

30 September 2014

IVSC Standards Board  
International Valuation Standards Council  
1 King Street  
LONDON EC2V 8AU

Dear Sir

Structure and Scope of the International Valuation Standards  
IVSC has recently released the Consultation Paper on the Structure and Scope of the International Valuation Standards. The document seeks a response from interested parties by 10 October 2014.

The Property Institute of New Zealand Valuation & Property Standards Board comments (red) in response to the questions are detailed below:

Question 1:

Paragraph 15.1 describes two alternative views on what constitutes a "standard". Please indicate whether you agree with either statement a) or b) below:

a) the word standard in the context of the IVSs should be reserved only for rules or principles that have to be applied, or

b) the word standard in the context of the IVSs means a required level of quality and will necessarily include not only rules and principles but also guidance and supporting information to assist consistent application of those rules and principles?

**We agree with b). We consider an overall or holistic view is required.**

Question 2:

Paragraph 15.2 describes two alternative views on what is meant by the word "mandatory" in the context of standards. Please indicate whether you agree with either statement a) or b) below:

a) a satisfactory level of compliance with the IVSs can be achieved by following only the Requirements in the standards and that all other material issued by the IVSC is of no relevance in determining compliance, or

b) a satisfactory level of compliance with the IVSs can only be achieved by following the Requirements and also having regard to the supporting information and guidance included in the standards.

**We agree with b).**

Question 3:

Paragraph 15.3 describes confusion that has been identified by some around the purpose of the current TIPs. To assist the Board in considering whether changes are appropriate and if so what those changes should be, please answer the following questions:

3a Do you consider that the title "Technical Information Paper" is an appropriate description for the content of the TIPs issued to date and for those proposed TIPs for which public exposure drafts have been issued?

a) yes or

b) no

If you have answered no please provide reasons for your view and suggest a preferred alternative.

**Our answer is b) No. We prefer a term such as "Technical Guidance".**

3b Do you find the content of the current TIPs helpful in understanding and applying the IVSs? If you do not, please identify any other material that you rely on to support the interpretation and application of the IVSs.

**Yes, but we still use local guidance notes.**

3c Is there anything in the current TIPs that you consider should not be included, or that should not form part of the standards? If you believe there is please explain what should be excluded and why.

**We consider the TIPS can be too detailed and a less detailed approach is preferred.**

Question 4:

Do you agree that the Board should issue commentaries, guidance and information to support the concepts, principles and requirements in the standards? If you disagree please explain what alternative sources providers and users of valuations can use and how diversity of application and interpretation across different jurisdictions and markets can be avoided.

**Yes, helpful - assists in giving context and background.**

Question 5:

This consultation paper highlights four other sets of international standards that are in use in the financial markets and the different types of pronouncement that fall within their scope. An overview of each is provided in the Appendices. Please indicate if you consider that there are any aspects of the way these standards are presented that the Board should consider as a way of improving the presentation and clarity of the IVSs.

**We recommend that Interpretation notes be included.**

Question 6:

When it adopted a structure for the standards that contained five different categories of pronouncement the Board was responding to requests for a clear distinction be made between those parts that included

mandatory requirements and those that contained supporting guidance. It also considered that a taxonomy that grouped similar types of pronouncement together would make it easier for users to navigate to the parts relevant to their needs. However, some other standard setters do not make the same distinction. For example the IFRSs are simply numbered consecutively according to the date of their first issue, with no attempt to group by the type of topic each standard addresses.

Do you believe that the current structure of the IVSs that groups pronouncements into five different categories with distinct titles is easy to understand and use? If not, what alternative would you prefer?

The category levels are good. However, the grouping within each level is not necessary.

Question 7:

In the document Scope and Content of the International Valuation Standards<sup>2</sup>, issued in August 2013, the Board explained that the scope and level of detail are examined during the consultation process for each new pronouncement. However, its general approach is to include all those concepts and principles which it can identify as being widely accepted across different geographic regions and that can be applied across different jurisdictions. Simple explanations or illustrations of how those concepts and principles can be applied to different genres of asset or for different valuation purposes may also be included. It also will ensure that Scope and Content of the International Valuation Standards - IVSC 2013 there is sufficient detail to address any inappropriate practice that has been identified during the progress of the project.

The Board will generally exclude from the IVSs any matter that reflects requirements arising from national law or regulation or from established practice in a particular jurisdiction but which either does not arise or that conflicts with those in other jurisdictions. The IVSs may refer to valuation methods or techniques, provide high level explanations of those methods or give examples of when their use may be appropriate. Finally, the paper confirms that the IVSs are not intended to provide educational material and will not examine methods defined or discussed in the standards at the level of detail necessary to apply them in practice.

Do you agree with these limitations on the scope of the IVSs? If not, please describe the types of additional material you believe should be included or matters currently included you believe should be excluded.

Yes, agree.

Yours faithfully,



J L (Blue) Hancock  
President Property Institute of New Zealand