuer as to the roll and usefulness of discounted cash flow orientated analytical techniques in valuing real property interests.

Furthermore, it has been brought to my attention that there currently exists much confusion in both the teaching and the professional use of income orientated analytical techniques beyond the basic direct capitalisation approach. Particularly there is confusion between those methods utilising capitalisation, those methods utilising discounting and the so called Discounted Cash Flow method as the basis for the conversion of income to a capital value estimate. The published material in the Journal is only adding to the confusion as very few persons in the profession have an adequate theoretical training to rationalise the material being published.

I would like to make the following suggestion:

That the Valuers' Journal be very selective in publishing further articles in the 'Discounted Cash Flow' subject area until the profession adequately introduces the basic concepts and theory into their academic and professional training and editorial guidelines are developed that require such articles to be correctly developed from the basic theory.

Readers attention should be drawn to the basic misleading comments and assertions in C. H. H. Clarke's article, including the following points;

- (a) That the definition of Discounted Cash Flow (DCF) utilised is misleading and confuses the different parameters one can calculate from the basic mathematical relationship inherent in the Internal Rate of Return (IRR) mathematical formulation. That is, the IRR mathematical formulation can be utilised to calculate either the future or present value of a series of cash flows or to calculate the equivalent rate of return on the investment.
- (b) That the calculated Internal Rate of Return (IRR) for an investment can be correctly interpreted as the 'true' rate of return on the capital employed. It can be shown that the IRR is in fact the annual (or per period) rate of return *on* the capital utilised in the investment taking into consideration the timing of the return of the capital.

- (c) The basis for C. H. H. Clarke's alternative analytical approach is a commonly held concern that in certain situations a significant differential between the yield/discount rate and the 'market' interest rate may lead to a bias in the calculations. There are numerous analytical techniques currently in existence for calculating either the present value of future cash flows or the yield rate (rate of return) on an investment that directly consider the 'market' interest rates and adequately handle in a comparable simplistic manner this concern. Examples include the Modified Internal Rate of Return (MIRR), the Adjusted Internal Rate of Return (AIRR) and the Financial Management Rate of Return (FMRR).
- (d) Further, numerous authors have correctly recognised that there are problems and a potential bias associated with utilising the IRR formulation for analysing certain 'investment' configurations. This is particularly true when the investment involves;
 - (i) a requirement for additional future capital contributions beyond the initial capital payment,
 - (ii) a large future capital repayment prior to the end of the investment life,
 - (iii) the use of debt financing for the investment.C. H. H. Clarke's article (and alternative analytical technique) does not consider the requirement that the method must be capable of correctly handling the first two situations and then incorrectly handles on a theoretical basis the incorporation of debt finance in the scenerio Investment No.3; the interest payment should be subtracted from the net income (net cash flow) prior to any mathematical conversion.
- (e) The conclusion that "the recommended Orthodox method is a much easier and more direct procedure than the DCF method of assessing IRR", is incorrect. There is only one mathematical formulation for calculating the IRR. What the Orthodox Method calculates is an alternative 'Rate of Return' applicable to the mathematical formulation in the same manner that the AIRR or FMRR formulations allow the calculation of alternative rates of return or yield rates unique to the particular formulation.
- (f) One must question the usefulness of this particular formulation as it bears no relationship in its structuring to the workings of investment and financial markets and provides at best only an approximation of the effective rate of return to be earned from the investment.

Neville Penn's article in the same issue, while outside normal valuation usage, provides a very sound example of the mechanics of Discounted Cash Flow Analysis techniques. The only minor problem with this article is that it should indicate that the discounting is based on a 'monthly compounding frequency' such that the effective annual discount rates are in fact 16.074010 and 21.937010 not 15010 and 20%.

Dr Kevin J. Johnston

Report on the 48th Council Meeting and Annual General Meeting of the New Zealand Institute of Valuers

By the Editor

This year's Council Meeting, Annual General Meeting and Valuation Seminar was held in Nelson over the period 11-14 April 1987. The President, Mr G. J. Horsley, welcomed two new Councillors, Mr J. P. (John) Larmer, Taranaki, and Mr A. W. (Tony) Gowans, Nelson/Marlborough.

In his welcoming remarks, he expressed the thanks of Council and the Institute to Mr Ian McKillop, Councillor for Taranaki and Mr I. W. (Ian) Lyall, who over a long term made a very valuable contribution to Council on behalf of Nelson/Marlborough.

In addressing Council, Mr Horsley indicated that he sees Councillors as a vital link in the Institute. The lines of communication must be improved, as the changes within the institute are likely to accelerate over the next two years.

The minutes of the October 1986 mid-year Council meeting were taken as read, and approved as a true and correct record.

Matters Arising

The stocks of the old brochure were destroyed, and new brochures are available to members through the General Secretary's Office. The new brochures are part of the careers package and the text has been improved, amending the area of the brochure unacceptable to the Valuer General's Office.

There was further discussion on the writing up of the history of the New Zealand Institute of Valuers. Any member interested in continuing the writing up of the history of the Institute is to contact the General Secretary. The Institute is anxious that this work be completed by the 50th Jubilee.

Honorary Membership

No honorary memberships were conferred.

Life Memberships

Mr R. M. McGough, who has recently been appointed to the Land Valuation Tribunal, was nominated for Life Membership and received the unanimous approval of Council. This was later confirmed by the members.

John Harcourt Memorial Award

No award has been made for the current year.

Advancement to Fellowship

The following members were elevated to the status "Fellow of the New Zealand Institute of Valuers":

Raymond John Chappell	Wellington
Paul James Goldfinch	Central Districts
Andrew Donald Guy	Auckland
Hamish Ferguson McDonald	Wellington
Arthur Neil Robinson	Nelson/Marlborough
John Henderson Oldfield	Canterbury/Westland
John Alexander Watters	Southland

Under the rules of the Institute it is not required that the recommendation for fellowship should receive the unanimous approval of all branch members, although this is frequently the case.

N.Z.I.V. Corporate Plan

Members will now have received the draft statement of mission, and the draft statement of objectives, which form the corporate plan of the Institute.

Councillors were asked to report back to the mid-year Council Meeting. Councillors' and members' formal submissions on the drafts are to be in the hands of the General Secretary by 1 August 1987.

Committee Report

New Zealand Valuers' Journal

There is a continuing demand for the publication by organisations outside the New Zealand Institute of Valuers. A drop mailing exercise by the General Secretary in 1986 produced 100 new subscribers from a list of 300 potential subscribers.

Council accepted the resignation of Mr R. J. Chappell from the Editorial Board. The remaining members will continue for the balance of their two-year term. Council accepted the resignation of the Assistant Editor, Mrs Jennifer Bragan, who is planning to travel overseas for an extended period.

Council accepted the resignation of the Editor following publication of the March 1988 issue.

There are now 84 firms taking advantage of the Professional Directory. This is recognised as the best method of keeping up to date with both local firms and those in other centres.

Pan-Pacific Congress (1988) New Zealand

The Congress Chairman Mr Lindsay McAlister prepared a report on progress, delivered to the Council Meeting in his absence.

To date, Conference Management Services have received enquiries from Japan, Australia and U.S.A. asking for further information relative to the initial notification. Members are urged to signify if they are interested in attending the Conference so that the Conference Committee may budget fully for those who have expressed their interest in attending.

The Governor General has intimated his willingness to open the Conference, and participating countries have been written to advising of the allocation of Papers, with the request that nominated speakers be allocated no later than 30 May 1987.

The Conference Committee has met in Christchurch throughout the year mainly on a monthly basis, that Committee comprising members of the Christchurch Branch together with Neil Darroch of Auckland, Lindsay McAlister and Graeme Horsley of Wellington. Mr Darroch has been responsible for obtaining sponsorship and to date sponsorship has been promised by the Land Professional Mutual Society, Rural Bank, Hyatt Kingsgate Hotel Corporation and the Bank of New Zealand. Further sponsorship is anticipated and private practices are being written to asking for individual sponsorship.

Education Board Report

Mr A. P. Laing presented the report of the Education Board, prepared within its terms of reference:

"... to explore the philosophy, directions and options for valuer education"

The Board considered its responsibilities lay essentially in the following areas:

- (a) Development and maintaining continuing education programmes.
- (b) Relationships with the three teaching Universities.
- (c) Encouraging publications.
- (d) Encouraging research into valuation related areas.
- (e) Promotion of scholarship/awards.
- (f) Ensuring co-operation with other professions.

Continuing education was seen as a priority and a direct area of responsibility for the Institute. The continuing education needs are considered to fall into three distinct headings in order of priority as follows:

- basic education
- statutory changes and requirements
- new developments

The Board endorsed the earlier recommendation of Council that the Institute work towards a recommended 20 hours per annum approved continuing education as a minimum requirement for qualified members. This is seen as an initial step in what might ultimately be a formal requirement for some form of certified re-education.

Concerning the university relationships, the Board considers that the Universities are fulfilling their function of providing an education, not a training. It is the responsibility of the Institute and employers to ensure that in the period between graduation and registration the members should have the opportunity to obtain the necessary valuation skills.

The Education Board also suggests that it would be appropriate to explore the need for a pre-registration examination.

The following publications were recognised as being of a high educational value and are supported by the Board:

Statistical Bureau Bulletin
 New Zealand Valuers' Journal
 Standards published by the Institute
 Publication of Seminar Proceedings
 Text books relevant to New Zealand Practice
 University Publications

In the area of communications, the Board considers that it is necessary to maintain good and effective communication to alert members to the education opportunities available. The main areas of communications recommended are:

Direct mailing to members
 Advertising in the New Zealand Valuers' Journal
 Publishing an annual continuing education programme in advance, advised to all members

The report was received by Council and the structure of the Board in its present form was endorsed, with a mandate to proceed along the lines outlined above.

Statistical Bureau Report

Mr J. N. B. Wall, Chairman of this Committee, spoke to his report outlining activities of the Bureau over the past 12 month period.

The growth area for the Statistical Bureau is in the electronic data subscribers as more practices are turning to computer sales storage and retrieval. Most practices are retaining the micro fiche as well as subscribing to the "valpak" system or its alternatives.

During the 1986 year, residential categories were grouped from RB to RH sales in one grouping, with other categories such as VR, FO, VI, IN, VC, CC and OU in individual categories within territorial Local Authorities.

It is expected that the general expenses of the Bureau will continue to rise during 1987 and there is a need to review charges, to apply as from January 1988.

Publicity and Public Relations Committee Report

Mr Graham Kirkcaldie presented his report.

With the exception of one Branch, the contribution deadline for the annual market report was met, and it was pleasing to note a significantly improved regional report content.

The brochure reprint has been instigated and brochures are available through the General Secretary's Office.

In the realms of direct media advertising, a full page advertisement has been prepared and has been placed for sequential listings in the New Zealand Listener commencing during the first week in May 1987, and concluding during the third week in November.

Council approved:

- (1) The production of the information brochures on the basis of the amended format and text.
- (2) The media campaign with eight sequential full-page advertisements in the New Zealand Listener.
- (3) The employment of a consultant to run a public relations campaign.
- (4) The introduction of an education advertising campaign in conjunction with the Education Board of the Institute.

Executive Committee Report

The chairman, Mr J. N. B. Wall, presented his report to Council. He indicated some difficulties with the change in wording to the Replacement Insurance Certificate and later in the Council meeting, a statement was formulated and agreed as follows:

'It is no longer felt necessary to delete the words ... "expressed as depreciated cost (i.e. its present reinstatement cost after allowing for normal physical depreciation)"

Members are free to adopt some alternative approach.'

The Institute is of the opinion that it is important that each member clearly explains the manner in which "the indemnity value" has been calculated.

Complaints to the Institute are on the increase and are of concern notwithstanding that they relate to a relatively small number of valuers.

Westbrook Properties

The New Zealand Institute of Valuers owns the whole of the fifth floor. It will be noted from the Annual Report that the Institute's floor was revalued in February 1987.

Council of Land Related Professions

Mr R. L. Jefferies spoke to his report indicating that C.L.R.P. continues to be a worthwhile forum for discussion and mutual exchange of ideas between the land based professions - currently valuation, property management, quantity surveying, surveying and real estate.

The main events organised by C.L.R.P. for the 1987 year comprised the seminar entitled "Future Shock for the Land Related Professions: the Commerce Act and Beyond". The papers at this conference were well received and you will note that two of these papers have been printed in the current issue of the New Zealand Valuers' Journal.

C.L.R.P. is in the process of organising a publication of a year book due by mid-1987 and valuers should have received their notification of this publication by May 1987.

Land Professional Mutual Society

Mr Lindsay McAlister prepared a brief report for Council. The Society has progressed well in the last twelve month period with further valuer members or valuer firms having been confirmed for memberships since April 1986.

N.Z.I.V. Membership Statistics

The General Secretary presented the following statistical in-

formation on the membership of the New Zealand Institute of Valuers for the 1986 period.

There has been a growth of 36.3010 over a ten year period, in which practising members' numbers have grown by 49.5010 and non-practising by 29.8010.

Of interest to members is that the following student numbers are undertaking a course of study related to valuation and/or property management:

Auckland (BA final year students 33)
MBA 3
first professional year 40 (intermediate year taking introduction to property) 120

Massey University
Bachelor Agriculture (rural valuation option)
Bachelor Agricultural Science (rural valuation option) 28 final year students
BBS (valuation option) 35-50
Second year students 80 with an extra 150 enrolled extramurally.

Lincoln College
B.Comm (BPM) 30
B.Comm (Agriculture)
B.Comm (Horticulture) 47

Valuers' Registration Board

Messrs S. W. A. Ralston, P. E. Tierney and R. P. Young were welcomed to the Council Meeting by the President of the Institute. Mr Ralston and his fellow Board Members referred to proposed changes to the BBS course, the proposed chair in valuation at Lincoln College, and they referred to Registration Board funding.

Office Bearers 1987

The Council approved the following as Office Bearers for the succeeding two-year term:

President: R. E. Hallinan
Vice President: R. L. Jefferies
Vice President: A. L. Laing

Mr G. J. Horsley was confirmed under Section 13(3) as a member of Council for the succeeding two-year term.

Valuers Institute - Valuers Registration Board Member

Mr P. E. Tierney was reconfirmed as the Institute's nominee to the Valuers Registration Board.

1980 Council Retirements

Mr E. T. Fitzgerald, Mr T. J. Bernau and Mr G. J. Horsley retired by rotation in accordance with Section 13(4) of the rules.

1987 Committee Appointments

The *Education Board* comprises:

Chairman A. P. Laing
Members W. A. Cleghorn, G. N. Cheyne,
I. W. Gribble, P. Western, P. Butter
and the VRB Nominee, Mr R. P.
Young.

Statistical Bureau J. N. B. Wall - Chairman
R. Newton - Statistical Officer
J. G. Gibson - General Secretary

Publicity and Public Relations Committee

G. Kirkcaldie - Chairman
R. E. Hallinan
J. G. Gibson

Executive Committee

J. N. B. Wall - Chairman
K. J. Cooper
H. F. McDonald
G. Kirkcaldie
K. M. Allan

Assets Standards Committee

G. J. Horsley - Chairman
R. L. Jefferies
A. P. Laing

Council and AGM Meeting Venues

A proposed new roster was placed before Council for consideration. The present circuit is unbalanced in that of the eight meetings between 1984 and 1991, only one, being Nelson, is held in the South Island.

The suggested circuit put forward by Mr R. M. Donaldson and amended at the Council meeting, was passed as follows:

1987 Nelson
1988 Wellington
1989 Wellington
1990 Taranaki
1991 Christchurch
1992 Gisborne
1993 Dunedin
1994 Auckland
1995 Timaru
1996 Hamilton
1997 Invercargill
1998 Napier
1999 Rotorua
2000 Nelson
2001 Palmerston North
2002 Whangarei

Wellington is scheduled for 1988 as well as 1989, to compensate for the Pan Pacific Congress. A seminar is not planned in Wellington in 1988.

Annual General Meeting

13th April 1987.

The President welcomed members to the 1987 Annual General Meeting.

The minutes were passed as a true and correct record.

The 48th Report and Accounts were taken as read and adopted by the meeting. Mr N. H. Chapman was reappointed as Auditor.

The President recommended the new life member, Mr R. M. McGough to the meeting and this was approved by acclamation. The new presidential trio for the 1987-88 year was confirmed before the meeting as:

Mr R. E. Hallinan - President
Mr R. L. Jefferies - Vice President
Mr A. P. Laing - Vice President

Membership

Resignation

Mr R. N. Gould

Admitted as Intermediate

Mr D.P.Boyd
Mr P.P.Crean
Mr R.C.Hawthorne
Mr R.J.Hewitt
Mr L. J. McLeod
Mr D.E.Paton
Mr WMScott
Ms A.K.Slee

Advanced to Associate

Mr P. H. P. Houghton
Mr T. D. Johnston

Southland

Otago
South Canterbury
Waikato
South Canterbury
South Canterbury
Otago
Otago
Waikato

Nelson/Marlborough
Nelson/Marlborough

Registered

Mr A. M. Beverley
Mr G. B. Burborough
Mr D. J. Chester
Mr LOCollins
Mr M. J. Crisford
Mr D. C. Everiss
Mr G. D. Freeman
Mr J. W. Fulton
Mr R. C. Hawthorne
Mr R. J. Hogg
Mr IMJohnston
Mr T. W. Julian
Ms G. C. Laing
Mr C. J. Laird
Mr M. G. McKinley
Mr W. S. T. Paterson
Mr P. B. Sherlock
Mr T. J. Whitaker

Wellington
Southland
Northland

Wellington
Central Districts
Auckland
Rotorua Bay of Plenty
South Canterbury
Waikato
Rotorua Bay of Plenty
Rotorua Bay of Plenty
Wellington
Nelson Marlborough
Auckland
Wellington
Central Districts
Wellington
Wellington

THE UNIVERSITY OF AUCKLAND

New Zealand

HALF-TIME SENIOR LECTURESHIP/LECTURESHIP IN URBAN VALUATION (in the Property Administration Discipline, School of Architecture)

Candidates should be academically and/or professionally qualified in a property discipline and, preferably, registered (or eligible for registration) under the Valuers Act 1948. Practical urban valuation experience would be a distinct advantage; teaching experience and/or post-graduate qualification would also be advantageous.

The person appointed will be expected to take part in aspects of the work of the School with particular reference to the area of Property Administration; to take responsibility for the teaching of students of Property Administration at Bachelors and Masters level and from elementary to advanced stages; to assist in co-ordinating the teaching by part-time specialists; and to undertake research.

The person appointed will be employed on a half-time basis. This post may be converted into a full-time appointment in the future.

Commencing salary will be determined in accordance with qualifications and experience. (Half-Time rates.)

Lecturer: \$N.Z.15,250-\$17,500 per annum.

Senior Lecturer: \$N.Z.18,500-\$23,500 per annum.

Salaries are at present under review.

Conditions of Appointment and Method of Application are available from the Assistant Registrar (Academic Appointments), University of Auckland. Applications, in accordance with the Method of Application, should be forwarded as soon as possible.

W. B. NICHOLL
REGISTRAR
University of Auckland
Private Bag
Auckland
NEW ZEALAND

Obituary

HERBERT CASELBERG

One of New Zealand's early farming leaders, Herbert Caselberg has died at the age of 87.

Mr Caselberg was regarded during his working life as an authority on farm finance and economics.

Mr Caselberg was born in Pahiatua, a member of a pioneering Wairarapa family and was educated at Wellington College. Early farm experience was gained in England and the Wairarapa between 1921 and 1923. After managing the family farm he moved to Hawkes Bay where he worked as a Stock Agent and Auctioneer and between 1929 and 1935 was manager of the Hawera Branch of the Farmers Co-operative Auctioneering Company.

It was during this period he gained much of his knowledge on farm finance and economics. In 1935 he was appointed Supervising Valuer to the Mortgage Corporation (the forerunner of the State Advances Corporation) and for the next 25 years Mr Caselberg was largely responsible for supervising farm lending. This included the settlement of servicemen returning from World War 2.

He also made a national contribution to the development of agriculture and education. In 1940 he started the Rural Field Cadet Training Scheme and had a hand in the formation of the Diploma of Valuation and Farm Management at Lincoln College.

Mr Caselberg had a close association with the dairy industry, starting with his appointment in 1936 to the Commission of Inquiry into guaranteed prices.

From 1950 he was one of three Government representatives on the Dairy Products Marketing Commission and he continued in that role from 1962 on the Dairy Board until his retirement in 1974.

Mr Caselberg was an international consultant for land settlement and rural finance, particularly in Colombia in 1964. He was also supervisor for the World Bank on an agricultural development project in Chile in 1966.

He was a Fellow of the New Zealand Institute of Valuers. He received an Honorary Law Doctorate from Lincoln College in 1978 and was awarded a C.B.E. in 1983.

JOHN DANIEL MAHONEY

Jack Mahoney was born on the West Coast and commenced his Public Service career in 1903 when he was appointed as a cadet to the Railways Department, being one of the last cadets to be appointed before the commencement of the Depression. The following year he transferred to the Mines Department where he remained until 1935 when he joined the clerical division of the Valuation Department, before being appointed to the field division in 1937, as a Valuer's assistant.

In 1945 Mr Mahoney was appointed to Auckland as a District Valuer and five years later was appointed Inspecting Valuer, a post which, subject to change of name, he was to hold until his retirement in 1974. During this lengthy term, he was a senior urban field officer responsible for the area extending from Taumarunui in the south to Kaitaia in the north. His supervising duties necessitated his frequent appearance in Court as Counsel on behalf of the Department, and at all times his knowledge and experience reflected much credit not only to himself and the Department but also the valuing profession.

Mr Mahoney expressed great interest in educational matters pertaining to the Valuation scheme and in the earlier days of his career was a frequent contributor to 'The New Zealand Valuer' In latter years his interest and assistance was to extend more directly to the teaching side itself, and in this regard Mr Mahoney's contribution to the Institute was outstanding.

In addition to the numerous serving members of the urban staff of the Valuation Department whose professional careers have been enhanced by the expert training given under Mr Mahoney's supervision there are also throughout the length and breadth of New Zealand, practising valuers, many now eminent in the profession, whose careers in valuing received valuable assistance under the expert guidance and influence of Mr Mahoney.

In 1961 he commenced lecturing in Urban Land Economics at the Auckland University for the Diploma of Urban Valuation, this post being held until 1973, shortly before his retirement from the Public Service. During this time he was also an examiner for a number of years, having set the examination papers in 'Valuation' both for the Diploma and the Professional Examinations. For eight years he was the examiner for both examinations for Urban Land Economics.

Due to the lack of suitable existing material for students, Mr Mahoney in 1963/4 undertook the major task of writing the standard textbook for students on Urban Land Economics, and in 1973 he completed a revised version of this book. In addition to the task of writing his textbook Mr Mahoney still found time to deliver a paper at the Pan Pacific Congress in 1963.

With his extensive knowledge of both the theoretical and practical aspects of Urban Valuation, Mr Mahoney's advice was widely sought not only by members of his Department, and practising valuers, but also by a wide selection of the business and professional community. In all aspects of his career in Valuation, Mr Mahoney held the interests and ideals of the Valuation profession uppermost, his zeal and standing in this regard being an example to us all.

Mr Mahoney was a Life member of the Institute, served on the Auckland Branch Committee including a term as chairman, and made many valuable contributions over a long period to matters discussed at branch meetings. He must, however, be best remembered for his outstanding contribution to the Institute in the field of education and training.

New Zealand Institute of Valuers Services Ltd

'In the Scheme of Things'

By E. T. Fitzgerald

It was then necessary to have specialist management software developed and VALPAK was born. To undertake this pioneering development on commercial 'user pays' terms it was desirable that this development was carried out by a separate entity from the Institute itself. This was with some foresight

VALPAK has become commercially successful.

since VALPAK has become commercially successful. Initially the Institute advanced funds to the Company for this development work and these funds have now been fully repaid. This early development now provides N.Z.I.V. Services Ltd with a growing trading base from which it can *fund* continuing development.

In the initial phase of VALPAK development it was helpful to be able to supply suitable hardware on which it would run, rather than immediately face a multiplicity of computer types. The Company, (and VALPAK) have now progressed beyond involvement with hardware (computers etc), and have since developed VALPAK to run on MS-DOS environments as well as the original CP/M (and now CCPM.86 and concurrent DOS).

The computer hardware industry has also become much more competitive over recent years and N.Z.I.V. Services Ltd has now divested itself of any interest in trading computer hardware.

However we continue to maintain a very close watch on hardware and operating systems development since these determine the environments in which our software products

the Company's software development is 'Systems Neutral'

run now and into the future. Within these constraints the Company's software development is 'Systems Neutral' catering for as wide a range in the computer market as we can sensibly and practically achieve.

Another sound reason for the creation of N.Z. I.V. Services Ltd lies in a fundamental characteristic of the Valuation profession. It is a small profession when viewed in the commercial scheme of things. For some applications (e.g. word processing) a good range of 'off the shelf' programmes are available. However valuation has a number of very specialised application requirements. With the appropriate inputs N.Z.I.V. Services Ltd, as an arm of the Institute, is uniquely placed to reinvest revenues for the further development of software and services useful to practising valuers. This is entirely equitable since it operates on a user-pays basis, yet with term benefits to the entire profession. N.Z.I.V. Services Ltd intends to play its full part in the continuing development of the valuation profession.

As an aside, it might seem we are preoccupied with com-

E. T. (Ted) Fitzgerald is the recently elected Chairman of New Zealand Institute of Valuers Services Ltd. He is the principal of Fitzgerald and Associates Ltd, Timaru and practices widely throughout South Canterbury in urban and rural valuation. He is also South Canterbury Branch Councillor, and a member of the South Canterbury Land Valuation Tribunal. His interest in computerised valuation applications has led his own firm to extensively utilise a range of computer applications. He brings to New Zealand Institute of Valuers Services Ltd a practical valuer bias, and a determination to continue the development of software applications and services for the Valuation profession.

Those who have equipped themselves with the VALPAK computerised sales system will know of New Zealand Institute of Valuers (N.Z.I.V.) Services Ltd. However those who are still wondering about the merit of this technology may not be aware of the role of N.Z.I.V. Services Ltd.

From the enquiries we receive, members are better equipped to consider computer applications technology when they have a clear perception of the purpose and function of this Institute 'services' arm. This perception is best directly explained with some, 'What, Why, How, When and Who' answers.

What is N.Z.I.V. Services Ltd

N.Z.I.V. Services Ltd is a Company wholly owned by the NZ Institute of Valuers, utilising specialist expertise, but controlled by appointed N.Z.I.V. Directors.

Present Directors are:

E. T. Fitzgerald, Timaru (Chairman)
R. V. Hargreaves, Massey
G. Kircaldie, Wellington
A. P. Laing, Dunedin (Chairman N.Z.I.V. Education Board)
J. G. Gibson, Wellington (Secretary, and N.Z.I.V. General Secretary)

This Company operates on a commercial basis, generating sales (presently mainly in software) meeting its own costs. It is able to freely operate to develop and maintain products and services which are considered to have useful application merit for valuers.

