

NEW ZEALAND

WINTER 2020 | \$12.99

# PROPERTY PROFESSIONAL

MAGAZINE

**PLUS** the 2019  
Annual Report

## COVID-19 and the new normal



**BRIEF HISTORY OF PINZ**  
— THE FIRST DECADE

**COVID-19 and  
commercial leases**

**NAVIGATING THE  
LIFECYCLE OF A PANDEMIC  
FOR DIRECTORS AND BOARDS**



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# Life after lockdown

VIV GURREY

**A**s we emerge from what have been unprecedented months of lockdown to a new world order, I hope you are all doing well and that you and your family remain safe and motivated about the future.

It has been an incredibly difficult time for many in our community – dealing first with a health crisis, and now confronting the realities of the economic crisis, which is going to have long-lasting effects in many ways. It's unprecedented, of course, that we face both simultaneously.

The Property Institute made early leadership decisions that allowed us to maintain a seamless transition to operating remotely, and continue providing services to our members throughout this time.

Over my career I have experienced a number of crises globally, but this was something I certainly wasn't expecting less than a year into my role as Chief Executive at PINZ. Could any of us have anticipated the scale and magnitude of what we have just experienced?

Our priority pre-lockdown was to maintain responsible and considered advice to members. We decided early on that we would not be involved in speculative communication. This included communications with government agencies and stakeholders.

We turned our minds to what members would need and want, and we set about providing a series of online events that were purposefully structured to help people get through the immediate issues.

And then we provided leadership and strategic advice through presentations from people like the Hon. Sir John Key. Leadership is always important, but none more so than at times like this, and we hope that in some small way this helped.



The feedback received from members has been very generous, and I am exceptionally proud of the work we have done over this period. Thousands have tuned in to our webinars and recordings – and our plan for the rest of the year is ambitious.

The Institute has achieved several learnings and we are keen to take some of those gains forward for the ongoing benefit of members.

Now, it's about the rebound, and I'm confident that as activity is starting to return to something like normal New Zealand will weather the storm. We believe the 'bounce back is stronger than the setback' and it's up to all of us to foster positivity (and realism) – and not succumb to negativity.

It is easy to talk an economy down, however we have an opportunity to influence our outcome, and I encourage you to take it.

We are well into planning for the rest of our year and early part of next year, with confirmed 2021 conference dates of 14-16 July. We will also be hosting the IVSC-WAVO Global Valuation Conference. We expect that to be a tremendous event.

As we have gone around the country for our branch AGMs you will have heard our messages about putting our members first. Expect to hear this more, as our workplan for the coming year is designed specifically to meet that objective.

We invite you to tune into our National AGMs in September, the first time of course we have done this electronically.

## In this edition...

It gives me great pleasure to write a brief preview for this magazine. As you will see, included in this bumper digital edition of *Property Professional* is the 2019 Annual Report. A considerable amount of work goes into this document and I would like to thank everyone who took time out to contribute.

2019 seems like a world away now and the strong position we found ourselves in at the end of the year has allowed us to face the challenges of this year 'head on', and to plan exciting initiatives to build an even stronger foundation for the future.

Our performance is a real credit to the governance body and we are in incredibly capable hands. And, of course, I am incredibly proud to lead the National Support Team who are passionate, committed and dedicated to ensuring our members *always* come first.

Also in this edition, we feature an extended technical section that aims to stimulate your thinking on the COVID crisis, and we take a walk down memory lane with a feature on PINZ's beginnings and its history.

The Institute certainly has had a proud first 20 years – bring on the next 20! Enjoy the read! 📖



WINTER 2020

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	Anthony Robertson	Chris
	DIRECTORS	DIR
	Gerard Logan	Gerar
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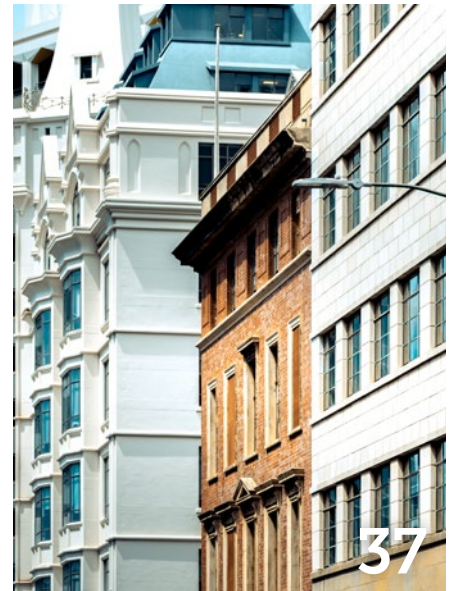
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**2019**

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**The GFC was a slow-moving train wreck which allowed many of us to pivot. COVID has been a high-speed bullet train that's left a trail of uncertainty in its wake.**

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**T**he Annual Report pieces later in this magazine show how different 2020 has been so far compared to 2019.

As I enter my second year as President the landscape looks pretty different to the way it did 12 months ago. Many people (the Government and the Reserve Bank included) have suddenly realised our community of property experts have a powerful role to play.

As property professionals we are a vital cog in the machinery that is our economy. Families move, businesses relocate, people buy, people sell – we all need somewhere to live, work and play. As property professionals we are critical to the process of making it happen.

The onset of the COVID-19 pandemic came quickly. The GFC was a slow-moving train wreck which allowed many of us to pivot. There was also a market we could measure back then. COVID has been a high-speed bullet train that's left a trail of uncertainty in its wake.

Many of us have been left wondering where to next? How does this work? Does my insurance cover that? Can I go into the property? Is that legal? Can I apply for a wage subsidy? Market valuation... what market?

Answering some of these questions has been the main focus of PINZ recently with the support of the community councils and their Chairs. I'm impressed by the engagement and enthusiasm of our members to muck in and share their collective knowledge. This strikes at the core of what it means to be a membership organisation – putting members first and asking for their valued input.

I'm proud of the delivery from the National Support Team who've moved their feet with us, and continue to improve the level of service offered to a diverse group of professionals with specific requirements.

I expect the mix of events will be changing in the year ahead, but we're learning some useful lessons as we work our way through the various alert levels.

I believe the future is a good one for us. We've adapted quickly – we're listening to our members – and we're adjusting to the new normal.

Nonetheless I think, like you all, I am looking forward to getting together for a beer and having a yarn. Face-to-face.

I look forward to the year ahead.

