



RICS

the mark of
property
professionalism
worldwide

Oceania

PREAMBLE

RICS is the world's leading professional qualification when it comes to valuation

As one of the few professions to have established arms' length self-regulation of members RICS aims to set and maintain the highest standards for its members whilst operating as an independent organisation in the public interest.

Our key roles:

- Advancing the highest ethical and technical standards for professionals in valuation
- Protecting and benefiting consumers by setting high standards and codes of practice
- Providing expert impartial advice to governments , business and the public

RICS sets international qualification standards for entry into the profession to ensure that members are able to provide the highest quality advice and an adequate level of integrity required by the market. RICS' high entry standards provide a global reputation and coupled with the monitoring regime through continuing professional development (CPD) provide unparalleled confidence to markets and governments.

RICS regulates individual members through a principles and risk based regulatory regime. This approach is overseen by the Regulatory Board which has a majority of independent members, and provides assurance of the highest levels of integrity, ethics and competence among RICS members. RICS Regulation informs helps and monitors members to uphold the highest standards and protect the reputation of the profession and clients.

An essential ingredient in the professionalism of RICS members is the ethical standards they uphold. These define the professional, ethical and business standards which are expected to ensure the highest level of integrity and mitigate risk to clients.

The combination of standards required of individual members in terms of:

- Entry to the profession
- Maintaining professional competence and knowledge
- Meeting pro-active regulatory requirements
- Upholding solid ethical standards

Ensures that members are providing the best professional services globally

There are over 100 000 qualified RICS members with over 35 000 valuation members working all over the world.

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RIS Oceania supports a network of over 6000 professionals and students throughout Australia, New Zealand and the Pacific Islands.

Throughout the region RICS supports the global qualification and career development of our members which, in turn, enhances the local property industry by providing RICS international best practice, research, guidance, experience and professional standards.

RICS members are internationally recognised by their Chartered designation, a hall mark of professionalism representing the highest standards of ethics and conduct.

RICS and Valuation

Rapid economic changes taking place in the 1970s served to enhance the recognition given by market participants to the importance of professional property valuations. The quickening pace in the globalisation of investment markets further underscored the need for internationally accepted standards for reporting the value of property. It became obvious that without international valuation standards there was considerable potential for confusion. Differences of viewpoints among national professional valuation bodies might lead to unintentional misunderstandings.

*In response to this situation, members of a technical committee of the Royal Institution of Chartered Surveyors (RICS) and representatives of the U.S. appraisal profession began a dialogue in the late 1970s, which led to the founding of The International Assets Valuation Standards Committee (TIAVSC) in 1981. The Committee changed its name in 1994 to the International Valuation Standards Committee (IVSC). – **Source Australian and New Zealand Valuation and Property Standards produced by the Australian Property Institute (API)***

Since the inception of the IVSC by RICS the requirements for globally recognised valuation standards and ethical standards has evolved. Now internationally the RICS Valuation Standards or Red Book is recognised as the benchmark standards.

The Red Book has been adapted into several languages and in 2010 the Indian Edition was launched.

In 2012 RICS enveloped the IVSC standards as an addendum to the Red Book utilising the international overarching standards completing the integration of RICS and IVSC standards

The RICS Valuation Standards set out procedural rules and guidance for valuers within the Rules of Conduct, and are mandatory for RICS members conducting valuations. Any deviation from the standards may lead to a member being brought before the Regulatory Board and possibly expelled from RICS for breach of standards.



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Submission

RICS would like to thank the Senate Standing Committee on Economics for the opportunity to make a submission into the Inquiry into the Post GFC Banking Sector

RICS is concerned that the valuation profession is becoming an easy target for issues around lending practices by the banking sector in Australia as a result of the global financial crisis.

Professional valuers are engaged to act as an arms length expert. The valuation provided is done so as at a point in time valuation, which is undertaken under professional standards such as the RICS Valuation Standards and the International Valuation Standards Council which determines market value.

Market value under these standards is as follows:

Market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arms length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

***International Valuation Standards
2011***

Australia was not immune to the effects of the global financial crisis and this resulted in a deterioration of property prices and in some parts of Australia these falls were very significant.

Valuers are not determiners of lending policy and they do not act as advisors to lending institutions on the validity of the lending practices of the lender.

Valuers, especially RICS valuers, are to act within the parameters of the valuations standards set by RICS. These include; the qualification of the valuer, that the valuer has the requisite knowledge and skills to undertake the valuation, the valuer maintains independence and objectivity, is competent and acts ethically.

For RICS these are essential for valuers and these standards are upheld by RICS through our Regulatory Board and the regulatory function that RICS undertakes with its members. The committee may examine the regulatory functions of RICS through our website www.rics.org/regulation

A property valuation may vary from date to date dependent on the climate of the market, the property and its use.

Revaluations of properties may have some greater variance as valuers may not see the previous valuation. They are instructed to value the property as it is presented to them by the client. This may cause a variance of the valuation that may seem excessively different from the previous valuation.



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The unfortunate and grim reality of the global financial crisis is the devastation to businesses and livelihoods, as property prices fell in response to the changing international financial environment. Through this period valuers and the valuation profession struggled to determine what a market value in a market place that became so difficult so quickly.

RICS would again like to thank the committee for operating this enquiry into lending practices and we hope that we may be able to address some of the issues around valuation practice during this time with the committee, should these questions arise.

Yours sincerely

Collin Jennings
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RICS Oceania



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