Why Was N.Z.I.V. Services Ltd Created?

About the time sales distribution by microfiche was developed, demand began for a computerised sales data system.

puters. What about other services for Valuers? This observation is currently true. The computer/technology wave is with us and has many potential applications within the valuation profession. To refine these applications so that they are practical valuer tools requires concerted development and this effort offers impressive term benefits to the overall valuing profession. With continuing development N.Z.I.V. Services will extend well beyond computer technology into a broader range of support services for Valuers. Exactly what form they will take will depend on evolving membership demand. N.Z.I.V. Services Ltd will work closely with the N.Z.I.V. Board of Education to ensure benefits are passed to members. For this reason, we are pleased that Alex P. Laing, Chairman of the N. Z.I.V. Education Board has accepted appointment as a Director of N.Z.I.V. Services Ltd.

N.Z.I.V. Services Ltd, although operating within prudent commercial constraints, aims to continue to capture wider industry technological benefits, while it remains within the command of the Valuation profession itself. Thus all benefits (be they technical or financial) return to users and members of the Institute.

How Does N.Z.I.V. Services Ltd Operate?

This company has a simple objective.

To facilitate useful support services for Valuers:

This company has a simple objective.

'To facilitate useful support services for Valuers'.

This is to be pursued, within its commercial capacity, with innovative flair adopting the following simple philosophies.

1. All things might be possible.
2. Success is never final and failure *is* seldom fatal.
3. No product or service is ever beyond improvement.

To date the VALPAK system has been successfully developed as a database sales management /retrieval system. It will remain the basis of our continuing development work.

Investigations have begun with a view to programming interactive analysis capability modules. This work will also be applied to the recently developed RENTPAK programme. When developed these will be 'add on' enhancements. Intending users of VALPAK (or RENTPAK) need not delay acquisition of the present Database programmes. DIARYPAK is also a recent office management aid for a busy Valuation Office.

Further specialist applications programmes will also be added to the available range which will aid Valuation practice efficiency. N.Z.I.V. Services Ltd now has the 'commercial' base from its developments to date to provide the financial resources to enable these developments to steadily proceed.

The company's short/medium term policy is to maximise investment in applications development of all kinds which are considered to have merit, rather than maximise profits to the Institute (its shareholder). The Company remains in a development phase.

To maintain development momentum N. Z.I.V. Services Ltd will engage independent industry specialists for programming and encourage research and pioneering development where appropriate. At the same time Valuers using the Company's software and services are invited to feedback practical user experience which will be invaluable as we endeavour to achieve the highest levels of performance.

When Will Members See Benefits From N.Z.I.V. Services Ltd?

They have begun already and the number of VALPAK users is steadily growing. Benefits will also come from continuing development.

N.Z.I.V. Services Ltd, with the N.Z.I.V. Education Board, are planning a series of regional technology seminars in late 1987/88 which will demonstrate existing applications and explain further developments under way. There is some considerable work yet to be done for these seminars but plans are underway.

These seminars will encourage participation designed to ensure members obtain a working understanding of all technology options - not just N.Z.I.V. Services Ltd software. Equally these seminars will provide a first class opportunity for existing user comment and guidance which N.Z.I.V. Services would always welcome.

Who Can Provide Guidance To New Computer Users?

Many, who contemplate computerisation quickly become daunted by the whole new language of computers. Moreover most valuers want to stay as Valuers, and should do so, rather than become computer experts.

With proper hardware and programme installation and support the operation of this technology should be straight forward and user friendly. Once a basic understanding of operating commands of respective programmes, and some simple 'housekeeping' rules is learnt, computers can be a readily accepted valuation tool and powerful office aid.

By retaining industry specialists N.Z.I.V. Services Ltd intend to relieve itself directly from the technical problems, which are demanding on its available resources, yet at the same time ensure full programme support is available to all users. N.Z.I.V. Services Ltd will continue to liaise with these specialists to ensure problems are overcome.

Remember, the basic priorities if you are considering computerisation are strictly in this order.

1. What applications should be computerised - **this** requires a rational study of office procedures and individual office needs.
2. Then consider which programmes (software) will best meet those needs.
3. Last, and only last, consider what computer provides the best system for you. Look for performance (speed, size etc) support, serviceability then finally price.

Don't let anyone talk you into purchasing a computer unless you have satisfactory answers to these questions. Reverse the order of these priorities at your peril!!

To ensure N.Z.I.V. Services Ltd can concentrate its attention and resources on software and services development, it does not wish to become a general EDP consultant. However the author remains willing to share his experience with intending or existing users. The planned 'Technology Seminars' will also provide valuable guidance in this area, but intending computer users should look also to other existing users, or obtain specialist guidance for specific office installations. Some investigations and research before investing in computer technology pays handsome dividends.

Readers are invited to make enquiries or comments to:

The Secretary, N.Z.I.V. Services Ltd, P.O. Box 27-146, Wellington.	or The Chairman, N.Z.I.V. Services Ltd, P.O. Box 843, Timaru.
Ph (04) 847-094	Ph (056) 47-066 (P to P)

Finally we would welcome new or extended applications ideas which any reader feels we could incorporate into any existing or new programme or service. We have the means and determination to advance the development of further technology applications for the benefit of Valuers. User comments will be a major factor in the course we follow and the continuing success we can achieve.

Computer Applications For Today's Valuer

In-house computing power is now a feasible reality available to all valuers. NZIV Services Limited is committed to the development of the best application software for valuers in New Zealand.

0 DRYGAK-1

DIRRYKEV__DRV_MTH_YEAR	STAFF	WDRK	CLIENT	MATTER	COMMENT	ppTy
STRAHHTOA	I		inc	ETAATHAI I AN FIEFT	INS REVTFW .11 TDN HT.H.pv	.

RDC	N	STREET	RME---	CAT	RTL	COM	TOTAL_RENT	RCI	SOM	RENT_FSM	LESSDR	OBL	IG	L	MTCE
STAFFDR	T	RET	01/OT/B4	S	2	(152	3;1.0	t	c.A.	qi	RET	IN.			

															2.4000
															1600 FH
															0.0
															0.1012

B	1	/OG	7	O	G	O	4	SOO	000	---	141	540	FH
R	27/	1/8]	46	S	O								
FLB	/07	5	425	O	O								
STVLE	RD	SH,i	tS/11/B5	25	510			1	500				
			2F///1/116	23	627								

VALPAK

is the program which enables fast, selective retrieval and sorting of sales data from a regularly updated database of sales information customised for each region. VALPAK is the fully computerised equivalent of the "microfiche" system.

Available in CPM, CPM86, Concurrent DOS and MS.DOS versions.

RENTPAK

is a program for the storage of rental data, which enables fast, selective retrieval and sorting of rental data. Data is fully maintained by each user.

Available in CPM86, Concurrent DOS and MS.DOS versions.

DIARYPAK

is a computerised "bring up" program to record, schedule and manage regularly recurring work commitments such as insurance reviews, rental reviews etc. A real aid for a busy valuation office.

Available in CPM86, Concurrent DOS and MS.DOS versions.

VALPAK, RENTPAK, DIARYPAK are trademarks of NZIV Services Limited, New Zealand. CPM, CPM86 and Concurrent DOS are trademarks of Digital Research, USA. MS. DOS is a trademark of Microsoft, USA.

■ Please send me more information on:

- VALPAK
- RENTPAK
- DIARYPAK

PO BOX 27-146, Wellington.
Phone: (04) 847-094

NZIV Services Limited, PO Box 27-146, Wellington

Publications Received and Noted

By the Assistant Editor - Mrs Jennifer Bragan

National Housing Commission - for year ending 31 March 1986.

The report presented to the House of Representatives, briefly discusses the housing market for the year, the impact economic changes, social and demographic changes had on the market.

During the year ending March 1986, the following papers were published in the Research and Information series:

- * Quality Evaluation of Residential Buildings *
- Marriage Breakdown and its affect on Housing *
- Land Availability Study
- * Infill Housing
- * A Landlord/Tenant Profile
- * Retrospective study of CHIP
- * Policy Instruments Available to Governments to Facilitate Access to Housing
- * Social and Demographic Influences on Housing Demand
- * Mortgage Document Design
- * Supply Aspects of Housing

Report of the Valuation Department

Report for the year ended 31 March 1986 presented to the House of Representatives.

Provides a general comment on the real estate market both

urban and rural. The most significant statistic was the 15% decrease in sales activity from the previous year in farmland property.

Annual Review of the New Zealand Sheep and Beef

Industry 1985-1986

Prepared by the New Zealand Meat and Wool boards' economic service. Gives details on:

- (a) prices paid and received, from income and expenditure
- (b) seasonal weather conditions
- (c) livestock numbers
- (d) meat production, consumption and prices
- (e) wool production, consumption and prices
- (f) topdressing
- (g) store stock prices
- (h) land values and
- (i) price levels in New Zealand and overseas.

The Value of Insulation and Thermal Mass in New Zealand House Heating

This paper examines the design relationships of reducing heat loss levels and using thermal storage mass to achieve higher levels of comfort and energy savings. Written by David Breuer, Director of Pacific Solar Design Ltd.

Extract from *N.Z. Gazette*, 21 May 1987, No.74, page 2241

Notice of Appointment of Member to the Valuers Registration Board

NOTICE is hereby given that pursuant to section 3 of the Valuers Act 1948, the Minister in Charge of the Valuation Department has appointed

Peter Edward Tierney

to be a member of the Valuers Registration Board, to hold office for a term of 3 years commencing on the 1st day of May 1987. The said Peter Edward Tierney having been appointed on the recommendation of the New Zealand Institute of Valuers pursuant to section 3(2)(b) of the said Act.

Dated at Wellington this 8th day of May 1987.

K. T. WETERE

Minister in Charge of the Valuation Department.

The New Zealand Office Market Towards the 1990s

How Long Will the Boom Last?

By S. P. Tuck F.S.L.E., F.A.I.I., M.P.M.I.

Paul Tuck ES.L.E., FALL, M.P.M.I., is the Manager, Property Investments for New Zealand of the AMP Society which is one of New Zealand's largest owners and developers of commercial real estate. He is responsible for the control of about 150 properties with a value of over \$750 million. AMP currently has several development projects costing \$150 million in various stages of completion.

Paul is a Fellow of the Society of Land Economists of Australia; a Fellow of the Australian Insurance Institute and a member of the Property Management Institute of New Zealand. He has worked in the Property Industry for 24 years largely located in Sydney where he held various posts which provided him with experience in activities in all capital cities. He has spent seven years in New Zealand from 1974-1977 and from 1982 until the present. He was a foundation executive of the Building Owners and Managers' Association - BOMA - and is currently the National President of that organisation.

1. It's my task today to attempt to map out where the New Zealand Office Market is going to between now and 1990 and also make some predictions about how long the current boom will last. This is a very important subject to most people in this room because their livelihoods depend on it and, in some cases, their fortunes are at stake.
2. Looking to the future is not an easy task and predictions usually prove to be wrong because of the number of variables involved. But it is human nature to make an attempt to predict the future and in any well run business it is fatal if you don't at least try. Dwight Eisenhower, the former US President and Supreme Commander in Europe in World War II, once said, "Neither a wise man, nor a brave man, lies down on the tracks of history to wait for the train of the future to run over him".
3. And that is my philosophy too. The past is interesting and a guide to future possibilities. But it is only a guide. The future is what is important and the future is made by us, the current players in the game.
4. To get things into perspective I will firstly look back briefly at the history of office buildings in the major cities in New Zealand over the last twenty years or so. Back in the 60's there was the odd new building, or two, being

added each year to a stock of old, almost antiquated buildings which made up the commercial area of each of the major cities, in those days Wellington, Auckland, Christchurch and Dunedin. There were almost no air conditioned buildings, these, after some years of controversy, only becoming accepted as the market norm in the late 70's. Sites were generally quite small, buildings were low-level and the whole atmosphere was quite provincial. A surge of development built up in the early to mid 70s when part of the Auckland downtown scheme and several buildings in Lambton Quay and on the Terrace in Wellington were built. But this attempt to bring New Zealand's commercial accommodation standards closer to those of the rest of the world was stopped dead in its tracks by an ideological, paternalistic, interfering government through the agency of the building programmer who, for several years, controlled and restricted quite severely the amount of office development allowed.

5. So by the time 1980 arrived New Zealand's experience in the office development market had been somewhat different to similar western countries such as USA, Canada, the UK, Australia and, dare I say it, South Africa.

Each of these countries had been through strong development phases during the 60's which turned into booms in the early 70's. These booms busted with quite calamitous repercussions by 1975, largely because too much space had been built based on euphoric future economic expectations and never ending exponential rental growth predictions by developers.

The OPEC oil price crisis and credit squeezes of the time delivered a quick coup de grace to a boom that was in the process of collapsing more gradually through natural causes.

6. Since the dark days of 1975 the commercial office markets in these similar overseas countries have quite quickly climbed off the floor and by the early 80's the USA and Canada were in a boom phase again which, in the case of the USA, had been fuelled by over generous - and not withdrawn - tax incentives, rather than driven by tenant demand.
7. The office market in most American cities is now in considerable difficulty with vacancy rates in the newer buildings being on average at anything from 15-30% - an intolerable level. Rental deals, where rent-free periods of up to five years, or multi-million dollar cash incentives up front, are given are commonplace. And rental growth is negligible and will be for many years.

It is claimed some buildings in Dallas and Houston, the so called 'see through buildings', will never ever be tenanted. Most cities in Australia have been very active with a more healthy development activity running at about half that of the early 70's in Sydney and Melbourne and, until recently, somewhat higher in Brisbane and Perth, which have been somewhat akin to modern day New Zealand; that is starting from a much lower base. However, deals US-style, but not as bad for the owner, are commonplace in Brisbane at present.

The above address was presented by the author to the Institute for International Research - Auckland Conference November 1986. Reprinted by permission. No further reproduction rights are authorised 0.

8. *The catalyst for this upsurge in activity was the classic property cycle -*

8. The catalyst for this upsurge in activity was the classic property cycle - I like to liken it to a pendulum - of unsatisfied tenant demand for space leading to rapidly increased rentals followed by rapidly increased and viable development activity. Rentals more than doubled and in some cases trebled over a three year period in Sydney between 1979 and 1982. Melbourne's rental growth rate has been more consistent than Sydney's and has been double Sydney's in the last four years.
9. I must explain that I will, in developing my theme today, have to spend some time dealing with events in Australia as it is the best known to us of the several countries which can provide *classic models of behaviour in the property industry*. Today the surge of the early 80's in Australia is starting to peter out with Melbourne, which did not have as high an oversupply in the late 70's as Sydney, the only real bright spot, although Sydney's resilience should never be underestimated. Oversupply and high vacancy rates, and the consequential low rental growth, are causing problems in the other cities. Investors are preferring to invest in the share market, or overseas.
10. Therefore, the pendulum now seems about to swing back the other way through a period of stagnant rental growth and reduced new development where profits will be harder to come by. There will be a period of consolidation and rationalisation where the efficient professionals in the business continue to prosper and the rest, *many newcomers*, will gradually fade away.
11. Now the first key point I wish to make is that, to a large extent, New Zealand has missed the severe cyclical downturn and then subsequent return to high levels of activity that the rest of the industry world-wide has experienced since the mid-70's. In New Zealand there have been a few minor bumps, but generally until the last two years, or so, the same players played the same game in a fairly well controlled way and life was pretty serene.
Bob Jones talked the market into a 10010 p.a. value increase syndrome from the early 70's and it happened on request year after year. By the 1980's the more perceptible started to realise that the 10% was then about to become more like 18-20010 p.a. which is what it ought to have been anyhow to take account of New Zealand's abysmally high inflation.
12. So at a time when investors' perception of commercial property as an investment improved two other important factors stamped themselves on the market. One was a

office accommodation standards in New Zealand were, in the main, absolutely awful

realisation by employees and, more importantly employers, that office accommodation standards in New Zealand were, in the main, absolutely awful and fifty years behind the rest of the world. It was clearly perceived that only the employers with bright, modern, air conditioned, state-of-the-art premises would attract the best staff and have the right business image.

13. The other important factor was the advent of the Lange/Douglas Labour Government and its massive thrust into deregulation of the business and financial community. This long overdue step created a need for more accommodation to house increasing staff numbers. The double-whammy effect of this, added to the universal demand for better accommodation, has fuelled the activity we see all around us here today in Auckland, and down in Wellington, and Christchurch, and also several of the provincial cities.
14. Yes, we all know that there is a boom on today. A recent quote by the managing director of one leading developer from Wellington went so far as to say, "I can't see the demand for office space developments every being met. At present there is an insatiable demand for office space". Well he hasn't got history on his side, but I am getting ahead of myself. I will deal with his views in more detail a little later.
15. What currently is the apparent state of the commercial office development industry in New Zealand?
16. There is no vacant space in Wellington and Auckland and many tenants such as solicitors, insurance companies, brokers, accountants and investment companies are screaming for

Rentals are increasing at a rate of 20-25 % p.a.

- more space which they probably won't achieve for two-to-three years. Rentals are increasing at a rate of 20-250 % p.a.
17. There is a level of development activity that New Zealand would not have believed possible three years ago. At present there is almost as much space being built per annum in Auckland and Wellington as was built in each of Sydney and Melbourne per annum during the heady days of the 70's boom. Current development levels being built and planned in each city are well ahead of anything that has happened in Sydney in recent years and only marginally behind Melbourne. And don't forget Sydney and Melbourne are three times bigger than Auckland and nearly ten times bigger than Wellington and there have been higher population growth rates.
18. There are a vast number of new players in the top end of the development game. The likes of Mainzeal, Chase, Renouf, Kupe, Rainbow, Argus, Mace, Baker, Wellesley, RDC, Smart, Unity (or is it now St Martins?), seem to be swamping the old heavies such as Fletcher Challenge, AMP and National Mutual.
19. The share market is setting new records every day despite the difficult economic climate the country faces with manufacturing exporters having problems in competing in a world with lower labour costs, the rural sector is in great difficulty and in the process of restructuring, unemployment is at record levels with no hope in sight for the victims of structural change such as the freezing workers. And which sector of the share market is the top performer of all in this giddy worship of greed? Why the property sector of course.
20. Now why is this so? What merits does this form of investment have that induces investors to buy shares at four or five times their asset backing? Why do they invest so enthusiastically in companies some of which are run by newly arrived amateurs, I should really be more generous and call them entrepreneurs, in the highly specialised property industry? Why do they purchase shares that will pay them virtually no dividend, as most dividend yields in the sector are around 1 or 2% p.a. with most companies making very low realised profits, their so-

called profits largely consisting of *re-valuation write-ups*? I can only presume that they, like our super confident developer in Wellington, believe that the boom will last forever.

21. So what is the real state of the nation in the property industry at present? I will attempt to tell you how I see it:-

- Firstly the good news. The industry is booming to the extent that every person involved in it has more work than he can handle and many are making fortunes. The economic activity created is a major plus at a time when some other sectors of the economy are seriously depressed.
- The major cities Auckland, Wellington and, to a lesser extent, Christchurch are undergoing a metamorphosis the likes of which New Zealand has never seen before. Almost as if by magic they are becoming modern-day commercial centres and this is long overdue.
- Standards of accommodation are improving immeasurably. In some, but unfortunately too few, instances office buildings are being built that match current international standards for mechanical and electrical componentry and state-of-the-art 'high-tech' facilities.

Rentals are rising quickly and, currently, at a much greater rate than inflation.

- Rentals are rising quickly and, currently, at a much greater rate than inflation. They are rapidly approaching the levels being achieved in most of the major Australian and American cities.
- There is no vacant space and projections indicate that there will be none for at least another two years in both Auckland and Wellington. Christchurch may not be so lucky.
- Central city land prices have increased by anything from two to five times over the last two years. Some developers are paying up to \$7-10,000/m² for land that is no better than reasonably located in Wellington and Auckland. It doesn't cost much more in Pitt Street, Sydney, or in Collins Street, Melbourne.
- Investors have never had it so good. The various

The various property funds are showing returns of 25-30070 p.a.

property funds are showing returns of 25-30010 p.a. AMP's property unit has been running at better than 30010 p.a. for almost a year now.

- But underneath all this excitement there is some bad news too. Building costs are increasing at between 50 and 75% more than the rate of inflation. This is caused by the extreme strains on manpower resources and the cost of overseas components being hiked up by the decline in the value of the New Zealand dollar. There is no apparent solution in sight for these problems.
- Land costs are getting too high, too quickly. Project feasibility is a delicate flower in which there is a direct relationship between rental levels, building costs, interest rates and land values and the latter is where it is easiest to get the sums wrong when the equation gets out of kilter.
- Sadly, too many buildings that are being built are not

of a good enough standard. Air conditioning systems are insufficient; floor-to-ceiling heights are too low; buildings are under-lifted; electricians are skimmed on and architectural design has come in for considerable criticism, some of which is certainly justified. It is an arguable point, but *many tenants are not getting value for their money*. Consequently the future holds some interesting challenges for the industry.

- Town planners, as always, have their problems as the realities of the marketplace continue to confront their treasured, but flawed, district schemes. The cities people had become used to down through the years - and generally the office buildings as places to work in were absolutely awful - are disappearing before their eyes. The historic places trust, the heritage trust and similarly concerned citizens, such as the 'Central Area Review Committee' in Auckland and the 'Save Our City Campaign' in Wellington, struggle to maintain some of the dignity of the past and ensure that the future ultimately has some.
 - And, finally, an interesting observation, is that many of the current players in the game here in New Zealand are, like lemmings, in the process of expanding offshore to Australia and, in some cases, the USA. Mainzeal, Chase, Renouf, Robert Jones (in a big way), Unity, Mace, Prorada are only some who are spreading their shots - and into markets already more than well supplied with office buildings and developers. Could it be they, either consciously, or intuitively, see the end to the boom here coming into closer view?
22. Being more specific, what is the scene in Auckland? There is about 200,000m² of space under construction in the Central Business District and about another 150,000m² firmly planned for construction over the next three years. At least another 100,000m² is on the drawing board. There is also considerable activity in Takapuna, Parnell, Newmarket and other areas on the fringes. Rentals are well through the \$200m² p.a. net barrier and for the developments currently being planned for completion in 1989-90 to be viable they will need to be about \$330m² p.a.
23. And Wellington possibly is an even more exciting situation - certainly for its size. There is also about 200,000m² of space under construction there and at least about another 250,000m² planned over the next three years while there is another 200,000m² on the drawing board. Rentals for top space are now about \$250m² p.a. net and they will need to be about \$375m² p.a. to keep developments viable by 1990.
24. There are three major schemes planned for Wellington which will have a great impact on that city. Mainzeal and the New Zealand Railways Corporation are underway with plans to erect a major scheme called 'Gateway'. It will include seven buildings with about 100,000m² of space and parking for 3,000 cars covering five hectares at the northern end of town over the railway tracks at the railway station. At the southern, or Te Aro, end of town Chase had a major project that is bogged down with the Council Town Planning people. Chase and several other developers are currently in the process of adding about 100,000m² of space to this area of the city where a few years ago there was virtually none. and to the east right along the harbour front the Harbour Board has a bold and imaginative plan to rejuvenate the harbour front and turn it into a tourist/people oriented facility. Plans include 82,000m² of office space including one rather controversial 32 storey tower of 31,000m².
25. So Wellington will see a great battle fought over the next few years between the old traditional business heart of Lambton Quay, The Terrace and Featherston Street and these major new areas. Also the government has big plans

of its own with three major buildings at the northern end of town which will also add to the available stock of buildings.

26. Down in Christchurch it is all go too with something like 40 to 50,000m² of new space coming onto the market over each of the next three years. About half of this space is reported to be pre-leased. With the South Island economy in a troubled state one must question how much further this sector of the boom can go as historic rates of uptake in Christchurch have been low.
27. It makes one wonder doesn't it? The country has a situation where Rogernomics will ultimately bring a recessionary phase with a reduction in the rate of employment, or job growth. But will this impact adversely on Wellington and Auckland whose economies these days are marching to a different drum to that of the rest of the country?
28. I will give you some idea of *the* problem. Job growth in Auckland CBD is currently running at about 1,500 p.a. or an average of about 33,000m² p.a. of additional office space uptake. Wellington's five-year average growth rate is nowhere near these figures although there has been an encouraging increase of nearly 3,000 in the last year. So it seems most unlikely that even the most optimistic employment growth, financial deregulation and all, holds the long term solution to filling all of the new buildings that are coming along. Certainly it would seem that neither Wellington nor Auckland should look to the government to mop up any surplus space. Its needs seem likely to be filled over the next two years, and from thereon, it will not be in an expansionary phase in the Central Business Districts.
29. I will now change direction somewhat and read you a piece about another property boom from a book called 'Sydney Boom Sydney Bust', by Maurice Daly. We should ponder very seriously in our minds on some of the points made.
30. "Sydney had never experienced a property boom on the scale of that between 1968 and 1974. It involved a frenzy of buying, selling and building which reshaped the Central Business District, greatly increased the supply of industrial and retailing space, and accelerated the expansion of the city's fringe. Its visible legacy of empty offices and stunted subdivisions was matched by a host of financial casualties which incorporated an unknown, but very large, contingent of small investors, together with the spectacular demise of a number of development and construction companies and financial institutions. The boom was the most significant financial happening of the 1970's and the shock waves from *the inevitable crash* were felt right up to 1980. It was an extraordinary event for Sydney, and for Australia.
Sydney would never be the same again. The once-in-a-lifetime rebuilding of its heart had taken place so rapidly and so boisterously that only after it was over were the mistakes and missed opportunities reckoned. The mish-mash of conflicting architectural styles; the dwindling light and open space; the visible poverty of the architectural and development imaginations responsible - all would smudge the central city's image for a generation."
31. Some of this has a familiar ring to it in what is happening in Auckland and Wellington at present doesn't it? I sincerely hope the conclusion isn't the same. Nobody believes it could happen here and I hope they are right.
32. But there is some cause for serious concern. I have here the latest office space survey figures available from consultants Keys Preston Maskell. You can draw from these figures largely what you wish as the secret is in estimating what the rates of uptake of new space not yet

committed will be over the next three years. If you believe it will be only 10,000m² p.a. then both Auckland and Wellington will be disaster areas by 1990. Should you be an optimist at 50,000m² p.a. new uptake then both cities will have slight oversupplies, but nothing serious. I am inclined to the view that actual additional space uptake will fall somewhere between about 20 or 30 thousand square metres. This would lead to a quite serious oversupply by 1990 and bring considerable pressure to bear on rental levels and value growth. Keys Preston Maskell tend to be a little more optimistic than I do, but counsel caution, particularly in Auckland. However, I must stress that these figures do not include most of the projects currently only at drawing board stage. If many of them

If many of them proceed there is the potential for disaster.

proceed there is the potential for disaster.