Luke

LUKE VAN DEN BROEK

# THE NEW NORMAL



# WHY A REGISTERED VALUER?

**Over 40 pieces of legislation and many legal documents and lending institutions in New Zealand specifically refer to and rely on Registered Valuers because they are considered the authority when it comes to providing valuation advice on real property.**

What sets Registered Valuers apart is that they not only must adhere to high ethical standards (enforced through the Valuers Act 1948), but also follow world recognised professional standards that are approved by the New Zealand Institute of Valuers (NZIV) – of which all Registered Valuers in New Zealand are members.

If independent expert valuation advice is important to you, talk to a Registered Valuer.



**Registered Valuers are most trusted to give an accurate market valuation**

*\*Curia Market Research,  
Feb 2018*



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## A brief history of

# The Property Institute of New Zealand Incorporated

This article gives a brief history of the first 10 years of the Property Institute of New Zealand Incorporated (the 'Property Institute') commencing from its original formation on 1 January 2000 and covering some of the main events over this time.

Various sources for information gathering have been used including the office archives, company records, the original constitution of the Property Institute, member newsletters and journals.

IAN CAMPBELL AND TONY CULAV



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**The ultimate objective was to achieve a stronger body to improve the services provided to members and a stronger voice to government and the media.**

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**R**eaders may find it interesting to reflect on how and why the Property Institute was formed, together with a brief mention of the main activities and achievements that took place over the first decade following its formation.

This lead article updated for the 2020 celebrations recognises the earlier years and those individuals and volunteers who helped establish the Property Institute, and its formation years from inception, establishment, development, growth and expansion into a strong independent market voice for property professionals.

As the authors journey through a brief history that led to the creation of a multi-disciplined professional organisation, we recognise the achievements made by so many volunteers and the exciting prospects that lie ahead for the future of the Property Institute and its members.

### **The beginning**

While we shall see a little later about the formation of the new institute, it was in the early 1980s that the idea had its genesis, albeit in a slightly different form and later after a couple of attempts, success.

Our earlier start began in July 1980 with a combined permanent joint committee meeting of representatives of the New Zealand Institute of Valuers (NZIV), the New Zealand Institute of Surveyors and the Property Management Institute meeting at the University Club Auckland. Each was represented by Mr P Tierney and Mr R McGough for the valuers, Mr F Easdale and Mr B Stone for the surveyors, and Mr K Christiansen (confirmed as convenor) and Mr R Jefferies for the property managers. The committee was expanded in 1981 to include the Institute of Quantity Surveyors and the Real Estate Institute, to be known as the Council of Land-Related Professions (CLRP).

A formal structure was established in 1984, allowing independence, but a common voice when required in areas of mutual concern. The ultimate objective was to achieve a stronger body to improve the services provided to members and a stronger voice to government and the media.

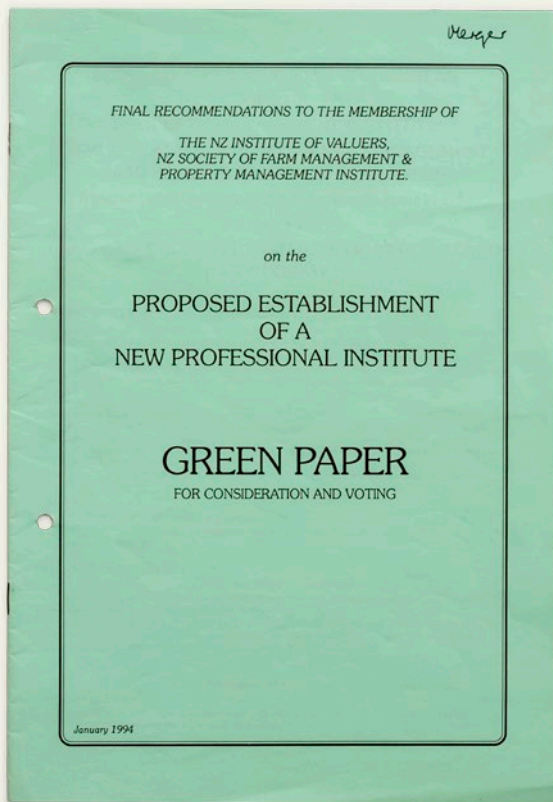
Preparatory work continued over the next few years until a working party was

established in 1988 to consider the possibility of the land-related professions uniting to form a federation of property institutes. The objective: to achieve an effective, beneficial and workable structural and administrative integration of the profession of the land in New Zealand.

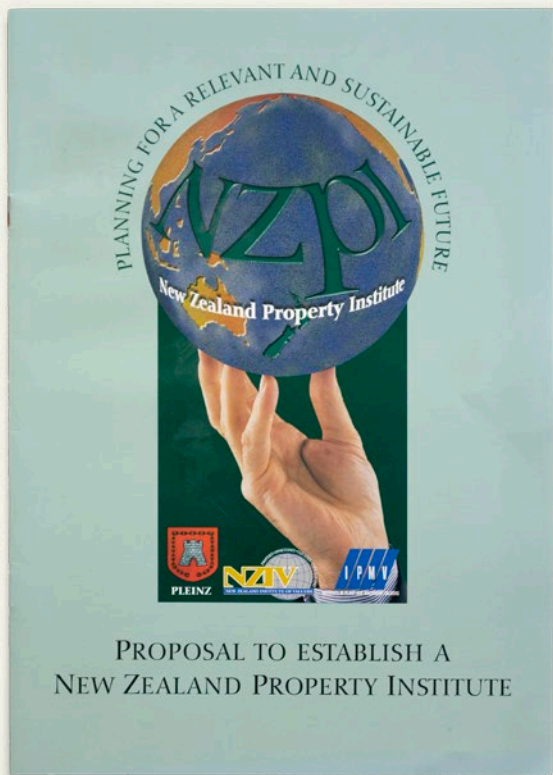
The working party reported back in late 1988 with recommendations to continue with aspects of implementation in two stages. The first was the establishment of a secretariat and regional structures, and the second (subject to legislative amendments), the formal legal and financial merging and the setting up of divisional structures to replace the individual institutes. However, activity slowed and interest from some waned. The CLRP was disbanded in 1990, but a unification report to create a Federation of Property Institutes emerged, and a close working association between NZIV and the Property Management Institute continued. Also, in conjunction with a third party, efforts over 1992 to 1994 were now put towards a three-way merger.

