



**GOVERNMENT OF SAMOA**

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

**COMPONENT 5.2: LAND VALUATION**

**REPORT ON VALUATION STANDARDS  
AND  
REPORT ON CODE OF ETHICS FOR VALUERS**

**TECHNICAL ASSISTANCE REPORT NO. 8**

**SUBMITTED TO**

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

APRIL 2005



## Version Control

<b>Version</b>	<b>Date</b>	<b>Type of Change (s)</b>	<b>By</b>
1.0	29 <sup>th</sup> April	Initial draft submitted to MNREM	M McLoughlan
1.1	13 <sup>th</sup> May	First revision (minor amendments)	M McLoughlan

## CONTENTS

Introduction .....	1
1.1 Purpose of report .....	1
2 Development Process .....	1
2.1 Current Situation .....	1
2.2 What was done? .....	1
2.3 National Valuation Practice Standards Document .....	1
2.4 Workshop Attendance.....	3
2.5 Documented Questionnaire Feedback from Stakeholders.....	3
2.6 Questions from the floor at the Workshop.....	3
3 Summary – future direction .....	3
3.1 Valuers Licensing Legislation Development.....	3
Attachments .....	4

# **Introduction**

## ***1.1 Purpose of report***

The purpose of this report is to provide:

- an outline of what has occurred in relation to the preparation and development of proposed Valuation Standards and a Code of Ethics for valuers in Samoa
- the draft of the 'National Valuation Practice Standards – Samoa 2005' which incorporates:
  - Valuation procedures
  - Valuation Practice Notes
  - Code of Ethics and Rules of Conduct
- documented feedback from the stakeholders' workshop referred to above
- a summary, including future direction

## **2 Development Process**

### ***2.1 Current Situation***

At present there are no national Valuation Standards for valuers in Samoa. Prior to the development and drafting of licensing of valuers legislation, the Valuation Standards need to be addressed.

### ***2.2 What was done?***

The National Valuation Practice Standards were developed principally with MNREM personnel in the Valuation section.

A discussion paper was prepared. This paper was presented at a stakeholders' workshop held on April 6<sup>th</sup>, 2005.

### ***2.3 National Valuation Practice Standards Document***

This document, now in draft form, was refined following the stakeholders' meeting of 6<sup>th</sup> April, 2005. It is divided into three main sections as follows:

- Valuation procedures
- Valuation Practice Notes
- Code of Ethics and Rules of Conduct

Features of this document are:

What does a valuer do?

What is included in a valuation report?

- Instructions
- Supporting documentation
- Standard report content and layout
- Attachments

#### Practice notes for valuers

- What is a valuation?
- The main valuation method
  - o The Direct Comparison Method
  - o Cost Less Depreciation Method
  - o The Capitalisation Approach
  - o Hypothetical Subdivision (Example provided)
- Highest and Best Use
- Cost, Price & Market Value – What is the difference?
- Market value – one figure or a range?
- The forced sale
- Special value to the owner
- Improvements to and on the land
- Valuation of interests in freehold land
- Standard building measurement (Example provided)
- Valuations of property with buildings to be constructed
- Valuation for compensation purposes
- Valuation of plant and equipment
- Valuation of lessee / lessor interests (Example provided)
- Currency of valuation
- Restricted assessments
- Insurance assessments
- Report disclaimers
- Progress inspections
- Valuation of property with a grave/s
- Residential property proforma

#### Code of Ethics and Rules of Conduct

- Overview
- Statement of principles
- Licensed valuers' conduct
- Conflict of interest
- Client relations
- Practical applications

See Attachment 1 for this document.

See Attachment 2 for 'Powerpoint' slides presented at the workshop.

## **2.4 Workshop Attendance**

Essentially, the participants were: valuers (both government and private), members of the banking sector, property industry, insurance and real estate representatives, and relevant government stakeholders.

A list of people invited and those who attended is provided as a summary in Attachment 3.

## **2.5 Documented Questionnaire Feedback from Stakeholders**

There were two questionnaires administered to the participants at the workshop. One was specifically designed for valuers attending and the second for bank personnel, real estate agents and other participants.

The details of these questionnaires appear as Attachment 4.

## **2.6 Questions from the floor at the Workshop**

The questions were varied and highlighted some issues that need to be addressed for the National Valuation Standards. Such questions were explained at the workshop and those responses have been incorporated in the draft document. Some of the information was also relevant for the Valuation Legislation, yet to be finalised. This is a major topic for a subsequent report due by June, 2005.

The summary of questions and responses appears as Attachment 5.

# **3 Summary – future direction**

## **3.1 Valuers Licensing Legislation Development**

The 'National Valuation Practice Standards – Samoa 2005' will form a schedule to the legislation for the licensing of valuers.

It is anticipated that a valuers' licensing Board will be established.

This Board will have authority, not only to license valuers but will also monitor practice standards via a complaints process.

The National Valuation Standards document will give guidance to the Board when there are complaints against valuers as well as during the licensing / renewal of licences process.

## **Attachments**

Attachment 1	Part 1 National Valuation Standards
Attachment 1	Part 2 Hypothetical Subdivision_Example
Attachment 1	Part 3 Residential Valuation pro-forma_Blds
Attachment 1	Part 4 Residential Valuation pro-form_VL
Attachment 1	Part 5 Instructions - pro-formas
Attachment 2	Workshop presentation - Slides
Attachment 3	List of invitees and workshop participants
Attachment 4	Questionnaire Feedback - workshop
Attachment 5	Questions from workshop