



GOVERNMENT OF SAMOA

**SAMOA SECOND INFRASTRUCTURE AND ASSET
MANAGEMENT PROJECT (SIAM II)**

COMPONENT 5.2: LAND VALUATION

INITIAL REVIEW AND ANALYSIS REPORT

TECHNICAL ASSISTANCE REPORT NO. 5

SUBMITTED TO

**MINISTRY OF NATURAL RESOURCES, ENVIRONMENT AND
METEOROLOGY**

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1. Land Valuation

1.1 Introduction

The purpose of this report is to provide a summary of the current valuation system used in the Ministry of Natural Resources, Environment and Meteorology (MNREM) and to provide some analysis of its effectiveness and to make recommendations for an alternative, if necessary. The review will include information on valuations undertaken by the Ministry, the processes utilised including the recording and accuracy of market sales and rental data (if any).

Mention is made of the appropriateness of the valuation system for defined uses. This issue and the consideration of alternative and appropriate valuation systems for Samoa will be treated in detail in subsequent project implementation reports.

Finally reference is made to the equipment available to the Valuations section and improvements that could be made.

1.2 Stakeholders:

- The Ministry of Natural Resources, Environment and Meteorology
- The Chamber of Commerce
- The Banking sector
- Individual and corporate property owners
- Churches
- Treasury
- Ministry of Works Transport and Infrastructures
- Customary land owners
- Private valuers
- Real Estate Agents
- The Attorney General's Office
- Other Government Ministries/Corporations

1.3 Consultations:

Stakeholder	Position	Name
MNREM	CEO	Tu'u'u Luafatasaga Dr. Ietitaia Setu taule'alo
MNREM Technical Services	Asst. CEO	Safuta Toelau Iulio
	Principal Valuer	Patea Malo Setefano
	'Valuer'	Moira Faletutulu
	'Valuer'	Faanimo Warren
	Senior Valuer	Vaitogi Sefo Vaitogi
Chamber of Commerce	Managing Dir IPA	Leiataua Isikuki Punivalu
Polynesian Airlines	MD and CEO	Malopaia John Fitzgerald
ANZ Bank	Business Dev Mgr	Mark Burns
	Prime Banking Mgr	Rita Tugia-Enesa
Ministry of Finance	Depty CEO	Iulai Lavea
Land Titles Court	Judge	Maiava Nafatali Moa
Samoa Realty Ltd	MD	Rosita Brighthouse-Slaven
Private Valuer	Mgr. Elon Betham & Associates & General Manager Samoa Shipping Services Ltd.	Elon P. Betham

1.4 Counterpart Arrangements:

The counterparts to the Valuation Adviser for the Project are Patea Malo Setefano, Principal Valuer and Vaitogi Sefo Vaitogi, Senior Valuer. Both these men are cooperative and have indicated support for the Review of the Valuation System and are helpful in advancing any initiatives to improve the current system. The two other 'valuers' (Moirā Faletutulu and Faanimo Warren) have thoughtful input when engaged on issues that are relevant to the review and valuation analysis. It is noted that the section has ideal gender balance with two males and two females. In an industry that is male dominated this should be encouraged.

The arrangement with counterparts to date is effective and there is no reason to doubt that this will continue. It is felt that the previous association that the Valuation Adviser has established has been beneficial.¹

1.5 Institutional and Individual Capacity:

The MNREM is the main player in the valuation sector in Samoa. The private sector is also represented in the valuation of property². However, it has a limited list of participants. A table, which shows the known 'valuers'³ working in the real estate industry, and their places of employment, is listed in the attachment. This information was provided during discussions with the Principal Valuer.

Staff require support and the opportunity for higher education. Ideally, all valuers in Samoa should have a Degree in Land Management and Development, from the University of South Pacific, Fiji or its equivalent. It is important that the valuers' education includes experience in the specialist valuation area of Assessments for Compensation purposes. Valuers also require experience in defending their valuations, including court room exposure.

Staff would benefit from placement in a relevant overseas valuation organisation, under supervision. An example of this has been Mr Sefo Vaitogi who worked in a Valuation Department at Lower Hutt, New Zealand for about 6 months in 1995.