The culmination of this work was two further votes to merge in 1994. The first was between NZIV, the Property Management Institute and the New Zealand Society of Farm Management in early 1994. The vote failed and the New Zealand Society of Farm Management stood back from further negotiations and has since continued to support rural professionals, now as the NZ Institute of Primary Industry Management (NZIPIM). The two institutes remained positive and a second vote was held in late 1994 among the members of NZIV and the Property Management Institute. This also failed to pass the super vote threshold and the idea was put on hold – for now.

Around 1998, the Government advised the criteria for occupational deregulation for some professions. This had also been the impetus for change in 1989. The Government discussion paper arrived in early 1999 and so again the stage was set for a further attempt to form a super institute, this time with members from NZIV, the Institute of Plant and Machinery Valuers (IPMV) and the Property & Land Economy Institute of New Zealand (PLEINZ) as the renamed Property Management Institute.



**Green Paper issued to members of NZIV, NZSFM and PMI in 1994**



**Information booklet issued to members of NZIV, IPMV and PLEINZ, 1999**

Members could once more decide to form a new Property Institute, then seen as an exciting new direction and combined voice on property issues into the next millennium. Work commenced with member consultation during 1998 and 1999. The combined councils of NZIV, PLEINZ and IPMV circulated to their members a proposal to establish a New Zealand Property Institute. Following member feedback, the three councils agreed on the final model to put before the combined membership, outlined in the information booklet seen below. The scene was again set for a vote, this time in September 1999.

### The founding institutes

Contained in the original constitution is a forward section describing the genesis of each of the founding institutes. The following script has been extracted from the constitution and provides a brief background to NZIV and PLEINZ. We have also included background on IPMV. Each of these parties was one of the founding institutes that formed the new Property Institute.

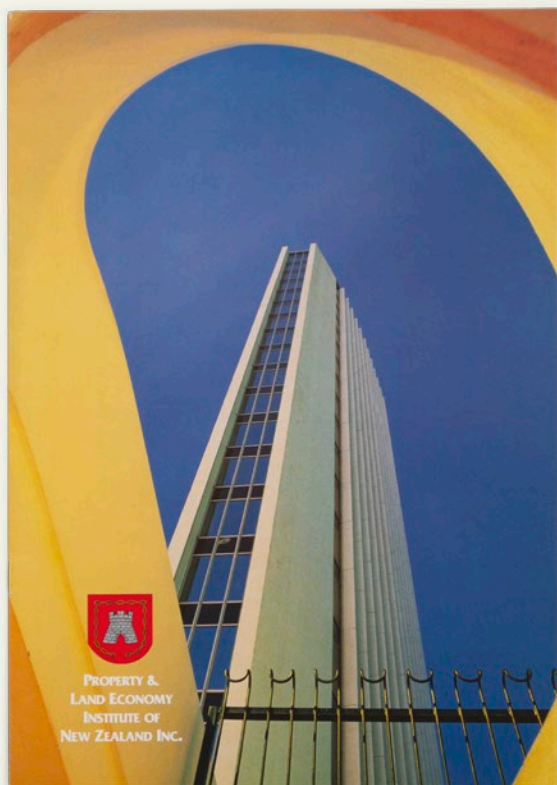
### New Zealand Institute of Valuers

In 1938, NZIV was formed as an unincorporated body, which in 1939 became an incorporated society. In 1948, the Valuers Act 1948 was passed and came into force on 1 January 1949. Pursuant to the Valuers Act 1948, the Valuers Registration Board was constituted and compulsory membership of valuers in New Zealand began. Under the Act, NZIV ceased being an incorporated society and instead became a statutory body. This continues today and is presided over by the Valuers Council, more correctly named as the Council of the New Zealand Institute of Valuers, whilst the Valuers Act remains.

The Valuers Council is also referred to as the Real Property Valuers Council under the current Property Institute rules. Of interest, in 2010 the valuation community celebrated over 100 years of valuation in New Zealand, as well as recognising its origins with the formation of the Real Estate Valuers Association, Auckland in 1910.

Across the country members of the Property Institute participated in recognising this milestone and many events were recorded. A medal was struck to commemorate over 100 years of valuation and issued to all participants during the year. The distinctive design is shown below.





Information booklet issued by PLEINZ, 1995

**Both NZIV and PLEINZ had been in discussions to establish a pre-eminent organisation of property professionals for the next millennium, which was driven by a number of factors, primarily in anticipation of government proposals to deregulate the valuation industry.**

### **Property and Land Economy Institute of New Zealand Incorporated**

The Property Management Institute (PMI) was incorporated as an incorporated society on 6 June 1978. It had actively promoted unification of property-related professions since 1978. On 8 June 1995, PMI changed its rules and its name to the Property and Land Economy Institute of New Zealand Incorporated (PLEINZ), a precursor to future change.

PLEINZ's primary objective was to represent the interests of the property profession in New Zealand and provide, promote and coordinate education and professional practice in the property and land economy field. The institute had branches throughout New Zealand, together with a national council and a full-time secretariat based in Auckland.

Both NZIV and PLEINZ had been in discussions to establish a pre-eminent organisation of property professionals for the next millennium, which was driven by a number of factors, primarily in anticipation of government proposals to deregulate the valuation industry. Both NZIV and PLEINZ had worked collaboratively over the years and cultivated close friendships, including joint seminars and social engagements. The blueprint for change initially came from the Wellington branch members of each institute.

PLEINZ also worked closely with the Building Owners and Managers Association (BOMA), now called the Property Council of New Zealand, and developed the industry 'Guide to the Measurement of Rentable Areas', a leading standard which is still used throughout New Zealand today.

Collectively, both NZIV and PLEINZ saw merits in amalgamating their resources and providing a broad base delivery function, removing the duplication of administration, education and regulatory issues. Amalgamation involved transferring the PLEINZ administrative function from Auckland to Westbrook House (renamed Anzac House) in Willis Street, Wellington and transferring the assets held by PLEINZ into the newly formed institute. The National Office would provide a base for the Chief Executive, support staff and be a venue for meetings.

### **Institute of Plant and Machinery Valuers Incorporated**

IPMV was incorporated on 11 June 1990 and offered membership and guidance to professionals involved in the valuation of plant and machinery assets. IPMV continued to operate for approximately 10 years until integrating with NZIV. This was made possible as a result of the Valuers Amendment Act 1997, which expanded membership eligibility into NZIV, allowing entry for plant and machinery valuers. After members transitioned into the Property Institute, IPMV was subsequently liquidated on 2 November 2000 and the assets moved into the newly established institute.