33. I can't help thinking that the current spectacular activity will soon start to slow down with a fall-off in the number of new commencements. This will have no immediate impact on a hopelessly overstretched industry with two to three years supply of developments in the pipeline. But by 1988 there will start to be a realisation that there are not many large new tenants around who wish to pay rentals in the \$300-\$350m² p.a. range. In other words, the viable development equation, that delicate flower I mentioned earlier, will have got out of kilter as building and land costs and interest rates will be producing rental levels that tenants will not, or can not, pay, nor will the economy be able to maintain such levels. Suddenly the market will no longer be demand driven. It will become investment driven. But for how long can that last?
34. By 1989 the penny will have dropped that the boom is over as many new projects planned in the two or three years before are being quietly dropped and few, if any, new ones are coming along. Builders will be realising that they will not have replacements for projects that will be completed within the next year or so.
Continually growing profits will be about to hit the wall. Property company share prices, which will have been easing back since mid-1987 (and let's assume labour gets back and the market remains fairly stable), will be slipping at a greater rate. The exponential growth expectations will, for most, be becoming a mirage.
35. So, by 1990 the great development adventure will be nearly over and another, requiring different and more patient skills, will be about to start. This will be the management adventure and the quest by owners to tenant and operate these new cities in as profitable a way as possible. There will not be the glamour of the current battlefield, but it will be a battle all the same, and only the skilled, most of whom will be different people to the current champions, will come out winners.
36. It is time for me to move towards my conclusion. I have painted a picture of gradual, but sure, decline between now and 1990? Yes my developer friend in Wellington, I do not read the signals the way you do. The boom will come to an end. But there will be many positive results, too.
37. To conclude, I will make some predictions. This is a precarious role and we can all seek solace in the fact that it would be impossible for me to get it all right. As I see it the property world by 1990 will be:

- Rents for new space will be about \$370m² p.a. net in

Wellington and \$350m2 net in Auckland. Christchurch will be trailing at \$220m2 p.a.

- But before you all stand up cheering the downside will be that the supply of tenants will have dried up. Deals to attract tenants, American and Australian style, will have emerged. Tenants will be getting \$200,000 per floor in cash or fit-out contribution to sign up for relatively short term leases, say 10 years. It will be the

It will be the beginning of a period of low, or no, rental growth for 3-5 years

beginning of a period of low, or no, rental growth for 3-5 years. *In many cases rentals will effectively fall as deals to attract tenants dilute documented rentals below previously established levels.*

- Many developers will be in trouble and several will have already left the scene severely bruised. Some may ultimately be write-offs. The highly skilled will also suffer consequential reverses, but they will survive to prosper in the second wave that will rise in the mid, or late 90's.
- The innately conservative life offices and super funds will quietly regain some of the ground they appear to have lost by bailing out those developers in trouble who have been astute enough to build *good quality buildings*. Those that built junk will be scrambling to make their own arrangements.

- The share prices of the property companies which would have been declining fast since early 1989, as their development profits will be drying up, will be back to no more than about twice net asset backing at best and some of the spate of property trusts that will have emerged in 1987 and 1988 will be suffering runs on their funds. One or two could be in difficulty and only the conservatively and professionally managed will resist a decline in unit prices to ultimately prosper.
- New building starts will be very low. An office building industry which has struggled for years to grow to meet the demands of the 80's will be suffering severe overcapacity, with consequential unemployment. Professional consultants who will have experienced eight years of too much work, will find jobs hard to obtain and fees very competitive. Many will have to seek employment overseas.
- The whole property industry will commence a period of rationalisation and re-organisation. Building standards will, as a consequence, improve dramatically. Builder's profit margins will be lower. Developer's will have their margins cut to reasonable levels. Land prices will level off, or in lesser, and possibly all, locations decline. Fortunes will no longer be made overnight, making genuine profits will be all hard graft.
- Buildings older than ten years or so, or those that are not air conditioned, or those built to sub-standard specifications, will struggle to retain a reasonable level of occupancy. Some will have very high vacancies. All will experience falls in their rental rates and value which will shorten their future economic lives. Efforts to correct this situation by refurbishment will in many

New Office Space Supply KM2

I

	<u>AUCKLAND</u>	<u>WELLINGTON</u>
AV, ANNUAL TAKE UP - 1979-86	58	50
<u>COMPLETED UNCOMMITTED UNDER CONSTRUCTION</u>	1 (10/86)	Nil (10/86)
ALREADY PRE-LEASED	110	125
UNCOMMITTED UNLEASED WITH PLANNED COMPLETED CONSTRUCTION BY	69	36
1987	52	11
1988	45	53
1989	33	85
1990	33	35
DEC '90 OVERSUPPLY IF ADDITIONAL TAKE UP PER ANNUM IS		
Nil	233	220
10 KM2	193	180
20 KM2	153	140
30 KM2	113	100
40 KM2	73	60
50 KM2	33	20

Details supplied by courtesy of Keys Preston Maskell & Co Ltd - Property Consultants.

cases fail as the supply of good, new buildings will comfortably meet the top end of the market. Many buildings will prove impossible to refurbish adequately because they were initially built 'on the cheap'.

- The tertiary work force will be well housed and in immeasurably better conditions than it was at the beginning of the decade. But most will still suffer from accommodation that has poor air conditioning, low standard lifts, insufficient electrical capacity and little real architectural merit. Only the few best buildings will offer good quality air conditioning, a fast and efficient lift service, large attractive foyers, quality (say 55oz) carpets, flexible lighting and ducting space and electrical capacity to enable full utilisation of computers and other high-tech gadgetry.

Consequently tenants will have become better educated than they are at present and they will be making life difficult for inefficient landlords.

- The character and visual impact of Auckland and Wellington will have been set in concrete for the next

forty years. The opportunity to have had more concentrated Central Business Districts with taller, more efficient buildings surrounded by some open space will probably have been lost forever. A sad indictment on planners.

- Both Auckland and Wellington, particularly the former, will still be losing the battle to sort out the problems of peak hour traffic. Auckland's traffic and public transport will be in such a mess that developers on the fringes, particularly Takapuna, will reap some spin-off benefits. Tenants will require more and more parking space than is available, but will then experience extraordinary difficulty in getting to it.

38. My closing thought is that we are in the early stages of a classic study of the effects of imbalances of firstly demand and then supply in a free enterprise economy which will climax in a battle for survival in which only the financially fittest and academically skilled will remain. Let us hope we here are fit enough to go the pace. Thank you.

MASSEY UNIVERSITY

Palmerston North

JUNIOR LECTURERS/LECTURERS/SENIOR LECTURERS Property Management and/or Valuation

Applications, for the above positions in the Faculty of Business Studies, are invited from persons qualified in the disciplines of Property Management and/or Valuation. Applicants should be members of either the Property Management Institute and/or the New Zealand Institute of Valuers. The present courses provide tuition in applied urban valuation, property management, property development and recreational property. It is necessary that applicants also have practical experience in one or more of these areas as the courses have a strong practical orientation.

Primary duties are the teaching of both undergraduate and postgraduate students enrolled in internal and extramural courses leading to Property Management/Valuation qualifications. The successful applicants would be expected to contribute to the development of new course work within these teaching areas.

Those interested in short term or reduced time contract positions should also apply.

Junior Lecturers:	\$N.Z.22,600-\$26,400.
Lecturers	\$N.Z.30,500-\$35,000
Senior Lecturer:	\$N.Z.37,000-\$47,000.

Requests for specific information should be addressed to Professor R. H. N. Love, Dean of Business Studies Faculty, Massey University.

Conditions of Appointment may be obtained from the undersigned with whom applications close as soon as possible.

B. R. H. MONKS - Registrar

Rental Arbitration

By J. (John) N. B. Wall

in him questioning it, than the adoption of a reasonable approach.

I would further caution you that if you formally notify

if you formally notify the Lessee in terms of the lease document that a specific figure is the market rental, it is my opinion, based upon legal advice that you are then bound by that figure.

John Wall Dip.U.V., EN.Z.LV, FC.LArb. is a National Director of Robertson Young Telfer Ltd, previously a senior partner in the Wellington firm of Gellatly Robertson & Co.

John Wall was appointed to sit as an Assessor and Member of the High Court in 1985. He has been active in the affairs of the New Zealand Institute of Valuers over a period of 27 years, including 12 years on Council Executive, where he is currently serving as Chairman.

John Wall is retained as a property advisor real estate analyst and consultant to many leading property investment companies and developers mainly in the Central and Northern regions.

This paper was presented to a Cromwell Corporation seminar in Wellington in March 1987.

The Property Manager

This is intended to be a general discussion on arbitration and it may be preferable to cover practical situations highlighting not only what should occur, but what does occur.

As Property Managers you instruct a Registered Valuer to complete a rental valuation of 'the premises' just before the rental is due for review.

You have skimmed through the lease document and briefly put down the details of what you consider the Valuer needs to complete his valuation in a couple of days.

I know what you are thinking - We don't do that.

Maybe you don't, but you would be amazed at the number of clients that do.

Organised Property Managers will have read the leases on all the properties that they control and have a system of constant reminders stored in their PC's or simple card bring-up systems.

At the appropriate time stipulated in the lease document may be - "Not later than three calendar months prior to the review date" or, if there is no time specified, at least one month prior to the review date, request the Valuer to complete a valuation *and send him a copy of the lease document.*

Give the Valuer sufficient time to adequately view the premises, read the lease and complete the valuation.

This valuation and lease document will then be returned to you, at which time you notify the Lessee or tenant of the rental - it may be the actual valuation figure or plus a little to show that you can do better than the Valuer's figure.

At this stage I would caution you that even in a rising rental market, to add an excessive amount may result in you obtaining it, but it is more likely to antagonise the Lessee and result

the Lessee in terms of the lease document that a specific figure is the market rental, it is my opinion, based upon legal advice that you are then bound by that figure.

Upon receipt of the asking rental the Lessee can accept the rental asked, in which case the matter is settled by legal documentation, or he may notify you that he disagrees with it, or he may do nothing and hope that you will forget it.

Let us assume that he disagrees with it, obtains a valuation that supports his view, or the reverse order, obtains a valuation and notifies you that he disagrees with your asking rental.

Having received his verbal or written reply, the initiative is yours, because he is still hoping you will go away.

You may contact the Lessee and suggest that discussions with you on a 'without prejudice' basis would be of mutual benefit.

It is at this time that I would caution you that it must be clearly established by you that neither party is bound by such discussions until a settlement is reached.

All too often the situation occurs that your valuation advice is, say, \$250 p.s.m., you have added a little and asked \$260 p.s.m., the Lessee's offer is \$230 p.s.m. and after considerable discussion you have suggested a compromise figure of \$245 p.s.m. as being a midway point.

Once such a figure has been conveyed to the Lessee, unless it is perfectly clear that that figure is a compromise suggestion to avoid further lengthy discussion and the expense of the Arbitration process, it becomes fixed in his mind as your rental.

For example, if the two parties ask their respective Valuers to discuss the rental difference prior to Arbitration, it becomes most difficult for your Valuer to achieve a result at such discussions in excess of the \$245 p.s.m. that has been suggested.

Also do not expect your Valuer to take over the discussions on the basis of your \$260 p.s.m.

He will put forward his valuation of \$250 p.s.m.

When he does that it will become crystal clear to the Lessee through his Valuer that your company, because that is who you are employed by, is in the habit of adding some amount to valuation advice.

I am not saying that what you have done is incorrect, because there are many instances where you have and will achieve more than the valuation advice.

Just so long as you are aware of the consequences.

Your company does not, I am sure, wish to obtain a reputation other than that of a fair and efficient Property Manager.

Maybe you will achieve \$260 p.s.m. or even more as a rental but if you do not the relationship between yourselves and the Lessee will suffer at future renewal periods.

There may develop an atmosphere of mistrust between you which may take some considerable time to dispel.

There may develop an atmosphere of mistrust between you which may take some considerable time to dispel.

At present there is a national landlord who has obtained excellent rentals on many properties, but who has also acquired the name for being rapacious, and at least one national tenant has decided that it will vacate premises so owned as soon as they are able and will not entertain new premises from this landlord, unless it is unavoidable.

The next step when you have been unable to reach agreement with the Lessee or tenant will be strictly in accordance with the wording of the lease document and once you have set up the arbitration process by a written appointment of your arbitrator, as property manager you will not normally play any further part in the settlement of the rental, unless your arbitrator wishes to call you as a witness on matters of fact at the Arbitration Hearing.

The Nature of Arbitration

In considering arbitration procedures perhaps firstly the term 'arbitration' should be defined.

It is the settlement of a dispute by an arbiter, who is the person appointed by the parties to resolve a difference. This arbiter can be named as the third Valuer, sole arbitrator or umpire. These designations together with their roles can vary, depending upon the agreement, with such differences or similarities requiring to be clearly recognised and established at the initial stages of arbitration.

An arbitration arises therefore when there is a dispute, which the parties are unable to resolve themselves and this dispute is referred by mutual agreement for settlement to a third person for a decision which will bind them.

Arbitrations can arise in many ways, but most of the arbitrations that you will be involved in are as a result of a difference between the parties which was foreseen to be a distinct possibility when the original agreement or lease was documented. There are many forms of arbitration varying from an informal type hearing involving two Valuers and their appointed Umpire, two Valuers, two Arbitrators and the Umpire, to a full scale arbitration hearing where each party is represented by counsel in front of the Arbitrators and Umpire and expert witnesses are called to the extent that this differs little from Court procedure.

In New Zealand, Arbitration law is under the provisions of the Arbitration Act 1908 and the Arbitration Amendment Act 1938.

Agreements and Submissions to Arbitration

Under the Arbitration Act 1908 a SUBMISSION is defined as a written agreement to submit present or future differences to arbitration, whether an Arbitrator is named therein or not,

or under which any question or matter is to be decided by one or more persons to be appointed by the contracting parties or by some person named in the agreement.

This submission is more commonly known as an Arbitration Agreement and it covers both the arbitration clause by which the parties agree that if disputes arise they shall be referred to arbitration and also the actual submission of a particular dispute to the authority of a particular arbitrator.

It is convenient to distinguish between them, with the first being an agreement and the second a submission:

1. Agreements for Arbitration

In its simplest form, the arbitration clause wording of an agreement (or lease) may consist of merely

"Any dispute arising out of or under this agreement shall be referred to arbitration."

However the more normal reference to arbitration is:

"The market rental shall be as agreed upon between the parties or failing such agreement to be determined by two competent Valuers, one appointed by the Lessor and one appointed by the Lessee and if the said valuers are unable to agree then to be determined by an umpire appointed by the Valuers before entering into the difference of dispute."

Whatever the form of arbitration, it is the document between the two parties that clearly defines the form that the arbitration will take.

Many documents refer only to the Arbitration Act 1908 in which case the procedures under this Act take precedence.

There are many variations to the form of arbitration and it is the responsibility of the Valuer/Arbitrator to strictly comply with these legal agreements to arbitration references which should be read carefully as there are many variations.

Such variations include:

- (a) The valuation by two Valuers where in the event of disagreement two Arbitrators are appointed who in turn appoint an Umpire.
- (b) The appointment of three independent persons to carry out a valuation, one appointed by the tenant, one appointed by the landlord and the third Valuer to be appointed by the two Valuers before proceeding to the valuation.
- (c) The valuation by two competent Valuers or if in the event of disagreement, by a Valuer appointed by the President of the New Zealand Institute of Valuers, whose decision shall be final and conclusive and binding on the parties.
- (d) The agreement by landlord and tenant or in default of such agreement to be settled by arbitration by one Arbitrator or failing agreement upon the appointment of one person, then by arbitration of two disinterested persons, one to be appointed by each party or by an Umpire to be chosen by the Arbitrators before entering into the dispute.
- (e) A valuation to be made by three independent persons with these three said Valuers or any two of them making their valuation.

... and many more variations.

(See extract from First Schedule of the Public Bodies Leases Act, attached.)

This Arbitration clause in the agreement is an ordinary contract and as such is subject to the law for enforcement of contractual obligations and must be treated with respect.

2. The Submission

In valuation arbitrations it is not normal to receive written instructions or the submission in writing stating the matters under dispute as it is the differences between

the Valuers that have caused the dispute and these can quite clearly be established at Arbitration, but there are occasions when the parties or their solicitors draw up a formal submission, as distinct from the original agreement, which defines the arbitration procedure, setting out specifically the precise points which are under dispute and require determination.

Frequently this submission will also cover other matters such as the fixation of the time before the AWARD is to be published and areas of agreement between the parties or it may contain the clause, "All matters in difference between the parties", giving the Arbitrator the power to decide on questions raised during the Arbitration necessary to complete the determination. Reluctance by the parties to commence Arbitration is fully covered under the Act and although this does not occur often there have been occasions when such provisions are necessary.

Parties to Arbitration

In the majority of valuation disputes, the Valuers have carried out their respective valuations and there being disagreement between them that cannot be reconciled, are then appointed by their principals in writing, as Arbitrators, or the particular wording under the agreement to arbitrate, with these Arbitrators then appointing an Umpire between them.

Initially there may be some discussion between the Arbitrators who during these discussions may reach agreement and publish their award without reference to the Umpire, or having had discussions, cannot agree and then refer the whole or part of the dispute to the Umpire or refer the matter directly to the Umpire without any discussion.

Appointment of the Umpire by the Arbitrators must be in writing and although specific in its content it does not normally specify the points of disagreement, is signed by each Arbitrator and forwarded to the Umpire who will then return one signed copy to each Arbitrator, at which time it is usual for him to nominate a mutually suitable time and venue for the Hearing to take place.

With low-key arbitrations the Valuers/Arbitrators normally present written submissions substantiating the level of their valuations, each being permitted to question the other and in turn being questioned by the Umpire in a reasonably formal manner so that one Arbitrator does not gain undue advantage over the other through lack of formality.

Such formality is necessary otherwise the Hearing could degenerate into an argument between the parties.

ARBITRATORS derive their authority from the agreement between the parties and consequently their powers and duties are those, and only those, that the parties have agreed to place upon them. Where Arbitrators are appointed who have also valued the property, have disagreed and then appointed an Umpire, they tend to become advocates for their respective appointors. Rather than the situation when an Arbitrator is appointed by each party, who up until the time of appointment has had no association with the disagreement, in which case these Arbitrators are in a situation of impartiality.

AN UMPIRE once appointed by the Arbitrators and notified that agreement can not be reached between them is in the same position as a Sole Arbitrator. Before the Arbitration Hearing the Umpire will establish from the Valuers or Arbitrators the type of arbitration that is to take place and whether it is to be of an informal nature involving only three persons or whether there will be witnesses called or if it is to be of a full scale nature involving Valuers, Arbitrators and Counsel at the Hearing.

Many Umpires require a preliminary meeting between the parties to establish the ground rules for the formal hearing

Many Umpires require a preliminary meeting between the parties to establish the ground rules for the formal hearing.

Such as: the general areas of disagreement.
witnesses, if any, to be called.
likely length of the hearing.

With the formal arbitrations it is usual in order to save the delay and expense of two investigations of evidence that the Umpire sits at the Hearing with the Arbitrators and if after the Hearing the Arbitrators cannot agree there is no need for a re-Hearing.

At these formal Arbitrations, unless the agreement provides for an Umpire to take an active part in the reference from the outset, his duties do not arise until the Arbitrators disagree. Further, unless the agreement expresses a contrary intention, the Umpire's authority does not commence until the Arbitrators give notice in writing either to him or to a party to the agreement that they cannot agree.

The Umpire must be strictly impartial and, like an Arbitrator, must not hear one party in the absence of the other and should not receive any statement as to the case from one of the Arbitrators except in the presence of the other.

As property managers you must not take any part in the Arbitration, unless specifically required to do so. All assistance you are able to give the Valuer you have engaged should have been imparted preferably at the time of his valuation or in the valuer/arbitrator situation when he is preparing his evidence/submissions for the Hearing.

The Hearing

Time and place of the Hearing must be clearly notified to the respective parties in writing by the Umpire, to avoid any misunderstanding, at which time there is normally notification of the requirement for written submissions to be presented in addition to the oral submissions and evidence.

Such written submissions are of considerable benefit to the Arbitrators and Umpire in addition to notes that are taken at the Hearing or in the case of full scale arbitration a complete transcript of the Hearing.

Order of presentation of the evidence and submissions will normally be by the party who appears to have the burden of establishing the matter in dispute to commence first. With rental arbitrations that is the Lessor's representative with the Lessee's representative following.

Conduct at the Arbitration will commence with opening submissions from each party, then the evidence of each, allowing each Arbitrator in the three-man arbitration situation to be questioned by the other and full cross-examination of all witnesses in the formal arbitration. Questioning and presentation by the two Arbitrators are subject to formal procedure, but the Sole Arbitrator or Umpire is not restricted to the same extent. He may interrupt at any time to clarify a point or ask questions as in the case of Judges during Court proceedings. Conclusion of the Hearing will be summing up from the parties with the normal Court rules applying, that is the Lessee's representative first followed by the Lessor's representative.

In essence, the basic requirements of any Hearing is that it be conducted in a balanced manner with each party obtaining the identical opportunities to present their case.

Following the conclusion of the Arbitration Hearing there

will not be any further contact with the parties, except under unusual circumstances.

It cannot be over-emphasised that the Sole Arbitrator's or Umpire's function is that his decision or award must be based upon the evidence and submissions placed before him and he is not entitled to substitute his own opinion or evidence to the contrary.

The Award

Because the Arbitrator or Umpire who makes an Award does not wish it to be upset, the Award must comply with certain principles, the basic ones being:

The Award must comply with the submissions to arbitration. It must cover all directions contained within the submissions and no more.

The Award must be certain. There should be no doubt as to the Arbitrators or Umpire's meaning or as to the nature and extent of the duties imposed by it on the parties.

The Award must be capable of being carried out.

The Award must be final. Although in some instances interim awards can be made, this is not usual in valuation matters.

Once the Award has been made the powers of the Arbitrator or Umpire immediately cease.

He becomes *functus officio*, that is he ceases to exist.

Even if an Umpire realises he has made a mistake he has limited powers to correct it.

In practice the Award should always be in writing and it is common in Valuation Awards to divide it into three basic areas:

1. The Recitals
2. The Award
3. The Costs.

Because the Arbitrators and Umpires have in many instances over-guarded against the setting aside of their Award for some particular reason by either party who is aggrieved by it, many Awards merely state the figure that has to be decided with little else.

In Valuation Awards it is usual that these comprise one page only, but in most instances are followed by notes of explanation as to the Award which are clearly labelled as being 'not part of the Award'.

To sum up, an Award in order to be valid must be final, certain, consistent and possible, and must decide the matter submitted and no more.

Awards are final and binding upon the parties, but Awards have been challenged in the Courts and this can be done if the Award contains 'an error of law on the face of the record'. This occurs when the Award contains a matter which the Court is able to say is wrong in law, and is quite different from a review by the Court of the decision.

There is no right of review or appeal against an Award and the reasons for setting aside an Award are few and limited which is the intention of Arbitration.

1969, No.141

Public Bodies Leases

19

SCHEDULES

FIRST SCHEDULE

Sections 7 (1) (e), 11 (b)

PROVISIONS OF RENEWABLE LEASE GRANTED UNDER SECTION 7 (1) (e) OR SECTION 11 (b) OF THIS ACT

A RENEWABLE lease granted under section 7 (1) (e) of this Act may contain the following provisions, or any provisions substantially to the same effect, and a renewable lease of farm land granted under section 11 (b) of this Act shall contain the following provisions as far as they are applicable, namely:

I. On the expiry by effluxion of time of the term hereby granted, the lessee shall have a right to obtain, in accordance with the provisions hereinafter

contained, a renewal lease of the land hereby demised, at a rent (*where the rent is to be reviewed at periodic intervals, insert for the first [number] years of the term of the renewal lease*) to be determined in accordance with the said provisions, for the term of [*the same period of years for which the original lease is granted or any shorter period, or, in the case of a lease of farm land, 21 years or 33 years, as the case requires*] computed from the expiration of the lease hereby granted, and subject to the same covenants and provisions as this lease, including this present provision for the renewal thereof, and all provisions ancillary or in relation thereto. [*Where the rent is to be reviewed at periodic intervals, add The rent for subsequent periods of [number] years of the term of the lease shall be determined in accordance with section 22 of the Public Bodies Leases Act 1969.*]

2. Not earlier than 9 calendar months and not later than 3 calendar months before the expiry by effluxion of time of the term of the lease hereby granted, or as soon thereafter as may be, the lessor shall cause a valuation to be made by a person whom the lessor reasonably believes to be competent to make the valuation of the fair annual rent of the land hereby demised, so that the rent so valued shall be uniform throughout (the whole term of the renewal lease) (*or the whole of the first [number] years of the term of the renewal lease*).

3. In making the said valuation no account shall be taken of the value of the following improvements on the said land: [*Specifying, as the lessor thinks fit, the kinds of improvements, whether made during the term or at any other time, which are not to be taken into account in the valuation of the rent.*]

4. As soon as possible after the said valuation has been made, the lessor shall give to the lessee notice in writing informing him of the amount of that valuation and requiring him to notify the lessor in writing within 2 calendar months whether he will accept a renewal lease at the rent specified in the notice.

5. Within 2 calendar months after the giving of that notice to the lessee, he shall give notice in writing to the lessor stating -

- (a) That he desires to accept a renewal lease at the rent stated in the notice given to him by the lessor; or
- (b) That he requires the rent for the renewal lease to be determined by arbitration; or
- (c) That he does not desire to accept a renewal lease.

6. If the lessee fails to give the lessor within the time specified in clause 5 hereof the notice referred to in that clause, he shall be deemed to have agreed to accept a renewal lease at the rent specified in the notice given to him by the lessor.

7. Where the valuation of the rent payable under a renewal lease is to be determined by arbitration, that valuation shall be made by 2 persons as arbitrators, each such person being reasonably believed by the party appointing him to be competent to make the valuation, one of whom shall be appointed by the lessor and the other by the lessee.

8. The arbitrators, before commencing to make the said valuation, shall together appoint a third person, who shall be an umpire as between them.

9. The decision of the 2 arbitrators if they agree or in such respects as they agree, or of the umpire if the arbitrators do not agree or in such respects as they do not agree, shall be binding on all parties.

10. The duty of the umpire, on reference to him of any question, shall be to consider the respective valuations of the 2 arbitrators in the matters in which their valuations do not agree, and then to make an independent and substantive valuation, and the last-mentioned valuation shall be the decision of the umpire; but in giving his decision on any question so referred to him the umpire shall in every case be bound to make a valuation not exceeding the higher and not less than the lower of the valuations made by the arbitrators respectively.

11. The provisions herein contained for the making of the said valuation shall be deemed to be a submission to arbitration under and within the meaning of the Arbitration Act 1908, or any enactment for the time being in force in substitution thereof or amendment thereof, and all the provisions of any such enactment shall, so far as applicable, apply accordingly.

