

# ***Valuers Registration Board of Queensland***

ABN: 48 311 237 518

12 December 2008

Productivity Commission  
Locked Bag 2  
Collins Street East  
MELBOURNE VIC 8003

Dear Sir/Madam

## **Response to draft Productivity Commission Report – Mutual Recognition**

The Valuers Registration Board of Queensland has examined the draft report and wishes to make comments within the following categories.

### **Public Policy – Protection of the public from lowered academic and practical standards**

The Board remains concerned as to the potential for lowering standards arising from the operation of the mutual recognition scheme at it presently stands.

The Board, as noted in its original submission, has received many applications for registration from New South Wales registered valuers.

The Board remains concerned that there may be a significant cost to the community through the inevitable lowering of standards.

The Board notes a comment in the draft report that the participants have not provided sufficient evidence of widespread harm arising from jurisdictional difference in standards under mutual recognition.

With due respect the Board submits that this indicates a potentially unwise approach in circumstances where consumer protection must be a strong concern. This approach posits a public policy philosophy requiring harm to consumers before acting.

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The potential downside of this approach might be best illustrated with regard to the current problems with non-transparent elements of the financial system and hence the major interventions of Government required.

Further given that a key jurisdiction only lowered standards two year ago the Board has not yet identified complaints arising from the conduct as yet. In any event it seems likely that many instances of harm may not be recorded nor litigated in the main. This is because commercial users of valuation services have informal lists or industry knowledge of which valuers are the most competent.

This position should be contrasted with the position of individuals who use valuation services on a very infrequent basis and do not have the resources in-house to make wise judgements about the competency of particular valuers. In particular the Board is thinking about litigants in the family court or in other disputes who in good faith select a valuer without knowledge of the industry as a whole.

The Temby Royal Commission (Western Australia) in its final report dated 21 December 2001 found that:

*“Valuers perform a necessary social role. They must be, and are, trained. It would be a bad thing if anybody, irrespective of skill or character, could adopt the title and carry out the function of a land valuer. It follows that land valuers should be licensed, as happens presently under the Land Valuers Licensing Act 1978 (Western Australia)”.*

It is noted that at page 91 of its report the Commission rejects a twelve month registration period before a person will be allowed to seek interstate qualification. The Board urges the Commission to reconsider this suggestion on the basis that it may avoid “the lowest common denominator” approach, which is a risk in the current regulatory environment”.

The Board has identified some sources that indicate that interstate regimes without practical training may be an undesirable risk.

In this regard there is a body of work from Mr Geoff Page from the School of Management, University of South Australia which broadly examines the desirability of practical training and socialisation of valuation through mentoring and on the job training. These studies include:

- “*Professional Socialisation of Valuers*” a series of articles found in the International Education Journal 2005-2007 Attachment 1;
- “*Australian Graduates Prospective of their Professional Socialisation*”, 14th Pacific Rim Real Estate Annual Conference January 20-23 2008;

It is noted in the later publication that graduates variously reported that

- in the absence of on- the-ground training they felt that their communication skills maybe underdeveloped;

- they found it difficult to withstand pressure from client be they individuals or finance institutions;
- it was only in the context of on-the-ground training that they understood the full importance and consequence of mortgage valuations and the nature of what is required in the valuation report.

The conference paper “*Keeping in touch with industry requirements*” authored by J Callanan and Iona McCarthy 4<sup>th</sup> Pacific rim Real Estate Society conference 1998, sets out some feedback from industry as to new graduates. Industry feedback, inter alia, pointed to a “*lack of sufficient practical expertise when employed to be able to relate theory to practice*”. Likewise Graduates reported “*insufficient practical content*”. No doubt the particular jurisdiction (WA) has continuously improved the course content. However more fundamental concerns/feedback might become evident were a similar survey done in other jurisdictions.

The Board submits that further longitudinal studies would bring to light further evidence that greater importance should be placed upon on-the-ground and practical training in the ongoing professional education of valuers.

The Commission ought to take a “precautionary” approach to public policy which does not wait for proven evidence of harm. This is the public policy approach taken in natural resource management and economics.

The Board believes that the current requirements in Queensland are best practice and should not be allowed to be undermined.

### **Continuing Professional Development**

The Board continues to strongly believe that CPD requirements are essential and that the Board should have a clear capacity to impose such requirements on interstate applicants.

The Board submits that the purported ambiguity (identified at pages 99-100 of the draft report) in the mutual recognition legislation should be remedied to remove any doubt.

The Board notes the conclusion of a discussion paper “*Mandatory Continuing Education for Nurses*” authored by Helen Hamilton for the Royal College of Nursing in 1996 – Attachment 2;

*“In summary then, continuing education encompasses learning within a professional field that lasts the life of a career, enhances the provision of services, has an impact on the field of practice and the individuals knowledge and skills base.*

*Continuing education is seen to benefit individuals, the profession and the community.*

*Individuals gain through personal professional growth, professions by maintaining claims to special knowledge that underpins the status of a profession and the community by protecting them from being subject to outmoded practices.”*

It is the protection from outmoded practices or indeed practices not cognisant of local legislation which the Board is particularly concerned with in relation to CPD requirements”.

It is submitted that continuing education for valuers is essential to maintain quality services and optimal outcomes for clients. Further the Courts rely upon valuers for expert evidence and to administer justice.

## **Summary**

The learning and transformation which a graduate valuer undergoes through practical training should not be underestimated. Graduate’s report that they reinforce their technical skills but also have changed their ways in how they think. It is submitted that on precautionary basis, (in other environmental and economic context) is the appropriate approach to employ in the present instance. It should not be assumed that in the absence of positive evidence that no harm has occurred or will occur through the mutual recognition of lesser qualifications.

The socialisation model deposited by Mr Page in his paper to the Pacific Room Real Estate Society Annual Conference is a useful tool for understanding the importance of practical training (practicum), the inculcation of ethical standards and the application of theory into practice.

I trust that this submission assists the Commission in its deliberations.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Julia French', with a large loop at the bottom.

Julia French  
Secretary  
Valuers Registration Board of Queensland