### A new voice on property issues

As mentioned, the formation of the new Property Institute was put to the vote to all NZIV, IPMV and PLEINZ members in late 1999. The results of the vote were overwhelmingly in support of the formation of the Property Institute, with 98% voter support received from PLEINZ members and 89% of NZIV voters supporting the formation. The result of the vote to form a new institute was announced by Mr Greg Wright, PLEINZ President and Mr Alan Stewart, NZIV President at the PLEINZ AGM during the PLEINZ national property conference in Queenstown on 16 September 1999.

Following acceptances received by their respective members, work to incorporate a new institute commenced on 8 November 1999, and immediately following its incorporation members from NZIV, IPMV and PLEINZ transitioned as foundation members into the new Property Institute. The new organisation began on 1 January 2000.

President elect of the new institute, Mr Allan Ford of Ford Property Consultancy, was pleased with the result. He was quoted as saying, 'the combined forces of NZIV and PLEINZ would provide a powerful national voice on property issues.'

Across the regions, branch chairs of both institutes received a blueprint to assist with 'merging' NZIV and PLEINZ branches. Originally developed by the Wellington branches of both NZIV and PLEINZ, the discussion document circulated at that time was designed to assist branch members to form new skins!

Members working across the industry had also recognised that during the past property cycles, property as an asset class and as a future profession had become broader and more professional within New Zealand and internationally.

From the early 1980s to the 1990s and beyond many graduates of property had developed their own diverse career paths, which had taken them from the traditional training grounds and cadetships to areas that were beyond their initial discipline of choice. By now property practitioners were

## Conor English was appointed Chief Executive in 2000 and remained in that role until 2005.

offering an ever-increasing range of services to the general public and their clients.

To ensure the industry operated harmoniously, it was both logical and practical that a unified pre-eminent membership body advance members' interests and practices with a strong voice into the next millennium.

The adoption of a constitution forming the Property Institute gave effect to this and the desire of both NZIV and PLEINZ, through their voting members, to be part of and to be known as the pre-eminent property professional organisation within New Zealand.

With the insurance in place, the formation of the new institute now anticipated any deregulation of the valuation industry by the current government and future governments. It also evolved the much-needed creation of a multi-disciplinary national property organisation that mirrored other international membership bodies.

The inaugural Property Institute Board (transitional) comprised Allan Ford (President), Nick Hargreaves, Alison Pharaoh, Tony Pratt, Anthony Robertson, Chris Seagar, Gary Sellars and John Greenwood (Independent). Anthony Robertson would later assume the President's role in 2001-2002, followed by Chris Seagar in 2003-2004.

Conor English was appointed Chief Executive in 2000 and remained in that role until 2005, followed by Glenn Clark between 2005-2007 then David Clark from 2007.

Readers should note that it was recognised that the formation of the new Property Institute was not intended to derogate from any statutory compliance required of NZIV, whilst the provisions of the Valuers Act 1948 continue to remain up to the present day. NZIV remains a legal entity under the Act and is joined by a Service Level Agreement for the provision of services and of course joint membership.

**Benefits tipped from new grouping**

By MARK BIRCH

TARANAKI will benefit greatly from the recent launch of the New Zealand Property Institute, chief executive Conor English believes.

"The institute now has a critical mass of more than 3000 members, of which Taranaki is a very important part," he said in New Plymouth last week, after addressing the inaugural meeting of the institute's Taranaki branch.

"Taranaki is important because there are a lot of resources here and a lot of people and commerce, and Taranaki contributes a lot to the wealth and job growth of New Zealand.

"Taranaki will be positively affected by the formation of the institute. We are now able to make broader and stronger international linkages with overseas institutes, so our members in Taranaki will be able to tap into that."

The Wellington-based Mr English promised a successful future for the institute, which was formed in April through a merger of the Property and Land Economy Institute, the New Zealand Institute of Valuers and the Institute of Plant and Machinery Valuers.

He said customers of the property sector were interested in a one-stop shop, which the institute could help provide.

He told Thursday's meeting that the property sector was currently going through much change. It was now more driven by technological change and the impact of globalisation, deregulation and Australianisation.

For the professionals in the sector, he said, that meant threats and opportunities. It meant facing up to the future, and perhaps developing different strategies to enhance cash flow and develop relevant skills.

"The customer is the king or queen of the castle," said Mr English. "They are interested in solutions. We ignore them at our peril."

**CRITICAL MASS: Conor English believes the New Zealand Property Institute is big enough to work.**  
Photo: REBECCA SCOTT

Media release by Conor English Chief Executive, 15 May 2000

The earlier years of the Property Institute included members who stepped up and volunteered their time on committees that were formed, including the:

- Professional Development Committee  
(now referred to as the Education Committee)
- Ethics and Standards Committee (now Valuation and Property Standards Board)
- Membership Committee
- Professional Practices Committee  
(now Professional Conduct Committee)
- Finance and Technology Committee  
(now Finance, Audit and Risk)
- Registration Board (for non-valuer registration)
- Property Business Editorial Board (now Editorial Committee).

From the initial establishment years, further committees and interest groups would emerge through member demand, namely the Property & Facilities Managers Council, the Property Advisors Council, Women in Property, and the Graduates Network Group – Young Guns.

The first few years of the Property Institute proved a honeymoon period for members, the National Office and standing committees as initiatives gained momentum. Members carried over into the new institute on 1 January 2000 were called foundation members. Their qualifications and membership status from their previous memberships was recognised under the new rules of the Property Institute. Members across each branch of NZIV and PLEINZ were encouraged to interact as one new body and indeed this happened. Again, work proceeded to establish the institute as the pre-eminent property professional organisation domestically and offshore.

The original name adopted for the Property Institute was the New Zealand Property Institute (NZPI). As plans commenced in earnest to create a pre-eminent property professional organisation, little was known of a small post-nominal oversight that would conflict with the New Zealand Planners Institute. This small matter would ultimately lead to a change in the name of the Property Institute on 15 January 2007. From this date forward the Property Institute of New Zealand Incorporated (also referred to as PINZ) was the corrected name and more commonly is still referred to as the 'Property Institute'.