12. Within 2 calendar months after the making of the said valuation and the giving of notice thereof to the lessee, the lessee shall give notice in writing signed by him or by his agent duly authorised in that behalf and delivered to the lessor stating whether the lessee desires to accept a renewal lease of the land.

13. Any such notice may be given by the lessee within the time aforesaid, although the term hereby granted has already expired by effluxion of time, or although the said valuation has not been made or notice thereof has not been given to the lessee until after the expiry of the said term by effluxion of time, unless before the giving of such notice by the lessee he has given up to the lessor the possession of the land hereby demised or has been duly ejected therefrom in pursuance of the judgment or order of any court of competent jurisdiction.

14. If the lessee fails within the time aforesaid to give any notice under clause 12 hereof as to whether he desires a renewal lease or not, or if he gives notice in writing signed by himself or by his agent duly authorised in that behalf that he does not desire a renewal lease, his right to a renewal lease shall cease on the expiry of the time aforesaid, or on the date at which the notice is received by the lessor, as the case may be.

15. Any notice by the lessee under clause 5 or clause 12 hereof of his desire to accept a renewal lease shall be deemed to constitute a contract between

the lessor and lessee for the granting and acceptance of a renewal lease at the rent accepted by the lessee or determined by arbitration, as the case may be [where the rent is to be reviewed at periodic intervals, insert for the first [number] years of the term thereof], and for the term and subject to the covenants and provisions referred to in clause I of these presents.

16. The term of any renewal lease shall run from the date of the expiry of the prior lease, and the rent thereunder shall accrue as from the said date instead of the rent reserved in the prior lease, notwithstanding the fact that the renewal lease may not be executed until after that date.

17. [In the case of a lease under section 7 (1) (e)] If the lease hereby granted is not renewed in accordance with the foregoing provisions, or if it is determined by forfeiture, re-entry, or otherwise, all buildings, and improvements on the land demised shall absolutely revert to the lessor free from any payment or compensation whatever.

or

17. [In the case of a lease of farm land under section II (b)] If the lease hereby granted is not renewed in accordance with the foregoing provisions or is surrendered or is determined by re-entry or forfeiture, the lessee shall be entitled to compensation for improvements in accordance with the provisions of section 14 of the Public Bodies Leases Act 1969.

18. Any notice required to be given to the lessee in accordance with the foregoing provisions shall be given in the manner prescribed by section 25 of the Public Bodies Leases Act 1969.

19. Nothing in the foregoing provisions shall exclude or restrict the right of the lessee to obtain relief against any forfeiture or determination of the lease or of his right to a renewal thereof in the same cases and on the same conditions as if the lease had been granted otherwise than in the execution of statutory powers in that behalf.

20. The expression 'lessor' as herein used includes the successors and assigns of the lessor, and the expression 'lessee' as herein used includes the successors, executors, administrators, and assigns of the lessee.

SECOND SCHEDULE Section 7 (1) (f)

PROVISIONS OF LEASE GRANTED UNDER SECTION 7 (1) (f)

A LEASE granted under section 7 (1) (f) of this Act may contain the following provisions, or any provisions substantially to the same effect:

BOMA/PMI

Guide for the Measurement of Rentable Areas

By the Editor

The Building Owners and Managers Association of New Zealand Incorporated and the Property Management Institute Incorporated have jointly revised their 1987 publication, aimed to provide a uniform and impartial method of measuring commercial and industrial building space; office accommodation, retail shops, warehouses and factories.

The document is copyright and is obtainable at a cost of \$20.00 plus G.S.T. from:

The Executive Director,
BOMA
(Building Ownership and Managers Association of NZ)
P.O. Box 1033
Auckland
Telephone 733-086

or

The General Secretary
PMI
(The Property Management Institute)
P.O. Box 4023
Auckland
Telephone 397-410

Published below by agreement with BOMA and PMI is the introduction to the new guide.

Peter Young, EN.Z. [V. of Robertson Young Telfer, had a significant input into the publication, providing a Valuer's perspective, and excellent examples were prepared by Don Ruegg, a Registered Surveyor with Harrison Grierson Consultants Limited.

Comments by Peter Young are set out following this notice.

It is expected that the new Guide will become a standard for the measurement of buildings for rental purposes throughout New Zealand as already the original method of measurement is used extensively in Auckland, and to a lesser extent in Wellington and other locations.

Reference to the BOMA/PMI method of measurement has been incorporated in lease documents. Even if Valuers are hesitant to adopt this standard they should be fully aware of the methods adopted for the establishment of BOMA/PMI rentable areas and their wide application in the marketplace.

Note: The above has been inserted by the Editor of 'The New Zealand Valuers' Journal' and is not necessarily endorsed by the New Zealand Institute of Valuers.

RENTABLE AREAS

	PAGE
<i>CONTENTS</i>	1
<i>INTRODUCTION</i>	2
<i>DEFINITIONS</i>	2
<i>METHODS OF MEASUREMENT</i>	3
■ <i>METHOD 1</i> <i>OFFICE ACCOMMODATION - ENTIRE BUILDING/WHOLE FLOOR</i>	3
■ <i>METHOD 2</i> <i>OFFICE ACCOMMODATION - PARTFLOOR</i>	4
■ <i>METHOD 3</i> <i>RETAIL PREMISES</i>	4
■ <i>METHOD 4</i> <i>INDUSTRIAL TYPE BUILDINGS</i>	5
<i>ILLUSTRATIVE DIAGRAMS</i>	
<i>N DIAGRAM 1 METHOD 1</i> <i>Office Accommodation - Whole Floor</i>	6
■ <i>DIAGRAM 2 METHOD 2</i> <i>Office Accommodation - Part Floor</i>	7
■ <i>DIAGRAM 3 METHODS 1 & 2</i> <i>Office Accommodation - Service Core Detail</i>	8
<i>DIAGRAM 4 METHODS 1,2 & 3</i> <i>Balconies and Bay Windows</i>	9
■ <i>DIAGRAM 5 METHOD 3</i> <i>Retail Premises</i>	10
■ <i>DIAGRAM 6 METHOD 3</i> <i>Retail Premises Including Supermarkets, Department Stores and major retail premises</i>	11
<i>N DIAGRAM 7 METHOD 4</i> <i>Industrial Type Buildings</i>	12

Introduction

The aim of this publication is to provide a uniform and impartial method of measuring commercial and industrial building space: office accommodation, retail shops, warehouses and factories.

BOMA and PMI have combined in this endeavour to establish a basis applicable throughout New Zealand which will be acceptable to property owners, developers, investors, lessees, the professions and all those involved in the provision and utilisation of space.

The need for affected parties to have an acceptable guide has been well demonstrated by the extensive adoption of the original 1981 guide.

This revision clarifies certain aspects and recognises changes in the market.

This guide is primarily directed to the measurement of floor space in commercial, industrial and retail buildings and may be used for such purposes as determining rentable areas, project feasibility, building efficiency, operating and cost apportionment and other related matters.

It is recommended this guide be referred to in lease documents.

Where specific areas are not covered by this document and require consideration as rentable area, separate definitions should be agreed upon by the parties concerned.

The term 'Rentable Area' is applied throughout to the various categories of accommodation described. This is believed to be the simplest and most descriptive term for the type of measurement this guide sets out to establish.

The term 'Gross Building Area' is not comprehensively defined in this document but is computed by measuring to the outside finished surface of permanent outer building

walls. The Gross Building Area of a building shall be the sum of all floors of the building including basements, mechanical equipment floors, parking levels, podiums and balconies.

Gross Building Area is to be used primarily for determining the total building measurement and should not be confused with the methods of measurement for determining rentable areas.

Each Method of Measurement is to be read in conjunction with the associated diagrams.

It is recommended by BOMA and PMI that this method of measuring be used as widely as possible. To avoid possible misunderstandings, measurements in accordance with this document should identify it as the 'BOMA/PMI Guide for the Measurement of Rentable Areas' and the relevant Method applied should be specified.

September 1981

Revised February 1987

Copyright:

This publication is the copyright of BOMA and PMI. No part of this publication may be reproduced without the written permission of the Building Owners and Managers Association of New Zealand Incorporated and the Property Management Institute Incorporated. Enquiries to the Executive Director BOMA, P.O. Box 1033, Auckland, Ph. 733-086 or the General Secretary, PMI, P.O. Box 4023 Auckland, Ph. 397-410.

Disclaimer:

The information set out in this Guide is recommended to ensure ease of calculation and uniformity in practice, - persons availing themselves of it do so in reliance on their own judgement and neither BOMA nor PMI (including their officers, representatives, servants and/or agents) accept any liability to any person so acting.

BOMA/PMI

Guide for the Measurement of Rentable Areas

Commercial, Industrial, Retail Properties

Comments by R. P. (Peter) Young

Up to the time of the publication of this guide, there was no uniformly accepted or standard guide for building measurement in common use in New Zealand. The September 1981 publication therefore satisfied a long outstanding requirement for uniformity. Within a few years of its publication, this guide gained wide acceptance and its recommended methods are now incorporated in many leases pertaining to commercial and industrial buildings.

The fact that the original publication gained very wide use and acceptance is a credit to its original authors. However, this wide use also brought to light a need for clarification where the original wording gave rise to differing interpretations; and opportunity for misinterpretation; or a need for clarification, elaboration and modification.

In recognition of the need for some revision, BOMA and PMI took steps in 1984 to set up a committee with a view to revision of the September 1981 publication. This committee comprised members of both BOMA and PMI, some of who are also members of the Real Estate Institute, The NZ (and Australian) Institute of Valuers, the Society of Land Economists and the Institute of Surveyors.

A very thorough review of the original document was then

In 1980 the Building Owners and Managers Association of NZ Incorporated and the Property Management Institute Inc combined to publish a 'Recommended Guide for the Floor Measurement of Commercial and Industrial Buildings'. The booklet incorporating this guide was published in September 1981.

undertaken, resulting in the publication of a revision in February 1987 entitled BOMA/PMI Guide for the Measurement of Rentable Areas.

Because the September 1981 publication has been so widely accepted and has been incorporated in many lease contracts the revision committee resolved that the general principles, spirit and intentions of the original document should not be amended unless absolutely necessary. Amendments, additions and rewording have been undertaken only with a view to avoiding differing interpretations and to clarify the intentions and spirit of the original document.

Both the original and the revised document deal separately with office accommodation - entire building/whole floor; office accommodation - part floor; retail premises and industrial type buildings. They both seek to provide a uniform and impartial method of measuring such space - a method which "will be acceptable to property owners, developers, investors, lessees, the professions and all those involved in the provision and utilisation of space."

The introduction to the February 1987 revision notes:

"This guide is primarily directed to the measurement of floor space in commercial, industrial and retail buildings and may be used for such purposes as determining rentable areas, project feasibility, building efficiency, operating and cost apportionment and other related matters."

The main differences between the September 1981 document and the February 1987 revision are summarised as follows:

1. Incorporation of diagrams: Example diagrams for each of the categories of accommodation dealt with are included in the new document. These diagrams indicate the points from which measurements are taken and differentiate between portions of a building intended to be included within rentable area and portions to be excluded from rentable areas. The diagrams have been prepared by registered surveyors from Harrison Grierison Consultants Ltd and should go a long way towards resolving problems of interpretation.
2. Definitions: A short definition section has been added so as to clarify terminology. Terminology has also been standardised throughout the document so as to provide a greater degree of uniformity.
3. Retail accommodation: The September 1981 document differentiated between shops not contained within a shopping centre and retail space in shopping centres. The committee responsible for preparation of the February 1987 revision considered that this distinction was no longer necessary and one section now covers all retail premises. Consequently the Guide is essential reference for those involved in those premises.
4. Office accommodation: The February 1987 document specifies that "this recommended guide is based on the

principle that any office building will have the same total rentable area whether it is leased as an entire building, or on a whole floor or part floor basis". While it is believed that the September 1981 document intended to apply the same principle, certain wording in that publication gave rise to a belief that an office building would have a larger rentable area if the entire building were leased to a single lessee, than would be the case if the same building were leased to two or more lessees. Such an interpretation is quite unintentional and the February 1987 revision resolves the problem.

5. Bay windows, mezzanine floors and balconies: The 1981 publication did not cover all of these types of accommodation for all categories. Increasingly, these features are being incorporated within new buildings and the recommended method of measurement is now included under each of the categories of accommodation provided for.

It must be realised that this type of recommended guide or standard cannot cover all possible options or variations in building design and leaseable areas. For example, it cannot make recommendations as to the method of measurement for such specialist buildings as taverns, restaurants, reception lounges or other buildings the design of which generally falls within the 'one off' category. Neither is it necessarily applicable to old office and retail buildings which tend to contain a high percentage of 'waste' space. The recommended guide has however been extremely useful in standardising the method of measurement in modern office, retail and industrial buildings. The February 1987 revision is designed to resolve the few problems which were arising from interpretation of the original document and to afford greater clarification. The object of the document is to solve problems rather than create them and its authors sincerely trust that this object has been realised. Already this guide is in wide use.

Copies of the revised publication may be purchased from:

The Executive Officer
Building Ownership and Managers Association of NZ
P.O. Box 1033
Auckland
Telephone 733-086

The General Secretary
The Property Management Institute
P.O. Box 4023
Auckland
Telephone 397-410

The above article was written by R. Peter Young, BCom EN.ZJ.v., MPMI, a past member and examiner of the Real Estate Institute of New Zealand and a current director of Robertson Young Teller Ltd. Peter Young was a member of the committee which produced the February 1987 revision of the above document.

VALUERS REGISTRATION BOARD

BOARD PRIZES

The Valuers Registration Board's prizes for 1986 have been awarded to:

Auckland University:	B. D. C. Cooper of Auckland
Massey University:	A. J. Edwards of Papatoetoe
Lincoln College:	B. M. Gibson of Hamilton

The awards, currently \$100 each, are made by the University Councils on the recommendation of the appropriate Faculty or Professional Board to the students showing the greatest promise of being successful valuers. The Board has recently reviewed the amount of the prizes and has resolved to increase them to \$500 each commencing with the 1987 academic year.

Visual Aids Can Enhance Your Valuation Reports

By R. V. (Bob) Hargreaves

example of the appropriate use of visuals is the use of colour photographs of the subject property in valuation reports.

In recent years there has been a quiet revolution going on within the printed media that is about to have an impact on the valuation profession. Readers of newspapers, magazines, company reports etc. will have noticed increasing use of computer generated visual aids (graphics) in the form of charts and diagrams. In the past the production of high quality graphics relied on the use of a skilled artist. The computer revolution changed this because desktop publishing

desktop publishing and multi purpose computer programmes make it possible to incorporate graphics directly into a report...

Bob Hargreaves A.N.Z. is a Senior Lecturer in Valuation at Massey University, Palmerston North, and is the Councillor for Central Districts.

Bob has contributed regularly on the subject of computers and computer techniques in Valuation and has gained wide acclaim in New Zealand and overseas with his papers on the subject. The following is the second paper in this series, the first paper was printed in the March 1987 issue.

Valuers rely on the written word as the main method of communication with their clients. Explaining complex valuation issues to a client may involve a lengthy written report. However, time constraints place valuers under pressure to produce concise reports. This paper discusses the application to valuation reporting of computer generated visual aids. Visuals may assist in resolving the conflict between reporting in full, and reporting concisely.

According to Dumont and Lannon (1) a visual aid can be defined as any pictorial representation used to clarify a discussion. Visual aids include tables, charts, graphs, diagrams, photographs, pictograms, maps, and samples of material. We are all familiar with the adage that 'a picture is worth a thousand words' but we sometimes need reminding why this is so. Woolcott and Unwin (2) point out in Figure 1 that we remember far more of what we see and hear than what we read. Visuals also can enhance valuation reports by:

- Condensing information;
- Emphasizing certain information;
- Making the report interesting and easy to follow;
- Saving time for the readers.

Visuals should be kept simple and free of information distortion. They should clarify rather than decorate reports. A good

Visuals should be kept simple and free of information distortion. They should clarify rather than decorate reports.

and multi-purpose computer programmes make it possible to incorporate graphics directly into a report. Desktop publishing is the production of a high quality final copy from a stand alone microcomputer or a terminal linked to a larger computer. Layout, typesetting, graphics, and editing can all be accomplished by one person sitting at their desk. The potential advantages of computer graphics are such that Takeuchi and Schmidt (3) have coined a new phrase, 'a computer graphics picture is worth a thousand printouts'. They claim that most managers working under pressure to make quick decisions would prefer scanning a single picture to reading through reams of printouts that pile up on their desks.

Software Considerations

While computer graphics have been available on large computers for many years, it is only in the last five years or so that graphics capability has become widely available on microcomputers. Some of the early graphics packages were difficult to use, but the current generation of programmes are generally 'user friendly'. Users have two basic options with graphics. Firstly, they can purchase a dedicated graphics package, or secondly they can utilise an integrated programme that has graphics capability. The dedicated packages such as Chart, Graphwriter, PFS:Graph, PC Illustrator, are generally easier to use than integrated programmes but suffer from the disadvantage of not necessarily being able to interface (communicate) with other spreadsheet or database programmes.

Integrated programmes such as Lotus 1-2-3, Symphony, Framework, or Excel are multi purpose programmes. In addition to having graphics capability they are also spreadsheets, and have some database capability. My observation is that business users seem to be favouring the integrated programme approach to graphics.

Hardware Consideration

Most computers now have a graphics capability but may need

some additional specialised equipment to become fully effective. For example, IBM PC and IBM PC clones will need a graphics board that fits into one of the internal expansion slots in the machine. If colour is used then a colour monitor will be required. Dot matrix printers can usually print graphics whereas daisy wheel printers cannot. Some of the dot matrix printers have a colour capability but these are often quite slow. Serious business users prefer to use a machine called a plotter for high quality graphics work. Plotters have colour

capability and use fibre pens to draw on the paper copy. Laser printers produce high quality black and white copy but so far don't have colour capability.

How to use Graphics

According to Weaver and Windsor a graphical display should:

- *Show the data*
- *Induce the viewer to think about substance rather than*

LINCOLN COLLEGE

VALUERS' REGISTRATION BOARD PRIZE

1. A Prize shall be awarded annually to the student who, in the opinion of the Professor of Farm Management, shows the greatest promise of becoming a successful valuer.
2. The Prize shall be valued at \$500 (and shall take the form of books, in which where applicable, shall be inserted a suitably inscribed bookplate).
3. The Prize shall be awarded by the Council on the recommendation of the Professorial Board.

UNIVERSITY OF AUCKLAND

VALUERS' REGISTRATION BOARD PRIZE

This prize was established in 1973 by an annual grant from the Valuers' Registration Board to encourage the study of Valuation.

Regulations

1. The prize shall be known as the Valuer's Registration Board Prize.
2. The prize shall be to the value of \$500.
3. The prize shall be awarded to the student who, in the year of the award, completes the examinations for the BPA degree with the best overall record in all the subjects of the two professional years.
4. The prize shall be awarded by the Council on the recommendation of the Dean of Architecture and Town Planning.
5. The Council shall have power to amend these regulations provided there is no departure from the main purpose of the prize.

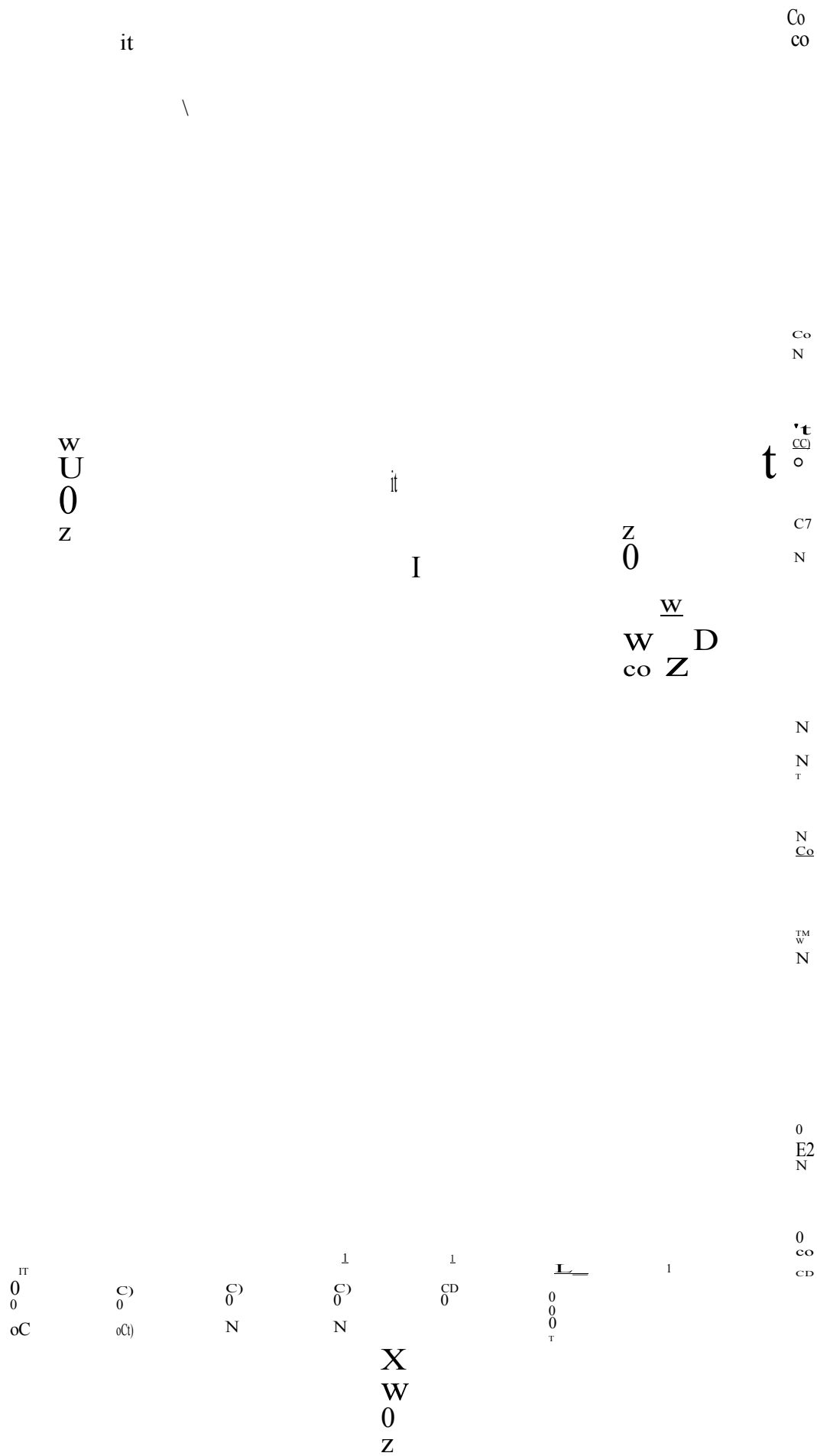


Figure 2.

methodology, graphic design, technology of graphic production, or something else

- *Avoid distorting what the data have to say*
- *Present many numbers in a small space* •
Make large data sets coherent
- *Encourage the eye to compare different pieces of data*
- *Reveal the data at several levels of detail, from a broad overview to the fine structure*
- *Serve a reasonably clear purpose.- description, exploration, tabulation, or declaration*
- *Be closely integrated with the statistical and verbal description of a data set."*

They go on to explain that good graphics is a two-stage process. The first stage is to write a focus sentence to explain the purpose of the graphic and the second stage is to select the right type of graphic. The objective of the focus sentence is to tell the reader how to read the graphic. The graphic should immediately follow the focus sentence in the text. Computer graphics packages normally have the following formats:

- (a) **Line Charts:** The line chart is probably the most frequently used visual in business reporting and is a good way of showing trends. Figure 2 compares the Valuation Department section price index and house price index for Palmerston North from 1980 to 1986.
- (b) **Area Charts:** These are similar to line charts except that the area under the line is shaded in. An example is shown in Figure 3 which maps the half yearly volume of grazing farm sales from December 1981 to June 1986.
- (c) **Column Charts:** These are often used to illustrate trends over relatively short time periods. Figure 4 compares Auckland City and North Shore average house prices from June 1984 to June 1986.
- (d) **Bar Charts:** These are similar to the column chart except that they use a vertical axis as shown in Figure 1.
- (e) **Pie Charts:** These charts illustrate the division of a total quantity into proportion. The parts of a pie chart must add up to 100% and no more than five or six segments should be used.
- (f) **Scatter Charts:** These charts are used to show a statistical relationship between two variables. For example, a valuer might use a scatter chart to map house prices against house sizes.
- (g) **HiLo Charts:** The use of average prices can be misleading and the valuer may want to show the highs and lows in, say, commercial rents, and the trend over time.
- (h) **Mixed Charts:** These involve any logical combination of two of the previously mentioned charts. For example, line charts are often combined with bar charts or scatter charts.

Summary and Conclusions

Although computer graphics will not have the same universal application to valuation reports as colour photographs, there is little doubt that they can assist the valuer in communicating complex information to the client. Graphics also enable the valuer to prepare concise reports, and emphasise parts of the report in a way that is not possible using standard writing methods.

References Cited

1. Dumont, R. A. and Lannon, J. M. *Business Communication*: Little, Brown & Co., 1985.
2. Woolcott, L. A. and Unwin, W. R. *Mastering Business Communication*: Macmillan, 1983.
3. Takeuchi, H. and Schmidt, A. A. 'New Promise of Computer Graphics' *Harvard Business Review* 58 (January-February); 1980.
4. Weaver, W. and Windsor J. 'Graphic Display of Appraisal Data: Theory and Practice' *The Appraisal Journal*, January, 1986.

PROPERTY ADMINISTRATION COMPUTERS

The University of Auckland has acquired nine computers and associated equipment and software specifically for the use of Property Administration under- and post-graduate students. This equipment is in the process of being set up in its own premises within the Faculty of Architecture, Property and Planning.

Staff and students are particularly grateful to three Auckland based property concerns which have contributed \$5,000 each towards the purchase of computers. The concerns are Chase Corporation Ltd, Kupe Investments Ltd and Smart Group (NZ) Ltd. Our new computer resource is considerably stronger than it would have been without this valuable financial assistance.

POST GRADUATE STUDENTS IN PROPERTY ADMINISTRATION

The new degree of Master of Property Administration became available in 1986. While this generated numerous enquiries there were no enrolments during that year. It is accordingly with pleasure that three enrolments for the degree of MPA can be reported for 1987. They are Deborah Levy, Murray Jordan and Michael Payne.

Mr Jordan was the successful applicant for the award of the Estate Realities Postgraduate Scholarship in Property Administration. This was the first time the award has been made.

For further information: Association Professor Ken Christiansen 737-999 (ext. 8597).

UNIVERSITY OF AUCKLAND

The Council of the University of Auckland has approved a change of name of the Faculty of Architecture and Town Planning to "Faculty of Architecture, Property and Planning".