Staff of MNREM are generally quite well versed with the essential technology requirements. An example where there would be clear benefits would be training in a quality database such as Microsoft Access

1.6 Relevant Records and Data:

The MNREM has responsibilities for valuation of property through the following Acts:

- The Constitution & The Constitution Convention Ordinance (1960)
- The Stamp Duty Ordinance (1932)
- The Taking of Lands Act (1964)
- The Lands Survey and Environment Act (1998) and the 2004 Amendment
- The Lands and Environment Act (1989)
- The Alienation of Freehold Land Act (1972)

¹ The Valuation Adviser was the Chief Valuer for the Department of Land, Survey and Environment between July 1994 and July 1996, when both the valuers worked closely with him

² 'Property' includes: land and buildings; plant and equipment; and other infrastructure

³ The term 'valuers' in this context is used loosely as it seems some people practise as valuers without supporting qualifications

- The Land for Foreign Purposes Act (1992/93)
- The Land Registration Act (1992/93)
- The Land Ordinance (1959)
- Planning and Urban Management Act (2004)
- The Lands and Titles Act (1966)

The Public Trust Act may be also relevant to MNREM.

1.7 Activities:

The main activities that the Valuation Section of MNREM undertakes are:

- Private assessments for the public for which a fee is charged
- Compulsory acquisition of land (The Taking of Land Act). A recent prominent case is the acquisition of approximately 2,900 acres of customary land adjacent to the township of Salelologa.
- Leases of government property to private individuals/corporations
- Leases of private property/customary land to the government
- Assessments for Stamp Duty purposes
- Assessments for the Financial Sector for mortgage purposes
- Insurance assessments, usually based on replacement cost
- Land Exchange – exchange of land by government
- Land Prices publication done on a quarterly basis

An analysis of recent valuations completed by the Valuation Section and recorded in the register book shows the following activity:

Year	Total no of Vals	PURPOSES						
		Finance	Govt/private leases	Land Comp'	Market valuations	Stamp duty	Land exchange	Insurance
2002	120	86	5	4	16	5	1	3
2003	86	59	3	4	11	8	1	-
2004	114	84	3	2	21	3	1	-

The Valuation Section has computerised records for its sales analysis needs spanning many years. Sales data is recorded in an Excel spreadsheet and is updated regularly (usually monthly) by the valuation staff. Information is gleaned from the Land Registration Section of the Ministry. Much of this information is also recorded by land registration staff in a separate 'Excel' spreadsheet. There therefore unnecessary duplication of data entry occurs. Improvements can obviously be made, including a conversion to a secure data base - for example the "Access" program. The question of linkage of information to Land Registration is also being addressed under Sub-Component 2.2: Land Information Integration.

Accessibility to sales information recorded in the Valuation Section appears to be reasonably controlled via internal user passwords. The structure already appears in place to build a more robust system.

For the Year 2004 there were approximately 465 conveyances recorded. Of these, approximately 320 are understood to be 'arm's length' transactions. This means that the sales information recorded should be the actual price paid between the seller and buyer. It is estimated that there are 11,000 freehold parcels recorded in the Land Registry. The sales represent approximately 3% and this is encouraging. It indicates

that although the market is not robust, market players want to have their transactions recorded, with the inherent security that this offers. Sales amounts are unlikely to be heavily understated when a mortgage to a bank is involved and where the registration is completed with bank involvement. Even if there is no mortgage involved, the low stamp duty of 1% is hardly an incentive to understate the sale price. In some instances, there are certain to be deliberate false statements regarding actual sale prices. However, this does not appear to be an endemic practice.

Valuers are aware that there is data that misrepresents the true situation. Anecdotal evidence suggests that there are transactions which are not being recorded at the time the actual deal has been made. There appears to be an impediment to the registration process that can be directly linked to the total cost of affecting any transfer. (The Stamp Duty at 1% of the sale price / value of property does not appear to be the impost). The legal costs appear to be excessive and in certain instances are a cause for delay in registration. This is not a major impediment to the process but it needs to be acknowledged.

Rental data is not recorded as part of the Land Registration process. Liaison with real estate agents and others in the property industry is important for valuers to enable ready exchange of information. This appears to be occurring on a broad basis. There is scope for improved recording of rental data and this will be further addressed during the project. There may however be privacy issues.

There is currently no legislative authority that regulates and sets standards for the practice of Valuers in Samoa. This has been identified as a weakness in the Valuation industry in this country. Currently a Valuation Board consisting of the Chief Assistant Chief Executive Officer, Technical Services of the Ministry of Natural Resources and Environment, the Principal Valuer and a private valuer, sits for registration of valuers and annual licences. Formalisation and enhancements to this process should be occurring and will be an output in this project.

1.8 Alternative Valuation System:

The initial review suggests the existing valuation processes are adequate for the current levels of valuations in Samoa. The existing process can be best described as involving a case by case assessment (initiated after an official 'Valuation Request Form' has been completed)⁴ where inspections are carried out; reports are completed describing the property and fixed improvements; and appropriate sales are analysed.