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**From the initial establishment years, further committees and interest groups would emerge through member demand.**

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**The 2004 Professional Practice  
(4th edition)**

## Australian Property Institute

In May 2001, to recognise closer Trans-Tasman relations and to give effect to the Trans-Tasman Mutual Recognition Act 1997, the Property Institute entered a Memorandum of Understanding (MOU) with the Australian Property Institute (API) to establish the framework for the two professional bodies to work towards a single professional property environment.

The thinking behind the MOU was that it would be easier for New Zealand and Australian members to practice in a Trans-Tasman market, as well as achieving strategic alliances with other overseas organisations. Key to this initiative would be a consistent membership entry qualification, membership criteria and career progression across the two institutes. Our institute membership, education, standards and professional practices committees worked tirelessly with their colleagues in Australia to achieve the necessary standardisation.

One of the most significant outcomes of the MOU to be completed by 2004 was the development and publication of a common professional practice manual. Prior to 2000, both NZIV and IPMV had their own practice standards, and PLEINZ (and earlier PMI) had developed a practice manual as well. NZIV had spent many years as a member of The International Asset Valuation Standards Committee (TIAVSC), which in 1994 became The International Valuation Standards Committee (IVSC), and much of the background and experience from this time (together with that from IPMV and PLEINZ) was available in producing the new practice manual. This was ultimately achieved through the release of the first joint publication of professional practices in March 2004.

The 2004 *Professional Practice* (4th edition) seen here was the inaugural joint publication between the API and the Property Institute. The publication was available in hard copy or disk at that time and has since been replaced by subsequent editions.

Other successful initiatives completed with the API included a joint publication of the *Australian and New Zealand Property*

*Journal*, and a joint international property conference held in the respective countries every two years. PINZ led the development of online professional learning 'webinars' and online modules for members.

New Zealand members initiated the early concept and sourced the developers of the first model, and with others helped drive this initiative with the National Office.

Joint conferences with the API were held in Queenstown (2004), Cairns (2006), Christchurch (2008) and Perth (2010), and the success of the knowledge sharing benefited members and strengthened both organisations.

In the northern hemisphere, the joint ANZAC branch of both institutes has continued to thrive, its success ensuring overseas members' connectivity with colleagues back home. Phillip Harcourt chaired our ANZAC connection in London during this time.

## International

In 2004, the international accounting direction was shifting for both Australia and New Zealand. The Australian Federal Government announced that from 1 January 2005 all companies subject to the Corporations Act 2001 were required to comply with international accounting standards.

Similarly within New Zealand, reporting entities were required to comply with international financial reporting standards from 1 January 2007, but had the option to adopt this standard for the period commencing on or after 1 January 2005. The institute was ready, having incorporated the relevant reporting standards and guidance notes in the 2004 publication.

For property professionals within Australia and New Zealand this created a shift towards adopting international valuation standards. The move had been strongly advocated and actively pursued by members from both institutes at that time and future editions of the professional practice standards reflected these changes.

Still even today members from both institutes continue to participate and play their part regarding international valuation

## New Zealand has had significant input into the IVSC standards with direct representation at IVSC committee level.

standards. New Zealand has had significant input into the IVSC standards with direct representation at IVSC committee level.

IVSC is now the cornerstone for guiding our members in today's internationally adopted environment. Other international activities were subsumed into the new institute. Membership of the Pan Pacific Congress of Real Estate Appraisers, Valuers and Counselors continued, having been co-founded by US, Australian and New Zealand valuation interests in 1959. This biennial meeting is open to all member communities.

Member reciprocity with several overseas institutes (based around associate member status) was also carried forward into the new institute, with MOUs held with the Singapore Institute of Surveyors and Valuers, the Hong Kong Institute of Surveyors and RICS.

## The supporters

There have been many members involved in contributing their valuable time to the running of branches, standing committees and the overall development of the Property Institute. This has also included the support of some of our longest standing supporters who members may take for granted. Names include Phillips Fox (2000 to 2003), Simpson Grierson (2004 onwards), Headway Systems, Resene, Estate Master, AON, Quickmap, Paramount, Pivotal, Terralink, Property InDepth and others who still continue to support the development of today's property professional.

## Professional communities

It was beginning to show that the content of seminars and membership offerings originally provided by the founding institutes had either changed or had become less effective than before. As time evolved, the institute's focus had been directed to offering a different suite of seminars and services for members. Such offerings included standards road shows, national and regional conferences, online education, ethics, audios, cultivating Trans-Tasman links and managing reciprocity arrangements, publishing journals and other initiatives.

Despite these advancements, and although special interest groups were in place, institute resources were stretched to cater to a member's specific area of interest and/or career path. Between 2004 and 2005, and in response to member requests for more targeted services and clearer pathways in professional development, the institute began its search for a fresh membership model that would cater to the immediate needs of individuals as well as offering pathways for career development.

In 2005, the institute board appointed senior members Mr Evan Gamby and Mr Graham Horsley to prepare (after membership consultation) a blueprint for change that allowed the institute to refine its membership structure in order to target the needs of all professional disciplines

within the institute. The model could also cater for the inclusion of other land professional disciplines if the opportunity arose. Their paper led to an entire rewrite of the institute's rules and bylaws, which in summary recommended the creation of the professional community structure.

In 2008, the idea of professional communities was syndicated amongst members to gauge their feedback and general support. In December 2008, at a special general meeting convened in Wellington, members approved a change to the rules for the creation of professional communities. The result of this special meeting heralded the establishment of four professional communities that members could associate themselves with (one or more, the first determined by their primary activity).

The communities were appropriately named:

- Real property valuation
- Infrastructure, plant and machinery valuation
- Property advisory
- Property and facilities management.

Each community comprised its own council with representation on the national board.

On 1 January 2009, the newly adopted professional community structure was transitioned under the Property Institute brand. Each professional community would now be responsible for all facets of its specific niche, involving most activities from branch committees, membership and education right through to national board participation.

The decision to create the professional community structure would ensure that an equitable release of institute resources, education and services was effectively delivered in a targeted manner. Since its inception, the professional community structure has remained a success in supporting members and continues to operate effectively within the institute.

## Changes to Property Institute logo between 2000 and 2010:



2000



2007



2010

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## Authorities and other professional organisations view and hear Property Institute members promoting exemplary ethical practice and behaviour, integrity and transparency across all sectors of the property industry.

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### The first decade

By the end of 2010, Property Institute membership held at a steady 2,800 members. Membership comprised mainly of property professionals practising in the areas of real property valuation, plant and machinery valuation with the inclusion of marine valuers in December 2010, property advisors and property management.