The new name is intended to reflect the growing importance of property education within the University and the fact the Faculty is responsible for teaching students who will graduate in three distinct professional areas: architecture, property administration and town planning.

The name change was a recommendation arising from the recent Review of the School of Architecture. It is effective from 16 March 1987. As far as is known this is the first time in New Zealand that a university faculty has incorporated a "property" related name.

For further information: Association Professor Ken Christiansen 737-999 (ext. 8597).

"Future Shock for the Land Professions: The Commerce Act and Beyond"

The Profession's Response: New Zealand Institute of Valuers

Presented by: R. L. Jefferies - Vice President, N.Z.I.V.

The following is a summary of events which have occurred in the N.Z. valuing scene over the past 2-3 years, presented to the seminar of the Council of Land Related Professions, April 1987 by Rodney Jefferies, Vice President New Zealand Institute of Valuers.

Editor

There are two main areas in which Valuers are responding:

- A. At a practice level.
- B. At a corporate (Institute) level.

A. RESPONSE OF INDIVIDUAL VALUATION PRACTICES

(i) Five types of response:

1. *Larger metropolitan practices merging* with other similar practices in 3 or 4 centres *to form new national valuation companies* (private coys.).

(N.B. No advertising intended!)

(i.e. Darroch Valuations, Robertson Young Telfer.)

2. The emergence of *linked but independent practices*, metropolitan and provincial centres, to provide national referral and national coverage.

(i.e. Val-Group, with 17 member firms).

3. *Real Estate Companies, with Valuation Divisions* expanding and by takeovers *providing national coverage* (2 to 4 metropolitan centres). These have included the *establishment in New Zealand of international real estate and consultancy firms*. Valuation is seen as a secondary service objective.

(Harcourts, J.L.W., Colliers, and others in 'pipeline'.)

4. *National Engineering and Accounting Firms, expanding into valuation and consulting area*, in association with (Eng.) Plant and Machinery Valuations, and (Acctg.) audit and feasibility/takeover consultancy.

(Beca Carter, Arthur Young, and others.)

5. '*Commercialisation*' and '*Cost Recovery*' in *government departments* causing increased *offering of services, including valuation data and valuation/consultancy services*.

(Valuation Department, Rural Bank, Housing Corp., M.O.W., M.A.F.)

(ii) Problems emerging:

1. Potential conflicts of interest and lack of independence (shareholder v. employee Valuers in corporate structures; Real estate agent/manager v. valuer).
2. "Big is not beautiful" attitude and valuers not trained to operate in large management setting (personal disorientation).
3. Loss of personal identity of "the valuer" to "the firm" - personal "shock".

(iii) Future directions:

1. *Potential "mega firms"* amalgamating wide spectrum of land related services (negotiating, managing, financing, legal, valuation, accounting,

surveying, quantity surveying, and construction management).

i.e. "One Stop Shops".

2. *Locally based linkage groups* - of 3 or 4 or more sole or small practices into metropolitan wide links to specialise locally and provide cross-city referrals. - Possibly linked to similar autonomous groups in other metropolitan centres.

3. *Re-emergence of the sole (specialist) practitioner* particularly in the commercial/consulting valuation and management areas in main centres - offering personal/confidential services to a selected client base.

4. *International linkage groups* between similar linked national groups, with emphasis on local expertise, independence and service, coupled with international referral/standardisation.

B. CORPORATE RESPONSE OF N.Z.I.V.

(i) Recent Past:

1. *Dismantling of Scale of Charge*, approx. 2 years ago, which set minimum fees, and change of Code of Ethics to allow tendering. A "*Guideline to Charges*" (now outdated) was issued, no current demand for its up-dating. Market based fee structure now the norm.

2. *Corporate Advertising* by institute in press, magazines, brochures over past 3 years, to create public awareness of valuer services (emphasis on Registered Valuer, and promotion of "The Valuer's" Logo.)

3. *New Practice Advertising - Code of Ethics change* - effective from Dec. 1986, allowing Valuers to advertise quite widely and engage in publicity/marketing of their services, subject to broad ethical controls. Advertising Guidance Notes (not binding) issued to help introduce the change. Appears to be well received.

4. *Development of New Member services* up-dated sales data, microfiche, followed by electronic (disk) data, computer software and computer hardware through trading subsidiary company.

(N.Z. Institute of Valuers Services Ltd).

5. *Emphasis away from Rules and code of Ethics to establishing Valuation Standards* (International and national) *Guidance Notes and Guidelines* to help raise and maintain standard of valuation services to public.

(ii) Current:

1. *Corporate Planning* by Council (and Executive) of Institute, commenced Sept. 1986 and still being formulated to provide a "blue-print" for decisions and to be positioned to handle and react to change. Very basic questions are being asked, strategies identified and objectives to be cemented into place.
2. *Arising out of above*, Valuer's Institute may consider widening its base to provide for valuers offering more than pure appraisal of real estate (i.e. Chattels, maritime, plant and machinery, shares, forestry, etc.).
3. *Promoting change to The Valuers' Act to recognise Valuation Companies*, and to describe themselves as Registered Valuers (subject to certain approvals by Council) - Currently "Registered" or "Public" Valuer is personal to the holder.

(iii) Future Challenges to be addressed:

1. The need for and justification for a separate Valuer's Institute, and potential advantages/disadvantages of merging with other land related professions.

2. The need for continuing compulsory institute membership by Registered Valuers and the statutory protection offered by the Valuer's Act.
3. The expansion of the valuers base and provision of education/qualifications/designation for valuers of other than real estate.
4. Up-dating and streamlining of complaints/disciplinary procedures to respond to public demands for standards, to protect members rights and for justice to be both done and seen to be done.
5. The adaption of the profession's organisation and governance of its members, to accord with market changes, legislative changes, and public demands and aspirations for improved competence and service.

N.B.: Some of the topics raised in this paper have not been discussed by the Council of the N.Z.I.V. Any opinions, suggestions or suggested directions for change are purely personal and are not to be taken as official Institute of Valuers policy except those covered under item B(i) and (ii).

- R. L. Jefferies

This address was given to the Seminar of the Council of Land Related Professions April 1987. The theme of the conference was "Future Shock for the Land Related Professions". Copyright. No further reproduction is authorised.

Editor

The Commerce Act, Fair Trading Act and the Land Based Professions Future Shock upon Future Shock

By John Collinge, Chairman of Commerce Commission

The following paper was the keynote address presented at the Council of Land Related Professions' one day seminar entitled 'Future Shock for the Land Related Professions (The Commerce Act and Beyond); held in Auckland in April 1987.

John Collinge is a senior partner in the legal firm of Collinge, Watt and Henare, and has held the position of Chairman of the Commerce Commission since 1984.

Mr Collinge is recognized as an expert on restrictive trade practices and is the author of several books on the topic. He holds a post graduate degree from Oxford University and is a former lecturer of Melbourne University.

I. Introduction

I was originally asked to speak about the Commerce Act 1986, but with the recent introduction of the Fair Trading Act, I believe it may be helpful if I discuss this as well. Because of this addition - the theme of your seminar could well be Future Shock upon Future Shock. One thing which is certain about the two Acts is that they will have a significant effect upon your professions - and one of my purposes today will be to endeavour to give you some small inkling of this.

I propose first to discuss the Commerce Act, its broad objectives and how it applies to trade associations. I then propose to turn to some specific topics which may impact upon your professions in particular.

I will then deal with the Fair Trading Act, its objectives and why it is likely to be important. I will then try and give you some specific instances upon how it would impact upon your operations.

II. The Commerce Act 1986

General Objective

The objective of the Commerce Act 1986 as stated in its long title - is "to promote competition in markets within New Zealand"

The objective of the Commerce Act 1986 as stated in its long title - is "to promote competition in markets within New Zealand". Competition is defined in the Act to be "workable or effective competition" which envisages a market situation where traders are open to existing or potential rivalry from others sufficient to protect the consumer. The objectives of providing such a discipline are, of course, to keep prices down, to improve quality, service etc.

The Commission's Role

The Commerce Commission's primary role is, pursuant to the Act, to promote such competition in markets within New Zealand. This role is given to the Commission in relation to certain stipulated restrictive trade practices, monopolisation (i.e. use of dominant position) and mergers and takeovers. In essence, the Act is designed to ensure that, with the advent of de-regulation by Government, the private sector does not continue or substitute their own private regulations for those which have been dismantled.

The Commission cannot itself create competition - that depends upon the entrepreneur having the will and incentive to take the opportunities which exist.

The Commission's role is to ensure that behaviour and the structure of the marketplace is such that, when such opportunity arises, there are no artificial or voluntary restraints imposed by persons in the marketplace themselves which restrict the ability of others to compete.

Restrictive Trade Practices

The principal area of the act, which impacts upon the professions is in relation to restrictive trade practices.

The principal area of the Act which impacts upon the professions is in relation to restrictive trade practices. In essence, agreements, arrangements or understandings whether between competitors or otherwise, which substantially lessen competition are unlawful.

Some restrictive trade practices are unlawful *per se*, that is, of themselves they are unlawful without the need to prove a substantial lessening of competition. These include, e.g. collective pricing agreements (e.g. price scales issued by a trade association), collusive tendering, market exclusion agreements, collective refusals to supply and resale price maintenance. A collective boycott of news media by real estate agents if they accepted the advertisements from direct listing agencies would be a prohibited practice, for example.

There are also a number of other practices which are not unlawful *per se* but which will be unlawful if it can be shown that their effect is to substantially lessen competition. Examples include "full line" forcing, forcing another's services, restrictions upon advertising etc.

The principal exception to the unlawfulness of such practices is authorisation of the practice by the Commerce Commission upon the grounds that the practice has benefit to the public which outweighs the effects of any substantial lessening of competition.

Unless authorised, the Commission may take action in the High Court for monetary penalties and/or injunction against any practice which it considers falls into one of these prohibited categories. A feature of the Act, not previously available, is the right of private persons also to take actions for injunctions and/or damages in the Courts quite independently of the Commission.

Trade Associations

Trade associations provide many useful services for their members which do not inhibit the competitive process. Indeed some may enhance it, for example, the provision of accounting and costing advice which enables members to be more competitive in their pricing.

On the other hand, more specific advice - such as that relating to actual prices to be charged - may, however, have the effect of inhibiting competition among the members. Further, trade associations provide a convenient forum for collusion - or, at least, the reinforcement of mutual understandings as to "the right way of doing things" - which may have anti-competitive effects. This includes actual attendance at meetings - but also the circulation of material produced and endorsed by the association may have the same effect. The leadership effect of the actions of a trade association may also be significant.

For these reasons, trade associations, including professional organisations, attract particular attention under competition laws. However, the Act does not attack trade associations as such - or their conduct in certain circumstances.

Thus, the Act specifically provides that all members are parties to agreements and arrangements of the association, i.e. any arrangement made by an association is deemed to be one to which its members are party. Further, any recommendation by an association is an "arrangement" as between members.

A member may distance himself from being party to such arrangements either by disassociation in writing or by establishing that the member could not have reasonably been aware of the arrangement. In order to prevent being unwittingly involved in an offence, one commentator has suggested a rule that in any meeting with one's competitors, if pricing is mentioned, you should immediately head for the nearest door, window or fire escape.

As noted earlier, the Act prohibits arrangements which "substantially lessen competition". Price is a major component of competition and agreements, arrangements or understandings by associations and others which relate to prices are *deemed* to substantially lessen competition.

There are several exceptions to this - including "price recommendations" made by trade associations of fifty persons or more. However, this exception only applies to the *deeming* provision. A recommended "price guide" is still prohibited if *in fact* it "substantially lessens competition" through, for example, the association taking steps to force or persuade adherence to its recommendations. In short, the recommendation must be a *genuine* one for the exemption to apply.

The Professions

From this background of legislation, it can be concluded that the Act has delegated substantial discretions to the Commerce Commission. Further, the Commission is directed by the Act to apply those discretions in relation to the practices of the professions as well as those of traders. How should it apply them in relation to the professions?

I believe that there is still something special about the professions which should not be eroded. They have traditionally sought particularly to inculcate in their members high

levels of integrity, quality of work, and standards of ethics in their dealings. Their success explains in part why we still place weight and pride in the word "professional".

This special place of the professions has come to mean that special responsibilities and obligations have been attached to them. One is that we have recognition in our Courts of a higher standard of care applying to professional people. Another is the recognition that the economic objectives of profit and growth are not the only objectives to be achieved. For example, in relation to the engineering profession - safety is of prime concern.

Having regard to this public responsibility and the emphasis upon quality standards, there is no doubt that the professions have done much of public benefit.

The continuation of such benefits are factors which can and should properly be taken into account as a "public benefit" in terms of the Commerce Act.

However, regrettably, I believe that there has been and is another side to the professions. In addition to their beneficial attributes, they have often sought for themselves greater monopoly rights than could be justified by the benefits sought to be promoted.

By way of example I refer to the following practices:

- (1) The promulgation of mandatory minimum charges for services which the consumer is required to pay notwithstanding quality, circumstances etc.
- (2) Rules preventing advertising by members and how custom may be attracted.
- (3) Rules which unnecessarily restrict entry and make professional associations into exclusive clubs.
- (4) Codes of ethics which foist unwanted services upon the consumer.

I am not meaning to imply that such practices apply to all of the professions or that they are all necessarily continuing. In fact I know that changes have occurred in each of your professions in the last year or two, which have replaced some of these practices.

I will deal more specifically with each of these areas in turn, but we do have at least to recognise the general question: Are the professions in fact the God sent guardians of the public interest in their sphere of endeavour, or are they expensive and dictatorial monopolies preventing competition and efficiencies, and operating to increase the expense of such services to the consumer?

It is precisely this question with which the Commission must weigh in its deliberations under the Act in promoting competition on the one hand, and advancing the public benefit provided by the professions on the other. Perhaps this will become clearer when I apply this question to particular practices.

Collective Price Fixing

The setting of mandatory fee scales has long been a particular favourite of the professions. However in each of your areas there have been changes in the last year or two. Some now use a recommended fee scale, for example, valuers and quantity surveyors. As I have mentioned earlier, for those professions using a recommended scale it must be a true recommendation only, or it will contravene the Act.

I take an example from the Quantity Surveyors' 'Code of Professional Conduct' issued in 1979. "A member shall be bound by the scale of professional charges from time to time adopted by the Institute. He shall not offer or *offer* to undertake work for charges which are in the opinion of the Council not consistent with the scale". Another rule says the same thing in another way, "No member shall attempt to compete with another member by undertaking work by means of a reduction of the scale of professional charges or other such inducement". These and similar rules now look like dinosaurs. Even recommended price schedules are less in fashion now because of the dangers which they can lead to.

I do not believe that advertising is necessarily incompatible with professional status. A restriction upon advertising may prevent the public from ready access to information as to the range of services offered. Studies in America comparing

Studies in America comparing States which allow advertising and those which do not show no support for the view that the quality of services provided is adversely affected by advertising.

States which allow advertising and those which do not show no support for the view that the quality of services provided is adversely affected by advertising.

On the other hand, not all restrictions upon advertising will be anti-competitive or lacking in public benefit. Thus, advertising rules which provide a protection against inaccurate or misleading advertising, or against bringing the profession into disrepute might be unexceptionable under the Act if administered properly.

But is it necessary for professions to deal with all such matters under their own codes? Consider a ban on comparative (as distinct from belittling) advertising by a professional body. The Fair Trading Act has provisions dealing with a whole raft of misleading and false representations, including advertising. It is likely that such provisions offer sufficient protection against any excesses likely in comparative advertising? What reason can then be given for retaining such provisions? *Prime facie* it appears to be simply a measure to reduce competition.

Similarly professions should also beware of monitoring the advertising of its members purely on the grounds of taste, i.e. short of matters which might bring the profession into disrepute. There are matters which the public are likely, in general, to be readily able to judge for themselves, and necessarily subjective assessments by an association may be an indirect means of preventing what it considers to be over-vigorous competition. Clauses 23A(b) and 24 of the Valuers Code of Ethics contains just such a provision. Apart from that the Code relating to advertising (and the restrictions in the Code) seem quite in order.

There is nothing wrong in publishing guidelines as to advertisements which may or may not be acceptable in terms of the Code. I have read the valuers guidelines. The only matter with which I would like to take issue is the suggested prohibition on using 'sensational' advertising. I assume that what is meant is a prohibition on headlines of the kind used by the sensational press. With that I agree, but I see no reason why advertising should not be 'eye catching', 'creative', 'humorous', 'striking' or 'vigorous'.

Entry Requirements

An association may have entry rules which determine admission or grading or those whom the association will assist. Often they will be framed to protect the standards of the profession. However, because a clause in an association's rules entitling a refusal of membership may affect that person's ability to trade effectively, such rules must be carefully framed.

Accordingly, a professional association acting responsibly will ensure that its disciplinary and eligibility rules should be based on readily understood identifiable professional criteria so that it cannot be alleged that the real reason for exclusion

is anti-competitive. Needless to say, such rules must also be administered even-handedly. Ideally, any appeal authority which may review such decisions or any disciplinary committee should include at least one person who has no financial involvement in the industry concerned. None of your rules appear to be in any way questionable in this respect.

Mixed Professional Associations

Rules which militate against mixed professional associations will, I believe, become increasingly suspect.

Rules which militate against mixed professional associations (e.g. that you cannot share profits with persons who are not members of the Institute - see clause 9 of the Valuers' Code) will, I believe, become increasingly suspect. Take for example a person who wishes to erect a house or other building. He or she might need to deal with an estate agent, a valuer, an architect, an engineer, a solicitor and a surveyor. Should a rule be allowed which places a prohibition upon any one of the following joining a 'mixed' concern providing all of these services?

I think not. There seems no reason why these services need

There seems no reason why these services need necessarily be segregated in different offices

necessarily be segregated in different offices. A mixed firm could provide convenience to the customer, better and more efficient communications and be less expensive. Needless to say, the existence of a mixed office would not prevent professional persons still being subject to the standard of their own profession. In this, I am not to be taken as saying that mixed offices should happen or need to happen, but simply that any restriction upon the opportunity for mixed professional offices to occur should be closely scrutinised to ensure that it is justifiable.

Quality/Service Codes

Rules which require a person to have certain facilities or certain capital or otherwise seek to regulate how members conduct their businesses are suspect as they may lessen competition and may mean that the consumer has to purchase services not wanted in any particular case or to pay for unnecessary overheads.

On the other hand, the benefits of such quality/service requirements (e.g. to protect against fraud or default in the case of, say, estate agents) may justify the practice upon the grounds of public benefit in particular cases. The valuers' statement as to what a valuation should contain is, I think, an example of justifiable guidance notes as to quality standards.

III. The Fair Trading Act

General Objective

This Act came into force on 1 March 1987. Its aim is to enable consumers to be better arbiters of increased competition. It does this by ensuring that consumers receive accurate and full information on which to make purchasing decisions. Thus

only by allowing consumers to be fairly informed can competitive markets work.

Misleading and Deceptive Conduct

A specific provision of the Act prohibits, broadly, misleading and deceptive conduct in trade. Examples of these include inaccurate comparisons, use of surveys which are misleading, bogus valuations, misleading statements as to the extent of price reductions.

Apart from general prohibitions, specific types of false or misleading representations are prohibited. These include false representations of standard, quality, price, composition of services, performance characteristics and false price reduction claims.

Likely Impact of the Act

The law of contracts and torts (and some statutory provisions) have in the past dealt with false representations. Why is this Act likely to make an impact when the pre-existing law has not done so?

There are many reasons for this, but the principal ones include:

- (a) The thrust of previous law was to provide compensation to a party who had suffered loss as a result of the representation. The Fair Trading Act is for the protection of the

The Fair Trading Act is for the protection of the public generally

- public generally and to provide remedies for all persons affected by misleading conduct in business.
- (b) The Act is comprehensive in that it provides a general code of commercial behaviour by broad proscription against all misleading or deceptive conduct in trade. The width of coverage of this broad provision could hardly be wider in contradistinction to a relatively piecemeal approach in the past.
- (c) Under the Act civil proceedings run in tandem with offence proceedings. A civil remedy relaxes standards of proof, canon of construction etc, and the ability to take both proceedings at once can be used as a tactical ploy.
- (d) Any one can sue, that is to say, any member of the public can protect the public. This could include not only consumers and competitors but, for example, environmentalists, consumer organisations, or indeed any person.

The private remedy to competitors has been the primary source of enforcement of this legislation overseas

The private remedy to competitors has been the primary source of enforcement of this legislation overseas - a competitor will usually have more to lose than an individual consumer.

- (e) There is a public remedy also at the suit of the Commission. Thus the Commission is able to take matters of principle or significance on behalf of consumers generally, for example, where a single does not suffer sufficient loss to take action. This could lead to the be-

ginning in this country of a type of class action in favour of consumers.

- (f) There is no need to prove actual loss or damage in order to substantiate a claim of misleading or deceptive conduct. All that is needed is the capacity to deceive.
- (g) There is no need to prove intent to mislead. A deception may have the same effect whether deliberate or not.
- (h) There is no limitation upon participants to the deception who can be sued. Thus, you can have multiple defendants, such as manufacturers, wholesalers, retailers, media, advertising agents and so on, if they participate in the deceptive conduct. This gives the plaintiff more targets.
- (i) The defences under the Act are relatively few. For example, it is not possible to plead, except in offence proceedings, reasonable mistake that an employee did it, or that our control systems broke down.
- (j) There is a clear tendency for the Courts overseas to strike a lower standard as to what is misleading. The test is the ordinary person at whom the deception is aimed, and in the contest of a retail issue such person has been described as someone not particularly intelligent but who falls short of being unusually stupid.

These principles, which are novel, substantially tip the balance in favour of the consumer in such matters. But the Act also has the rationale of preventing unfairness to traders - a reputable trader can prevent a competitor from obtaining an unfair short-term advantage by using deceptive means. Indeed, this is where the Act is likely to have its greatest impact. It is in this sense (and not the sense that bargains must be fair) in which the word 'fair' is used in the 'Fair Trading Act'.

It is worth noting too that the Act covers all transaction types, not just those between retailers and consumers. Thus, where a business purchases products, or services, from another business, the provisions of the Fair Trading Act apply.

Land Transactions

The section of specific relevance to land transactions is section 14. This section is again quite brief, but has potential to cover a wide range of transactions.

In relation to misleading statements, some care must be taken in relation to advertisements for land shares or other property sharing schemes. To make it perfectly clear and avoid the potential to mislead, these advertisements should show clearly the nature of the interest or title that is being offered. That is, company share, cross lease, strata title etc. That is certainly the recommendation of the Australian Trade Practices Commission arising from cases there. An ordinary person may be misled into thinking that the title is freehold when no other is stipulated.

In addition, promotional literature should disclose any conditions applicable to, and procedures for, exercising the rights of occupancy, use of facilities etc. For example, where such rights are determined by a corporate body, an owners' association or a company, then that should be made clear to purchasers.

Crucial aspects of the Fair Trading Act relate to 'descriptions' of land. Hence advertisers would need to be able to substantiate:

- * Statements about suitability of land for particular types or levels of farming.
- * Statement about the profitability of a business associated with the land.

it Statements about suitability of land for residential development.

An Australian case concerned a television advertisement advertising home sections. The advertisement was related to 1500 quarter acre lots located a thirty minute drive from Brisbane. The local planning scheme zoned the area as not available for residential units although special approval could be given under certain circumstances. Since there were building restrictions imposed by a planning ordinance the advertisement was considered misleading and the advertiser fined. Thus representations about the use of land should have regard to all existing legal restrictions which may affect the land, including town and country planning requirements, restrictive covenants, easements and so on.

A specific provision of the Act is a prohibition against 'bait and switch' advertising. In essence, this occurs where there is a 'bargain' put up which in reality does not exist. Once a caller calls, the salesman then switches to the product he is really trying to sell. In Queensland, agents selling a sub-division advertised a bargain, and then took customers via the other sections of the sub-division which were at higher prices. When they reached the 'bargain', they would be told on their bleeper that a contract had already been let. Total fines for nine offences were \$200,000.

The Fair Trading Act only came into force in 1 March 1987. Likewise, the full impact of the restrictive trade practices provisions of the Commerce Act was felt on that date because the transitional protection to pre-existing practices expires on the 1st March 1987 also. The real impact of the Acts will only be clear when specific issues are decided by the Courts. The comments I have given are largely based on overseas experience.

The two Acts I have talked about are aimed to prevent, on one hand, disruption of market forces through the lessening of competition in a market, while on the other ensuring that participants do not unfairly compete on the basis of fraudulent or misleading activity. The two Acts run 'in tandem'.

There are aspects of both the Commerce Act and the Fair Trading Act which have clear application to everyone here. I believe that it is imperative that your associations continue to maintain awareness of the development of cases relating to the Commerce Act. Equally important, especially in your own business activities, make sure your staff are aware of the provisions of the Fair Trading Act, including those provisions relating to advertising.

I would like to stress that Commission officers are happy to discuss any matters relating to the Act. During the last nine months, we have had an 'open door' policy and have issued a number of press statements expressing our views on various matters in attempting to provide guidance for the commercial community. We will continue to do so.

In touching so briefly on these subjects I hope I may have whetted your appetite to look further into them. I can appreciate that you may consider some of the obligations of the Acts as unwanted imposition. However, because of the private remedies, they also give important new rights which may enable you to compete more freely and to ensure that your competitor does not obtain an advantage by unscrupulous methods.

Address to Council of Land Related Professions Seminar University of Auckland

"THE COMMERCE ACT: OPPORTUNITIES AND OBSTACLES"

Hon. George Gair - Deputy Leader of the Opposition

Today you have asked me for my views on the opportunities provided by the Commerce Act, and the obstacles to achieving them, and I am happy to do so.

I would also like to take this opportunity to address the question of the role of professional bodies in a society which has a growing level of financial sophistication, a growing level of deregulation, and an awareness of the continuing importance of professional standards.

Let me begin by identifying the opportunities associated with the Commerce Act.

The first relates to the stated objectives of the legislation which is "to promote competition in markets within New Zealand".

Underlying this objective is the philosophy that by promoting competition or a "contestable market", greater efficiency should follow.

Second, there is a recognition that a monopoly position is not unlawful per se, but becomes unlawful if it can be proved that this position is being used to substantially lessen competition.

Third, some restrictive trade practices such as collective pricing agreements, collusive tendering, market exclusion agreements and collective refusals to supply are deemed anti-competitive and are no longer permitted without the consent of the Commerce Commission.

These practices can be authorised by the Commission only when it can be proved that their public benefit outweighs any lessening of competition.

And fourth, the Commerce Act streamlines the process for obtaining approval for mergers and takeovers by substantially lifting the threshold for the asset values of participants. The rationalisations occurring in the current deregulatory environment should therefore be carried out with less bureaucracy.

I will now turn to the obstacles to greater competition and improved efficiency in the marketplace.

A particular difficulty is that the provisions of the new Commerce Act have created certain situations where a business must make its own assessment of whether its behaviour is legal or not.

