

Valuers Scheme Summary

This scheme commenced on 26 July 2007 and ceases on 25 July 2012.

Summary of the Australian Valuers Institute Scheme Association and Occupational Group

The Australian Valuers Institute Co-op Ltd is an occupational association representing valuers. A scheme under professional standards legislation is intended to apply to members of the association. The association is a body of members formed under constitutional rules and is incorporated under the *Co-operatives Act 1992*.

Where the scheme applies

A scheme under the professional standards legislation will apply in New South Wales and for certain liability under legislation of the Commonwealth of Australia.

Who the scheme applies to

The scheme may apply to approximately 100 individuals or corporations who are members of the association.

Nature of the Liability to be limited

The scheme operates for the purpose of improving the occupational standards of valuers, and to protect the consumers of their services. It also limits the civil liability of persons to whom the scheme applies. The scheme applies to those members where they are issued with a Practising Certificate by the AVI.

The liability limited by the scheme includes, to the extent permitted by the Act, all civil liability arising (in tort, contract or otherwise) directly or vicariously from anything done or omitted by any person to whom the scheme applies in acting in the performance of his or her occupation. The scheme does not apply to liability for damages arising from any matter to which the Act does not apply, including but not limited to, liability for damages arising from death or personal injury to a person, a breach of trust, fraud or dishonesty.

The scheme limits those members' occupational liability where they have insurance. The amount of damages above which those members are not liable is \$1 million, but a different maximum amount of liability of \$500,000 applies to residential property and vacant residential property in post subdivision form. A member may apply to the association to be exempted from the scheme. A member may apply to the association to specify a higher maximum amount of liability, not exceeding \$10 million, than would ordinarily apply to them.

Standards of Insurance

The association's insurance standards require members to whom the scheme applies to have professional indemnity insurance which complies with the association's insurance standards. Those standards require:

-the insurance policy cover the full amount of a member's limited liability for the work they do, and cover every person in the valuation firm who may be liable for valuation work

-the insurance policy cover defence costs

-where the insurance is a cost-inclusive policy the minimum amount of insurance must be not less than \$1.5 million

-where the insurance is a cost-in-addition policy the minimum amount of insurance must be not less than the amount of limited liability and
-the insurance policy provide at least one automatic reinstatement where the policy limits the aggregate of claims to the indemnity limit.

Risk Management

Membership requirements

Members to whom the scheme applies are required to be registered valuers under the *Valuers Act 2003* (NSW) by the Office of Fair Trading and to have experience in valuation. The Office of Fair Trading specifies the education qualifications a person must have to be a registered valuer.

Continuing occupation education

The association requires that members must undertake at least 20 hours of structured study and 20 hours of self-guided continuing professional education activities each year.

Code of Ethics

Members must comply with the association's Code of Ethics and Rules of Conduct that are enforced by the association through its complaints and discipline system.

Complaints and Discipline matters

Features of the complaints and discipline system include a right for any person to make a complaint and for a member against whom a complaint is made to respond to any allegation. A complaint is investigated and if there is a case against the member the complaint is heard by the Board of the association. Where a member is guilty of a breach of the Code of Ethics or Rules of Conduct, sanctions may be imposed upon them including expulsion from the association. The association does not award compensation to complainants.

Members who are practising valuers must be registered under the *Valuers Act 2003* (NSW). Any person may make a complaint to the Office of Fair Trading (<http://www.fairtrading.nsw.gov.au/>) against a valuer who breaches the provisions of the *Valuers Act 2003* (NSW) or the *Valuers Regulation 2005* (NSW) (which includes Rules of Conduct).

Quality Assurance Program

The association ensures compliance with its risk management strategies through a quality assurance program that requires members each year to declare that they continue to meet these various requirements and comply with disclosure requirements under professional standards legislation and use of the Professional Standards Council's trademark *Cover of Excellence*®.

Five year risk management plan

The association has a five year risk management plan the key activities of which treat the risk areas of competency, ethical behaviour and accountability. These areas if left untreated are potential risks for consumers of valuation services from technical errors or unethical behaviour in valuations causing damage to the clients of valuers. The association has in place controls to reduce the possibility of such risks arising. The main strategies responding to those risks are membership entry requirements, Code of Ethics and Rules of Conduct, Continuing Professional

Development, Quality Assurance and Audit, Complaints and Discipline and Risk Management. Over the five years of the scheme the association will implement and monitor those strategies and report to the Council on their effect. The association requires members covered by the scheme to have professional indemnity insurance as a strategy to reduce financial risk for clients by ensuring that reasonable compensation is available if a member of the association causes damage to a consumer.

Governance and Management

The executive of the association consists of a Board and Secretary. The Board is supported by committees to help develop policy, monitor performance and provide expert advice to the Board. The scheme is managed by a Scheme Administrator, the Secretary.

Duration of the scheme

It is intended that the scheme be in force for five years.

Further Information

Further information about the association and its risk management strategies are available on the association's website. A register of members to whom the scheme will apply will be available from the association's website www.valuersinstitute.com.au