A review of the membership composition held in August 2010 showed that 43% of members remained dedicated to real property valuation, whereas 16% were property advisors, 6% property management and 2% plant and machinery valuers. The remainder comprised students, graduates, retirees, affiliates and 20 Life Members of the institute.

A projected increase in the membership composition is expected to emerge with the continued flow of students and graduates, given the strong ties with universities. Entry given to younger members will ultimately replace those senior members looking to retire. The institute also introduced its new logo to reflect the change in times.

The institute's aim has been to create extraordinary people through professional learning and continuing professional development of best practices. Authorities and other professional organisations view and hear Property Institute members promoting exemplary ethical practice and behaviour, integrity and transparency across all sectors of the property industry. This has always been the institute's underlying strength.

We have been fortunate that during its formation, growth and advancement, the Property Institute is recognised both domestically and internationally as the leading property professional institute within New Zealand. With member support and the encouragement of its communities, allies and supporters the Property Institute continues to engage its solid voice on behalf of the profession.

As it began for the first 10 years, the Property Institute and its members have continued to ensure strong leadership in the promotion of best practice, professional standards and ethical conduct within the New Zealand property sector 🏡



**Ian Campbell** FPINZ Licensed Real Estate Agent (REAA 2008) is a Property Advisor and Past President of the Property Institute (2009–2011). He works as a Senior Property Specialist at Panuku Development Auckland undertaking acquisitions and disposals supporting regeneration of town centres and neighbourhoods in the Auckland region.

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Source: Property Institute Annual Report. Please note that member names and years served have been sourced from the Annual Report, mid-year changes are not shown.



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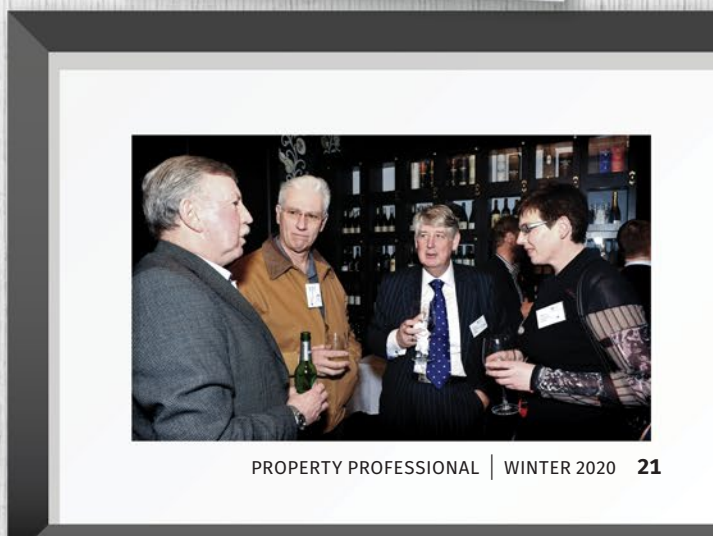
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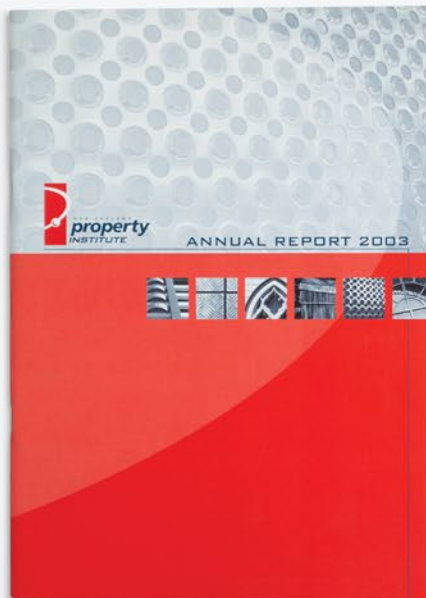
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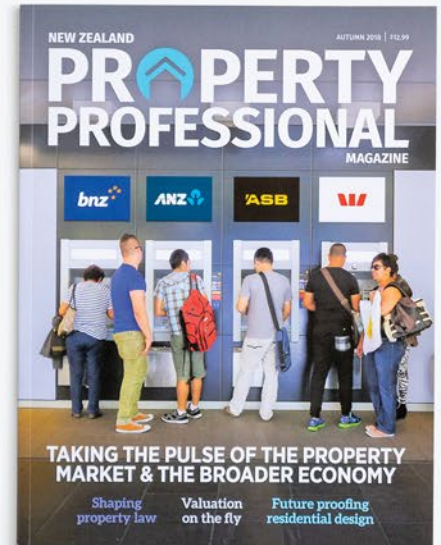
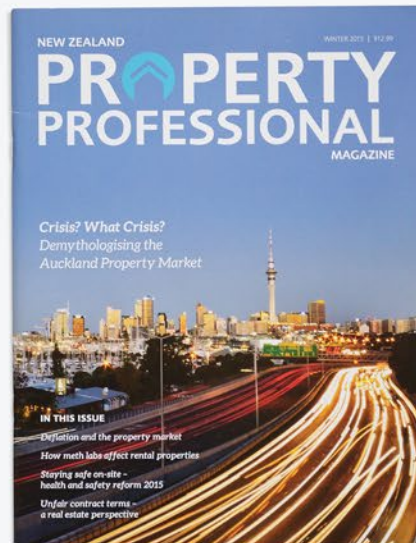




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# GWENDOLINE CALLAGHAN

**After a morning tea in the office of then Gellatly Robertson (now Telfer Young) Gwendoline had found her calling. National Mutual supported her to study (after hours) and she was on her way.**

This profile looks at the career of Gwendoline Callaghan through her start in the insurance industry, registration as a valuer, jobs in the government and private sector, roles in the valuation industry and awards received.

Once Gwendoline found out about property valuation she was hooked. As a youngster she drew imaginary and sometimes quite outlandish home plans and designs. She and her brothers spent a lot of time at the Wellington public library after school. While mum was at university, dad picked them up on his way home from work in the Hutt Valley a few hours later. So town planning, the histories of cities, architecture and landforms, and houses and buildings were her subjects of choice.

## National Mutual start

To be an architect was a dream, but Wellington High School did not offer technical drawing in 1972 so this idea was nipped in the bud. After leaving school in 1976, undecided about what exactly to do but keen on travel, her mother enrolled her into nursing as an interim step. The course was to start some eight months later, but for the intervening period fate and fortune landed her at National Mutual in the Investment Department as a mortgage clerk at age 17.