A second obstacle is the lack of restriction on who can lay

*It is conceivable that this will
provide ample opportunities
for stalling tactics by
aggrieved competitors.*

a complaint with the Commerce Commission. It is conceivable that this will provide ample opportunities for stalling tactics by aggrieved competitors.

Third - and this relates closely to professions such as your own - it is important to recognise that not all closed-shop associations are anti-competitive. For example, while it is compulsory to join the Law Society, the benefits that derive from the Society - notably those relating to the upholding of standards and professional ethics - flow directly to the client.

Entry to an activity where a certain standard is expected is always restricted, and to that extent there is an element of exclusion.

This does not necessarily equate with a lessening of com-

petition. However, if a professional association adopts a pricing arrangement which has the effect of restricting competition, this activity would be prohibited.

As I mentioned earlier, I also wish to talk about the role of professional bodies in the current economic environment.

The politician, in addressing the question of change, should have two important guidelines in mind.

The first is the question of the public good as he perceives it.

The second is the great advantage of bringing people along with you in the process of change so that you get their co-operation and not resistance.

The land-related professions present here today would seem to share in common what is essentially a dual role.

One role is the provision of a service to the community - the "public welfare" aspect.

The other concerns the more "domestic" aspects - if I may call them that - which can range from educational through to what are tantamount to industrial relations matters.

The path towards deregulation which New Zealand generally has been following for some years now by successive Governments, has had a significant exception in the industrial relations area, with the reversal of voluntary unionism by the present Government and the effective strengthening of union influence with legislation currently before a Parliamentary Select Committee.

The National Party is committed to the removal of compulsory union membership and to a major revision of industrial law.

This will have a spill-over effect on organisations like your own.

Bearing in mind the importance of your 'public welfare' role, it could be important to make haste slowly in seeking to preserve the features that have a direct or important indirect bearing on standards and the public welfare.

This subject was looked at, but unresolved, about four years ago when voluntary unionism was introduced. National had no wish to force change for its own sake.

The discussions at the time threw up the interesting contrast between the medical and legal professions.

Doctors with their New Zealand Medical Association do not have compulsory unionism.

They do, however, have the presence of a statutory authority in the form of the Medical Council, which has such important powers as nominating the standards that must be achieved before registration takes place. It also has the power of deregistration which is the ultimate disciplinary measure.

In contrast, the Law Society has compulsory membership, and embraces the functions of both registration and deregistration and, with its "fidelity fund", clearly has an important instrument for protecting the public. This does not, of course, cover negligence, but I understand that most lawyers carry insurance cover to meet claims under this heading. The Society also provides the more domestic professional matters which would be comparable with the role of the union in the industrial setting.

Whatever the future might hold for professional organisations by way of the need to face the challenges of change, they clearly will be better able to do this, and retain the regard of the wider public, if, as an ongoing matter, they continue the process of ensuring that the public understand what they are about, and what these professional organisations do on the public's behalf.

Legal Decisions

CASES RECEIVED

Notice of cases received are given for members' information. They will be printed in The New Zealand Valuers' Journal as space permits and normally in date sequence.

CASES NOTED

Cases 'noted' will not normally be published in The New Zealand Valuers' Journal.

Copies of cases 'received' and 'noted' may be obtained from the Registrar of the Court under whose jurisdiction the cases were heard. (A charge is normally made for photocopying.)

THE VALUERS REGISTRATION BOARD

IN THE MATTER of an Inquiry pursuant to Section 32(2) of the Valuers Act 1948

of Papakura and dated the 13th day of February 1985 in breach of Article 23 of the Code of Ethics of the N.Z. Institute of Valuers.

AND

IN THE MATTER of charges under Sections 31(1)(c) and Section 31 (2) of the Valuers Act 1948 against MERVYN LEONARD SVENSEN

DECISION OF THE BOARD OF INQUIRY OF THE VALUERS' REGISTRATION BOARD

Members of the Board: Mr R. P. Young (Inquiry Chairman)
Mr M. R. Hanna
Mr P. E. Tierney

Counsel: Mr K. G. Stone for the Valuer-General
Mr M. P. Reed for Mr Svensen
Mr J. B. Stevenson to assist the Board at the re-convened hearing on 24 September 1986

Date of Hearing: 24 April 1986, re-convened 24 September 1986

Date of Decision: 10 October 1986

The Hearing

A hearing was originally set down for the 5th March 1986 but was adjourned at Mr Svensen's request and took place on 24 April 1986.

This Board re-convened the hearing on 24 September 1986 in order to consider the appointment of Mr J. B. Stevenson as Counsel to assist the Board and in order to hear submissions from Counsel on the law relating to identification and the application of the law to the evidence which was then before the Board.

Preliminary Matters

At the commencement of the hearing on 24 April 1986, in accordance with the normal practice of the Board, I outlined the procedure intended to be followed. I stated the Board's understanding that copies of the complaint, Valuer-General's report and charges had been supplied by the Board to the Defendant. Mr Reed requested clarification on certain points and raised questions concerning the possibility that there could have been another report from the Valuer-General to the Board and that report has not been made available to Mr Svensen. Mr Stone explained that in his capacity he provided certain legal advice to the Valuer-General in a letter which he understands was considered by the Board.

Mr Reed was provided with a copy of an extract from the Registration Board's agenda for a meeting which took place on 24 October 1985 and an extract from the minutes of that meeting, both dealing with "complaint re Rolle Associates Ltd. 1985/83." This material indicates that a letter from Crown Counsel was referred to the Board on 24 October 1985.

On receiving copies of this information Mr Reed recorded his objection that the Board considered a letter from the Prosecutor.

During these matters Mr Stone confirmed that, so far as was relevant to these charges, the complaint was the letter dated 10 April 1985 from the Institute of Valuers and that the report from the Valuer-General was a letter dated 25 June 1985. We mention that, in accordance with our usual practice, we decide matters on the material placed before us at the hearing. The report of 25 June was not put before us and, therefore, we have not taken it into account in our decision. In this case it is important that the report of 25 June 1985 is disregarded because cross-examination by Mr Reed established that the matter was not referred to Mr Svensen until after the 25 June 1985 and, therefore, it had no input from Mr Svensen.

Evidence from Prosecution

In this part of our decision we summarise the evidence before us. Mr Stone called Mr S. W. A. Ralston, the Valuer-General, who gave evidence to the effect that:

Mr Mervyn Leonard Svensen is a Registered Valuer holding an Annual Practising Certificate.

As a result of a complaint from the N.Z. Institute of Valuers dated 10 April 1985 he investigated the matter now before the board in accordance with the provisions of The Valuers Act.

THE COMPLAINT AND CHARGES

This inquiry arises as a result of a complaint dated 10 April 1985 received by the Registrar of the Valuers Registration Board from N.Z. Institute of Valuers. The complaint relates to two letters allegedly signed by M. L. Svensen, a Registered Valuer, and allegedly forwarded to The Chief Administrator, Auckland Harbour Board, P.O. Box 1259, Auckland; and to Mr J. Burton, Barrister & Solicitor, P.O. Box 498, Papakura, Auckland.

As a result of this complaint and in terms of Section 32 of the Valuers Act the complaint was referred to the Valuer-General who reported thereon to the Board on 25 June 1985. In terms of Section 32

(2) of the Act the Board decided on 4 September 1985 that it was not satisfied that there were no reasonable grounds for the complaint and accordingly an inquiry was required.

The charges duly drawn against Mr Svensen read as follows:

1. Section 31(a)(c) and Section 31(2) of the Valuers Act 1948:

That you have been guilty of such unethical conduct in the performance of your duties as a Valuer as renders you unfit to be registered under the Valuers Act 1948 in that you were responsible for the solicitation of professional work by means of a letter addressed to the Chief Administrator of the Auckland Harbour Board and dated the 8th day of February 1985 in breach of Article 23 of the Code of Ethics of the N.Z. Institute of Valuers.

2. Section 31(1)(c) and Section 31(2) of the Valuers Act 1948:

That you have been guilty of such unethical conduct in the performance of your duties as a Valuer as renders you unfit to be registered under the Valuers Act 1948 in that you were responsible for the solicitation of professional work by means of a letter addressed to Mr J. Burton, Barrister and Solici-

On 25 June 1985 he reported to the Board on the matter.

Mr Ralston produced photocopies of the letters referred to in the charges.

In answer to questions by Mr Reed, Mr Ralston acknowledged that ethics in any profession are a moveable or changeable thing; that while advertising in other professions was prohibited for many years ethical rules on this matter have now been relaxed almost completely, e.g. within the New Zealand Law Society, the Architects profession and others; that many people believe it to be in the public interest that professional people can indicate to the public who they are and what they do; and that one of the objects of the Valuers Act is to secure a high standard of valuation throughout New Zealand and to protect the public against incompetent valuers. Mr Ralston also conceded that an advertisement as to the availability of services would not come under the category of incompetence but is purely a question of ethics.

Mr Ralston also acknowledged that he knew Mr Svensen both personally and as a Valuer of long standing.

Mr Ralston was also cross-examined on moves afoot to alter the Valuers Institute Code of Ethics with regard to advertising but declined to agree that the existing Code in relation to advertising is no longer credible in the present business and professional environment.

Mr Reed referred Mr Ralston to an extract from "The New Zealand Valuer" issue December 1985, page 173, apparently indicating that certain recommendations relating to advertising had been approved by Council. (The Board assumes that this refers to the Council of N.Z. Institute of Valuers.) Mr Ralston stated that in presenting his report of 25 June 1986 to The Valuers Registration Board, he did not have regard to the view of Council on advertising.

The "N.Z. Valuer" article and the task force recommendation or report was not put before us - it was used by Mr Reed as a basis for questioning Mr Ralston.

Mr Stone then called Mr R. A. Albrecht, property Manager for the Auckland Harbour Board, who produced as Exhibit 3 the original of the letter dated 8 February 1985 referred to in the charge. A copy of the letter is attached to this decision.

In answer to questions by Mr Stone, Mr Albrecht explained that the original of that letter was referred immediately to him for attention upon its receipt by the Auckland Harbour Board on 12 February 1985 because it is of a kind which would normally come within his area of responsibility. He further explained that on receipt of the letter he was concerned that it may constitute a breach of the Code of Ethics of the Institute of Valuers and accordingly he forwarded a photocopy to the Auckland Branch Councillor.

Mr Albrecht was not cross-examined by Mr Reed. In answer to questions by Board members he advised that in nine years with the Auckland Harbour Board he could not recall the Board ever receiving a similar unsolicited letter from a Registered Valuer.

Mr Stone then called Mr S. N. Borich who is a Registered Valuer, practising in Auckland, and who is also the Secretary of the Auckland Branch of the N.Z. Institute of Valuers.

In answer to questions put to him by Mr Stone, Mr Borich confirmed that a photocopy of exhibit 3 was given to him as Branch Secretary at a branch meeting on 21 February 1985 by Mr R. Jeffries, Auckland Branch Councillor. Mr Borich also produced exhibit 5 being the original of a letter dated 13 February 1985 referred to in the charge. A copy of this letter (with some irrelevant subsequent handwritten notes removed) is also attached to the decision. He advised that this letter was passed to him by a Mr Guy at the Branch Committee meeting on 21 February 1985. He advised that he did not know whether this particular letter was posted to or handed to Mr Guy personally but it was brought to the Branch Committee meeting.

Mr Borich further confirmed that the Branch Committee considered the matter serious enough to refer it to the General Secretary for further investigation. He gave evidence that on 26 February 1985 he sent a letter to the General Secretary with photocopies of the two letters.

In answer to questions put to him by Mr Reed, Mr Borich advised that he had not spoken to Mr Svensen to ask him whether he had sent the letter dated 13 February 1985 (exhibit 5); that he had never contacted Mr Svensen to ask him if it was his signature and he had never made any enquiries as to who had posted the letter. In answer to a question by a Board Member, Mr Borich confirmed that he had not previously seen Mr Svensen's signature but had no reason to doubt that it was Mr Svensen's signature on the letter. He further confirmed that in two years as Branch Secretary he was not aware of any other letters of a similar nature being referred to the Auck-

land Branch Committee.

The evidence for the prosecution concluded at this point.

No Case to Answer and Amendment to Name

Mr Reed submitted that there is no case to answer for a number of reasons summarised as follows:

- (i) The charge relates to Mervyn Leonard Svensen. While the Registrar said there had been a spelling mistake, no move or application has been made to amend the name on the charge. The charge must fail because the Board's records show that there is no Mervyn Leonard Svensen.
- (ii) There was no identification of M. L. Svensen (whether spelt with an e or with an o) and no one giving evidence has pointed out Mr Svensen.
- (iii) The onus of proof had not been discharged.
- (iv) There was no proper investigation carried out by the Valuer-General, the matter was not referred to Mr Svensen and the Board has apparently received correspondence from the Crown Solicitor which he (Mr Reed) has not seen.
- (v) In relation to Section 31 the Board has got to be satisfied of all ingredients of the charge - i.e. guilty of unethical conduct in the performance of his duties as a valuer etc., and in this respect there has been no evidence that the letters were sent by a valuer. They were sent by Rolle Associates Ltd, a limited liability company and members of the Real Estate Institute of New Zealand.
- (vi) The unethical conduct must be such as renders the accused unfit to be registered under the Valuers Act but the alleged breach of the Code regarding advertising cannot be that serious, given the current climate and attitude towards advertising within the Valuers Institute and other professional bodies.

Mr Stone replied to these submissions and made a formal application to correct the spelling of Mr Svensen's name.

The Board then considered the submission that there was no case to answer and the application for amendment of name.

The Board ruled that there was sufficient prima facie material before it to reject the submission of no case to answer as, in its opinion, the issue had been taken sufficiently far for there to be enough material for the matter to warrant further consideration.

The Board corrected the record insofar as the mis-spelling of Mr Svensen's name was concerned.

Evidence for Respondent

Mr Reed elected to call no evidence.

The Letters and Code of Ethics

In opening the case for the prosecution, Mr Stone submitted that the essence of the two charges is that two particular letters written by Mr Svensen, a Registered Valuer in Auckland, amount to a breach of The Code of Ethics of the N.Z. Institute of Valuers and in particular Article 23 which reads:

"The solicitation of professional work by such means as personal canvas, circular, advertising in directories, year books or in the public press (except by means of a professional card) or by the use of radio or television or the exhibition of unduly large name-plates or painted or illuminated signs, is forbidden."

The Board considers that it is obliged to uphold the Code of Ethics as it stands and is not concerned with amendments to that Code which may or may not eventuate in the future. The Board is not in a position to judge what attitudes or standards may apply in the future although these may be relevant in the consideration of penalty.

On the face of them the letters constitute serious breaches of the Code of Ethics. They are documents signed by a person who purports to be a registered valuer, they solicit valuation work and they are designed to increase the author's valuation work - probably at the expense of other valuers who are precluded from such solicitation by the Code of Ethics.

The Defences

Mr Reed raised a number of defences similar to those raised on his submissions on no case to answer. It is sufficient to say that the Board would have been prepared to find the charges proved but for the defences raised relating to identification.

Identification

The Board received the transcript and, in giving consideration to its decision, came to the conclusion that a significant issue has been raised by Mr Reed as to the requirements of the law in relation to

identification and the application of the law to the evidence before the Board. The Board concluded that its deliberations would be assisted by further submissions from Counsel and by the appointment of Counsel to assist it. Accordingly, it reconvened the hearing in order to consider the appointment of Mr J. B. Stevenson as Counsel to assist the Board and to hear further submissions from Mr Reed and Mr Stone on the law relating to identification and the application of the law to the evidence before the Board. The reconvened hearing took place on 24 September 1986.

At this hearing Mr Reed objected to the Board's appointment of Mr Stevenson. Mr Stone raised no objection to the appointment of Mr Stevenson. The Board decided to appoint Mr Stevenson.

Mr Stevenson then made submissions on the law relating to identification and the application of the law to the material before the Board. Mr Reed agreed with these submissions. They were to the general effect that:

- Proof of identification of the person charged is fundamental and that failure to identify the person charged must result in the dismissal of the charge.
- The proof of identity must come from the evidence and the material placed before the Board and members of the Board cannot supplement the evidence by their own knowledge of the person appearing before them.
- The fact that a person appears at the hearing to answer a charge does not amount to admission of identity.
- It is for the prosecution or the person bringing a charge to establish the evidence.
- The duty of the Board is, in general terms, to harken to the evidence and decide the case on the evidence placed before it.
- The Board should not conduct the prosecution case or strive to remedy any deficiency that there may appear to be in the



Rolle House, 6 Cambridge Terrace, Wellington P.O.
Box 384, Telephone: 843948, Telex: via 3713 466
Manukau Road, Epsom, Auckland

P.O. Box 26-213, Telephone: 688111 s 605468
Also at Auckland (City) and Palmerston North

VALUERS OF RESIDENTIAL, COMMERCIAL AND INDUSTRIAL PROPERTY, PLANT, MACHINERY AND
CHATELS, PROPERTY MANAGERS, AGENTS, AUCTIONEERS, HOTEL AND MOTEL BROKERS

Our Ref:MLS/saf

Please reply to Box 26213 Epsom

13 February 1985

Mr J Burton
Barrister and Solicitor
PO Box 498
Papakura
AUCKLAND

Dear Sir

RE: VALUATION SERVICES.

We are pleased to announce that we have considerably expanded our Auckland Valuation Service with the acquisition of a practice based at 466 Manukau Road, Epsom.

I have personally taken charge of the office which has a staff of two qualified Land and Building Valuers. Our Auckland services now match those of our Wellington Office where we offer Valuations of Residential, Commercial and Industrial Buildings; Urban and Residential Land; Plant, Machinery and Chattels. Our Valuation Service covers the whole Auckland Region with our Services being available on a Nationwide basis.

Over a period we will call on you to introduce ourselves, however, a brochure outlining our services can be obtained on request.

Yours faithfully

ROLLE ASSOCIATES LIMITED

M L Svensen
MANAGING DIRECTOR

PRINCIPALS
REGISTERED VALUERS A E O SULLIVAN, ANZIV, MPML, ANZIM, DIP BUS, ADMIN., AREINZ
M. L. SVENSEN, FNZIV, MPML, A INST ARB, FREINZ
PLANT & MACHINERY D. SMITH, SCV, AMSST, MSAA.

VALUERS
M. P. MOKOR uAy COMM ANZIV, Reg Val
C. CLEVERLEY Dip U, b Val (Hons.), ANZIV, Reg Val
I. S. HARWOOD Dip Val
A. C. REMMERSWAAL B BS (Val a Pty MDmt)

CONSULTANT

T. H. C. TAYLOR, ant., AREINZ, Reg val

prosecution case. if the prosecution case is defective then the defendant is entitled to have the charge dismissed.

- The Board must assess the evidence and may draw reasonable inferences from it.

Submissions were then heard from Mr Stone. He disagrees with Mr Stevenson's submission and contends that the Board is not a court and therefore the matters which would concern a court are of no direct relevance. He submits that, given the construction of the Valuers Act and the fact that the Board consists entirely of Valuers, it is a "domestic" tribunal dealing only with Registered Valuers and is therefore unlike a court. The Board is therefore not required to observe the ordinary rules of evidence but must observe the rules of natural justice - i.e. act fairly and allow the right to a hearing. On the question of identity he submitted that it was not necessary to identify Mr Svensen as one would in a criminal case.

The Board has come to the conclusion that it is not a "domestic" tribunal as is suggested by Mr Stone, and that it must apply the general approach outlined by Mr Stevenson in relation to identity.

Having heard the evidence and submissions, the Board must now arrive at its decision.

Expressed in simple terms, it appears to the Board that the defence is seeking acquittal by raising questions relating to:

- A. the identity of the person who signed or authorised the posting and delivery of the letters referred to in the charges; and
- B. the person who appeared at the hearing.

The Board finds that there is a Registered Valuer, Mervyn Leonard Svensen. The Board accepts that the letters are both valid letters signed and authorised by Mr M. L. Svensen. This is based upon the letters as a whole, their apparent genuineness and the printed and written material. The Board considers it is proved to the standard

ROLLE

associates ltd.

MRE IN Z

Rolle House 6 Cambriep Terrace, Wellington
P.O. Rol 384, Telephor 843-948, T J., via 3713
466 Man ke Road Eps n. Auckland I
L.O. lox f 213. felon -e: 688111 n 1010468
Also at Auckland (City) and Palnii, gbn Nprth

VALUERS OF RESIDENTIAL, COMMERCIAL AND INDUSTRIAL PROPERTY, PLANT, MACHINERY AND CHATTELS, PROPERTY MANAGERS, AGENTS, AUCTIONEERS, HOTEL AND MOTEL BROKERS

Our Ref: MLS/saf

Pipe reply to: PO Box 26213 Epsom

8 February 1985

The Chief Administrator
Auckland Harbour Board
PO Box 1259
AUCKLAND

Dear Sir

RE: VALUATIONS

Recent experience in the valuation for insurance purposes of the assets of the City of Napier suggests that local authorities and other ad hoc bodies who are not having regular valuations carried out could be under insured. Many Councils have their buildings regularly professionally valued, but estimate internally the plant, machinery and chattels.

with the experience of the 1931 earthquake, Napier City administrators have always been insurance conscious. They have made, over the years, reasonable attempts to value the city's assets internally. They recently appointed a firm of insurance brokers, Bowring Burgess Marsh & McLennan Limited to look after their insurances and the staff of that company were concerned that the city might be under insured. It was - very considerably.

Our valuations trebled the plant, machinery and chattel insurance. Our building valuers found not only under insurance, but also a considerable number of the city's buildings that had never been insured.

If our insurance valuation services could be of interest to you we should be pleased to discuss the matter with you entirely without obligation.

Yours faithfully
ROLLE ASSOCIATES LIMITED

M L Svensen

PRINCIPALS
REGISTERED VALUERS A. E DSULJIVAN, Ante, MP=al. Anne my uJS ADMIN . aOHN?
M.L. SVENSEN. FNZY. MV.:1111LST 4114.FHEINZ
PLANT R MACHINERY D SMITH. SCV -SST, MsAA

VALUERS
M P. MORSE
C. CL. vvvv FY
1 H 1/P/CI D
.0. C. RFMMET, SJ4, AI

OCNSULTANT

T. H. C. T401 OR <NJIV AHCIMZ. Ro v.0.

required that Mervyn Leonard Svensen is the registered valuer who signed the letters and who authorised the posting and delivery of the letters.

However, it has not been proved that the person who answered the charges and appeared at the hearing is Mervyn Leonard Svensen the Registered Valuer and the person who signed and authorised the letters. The person before us was not identified and in our opinion there is not enough material to enable us to draw such an inference. The onus is on the prosecution to prove that the person before the Board is the person mentioned in the charges and the person who signed the letters.

On the evidence before us we believe that the prosecution has not established that the person named in the charges and who appeared before us is the same person who signed the letters in question.

Decision

As we have found an element of identity not proved, we have no alternative but to dismiss the charges.

The Board considers that any breach of the Code of Ethics is a serious matter. It is with some concern and regret that charges relating to a serious matter have to be dismissed on the basis of what may be seen as narrow legal technicalities and in circumstances where the defence itself could have answered the questions of identity in a matter of minutes. However, the Board is bound to act according to the law even though in the present case it may appear to the layman that a serious breach of the Code of Ethics will not be adequately dealt with.

R. P. YOUNG
Inquiry Chairman

THE VALUERS REGISTRATION BOARD

IN THE MATTER of an Inquiry pursuant to Section 32(2) of the Valuers' Act 1948

AND

IN THE MATTER of charges under Section 31(1)(c) of the Valuers' Act 1948 against HENRY LEON SIMKIN

DECISION OF THE BOARD OF INQUIRY OF THE VALUERS' REGISTRATION BOARD

Members of the Board: M. R. Hanna (Inquiry Chairman)
D. J. Armstrong
R. P. Young

Counsel: W. R. Flaus for the Valuer General
M. P. Crew for Mr Simkin

Date of Hearing: 9 September 1986

Date of Decision: 10 December 1986

This inquiry arose from a complaint by Westpac Finance Ltd in respect of a valuation made by Mr H. L. Simkin, Registered Valuer, of a property at Nos. 15-17 Fremlin Place, Avondale, Auckland in July 1985.

The complaint was initially laid with the Auckland Branch of the New Zealand Institute of Valuers, then passed to the Institute's Professional Practice Committee in Wellington and subsequently lodged with the Board. The report of the Valuer General dated 13th March 1986 came before the Board which, after due consideration, decided that in terms of Section 32(2) of the Valuers Act an Inquiry should be held. By Notice dated 15 May 1986 Mr Simkin was advised of the Board's decision and the charges against him. The matter duly came to a hearing on 9 September 1986 at which time the charges against Mr Simkin were read before the Board as follows:

- (1) *Section 31(1)(c) of the Valuers Act 1948*: That he had been guilty of such incompetent conduct in the performance of his duties as a Valuer as renders him liable to a penalty provided by the Valuers Act 1948 *in that* he in compiling a Valuation Report dated 19 July 1985 in respect of the property at 15-17 Fremlin Place, Avondale, Auckland, grossly over-valued the property.
- (2) *Section 31(1)(c) of the Valuers Act 1948*: That he had been guilty of such incompetent conduct in the performance of his duties as a Valuer as renders him liable to a penalty provided by the Valuers Act 1948 *in that* he in compiling a Valuation Report dated 19 July 1985 in respect of the property at 15-17 Fremlin Place, Avondale, Auckland, made a mortgage recommendation that was excessive.

When formally charged at the Hearing Mr Simkin denied the charges.

The two charges, which the Board regards as linked, relate to a valuation of an Industrial property at Nos. 15-17 Fremlin Place, Avondale, Auckland, made by Mr Simkin on 19 July 1985 and addressed to Messrs Wylie, McDonald & Sneyd, Chartered Accountants in which the value of the property was stated at \$391,500 and an advance made against first mortgage of \$261,000 was recommended. The report was subsequently passed to Westpac Finance Ltd in support of an application for a loan by the then owners. In a letter of 25 September 1985 addressed to the New Zealand Institute of Valuers in Auckland Westpac claimed to be dissatisfied with the valuation and, after further investigation proceeded to lodge the formal complaint in respect of Mr Simkin's valuation which ultimately led to the hearing.

It is not the Board's intention to traverse the evidence put before it in great detail but it is useful at this point to set out a brief description of the property as it appears from information provided at the Inquiry.

As we understand it Nos. 15-17 Fremlin Place comprises a level parcel of land of 1147m² upon which stands a single storey factory/warehouse building of about 680m² overall which was erected in 1977. It is largely of concrete and concrete block construction with iron roofing and the main structure includes some 635m² of factory space and 45m² of offices together with the usual basic amenities and external siteworks. The property is located in an area generally known as the Rosebank Road Peninsular which is a well established industrial neighbourhood where there has been a quite wide range of industrial development over recent years. Overall it appeared that the locality met a good level of demand from both prospective occupiers and owners and that the subject was reasonably typical of a number of other smaller properties in the vicinity.