In circumstances where there is no broad based land tax or land rating system, there appears to be no pressure to introduce a mass appraisal system that allows for high volume assessments quickly and efficiently. Notwithstanding this, a framework for such a system will be considered as an output that can be utilised if required at a later date. This would be for the Apia urban area only.

⁴ It is understood this was an initiative of the Principal Valuer

1.9 Risks:

Lack of Access to Counterpart Staff It is important to have the continued ready access to the Principal Valuer and to a lesser extent, the other Valuation staff. Access to other staff, including Registration staff, is also a potential risk if people become unavailable for consultation and access to information. At the time of writing this report the risks of effective implementation appear minimal given the cooperation experienced to date.

Insufficient Training and Education of Staff Ideally, all valuers in Samoa should have a Degree in Land Management and Development, from University of South Pacific, Fiji or its local/international equivalent. It is important that the valuer's education includes experience in the specialist valuation area of Assessments for Compensation purposes, including courtroom exposure. Valuation staff exposure to relevant valuation practices in a more developed valuation industry, including New Zealand and/or Australia, would enhance the capacity of the Valuation sector at the MNREM.

MNREM Staff training. Staff members are generally quite well versed with the essential technology requirement. However, there are clear benefits in training in a quality database such as Microsoft Access. There would also be clear benefits in periodic in-country training to reinforce the principles of valuation learnt during their academic training.

Transport: As is noted in other areas of the report there is a general lack of access to vehicles for any form of fieldwork. Valuers have cited this as a risk in efficiently completing their work.

1.10 Key Issues:

Some key issues emerging from the initial review are:

- Does the 'Taking of Land Act' make adequate provision for the assessment of compensation for the taking of customary land? There may be special considerations for the assessment of customary land based on such notions as culture, tradition and spiritual connections that the Act does not address. There is certainly no allowance for the compulsory nature of any acquisition. For example, in Australia an allowance is made for the compulsory taking of property in addition to any market value.
- Is there any desire from the Government of Samoa to increase its revenue base by an impost of a land/property tax or rates in Apia urban area?
- The implications of formalising the registration of valuers where there are a very limited number of practising valuers – who/what should be the regulator?

1.11 Procurement:

A general summary of the procurement items which were identified by counterparts during the review is included here, merely as an indicative guide for potential further consideration - subject to available budget.

The equipment the Valuation section has currently available is reasonable.⁵ However, improvements could be made including the following acquisitions.

Quantity	Description
2	Standard desktop computers with XP Windows and XP Professional
1	Digital Camera
1	A4 Scanner
1	Generic software for drawing simple building footprints
1	Measuring wheel for field inspections

An estimated cost of valuation equipment is **US \$4,000**

⁵ Each of the four staff has a computer. However, two of these are at least 6 years old. There are two adequate printers. The Section is connected to Ministry of Natural Resources, Environment & Meteorology computer network. There is no fax machine nor scanner. There is a photocopier that appears in good working order.

ATTACHMENT

Valuers in Samoa

Attachment 'Valuers' in Samoa

Name	Place of Employment	Academic Qualification	Valuation Qualification
Patea Malo Setefano	Ministry of Natural Resources and Environment	BA USP & Post Grad in Land Management USP, Fiji	Licensed Valuer (active)
Vaitogi Sefo Vaitogi	Ministry of Natural Resources and Environment	No formal qualifications, has attended USP, Fiji	Interim licence, by virtue of extensive experience
Moira Faletutulu	Ministry of Natural Resources and Environment	BA in Economics & Management, USP, Fiji	Valuer in training
Faanimo Warren	Ministry of Natural Resources and Environment	Cert. Bus. Studies (Polytechnic) Currently, studying Land Management at USP part-time	Valuer in training
Malaki Tuiulupona	Apia Real Estate Management	BA (Land Management) in USP, Fiji	Licensed Valuer (active)
Elon Betham	Elon Betham and Associates General Manager of Samoa Shipping	No qualifications recorded	Experienced by virtue of being ex-Ministry of Natural Resources and Environment valuer Non-active
Lui Seru	General Property Valuers	BA in Land Management, USP, Fiji	Licensed valuer
Toeupu Kaisara	Kaisara Real Estate Management	BA in Land Management, USP, Fiji	Not licensed
Rosita Brighthouse-Slaven	Samoa Realty Ltd.	Not known	Not licensed
Too Tea	National Property Services (linked with Apia Real Estate)	Not known	Not licensed
Elaine Pulea	Fepuleai & Elaine Real Estate Services	No valuation qualifications	Not licensed but active
Fiona Sapatu	Senior Planning Officer, Ministry of Natural Resources and Environment	BA in Land Management from USP, Fiji	No licence, not active