Things were different in 1977. Instead of the under-desk earthquake box that new arrivals to Colliers Valuation get today (equipped with water, torch, muesli bars and BYO gloves, trainers, coats and ropes) Gwendoline was given a company ashtray, blotting pad and other stationery. These were the days when most people in the office smoked and there was no air-conditioning.

As part of her job, valuation reports came across her desk and the sedate

insurance office suddenly began to look far more exciting. After a morning tea in the office of then Gellatly Robertson (now Telfer Young) with John Wall, Ron Fowler, Lindsey McAlister and Adrian Brady, Gwendoline had found her calling. National Mutual supported her to study (after hours) and she was on her way.

## Valuation Department

Moving to the Valuation Department in 1980 was a materialisation of the goal of the study. The job felt like being paid to do such fun stuff, working with first valuation boss District Valuer Iain Gribble, Supervising Valuer Eddie O'Dwyer and Perry Heavy in the Williams and Adams building at 72 Taranaki Street in Wellington.

The day the window blew open and Taranaki Street was gaily decorated with pages of valuation reports was memorable. Parties were legendary, as were morning tea shouts where one valuer infamously managed to consume 52 items – sausage rolls, donuts, club sandwiches, cake slices etc.

After the excellent training and experience gained at the Valuation Department she became a Registered Valuer in 1983, a less daunting experience than today. The equivalent back then was the petrifying pre-registration P&O – the practical and oral exam. This was a week where three pre-set properties (residential, commercial and a subdivision) all had to be fully valued to the stage of the production of full reports. No computers at all then!



After completion, each candidate was orally examined on their work by a panel. Gwendoline had Mike Sellars, Peter O'Brien and Peter Boswell. As a result of this she was the recipient of the New Zealand Institute of Valuers Council Trophy in 1982 awarded to the student who completed the Urban Professional Examination with the most merit. She also received a grant which she used to buy three books about property.

Then it was time for her OE, and she was away from late 1983 until 1987. Two stints at Barclays Bank in London between long travel adventures were illuminating to a young green valuer from New Zealand. The work was mainly asset valuations and rent reviews, and deeds of lease were a treasure trove. A career-long fascination and deep interest in lease documents began.

Gwendoline returned to the Valuation Department (which had become Valuation New Zealand) in January 1987. The commercial property market was on fire until the dramatic sharemarket crash in October, which saw a rapid halt to this market and an economic slowdown.

### **Into private practice and soaring rents**

In February 1988 she moved from government to private practice, joining Harcourt Valuations Limited. These were very interesting times, with many leases signed pre-building completion (and in many cases pre-building commencement), although plenty of speculative office buildings were put up over that time. Usually, for pre-build rent agreements, rents were to escalate to

completion. During 1987, office rents were ramping up by 2.5% per month, so an annual escalation of 15% per annum which applied in some instances appeared generous and was regularly agreed between developers and tenants.

After the crash the pre-agreed escalations drove rents continually upward, peaking at about \$635 per sqm gross by the time completion was achieved, years later for large buildings. After being agreed at the exact time of the 1987 sharemarket crash, as we now know these effective levels of rent were not seen again until about 2018 for top quality buildings, over 30 years later. Many developers went to the wall and the commercial office market wallowed, reaching a trough around mid-1992 to 1993.

The bottom of the market trough was generally recognised as represented by the significant leasing in the Majestic Centre of several floors at a gross rent of about \$90 per sqm. This was less than the building operating expenses, a grim statistic indeed.

### **Falling rents and lease issues**

Work and life were busy against the tumultuous backdrop of economic uncertainty in the wake of many pre-crash signed leases (only those to the Crown viewed as fully secure). Some were for terms exceeding 20 years, then largely net leases with very high operating expenses in many cases.

The speed at which some buildings had been completed led to shortcuts, revealing defects in building systems and mechanical services, especially poor air-conditioning systems and non-operable fire egress procedures. Against the backdrop of falling rents, valuation arguments developed about the hierarchy of rental evidence, with tiers emerging showing many rent review rents settling at higher levels than new lettings.

New lettings were rare in that market and were dismissed by many as being 'non-market' and as having been agreed under duress. Eventually the lower level was accepted as the new rental climate and the Court of Appeal decision from 1992 – *Modick v Mahoney* – helped to enshrine this principle for all.

## Gwendoline notes that it is through the voluntary contributions and efforts of many that the fortunes of the property industry's professionals have flourished to the extent they have in New Zealand.

### Colliers and other work

In 1990, a new Wellington valuation firm, Wall Arlidge, was set up by father and son John and Dale Wall and Richard Arlidge, at a time when Harcourts Valuations Limited was sold to other owners. Gwendoline joined the group, as did Gerald Smith, a very experienced rural valuer.

Colliers International had also established in Wellington, and they sought valuers to complete their progressive dynamic multi-disciplinary business across a wide spectrum and invited Gwendoline to join in 1994. This launched her into the world of IT spreadsheets and technological advances. She acquired a lively young graduate, and progressed onwards in mostly commercial lease rent reviews and new lease negotiations on behalf of a range of clients.

In 1994, she was appointed as the first woman member of the Valuers Registration Board, participating in the registration process of young valuers and the disciplinary processes, as well as reciprocity and a raft of related functions. This was a major education for Gwendoline about the law and valuation principles and practices under the Valuers Act 1948, the Valuers Code of Ethics and risk management. She remained a board member, as a ministerial appointee, over three terms until 2003.

Then personal circumstances drew her southward, operating between Christchurch and Wellington. A further then fairly recently established valuation firm, Knight Frank (which arose from a merging of Ballieu Knight Frank and LandCorp), was seeking a Valuation Manager for the Wellington office and also Christchurch. Gwendoline became the National Valuation Manager at Knight Frank where she commuted between the two locations until 2000 when she refocused back in her home town of Wellington.

A change in ownership at Knight Frank, combined with an ongoing strong synergy with Colliers International and its positive philosophies, brought her back to Colliers. Here she and Mike Horsley established Colliers International's only valuation franchise worldwide on 1 April 2002. Now some 18 years later, the valuation team is large and strong made up of 13 practising valuers, including six graduates. There is a very strong focus on education and training.