In opening the case of the Valuer-General Mr Flaus claimed that Mr Simkin's valuation of Nos. 15-17 Fremlin Place which was effective July 1985 in the amount of \$391,500 could not have been the result of competent valuation by a Registered Valuer. He then called Mr S. W. A. Ralston, the Valuer General, who gave formal evidence and submitted his report which included much of the correspondence relevant to the complaint together with a copy of Mr Simkin's valuation report concerning the property.

Mr R. B. Shera, Registered Valuer, and District Valuer for the Valuation Department, was then called as witness to support his valuation of Nos. 15-17 Fremlin Place which had been prepared in February 1986, but was effective 3rd April 1985 at \$232,000 with a first mortgage recommendation of \$139,200. In addition his report provided detailed schedules of sales and rentals upon which his valuation had been assessed. Mr Shera was cross-examined in some depth by Mr Crew and also answered a number of questions from Board Members but appeared well informed and confident in respect of the evidence he presented. He claimed to have taken no account of any information subsequent to the date of valuation in April 1985 and to have had no knowledge of other assessments. Mr Shera's valuation included an assessment of the nett rental for the premises with effect from July 1985 at \$25,582 which amount he capitalised at a market yield of 10.25010 and later adjusted to 10.95010 for other factors. This capitalised sum had then been discounted to allow for short term rental short-fall. The Board was interested to learn however that in December 1985 the property had been sold at the sum of \$290,000 and Mr Shera expressed the view that this fitted generally with overall trends in the marketplace in the period since early 1985.

Mr Flaus then called Mr R. M. McGough, a Registered Valuer of long experience in the Auckland Region. His assessment had been prepared for the purpose of this Inquiry but was backdated to April 1985 and set a value for the property of \$257,500 with a recommendation for a first mortgage advance of up to \$154,500. Although Mr McGough noted the December 1985 sale of the subject his evidence was confined to data available in April 1985 and he concluded from a range of market and other evidence that the property would have been capable of sustaining a net rental of some \$27,000 which he proceeded to capitalise at a yield of 10.5 % to support his valuation. Mr McGough was also searchingly cross-examined but was not seriously shaken in his evidence, though he conceded that some aspects of Mr Simkin's valuation, particularly in respect of the land value could be reasonably well supported.

In opening for the Defence, Mr Crew discussed the meaning of the word "incompetent" pointing out that a professional person was not necessarily incompetent because he was wrong or made an error of judgement. He expressed the view that for a charge of incompetence to be successful required a gross lack of due care or profes-

sional sloppiness of an unacceptable degree. His client had 35 years' experience as a Valuer with no previous disciplinary charges and Mr Crew claimed that it would be extraordinary had he suddenly been shown to be incompetent at that stage of his career, though not so extraordinary if there were one example of negligence.

Mr Simkin was then called and read a lengthy statement supported by various items of correspondence and other data including a copy of his letter dated 18 March 1986 addressed to the Valuer-General which had already formed a part of Mr Ralston's report. This letter set out a sequence of events which established that in July 1985 a rental of \$27,500 applied to the property and that Mr Simkin's initial valuation, apparently based largely upon a depreciated cost approach, had been set at \$391,500. He then claimed to have reviewed this figure to reflect a 9.5076 rental return to an amount of \$275,000. According to Mr Simkin he was then visited by the owner who responded angrily to the proposed valuation at the latter figure and claimed that he could sell the property for \$400,000 and had been offered over \$350,000. Under this pressure Mr Simkin increased his valuation to \$391,500 which showed a yield on the recent rental of 6.66%. Mr Simkin's statement also included a copy of a letter from his assistant, a Mr I. Pike, recording that it was with some surprise that they later learned the owner sold the property at a much lower figure (actually \$290,000). In cross-examination by Mr Flaus Mr Simkin agreed that cost did not always equal value and conceded that he had no experience on similar industrial properties selling on the basis of a yield below 7% though he was aware of examples of more centrally located sales on this basis as a holding measure for future redevelopment. Mr Simkin also mentioned the pressure of work he had been operating under at the time of the valuation, consequent upon a severe illness in the period between his initial inspection of the property in April and his written report in July 1985.

In his concluding remarks Mr Flaus discussed the question of incompetence and referred the Board to the well known case of *Baxter v. Gapp & Co.* [1939] 108 LJ422. In paraphrase that decision in part stated that while an over-valuation did not in itself show negligence, a very gross over-valuation unless explained may indicate either negligence or incompetence. It then proceeded to state that in that instance there had been a gross over-valuation and that the defendant had paid no regard to matters which were of the most vital importance. It was Mr Flaus's submission that the passage quoted applied squarely to the circumstances before the Board. Mr Flaus did acknowledge however that the pressures under which Mr Simkin was said to be working and the state of his health at the time might justify later consideration.

In his final address Mr Crew touched on a series of eight points in the last of which he contended that Mr Simkin had problems, concerning the lease, the dearth of sales evidence, the upsurge in local values, pressures of his recent illness and demands from his clients. He stressed the advantage of hindsight available to Messrs Shera and McGough and emphasised that Mr Simkin had been absolutely frank and honest with the Board and was seen to be a man concerned for his reputation who had put forward all of the relevant information available to him.

In considering this matter the Board has noted the following sequence of values referred to in evidence which had been attributed to the property at Nos. 15-17 Fremlin Place in the period 1983/86:

Valuer	Purpose	Effective Date	Amount	Mortgage Recommendation
Shera	This Inquiry	4/85	\$232,000	\$139,200
McGough	This Inquiry	4.85	\$257,500	\$154,500
Simkin	Client	7/85	\$391,500	\$261,000
	Sale Price	12/85	\$290,000	-

Even after the most reasonable allowance for hindsight etc., it is impossible for the Board not to conclude that Mr Simkin's valuation of \$391,500 is grossly excessive. That figure receives no support from the available market data and by his own admission the calculation on the basis of a 6.66% yield was not market related - indeed the other Valuers were opting for yields calculated on a similar basis of 10.5010 or more.

The Board has been assisted by Mr Simkin's frankness and co-operation as a witness but the whole thrust of his evidence and comment leads us to the belief that whereas his native professional judgment may have indicated to him that the value of this property in July 1985 was really of the order of \$275,000 or not too much more, he allowed himself to be coerced by a demanding client to inflate his valuation to a very much higher figure. While we have no knowledge of the circumstances of the subsequent sale at \$290,000,

its record was not questioned and does nothing to sustain the opinion to which Mr Simkin was persuaded. We can only conclude that in confirming his valuation of Nos. 15-17 Fremlin Place at \$391,500, and following that by a mortgage recommendation of \$261,000, Mr Simkin failed for whatever reasons to show the degree of professional competence which the Board should reasonably expect from a Valuer registered in terms of the Valuers Act 1948.

The Board therefore finds Henry Leon Simkin guilty of incompetent conduct in terms of charges No. 1 and No. 2.

Penalty

The preceding parts of this Decision were issued by the Board on 4th November 1986 to permit the presentation of such submissions in respect of penalty as Counsel might wish to offer. Such submissions were duly received from Mr Crew and these have been carefully considered by the Board.

Counsel's main submission has been to the effect that this is not a case calling for the draconian penalties of removal of Mr Simkin's name from the register, nor of suspension. Mr Crew has emphasised Mr Simkin's background, professional experience and the co-operation and frankness he showed before the Board. The Board also recalls the submissions of both Counsel during the Hearing in respect of Mr Simkin's health at the relevant date.

Having considered all of these factors, the Board accepts Mr Crew's submission in respect of removal or suspension but cannot accept his later suggestion that in all of the circumstances a formal reprimand would represent a sufficient penalty. We consider a monetary fine to be appropriate, and while we have noted in earlier Decisions the extent to which the impact of the the penalties currently available to us (a maximum fine of \$1,000) has been diminished by time, we are nonetheless obliged to continue to act consistently within the present limits until such time as Parliament reviews the whole range of penalties.

In this context therefore, and having found Henry Leon Simkin guilty of incompetent conduct in terms of Charges 1 and 2, the Board, acting under the powers vested in it by Section 33 of the Valuers Act 1948, does hereby fine him the following sums:

1) As to Charge 1: \$600.00 (SIX HUNDRED DOLLARS)

and

2) As to Charge 2: \$200.00 (TWO HUNDRED DOLLARS)

these amounts to be paid by him as directed by The Registrar.

M. R. Hanna
Inquiry Chairman

Dated at Wellington this Tenth day of December 1986.

NORTHLAND

COUTTS MILBURN & ASSOCIATES -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS
 89 Cameron Street, Whangarei.
 P.O. Box 223, Whangarei.
 Phone (089) 484-367, 484-655,
 W. A. F. Burgess, Dip.V.F.M., A.N.Z.I.V.
 C. S. COutiS, A.N.Z.I.V., F.R.E.I.N.Z.
 G. T. Hanlon, V.P.U., A.N.Z.I.V.
 I. D. Baker, V.P.U., A.N.Z.I.V.

ROBISONS -
 REGISTERED VALUERS
 P.O. Box 1093, Whangarei.
 Phone (089) 488-443, 489-599.
 J. F. Hudson, V.P.U., A.N.I.Z., M.N.Z.S.F.M.
 A. C. Nicholls, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M.
 T. S. Baker, V.P.U., A.N.Z.I.V.
 R. L. Hutchison, Dip.Urb.Val., A.N.Z.I.V.
 G. S. Algie, Dip.Urb.Val., A.N.Z.I.V.

MOIR ASSOCIATES -
 REGISTERED VALUERS
 Kerikeri Office.
 P.O. Box 254, Kerikeri.
 Phone (0887) 78-500.
 Paihia Office.
 2nd Floor, Paihia Mall,
 Marsden Road, Paihia.
 P.O. Box 264, Paihia.
 Phone (0885) 28-149.
 G. H. Moir, Dip.Urb.Val., A.N.Z.I.V.
 S. R. McNally, B.Ag.Sci., A.N.Z.I.V.

AUCKLAND

ABBOTT, CARLTON, LAWTON & CO. -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS
 225 Great South Rd., Greenlane, Auckland.
 P.O. Box 17-063, Greenlane.
 Phone (09) 548-061, 541-522.
 Waiheke Island Office. Phone (0972) 7718.
 W. J. Carlton, Dip.Ag., Dip.V.F.M., A.N.Z.I.V.
 R. D. Lawton, Dip.Urb.Val.(Hons), A.N.Z.I.V.
 R. McG. Swan, Dip.Urb.Val., A.N.Z.I.V.
 S. H. Abbott, A.N.Z.I.V., F.R.E.I.N.Z.(Consultant).

BARFOOT & THOMPSON LTD -
 REGISTERED VALUERS
 Cnr Fort and Commerce Streets, Auckland.
 P.O. Box 4078, Auckland.
 Phone (09) 794-460.
 T. L. Esplin, Dip.Urb.Val., A.N.Z.I.V.
 R. J. Pheasant, Dip.Urb.Val., A.N.Z.I.V.

LLOYD W. BARKER & ASSOCIATES
 REGISTERED VALUERS
 Westpac Plaza, Moana Avenue.
 P.O. Box 15, Orewa.
 Phone (0942) 65-062, 64-194.
 L. W. Barker, Dip.Urb.Val., A.N.Z.I.V.
 M. P. Morse, B.Ag.Com. A.N.Z.I.V.

BARRATT-BOYES, JEFFERIES -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS 4th
 Floor, Quay Tower, 29 Customs Street, Auckland.
 P.O. Box 6193, Wellesley Street, Auckland.
 Phone (09) 773-045, 797-782.
 D. B. C. Barratt-Boyes, B.A.(Hons), F.N.Z.I.V.
 R. L. Jefferies, Dip.Urb.Val., B.C.A., F.N.Z.I.V., M.P.M.I.
 R. W. Laing, A.N.Z.I.V., A.R.E.I.N.Z.
 M. A. Norton, Dip.Urb.Val.(Hons), A.N.Z.I.V.

C. F. BENNETT (VALUATIONS) LTD -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS 9th
 Floor, Countrywide Centre, 280 Queen Street, Auckland.
 P.O. Box 5000, Auckland 1.
 Phone (09) 799-591.
 R. M. McGough, Dip Urb. Val., F.N.Z.I.V., M.P.M.I.
 A. G. Hilton, M.D.A., A.N.Z.I.V.
 C. N. Chamberlain, Dip.V.F.M., Dip.Ag., A1 V., A.N.Z.I.V.
 L. V. Brake, A.N.Z.I.V.
 M. J. G. Steur, Dipval., A.N.Z.I.V.

D. E. BOWER & ASSOCIATES -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS
 Denby House, 156 Parnell Road, Auckland.
 P.O. Box 37622, Parnell, Auckland.
 Phone (09) 390-130.
 David E. Bower, Dip.Urb.Val., A.N.Z.I.V., A.R.E.I.N.Z., A.N.Z.I.M., M.P.M.I.

MICHAEL T. CANNIN -
 REGISTERED VALUER AND PROPERTY CONSULTANT I
 Herbert Street, Takapuna.
 Phone (09) 498-517.
 M. T. Cannin, A.N.Z.I.V., A.C.I.S.

DARROCH MARSH & CO. -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS
 2 King Street, Pukekohe.
 P.O. Box 89, Pukekohe.
 Phone (085) 86-276.
 W. R. Marsh, A.N.Z.I.V., Dip.V.F.M., M.P.M.I.
 M. J. Irwin, A.N.Z.I.V., B.Ag.
 W. G. Priest, A.N.Z.I.V., B.Ag., M.N.Z.A.F.M.

DARROCH & CO. LTD
 REGISTERED VALUERS AND PROPERTY CONSULTANTS I
 Shea Terrace, Takapuna, Auckland 9.
 P.O. Box 33-227, Takapuna, Auckland 9.
 Phone (09) 491-677. Facsimile (09) 493-246. DX 546.
 N. K. Darroch, EN.Z.I.V., Dip.V.F.M., Val.Prof.Urb., M.P.M.I., A.C.I.Arb.
 S. B. Molloy, A.N.Z.I.V., Dip.Urb.Val.
 E. B. Smithies, A.N.Z.I.V.
 A. J. Wiltshire, A.N.Z.I.V., Dip.Urb.Val.
 R. I. Forsyth, A.N.Z.I.V., Dip.Urb.Val.
 C. C. Barraclough, A.N.Z.I.V., B.Com.
 R. A. Bell, A.N.Z.I.V., F.R.I.C.S., Dip.Sure, Dip.Urb.Val.
 D. R. Fowler, Dip.Urb.Val., Dip.V.F.M.
 D. Kilby, A.N.Z.I.V.
 W. W. Kerr, A.N.I.Z., Dip.V.F.M.

EYLES, PURDY & CO. -
 REGISTERED VALUERS AND PROPERTY CONSULTANTS
 Level 9, Ceramco House,
 57 Fort Street, Auckland 1.
 P.O. Box 2729, Auckland 1. DX 7.
 Phone 34-872, 389-110.
 Russell Eyles, V.P.Urb., A.N.Z.I.V.
 Richard A. Purdy, V.P.Urb., A.N.Z.I.V.
 John W. Charters, V.P.(Urb. & Rural), A.N.Z.I.V.
 S. Nigel Dean, Dip.Urb.Val., A.N.Z.I.V.
 Perry G. Heavey, V.P.Urb., A.N.Z.I.V.
 John R. Clephane, Dip.Urb.Val.
 Mary-Jo Patterson, B.Comm.(V.P.M.)

GUY, STEVENSON, PETHERBRIDGE -
 PROPERTY CONSULTANTS AND REGISTERED VALUERS
 21 East Street, Papakura. P.O. Box 452, Papakura.
 Phone (09) 299-7406, 299-6152.
 2nd Floor, 3 Osterley Way, Manukau City.
 P.O. Box 76-081, Manukau City.
 Phone (09) 277-9529.
 A. D. Guy, ValProf.Rural, A.N.Z.I.V.
 K. G. Stevenson, Dip.V.F.M., Val.Prof.Urb., A.N.Z.I.V.
 P. D. Petherbridge, M.N.Z.I.S., Dip.Urb.Val., A.N.Z.I.V.

HARCOURTS EDWARD RUSHTON -
 REGISTERED VALUERS
 DFC Building, 350 Queen Street, Auckland.
 P.O. Box 5872, Auckland.
 Phone (09) 398-414.
 Telex NZ 60825.
 M. T. Sprague, A.N.Z.I.V.
 M. J. Robertson, Dip.urb.Val., Dipv.EM.

HOLLIS & SCHOLEFIELD -
 REGISTERED VALUERS, FARM MANAGEMENT
 CONSULTANTS
 Queen Street, Warkworth.
 P.O. Box 165, Warkworth.
 Phone (0846) 8810.
 Station Road, Wellsford.
 P.O. Box 121, Wellsford.
 Phone (08463) 8847.
 R. G. Hollis, Dip V.F.M., F.N.Z.S.F.M., A.N.Z.I.V.
 G. W. H. Scholefield, Dip.V.F.M., A.N.Z.I.V.

JENSEN, DAVIES & CO. -

REGISTERED PUBLIC VALUERS
328 Remuera Road, Remuera.
P.O. Box 28-344, Remuera, Auckland 5.
Phone (09) 545-992, 502-729, 504-700.

Rex H. Jensen, Dip.Urb.Val., A.N.Z.I.V.
Alan J. Davies, Dip.Urb.Val., A.N.Z.I.V.
Jack L. Langstone, V.P.Urb., A.N.Z.I.V.
Dana A. McAuliffe, V.P.Urb., A.N.Z.I.V.
David R. Jans, Dip.urb.vai., A.N.Z.I.V.
Bruce W. Somerville, Dip.Urb.Val., A.N.Z.I.V., A.R.E.I.N.Z. M.P.M.I.
Philip E. Brown, Dip.Urb.Val., A.N.Z.I.V.

JOHN F. McELHINNEY -

REGISTERED VALUER, REGISTERED FARM MANAGEMENT
CONSULTANT

P.O. Box 12, Albany, Auckland.
Phone (09) 774-969.

John F. McElhinny, Dip.Ag., Dip.V.EMA.N.Z.I.V., M.N.Z.S.F.M.

MARTIN, SYMES & GUNN -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
Ground Floor, 10 Turner Street, Auckland.

P.O. Box 5130, Wellesley Street, Auckland.
Phone (09) 792-176, 398-875.

Michael X. Martin, A.N.Z.I.V., A.R.E.I.N.Z.
David N. Symes, Dip.urb.Val., A.N.Z.I.V.
Ian M. Gunn, A.N.Z.I.V., A.R.E.I.N.Z.
D. A. (Tony) CulaV, Dip.Urb.Val., A.N.Z.I.V.

PLATT AMESBURY & CO. -

REGISTERED VALUERS
238 Broadway, Newmarket, Auckland 1.
P.O. Box 9195, Newmarket, Auckland 1.
Phone (09) 542-390, 502-873.

Phil D. Platt, A.N.Z.I.V. Dip.V.F.M., A.R.E.I.N.Z.
Phillip R. Amesbury, Dip.Urb.Val., A.N.Z.I.V.
Eileen Fong, Dip.Urb.Val., A.N.Z.I.V.
Christopher G. Cardwell, B.P.A.

ROBERTSON, YOUNG, TELFER LTD

PROPERTY INVESTMENT CONSULTANTS, ANALYSTS
& REGISTERED VALUERS

7th Floor, D.F.C. House,
Cnr 350 Queen and Rutland Streets, Auckland.
P.O. Box 5533, Auckland.
Phone (09) 798-956. Facsimile (09) 395-443.

R. Peter Young, B.Com., Dip.Urb.Val., FN.Z.I.V., M.P.M.I.
M. Evan Gamily, Dip.Urb.Val., EN.Z.I.V., M.P.M.A. Bruce A.
Cork, Dip.Urb.Val., A.N.Z.I.V., EH.K.I.S., A.R.E.I.N.Z. Ross H.
Hendry, Dip.Urb.Val., A.N.Z.I.V.
Trevor M. Walker, Dip.Val., A.N.Z.I.V.
Paul H. Funnel], B.B.S.
Keith G. McKeown, Dip.Val.
Sylvia M. E. Bonne, B.P.A.
Guy A. Perrett, B.P.A.
Consultant:
David H. Baker, FN.Z.I.V.

C. N. SEAGAR & ASSOCIATES -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
137 Kolmar Road, Papatoetoe.

P.O. Box 23-724, Hunters Corner.
Phone (09) 278-6909, 278-7258.
22 Picton Street, Howick.
P.O. Box 38-051, Howick.
Phone (09) 535-4540, 535-5206.

C. N. Seagar, Dip.Urb.Val., A.N.Z.I.V., M.P.M.I.
J. M. Kingstone, Dip.urb.Val., Dip.V.F.M. A.N.Z.I.V.
M. A. Clark, Dip.Val. A.N.Z.I.V.
A. J. Gillard, Dip.Urb.Val., A.N.Z.I.V.
A. A. Appleton, Dip.Urb.Val., A.N.Z.I.V.
I. R. McGowan, B.Com.(V.P.M.)

SHELDON & ASSOCIATES -

REGISTERED VALUERS
GRE Building, Ground Floor, 12-14 Northcroft St., Takapuna.

P.O. Box 33-136, Takapuna.
Phone (09) 494-310, 493-934, 496-130.

R. M. H. Sheldon, A.N.Z.I.V., N.Z.T.C.
A. S. McEwan, A.N.Z.I.V., Dip.Urb.Val.
B. R. Stafford-Bush, B.Sc., Dip.B.I.A., A.R.E.I.N.Z.
J. B. Rhodes, A.N.Z.I.V.

M. L. SVENSEN -

REGISTERED VALUER AND PROPERTY CONSULTANT
5th Floor, Lister Building, 9 Victoria Street East.
P.O. Box 1740, Auckland 1.
Phone (09) 732-336 (bus.), (09) 836-7503 (res.).

M. L. Svensen, F.R.E.I.N.Z., F.N.Z.I.V., M.P.M.I., A.C.L.Arb.

STACE BENNETT LTD -

REGISTERED VALUER AND PROPERTY CONSULTANT
97 Shortland Street, Auckland 1.

P.O. Box 1530, Auckland 1.
Phone (09) 33-484.

R. S. Gardner, F.N.Z.I.V., A.R.E.I.N.Z.
R. A. Fraser, A.N.Z.I.V., A.R.E.I.N.Z.
A. R. Gardner, A.N.Z.I.V.

WAIKATO

ARCHBOLD & CO. -

REGISTERED VALUERS AND PROPERTY MANAGEMENT
CONSULTANTS

37 Thackeray Street, Hamilton.
P.O. Box 9381, Hamilton.
Phone (071) 390-155.

D. J. O. Archbold, J.P., A.N.Z.I.V., M.P.M.I., Dip.V.F.M.
G. W. Tizard, A.N.Z.I.V., A.C.I.Arb., B.Agr.Comm.
P. A. CurnoW, A.N.Z.I.V., A.C.I.Arb., M.P.M.I.

JORDAN GLENN & ASSOCIATES -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
207 Mary Street, Thames.

P.O. Box 500, Thames.
Phone (0843) 88-963.

M. J. Jordan, A.N.Z.I.V., Val.Prof.Rural, Val.Prof.Urb.
J. L. Glenn, B.Agr.Comm., A.N.Z.I.V.

McKEGG DYMOCK FINDLAY & CO. -

REGISTERED PUBLIC VALUERS
P.O. Box 4013, Hamilton.

Phone (071) 395-063.

Hamish M. McKeeg, A.N.Z.I.V., Dip.V.F.M., Val.Prof.Urb.
Wynne F. Dymock, A.N.Z.I.V., Val.Prof.Rur., Dip.Ag.

James T. Findlay, A.N.Z.I.V., Dip.V.F.M., Val.Prof.Urb., M.N.Z.S.E.M.
David J. Henty, A.N.Z.I.V., Dip.Urb.Val.

J. R. SHARP -

REGISTERED VALUER

12 Garthwood Road, Hamilton. P.O.
Box 11-065, Hillcrest, Hamilton.
Phone (071) 63-656.

J. R. Sharp, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.E.M.

SPORLE, BERNAU & ASSOCIATES -

REGISTERED VALUERS, PROPERTY CONSULTANTS
Federated Farmers Building, 169 London Street, Hamilton.

P.O. Box 442, Hamilton.
Phone (071) 80-164.

P. D. Sporle, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M.
T. J. Bernau, Dip.Mac., Dip.V.F.M., F.N.Z.I.V., M.N.Z.S.F.M.
L. W. Hawken, Dip.V.F.M., Val.Prof.Urb., A.N.Z.I.N.

ROTORUA/BAY OF PLENTY

C. B. MORISON -

(INCORPORATING G. F. COLBECK & ASSOCIATES)
REGISTERED VALUER AND PROPERTY DEVELOPMENT
ADVISER

107 Heu Heu Street, Taupo.
P.O. Box 1277, Taupo.
Phone (074) 85-533.

C. B. Morison, B.E.(Civip), M.L.P.E.N.Z., M.L.C.E., A.N.Z.I.V.

JONES, TIERNEY & GREEN -

PUBLIC VALUERS AND PROPERTY CONSULTANTS
Appraisal House, 36 Cameron Road, Tauranga.

P.O. Box 295, Tauranga.
Phone (075) 81-648, 81-794.

Peter Tierney, Dip.V.F.M., F.N.Z.I.V.
Leonard T. Green, Dip.Urb.Val., A.N.Z.I.V.
J. Douglas Voss, Dip.V.F.M., A.N.Z.I.V.
T. Jarvie Smith, A.R.L.B.A., A.N.Z.I.V., A.N.Z.I.A.
Murray R. Mander, Dip.V.E.M., FN.Z.I.V.
David F. Boyd, Dip.V.F.M. A.N.Z.I.V.
Neil R. Parker, Dip.Val.
Malcolm P. Ashby, B.Agr.Comm., A.N.Z.I.V.

Professional Directory

GROOTHUIS, STEWART, MIDDLETON & PRATT - REGISTERED VALUERS, URBAN AND RURAL PROPERTY CONSULTANTS

18 Wharf Street, Tauranga.
P.O. Box 455, Tauranga.
Phone (075) 84-675, 81-942.
Maunganui Road, Mr Maunganui.
Phone (075) 56-386.
Jellicoe Street, Te Puke.
Phone (075) 38-220.
H. J. Groothuis, A.N.Z.I.V., M.P.M.I.
H. K. F. Stewart, A.N.Z.I.V., M.P.M.I., A.C.I.Arb.
A. H. Pratt, A.N.Z.I.V., M.P.M.I.
J. L. Middleton, A.N.Z.I.V., B.Ag.Sc., M.N.Z.I.A.S.

McDOWELL & CO. -

REGISTERED VALUERS
90 Eruera Street, Rotorua.
P.O. Box 1134, Rotorua.
Phone (073) 84-159.
I. G. McDowell, Dip.U.V., A.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.

REID & REYNOLDS -

REGISTERED VALUERS
13 Amohia Street, Rotorua.
P.O. Box 2121, Rotorua.
Phone (073) 81-059.
Ronald H. Reid, A.N.Z.I.V.
Hugh H. Reynolds, A.N.Z.I.V.

VEITCH & TRUSS -

REGISTERED VALUERS
1st Floor, 26-30 Heu Heu Street, Taupo.
P.O. Box 957, Taupo.
Phone (074) 85-812.
James Sinclair Veitch, Dip.V.F.M., Val.Prof.Urban, A.N.Z.I.V.
Donald William Truss, Dip.Urb.Val., Reg. Valuer, A.N.Z.I.V., M.P.M.I.
Robert John Clifford Mounsey, Dip.V.F.M., M.N.Z.S.F.M., Reg. Valuer

GISBORNE

BALL & CRAWSHAW -

REGISTERED VALUERS, PROPERTY CONSULTANTS
60 Peel Street, Gisborne.
P.O. Box 60, Gisborne.
Phone (079) 79-679.
R. R. Kelly, A.N.Z.I.V.

LEWIS & WRIGHT -

ASSOCIATES IN RURAL AND URBAN VALUATION, FARM
SUPERVISION, CONSULTANCY, ECONOMIC SURVEYS
57 Customhouse Street, Gisborne.
P.O. Box 2038, Gisborne.
Phone (079) 79-339.
T. D. Lewis, B.Ag.Sc., Registered Farm Management Consultant.
P. B. Wright, Dip.V.F.M., Registered Valuer and Farm Management Consultant.
G. H. Kelso, Dip.N.F.M., Registered Valuer.

HAWKE'S BAY

FARRELL & BEACHAM -

REGISTERED VALUERS
Russell Street N., Hastings.
P.O. Box 102, Hastings.
Phone (070) 84-166.
John Paul Farrell, F.N.Z.I.V. Patrick
Percy Beacham, A.N.Z.I.V. Karen L.
O'Shea, B.B.S.

GLYN M. JONES -

REGISTERED PUBLIC VALUER
102 Thompson Road, Napier.
P.O. Box 39, Taradale, Napier.
Phone (070) 58-873 Napier.
Glyn M. Jones, Dip.Ag., Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M., M.N.Z.A.S.C.

LOGAN STONE

REGISTERED PUBLIC VALUERS, PROPERTY MANAGEMENT
CONSULTANTS
207 Avenue Road East, Hastings.
P.O. Box 914, Hastings.
Phone (070) 66-401.
Gerard J. Logan, B.Agr.Com., A.N.Z.I.V., M.N.Z.S.F.M.
Roger M. Stone, A.N.Z.I.V., M.P.M.I.

MORICE, WATSON & ASSOCIATES -

REGISTERED VALUERS & FARM MANAGEMENT
CONSULTANTS
6 Station Street, Napier.
P.O. Box 320, Napier.
Phone (070) 53-682.
S. D. Morice, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M.
N. L. Watson, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M.

NURSE, W. A. -

REGISTERED VALUER, REGISTERED FARM MANAGEMENT
CONSULTANT
Desco Centre, Tennyson Street, Napier.
P.O. Box 221, Napier.
Phone (070) 56-696
W. A. Nurse, B.Agr.Com., A.N.Z.I.V., M.N.Z.S.F.M.

RAWCLIFFE & PLESTED -

REGISTERED PUBLIC VALUERS
20 Raffles Street, Napier.
P.O. Box 572, Napier.
Phone (070) 56-179.
T. Rawcliffe, F.N.Z.I.V.
M. C. Plested, A.N.Z.I.V.
M. I. Penrose, A.N.Z.I.V., V.P.U., Dip.V.F.M.

SIMKIN & ASSOCIATES LTD -

REGISTERED VALUERS, PROPERTY CONSULTANTS AND
MANAGERS
18 Dickens Street, Napier.
P.O. Box 23, Napier.
Phone (070) 57-599.
Dale L. Simkin, A.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.

TARANAKI

HUTCHINS & DICK -

PROPERTY INVESTMENT CONSULTANTS, REGISTERED
VALUERS, PROPERTY MANAGERS
53 Vivian Street, New Plymouth.
P.O. Box 321, New Plymouth.
Phone (067) 75-080.
117-119 Princess Street, Hawera.
Phone (062) 86-124.
Frank L. Hutchins, Dip.Urb.Val., A.N.Z.I.V.
A. Maxwell Dick, Dip.V.F.M., Dip.Agr., A.N.Z.I.V.
Mark A. Muir, V.P.Urb., A.N.Z.I.V.
Mark A. Bamford, Dip.Urb.Val., A.N.Z.I.V.

LARMER & ASSOCIATES -

REGISTERED VALUERS, PROPERTY AND MANAGEMENT
CONSULTANTS
51 Dawson Street, New Plymouth.
P.O. Box 713, New Plymouth.
Phone (067) 75-753.
J. P. Larmer, Dip.V.F.M., Dip.Agr., F.N.Z.I.V., M.N.Z.S.F.M.
R. M. Malthus, Dip.S.V.F.M., Dip.Agr., V.P.Urb., A.N.Z.I.V.
P. M. Hinton, V.P.Urb., Dip.V.P.M., A.N.Z.I.V.

WANGANUI

ALAN J. FAULKNER -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
Room 1, Victoria House, 257 Victoria Avenue, Wanganui.
P.O. Box 456, Wanganui.
Phone (064) 58-121.
A. J. Faulkner, A.N.Z.I.V., M.P.M.I.

HUTCHINS & DICK -

PROPERTY INVESTMENT CONSULTANTS, REGISTERED
VALUERS, PROPERTY MANAGERS
Corner Rutland Street & Market Place, Wanganui.
P.O. Box 242, Wanganui.
Phone (064) 58-079.
Mark A. Bamford, Dip.Urb.Val., A.N.Z.I.V.

CENTRAL DISTRICTS

TREVOR D. FORD -

REGISTERED VALUERS 108
Fergusson Street, Feilding. P.O.
Box 217, Feilding.
Phone (063) 38-601.
Michael T. D. Ford, A.N.Z.I.V., A.R.E.I.N.Z.

COLIN V. WHITTEN -

REGISTERED VALUER & PROPERTY CONSULTANT 1st
Floor, Amesbury Court Building,
28 Amesbury Street, Palmerston North
P.O. Box 116, Palmerston North.
Phone (063) 76-754.
Colin V. Whitten, A.N.Z.I.V., F.R.E.A.N.Z.

MACKENZIE TAYLOR & CO -

REGISTERED VALUERS & PROPERTY CONSULTANTS
Midway Plaza, Cnr Broadway Ave & Albert Street,
Palmerston North.
P.O. Box 259, Palmerston North.
Phone (063) 64-900.
G. J. Blackmore, A.N.Z.I.V.
H. G. Thompson, A.N.Z.I.V., A.R.E.I.N.Z.
G. M. Dowse, B.B.S. (Val.&Prop.MgU
G. C. Taylor, A.N.Z.I.V., F.R.E.I.N.Z., A.T.N.Z.A.M.

J. P. MORGAN & ASSOCIATES -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
222 Broadway and Cnr Victoria Avenue, Palmerston North.
P.O. Box 281, Palmerston North.
Phone (063) 71-115.
J. P. Morgan, F.N.Z.I.V.
P. J. Goldfinch, A.N.Z.I.V.
M. A. Ongley, A.N.Z.I.V.
J. H. P. Harcourt, A.N.Z.I.V.

BRIAN WHITE & ASSOCIATES -

REGISTERED PUBLIC VALUERS, PROPERTY CONSULTANTS
170 Broadway Avenue, Palmerston North.
P.O. Box 9052, Palmerston North.
Phone (063) 61-242.
Brian E. White, A.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.
Mark F. Gunning, A.N.Z.I.V., B.B.S.

WELLINGTON

DARROCH & CO. LTD

REGISTERED VALUERS AND PROPERTY CONSULTANTS
279 Willis Street, Wellington.
P.O. Box 27-133, Wellington.
Phone (04) 845-747. Facsimile (04) 842-446.
Telex NZ30035 ANSWERBACK DSCO.
D. M. Simpson, A.N.Z.I.V.
G. J. Horsley, EN.Z.I.V., A.C.I.Arb., M.P.M.I.
C. W. Nyberg, A.N.Z.I.V., A.R.E.I.N.Z.
A. G. Stewart, B.Com., Dip.Urb.Val., F.N.Z.I.V., A.R.E.I.N.Z., A.C.I.Arb., M.P.M.I.
G. Kirkcaldie, A.N.Z.I.V.
M. A. Horsley, A.N.Z.I.V.
J. Irik, B.B.S.
A. P. Washington, B.Com., V.P.M.

HARCOURTS EDWARD RUSHTON -

REGISTERED VALUERS
Harcourts Building, Cnr Lambton Quay and Grey Street,
Wellington.
P.O. Box 151, Wellington.
Phone (04) 726-209. Telex NZ 31401.
R. H. Fisher, A.N.Z.I.V., A.C.A., F.R.E.I.N.Z., M.P.M.I.
W. M. Smith, A.N.Z.I.V., A.C.I.Arb., M.P.M.I.
W. H. Doherty, A.N.Z.I.V., M.P.M.I.
P. W. Senior, A.N.Z.I.V.
R. S. Arlidge, A.N.Z.I.V.
W. F. W. Leckie, A.N.Z.I.V., M.P.M.I., A.R.E.I.N.Z.
G. R. Corlieson, A.N.Z.I.V.
T. M. Truebridge, B.Agr.(Val.)
R. V. Thompson, A.N.Z.I.V., A.R.E.I.N.Z., F.P.M.I.

HOLMES DAVIS -

REGISTERED VALUERS AND PROPERTY CONSULTANTS 1
High Street, Lower Hutt.
P.O. Box 30590, Lower Hutt.
Phone (04) 663-529, 698-483.

A. E. Davis, A.N.Z.I.V.

Consultant:

P. R. Holmes, A.R.E.I.N.Z., A.C.I.Arb., F.N.Z.I.V.

Associates:

M. W. Brunt, A.N.Z.I.V.

McGREGOR SELLARS -

REGISTERED PUBLIC VALUERS, ARBITRATORS AND
PROPERTY CONSULTANTS
Wellington Office: Westbrook House, 181 Willis Street.
P.O. Box 2653.
Phone (04) 851-508.
Porirua Office: The Enterprise Centre, Hartham Place.
Phone (04) 374-033.
Gordon Robert McGregor, A.N.Z.I.V.
Michael Andrew John Sellars, A.N.Z.I.V.
Bernard Patrick Sherlock, B.B.S.
William Donald Bunt, A.N.Z.I.V.
Warwick E. Quinn, A.N.Z.I.V.

S. GEORGE NATHAN & CO. LTD -

VALUERS, ARBITRATORS AND PROPERTY CONSULTANTS
190-198 Lambton Quay, Wellington.
P.O. Box 5117, Wellington.
Phone (04) 729-319 (12 lines).
Telex NZ 3553 (Code Wn 11).
Michael J. Nathan, F.N.Z.I.V., A.R.E.I.N.Z., P.M.C.
Stephen M. Stokes, A.N.Z.I.V.
Mark D. Bamford, Dip.Urb.Val., A.N.Z.I.V.
Allen D. Beagley, B.Ag.Se.
112-114 High Street, Lower Hutt.
P.O. Box 30520, Lower Hutt.
Phone (04) 661-996.

ROBERTSON YOUNG TELFER LTD

PROPERTY INVESTMENT CONSULTANTS, ANALYSTS
& REGISTERED VALUERS
General Building, Waring Taylor Street, Wellington 1.
P.O. Box 2871, Wellington.
Phone (04) 723-683. Facsimile (04) 781-635.
B. J. Robertson, FN.Z.I.V..
M. R. Hanna, EN.Z.I.V., F.C.I.Arb.
A. L. McAlister, F.N.Z.I.V.
J. N. B. Wall, F.N.Z.I.V., F.C.I.Arb., Dip.Urb.Val.
R. F. Fowler, A.N.Z.I.V.,
A. J. Brady, A.N.Z.I.V.
W. J. Tiller, A.N.Z.I.V.
T. J. Reeves, A.N.Z.I.V.
D. S. Wall, A.N.Z.I.V.
T. E. Edney, B.B.S.

ROLLE ASSOCIATES LTD -

VALUERS, PROPERTY MANAGERS
'Rolle House', 6 Cambridge Terrace, Wellington.
P.O. Box 384, Wellington.
Phone (04) 843-948.
A. E. O'Sullivan, Registered Valuer, A.N.Z.I.V., M.P.M.I., A.N.Z.L.M., A.R.E.I.N.Z.,
Dip. Bus.Admin.
C. Cleverley, Registered Valuer, Dip.Urb.Val.(Hons), A.N.Z.I.V.
A. C. Remmerswaal, B.B.S.(Val. & Pty.Mgmt.).

TSE GROUP LIMITED -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
61 Hopper Street, Wellington.
P.O. Box 6643, Wellington.
Phone (04) 842-029, Fax (04) 845 065.
B. A. Blades, BE., M.I.P.E.N.Z., A.N.Z.I.V., M.P.M.I.
K. J. Tonks, A.N.Z.I.V., M.P.M.I.
J. D. Stanley, A.N.Z.I.V. (Urban & Rural)

NELSON/MARLBOROUGH

A. GOWANS & ASSOCIATES -

REGISTERED PUBLIC VALUERS, PROPERTY CONSULTANTS
(URBAN & RURAL)
300 Trafalgar Street, Nelson.
P.O. Box 621, Nelson.
Phone (054) 88-048, 89-540.
A. W. Gowans, A.N.Z.I.V., A.N.Z.I.I.
J. N. Harrey, A.N.Z.I.V.
I. D. McKeage, B.Com., A.N.Z.I.V.

Professional Directory

ANGUS S. McDONALD -

REGISTERED VALUER, PROPERTY CONSULTANT,
PROPERTY MANAGER
1st Floor, 134 Bridge Street, Nelson.
P.O. Box 4033, Nelson South.
Phone (054) 84-723.
A. S. McDonald, A.N.Z.I.V., M.P.M.I.

DICK BENNISON -

REGISTERED VALUER AND FARM MANAGEMENT
CONSULTANT
Appraisal House, 306 Hardy Street, Nelson.
Phone (054) 89-104 (work), (054) 84-285 (home).
R. Bennison, B.Ag.Com.Dip.Ag., A.N.Z.I.V., M.N.Z.F.M.

DUKE & COOKE -

REGISTERED PUBLIC VALUERS AND PROPERTY
CONSULTANTS
306 Hardy Street, Nelson.
Phone (054) 89-104.
Peter M. Noonan, A.N.Z.I.V.
Murray W. Lauchlan, A.N.Z.I.V., A.R.E.I.N.Z.
Dick Bennison, B.Ag.Comm., Dip.Ag., A.N.Z.I.V., M.N.Z.S.F.M.
Consultant:
Peter G. Cooke, F.N.Z.I.V.

LINDSAY A. NEWDICK -

REGISTERED PUBLIC VALUER, RURAL AND URBAN
P.O. Box 830, Blenheim.
Phone (057) 88-577.
Lindsay A. Newdick, Dip.Ag., Dip.V.EM., A.N.Z.I.V., A.R.E.I.N.Z.

CANTERBURY/WESTLAND

BAKER BROS. (ESTATE AGENTS) LTD - VALUERS

153 Hereford Street, Christchurch.
P.O. Box 43, Christchurch.
Phone (03) 62-083.
Robert K. Baker, LL.B., FN.Z.I.V., F.R.E.I.N.Z.
Gordon E. Whale, EN.Z.I.V., A.R.E.I.N.Z.
Errol M. Saunders, A.N.Z.I.V.

DARROCH FRIGHT AUBREY & CO. -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
61 Kilmore Street, Christchurch.
P.O. Box 966, Christchurch.
Phone (03) 791-438.
R. H. Fright, F.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.
A. A. Aubrey, A.N.Z.I.V.
G. B. Jarvis, A.N.Z.I.V.
G. R. Sellars, A.N.Z.I.V.

HARCOURTS VALUATIONS LTD -

REGISTERED VALUERS
42 Rotherham Street, Riccarton.
P.O. Box 8054.
Phone (03) 488-784.
N. J. Johnson, A.N.Z.I.V.
B. Williams, A.N.Z.I.V.

ROBERTSON YOUNG TELFER LTD

PROPERTY INVESTMENT CONSULTANTS, ANALYSTS &
REGISTERED VALUERS
93-95 Cambridge Terrace, Christchurch.
P.O. Box 2532, Christchurch.
Phone (03) 797-960. Facsimile (03) 794-325. Ian
R. Teller, F.N.Z.I.V., A.R.E.I.N.Z.
Roger E. Hallinan, Dip.Urb.Val., F.N.Z.I.V., A.R.E.I.N.Z.
Roger A. Johnston, A.N.Z.I.V.
Alan J. Stewart, Dip.V.EM., A.N.Z.I.V. (Urban & Rural)
Chris N. Stanley, A.N.Z.I.V.
John A. Ryan, A.N.Z.I.V., A.A.I.V.
Mark A. Beatson, B.Comm., (V.P.M. - Urban & Rural)

SOUTH CANTERBURY

FITZGERALD & ASSOCIATES -

REGISTERED PUBLIC VALUERS, PROPERTY MANAGEMENT
CONSULTANTS
49 George Street, Timaru.
P.O. Box 843, Timaru.
Phone (056) 47-066.
E. T. Fitzgerald, Dip.Ag., Dip.V.FM., V.P.(Urb.), A.N.Z.I.V., M.N.Z.S.F.M.
L. G. Schrader, B.Ag.Com.(V.F.M.), A.N.Z.I.V.

COLIN McLEOD & ASSOCIATES LTD

REGISTERED VALUERS
324 East Street, Ashburton.
P.O. Box 119.
Phone (053) 88-209.
Colin M. McLeod, A.N.Z.I.V., A.R.E.I.N.Z.
Paul J. Cunnen, B.Ag.Com.V.F.M., A.N.Z.I.V.

MORTON & CO. LTD -

REGISTERED PUBLIC VALUERS AND PROPERTY
MANAGEMENT CONSULTANTS
11 Cains Terrace, Timaru.
P.O. Box 36, Timaru.
Phone (056) 86-051.
G. A. Morton, A.N.Z.I.V., A.R.E.I.N.Z., V.P.(Urb.).
H. A. Morton, A.N.Z.I.V., A.R.E.I.N.Z.

REID & WILSON -

REGISTERED VALUERS 167-
169 Stafford Street, Timaru. P.O.
Box 38, Timaru.
Phone (056) 84-084.
C. G. Reid, F.N.Z.I.V., F.R.E.I.N.Z.
R. B. Wilson, A.N.Z.I.V., F.R.E.I.N.Z.

OTAGO

W. O. HARRINGTON -

REGISTERED VALUER AND FARM MANAGEMENT
CONSULTANT
P.O. Box 760, Dunedin.
Phone (024) 779-466.
Wm. O. Harrington, Dip.V.EM., EN.Z.I.V., A.R.E.I.N.Z., M.N.Z.S.F.M.

LAINCO APPRAISAL LTD -

PUBLIC VALUERS
CML Building, 276 Princes Street, Dunedin.
P.O. Box 587, Dunedin.
Phone (024) 773-183.
A. P. Laing, B.Com., Dip.Ag., Dip.V.EM., F.N.Z.I.V., A.C.A.

J. O. MACPHERSON & ASSOCIATES -

REGISTERED VALUERS (URBAN AND RURAL), PROPERTY
AND MANAGEMENT CONSULTANTS
Westpac Building, 169 Princes Street, Dunedin.
P.O. Box 497, Dunedin.
Phone (024) 775-796.
G. E. Burns, Dip.Urb.Val., F.N.Z.I.V., F.P.M.I.
J. A. Fletcher, A.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.
W. S. Sharp, A.N.Z.I.V.
J. Duncleley, B.Ag.Com., A.N.Z.I.V.
B. E. Paul, A.N.Z.I.V.
D. M. Barnsley, Dip.Urb.Val., A.N.Z.I.V.
G. J. Paterson, A.N.Z.I.V.
Consultant:
J. O. Macpherson, Dip.Urb.Val. F.N.Z.I.V.

PATERSON CAIRNS & ASSOCIATES -

REGISTERED VALUERS AND PROPERTY MANAGEMENT
CONSULTANTS
8-10 Broadway, Dunedin.
P.O. Box 221, Dunedin.
Phone (024) 778-693.
M. C. Paterson, B.Com., M.I.S.N.Z., A.N.Z.I.V., F.R.E.I.N.Z.
Stephen G. Cairns, B.Com.(V.P.M.), A.R.E.I.N.Z.

SOUTHLAND

BRISCOE & MUNYARD -

REGISTERED VALUERS AND PROPERTY CONSULTANTS
21 Tay Street, Invercargill.
P.O. Box 1523, Invercargill.
Phone (021) 4470, 4471.
J. W. Briscoe, Dip.V.FM., EN.Z.I.V., M.N.Z.S.F.M.
S. M. Munyard, V.P.Urb., A.N.Z.I.V.

Professional Directory

DAVE FEA & ASSOCIATES -
REGISTERED PUBLIC VALUER AND PROPERTY
MANAGEMENT CONSULTANT
49 Shotover Street, Queenstown.
P.O. Box 583, Queenstown.
Phone 1583, Queenstown.
97 Tay Street, Invercargill.
P.O. Box 1747, Invercargill.
Phone (021) 4042, Invercargill.
David B. Fea, B.Comm.(Ag.), A.N.Z.I.V.

J. O. MACPHERSON & ASSOCIATES -
REGISTERED VALUERS AND PROPERTY CONSULTANTS
1st Floor, 182 Dee Street, Invercargill.
P.O. Box 535, Invercargill.
Phone (021) 87-378, 87-377.
Wayne John Wootton, A.N.Z.I.V., M.P.M.I.
M. Aslin, Dip.Urb.Val. A.N.Z.V.

DAVID MANNING & ASSOCIATES -
REGISTERED VALUERS, REGISTERED FARM MANAGEMENT
CONSULTANTS AND PROPERTY MANAGEMENT
CONSULTANTS
97 Tay Street, Invercargill.
P.O. Box 1747, Invercargill.
Phone (021) 44-042.
D. L. Manning, Dip.V.F.M., A.N.Z.I.V., M.N.Z.S.F.M., Val.Prof.Urb., M.P.M.I.

BARRY J. ROBERTSON & ASSOCIATES -
REGISTERED PUBLIC VALUERS
PROPERTY DEVELOPMENT AND MANAGEMENT
CONSULTANTS
231 Dee Street, Invercargill.
P.O. Box 738, Invercargill.
Phone (021) 4555, Invercargill.
Level 1, 37 Shotover Street, Queenstown.
P.O. Box 591, Queenstown.
Phone (0294) 27-763.
Barry J. P. Robertson, A.N.Z.I.V., A.R.E.I.N.Z., M.P.M.I.
Tony J. Chadderton, A.N.Z.I.V., M.P.M.I.

OVERSEAS

SEE SAN APPRAISAL PTE. LTD -
INTERNATIONAL PROPERTY CONSULTANTS
151 Chin Swee Road No.02-20, Manhattan House, Singapore 0316.
Phone 7335688.
Telex RS 39460 NSP.
Associated Offices in New Zealand, United Kingdom, United States
of America, Malaysia and Indonesia.
Lee See San, Dip.Urb.Val.(Auckland), A.N.Z.I.V., F.S.I.S.V., Registered Valuer.

Publications and Services available from the New Zealand Institute of Valuers

(ADDRESS ALL ENQUIRIES TO THE GENERAL SECRETARY, P.O. BOX 27-146, WELLINGTON)

Prices include normal postage and handling charges, and are quoted exclusive of G.S.T.

PUBLICATIONS

URBAN LAND ECONOMICS (Q. D. Mahoney 1974)	\$4.00
COMMERCIAL RENT REVIEWS (R. T. M. Whipple)	\$30.00
REAL ESTATE VALUATION REPORTS AND APPRAISALS (R. T. M. Whipple)	\$30.00
LAND ECONOMICS - REPRINT OF ARTICLES FROM N.Z. VALUER. (For students of Economics)	\$5.00
URBAN VALUATION IN N.Z. - Vol.1. (R. L. Jefferies 1978) (Bulk orders of 10 copies or more \$25.00 per copy)	\$28.00
FINANCIAL APPRAISAL (Squire L. Speedy) 1982	\$35.00
LAND COMPENSATION (Squire L. Speedy) 1985	\$50.00
VALUATION OF UNIT TITLES (M. A. Norton) 1975	\$2.50
LAND TITLE LAW (J. B. O'Keefe)	\$3.00
THE PRINCIPLES AND PRACTICE OF RATING VALUATIONS IN NEW ZEALAND (Q. B. O'Keefe) 1982	\$23.00
METRIC CONVERSION TABLES	\$3.00
THE NEW ZEALAND VALUERS' JOURNAL (To non-members)	\$20.00 p.a.
N.Z. VALUER (Back copies where available)	\$1.00 per copy pre-1980 \$4.00 per copy 1980-1985
NEW ZEALAND VALUERS' JOURNAL	\$5.00 per copy 1986/87
N.Z. VALUER (Index Vols. 20-24)	\$5.00 per copy 1986
GUIDANCE NOTES ON VALUATION OF COMPANY PROPERTY ASSETS FOR CURRENT COST ACCOUNTING (C.C.A.)	\$5.00
A CRITICAL ANALYSIS OF THE INCOME APPROACH TO VALUING REVENUE PRODUCING REAL ESTATE (Lincoln W. North) 1985	\$15.00
VALUER'S HANDBOOK (Revised 1984)	\$20.00 members \$16.00 students
MODAL HOUSE SPECIFICATIONS/QUANTITIES 1983	\$10.00
AN INVESTIGATION..INTO METHODS OF VALUING HORTICULTURAL PROPERTIES (J. L. Comely & R. V. Hargreaves)	\$15.00
LEASING AND ALTERNATIVE FORMS OF LAND TENURE (Various authors) Papers from (1985) NZIV Seminar	\$16.00
SERVICES TO STATISTICAL BUREAU MEMBERS	
MEMBERSHIP SUBSCRIPTION	\$25.00 p.a.
STATISTICAL BULLETINS	\$25.00 p.a.
SALES INFORMATION (Microfiche lists)	\$350.00 per calendar year. Additional sets at reduced rates.
SALES INFORMATION (Tape/diskette form)	From \$600.00 per year, P.O.A.
MISCELLANEOUS	
CERTIFICATE OF VALUATION FOR INSURANCE PURPOSES (Pads 100 forms)	\$10.00
VALUATION CERTIFICATE - PROPERTY ASSETS (Pads 100 forms)	\$10.00

NOTE: Please add G.S.T. to remittances sent with orders.