### Valuation industry roles and awards

Throughout her career, Gwendoline has retained an active and ongoing involvement with the valuation industry at all levels, putting in many years as a member of the NZIV Education Committee, which included helping to proofread Rodney Jefferies' *Urban Valuation in New Zealand* Volume 2 textbook. Her recent activities have focused on the newly established Valuers Education and Integrity Foundation Charitable Trust as a Trustee, with its overarching charitable purpose being advancing education in the field of valuation in a manner that has a public benefit.

She became a Fellow of the New Zealand Institute of Valuers (FNZIV) and of the Property Institute of New Zealand (FPINZ) in 1998 and was awarded a Fellowship of the Royal Institute of Chartered Surveyors (FRICS) in 2014.

Over her working life, and after the Valuers Registration Board appointment, Gwendoline was a Director of the Property Institute from 2003-2007, and has been a member of the Land Valuation Tribunal since 2001. She was awarded the John M Harcourt Memorial Award for 'Outstanding Service to Valuation' in 2009 and was elevated to become a Life Member of the New Zealand Institute of Valuers and the Property Institute of New Zealand in 2014.

In 2016, she received the Associate of the Year Award at the PCNZ Wellington Property People's Awards, and the Woman of the Built Environment Award in 2019 from the Royal Institute of Chartered Surveyors.

She notes that it is through the voluntary contributions and efforts of many that the fortunes of the property industry's professionals have flourished to the extent they have in New Zealand. Some efforts have not led to a successful fruition (yet), such as a review of the outdated Valuers Act 1948, and she believes that the opportunity to bring this about remains in the hands of all practising valuers.

Gwendoline says: 'The door is open, involvement with your industry bodies is stimulating and enjoyable, and without it our profession cannot remain the vibrant energetic lively (and argumentative) successful group we are today. To be a property valuer means: a surprise around every corner; something comes up for the first time EVER, continually. If you want a job that is as boring as a bungy jump – be a property valuer!' 🧡

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# THE IMPACT OF COVID-19 ON COMMERCIAL LEASES

## Where to from here?

TARA WYLIE AND  
KAREN SINGH

As the severity of COVID-19 virus appears to now be behind us, it is time to look forward and consider the future of commercial leasing for tenants and landlords. We address the recovery of unpaid rent, the practical realities of social distancing in offices and the future of lease negotiations.

### **No access in emergency – ADLS clause 27.5**

The global pandemic has stunned the world in a variety of ways. The nationwide lockdown saw numerous publications by law firms and property advisors questioning whether the 'no access in emergency' clause contained at clause 27.5 in the Auckland District Law Society (ADLS) lease applied to COVID-19 and if commercial tenants were entitled to a rent abatement during the lockdown period. The general consensus

appears to be that the 'no access in emergency' clause does apply to COVID-19, but to what extent will no doubt be the subject of ongoing debate.

The Christchurch earthquakes in 2010-11, where tenants whose premises were located in the 'red zone' were unable to access their premises but were still required to pay rent because the premises had not suffered damage or destruction, were the catalyst for the 'no access in emergency' clause introduced in the sixth edition of

the ADLS lease. This deals with situations where a tenant is unable to access its premises to fully conduct its business due to an emergency.

The term 'emergency' is the first limb of the requirements in clause 27.5 and is defined broadly in the ADLS lease to include an epidemic or plague, so COVID-19 fits clearly into that emergency definition. The other two limbs (whether the tenant is unable to access its premises and if the tenant is unable to fully conduct its business from its premises) are less clear and have been analysed in detail since the announcement of the COVID Alert Level restrictions.

Clause 27.5 states that if there is an emergency and a tenant is unable to gain access to the premises to fully conduct its business (due to reasons of safety for the public or the need to prevent, reduce or overcome any hazard, harm or loss associated with the emergency), then a fair proportion of the rent and outgoings will cease to be payable for the period commencing from when a tenant is unable to access the premises to fully conduct its business until the inability ceases.

In the absence of any case law or statutory guidance on what is a fair proportion of rent and outgoings, parties have had to agree this between themselves. No doubt, some parties will be having this determined by arbitration.

### Disputes over rent abatements and recovering unpaid rent

We are aware that some landlords have refused to give tenants a rent abatement, even where the lease includes the no access in emergency clause. Also, some tenants have attempted to take commercial advantage of the situation by refusing to pay rent unilaterally, even without the no access in emergency clause and even where they provide essential services. Whilst the general advice has been to negotiate in good faith to maintain a healthy landlord-tenant relationship, it is not entirely surprising that some parties are acting in a self-serving manner to try and save their respective businesses.



**Whilst the general advice has been to negotiate in good faith to maintain a healthy landlord-tenant relationship, it is not entirely surprising that some parties are acting in a self-serving manner to try and save their respective businesses.**

With the world likely on the brink of a global depression that creates ongoing risks and uncertainty to the economy, landlords are becoming increasingly aware of the higher risk of being unable to find a replacement tenant. Accordingly, many landlords have preferred to take the hit and not cancel their existing leases or make demands where their tenants have ceased rent payments without an agreement to so.

However, as businesses are beginning to reopen, many landlords will be looking at their options about how to recover any unpaid rent.

#### Bank guarantee

If a lease required the tenant to provide a bank guarantee, then one option for landlords where their tenant asserts that it has a right to a rent abatement is to call upon that guarantee. This is the easiest and most cost-effective way for a

landlord to recover any unpaid rent and avoids the landlord needing to pursue other legal options to remedy the breach. It will also mean that the tenant no longer holds the same bargaining power against the landlord that it had when it chose to forego rent payments.

Once the landlord utilises any part of the bank guarantee, the tenant (under most bank guarantee provisions) then has an obligation to top up the bank guarantee amount to replace what was used by the landlord. However, if the tenant was already unable to pay rent (or chose not to), it is unlikely that the tenant will top up the bank guarantee amount. Whilst this is not ideal, it is in many instances unlikely that the landlord will cancel the lease for failure to top up the bank guarantee amount as utilising the bank guarantee still puts the landlord in a better position than it would have been in without it.

## Personal guarantee

In contrast, where a lease contains a personal guarantee, another option may be to pursue the personal guarantor's assets. However, in these difficult times, pursuing a personal guarantee could arguably be seen as an unethical approach from the landlord in recovering rent arrears and risks putting the tenancy in jeopardy.

## Mediation

If the landlord does not have any form of security and/or the parties cannot come to an agreement on what a fair proportion is, then the parties should seek to resolve the conflict by mediation (provided for in the ADLS lease). However, this can be a costly exercise for both parties, so they may instead consider some of the alternative fixed-fee determination options being offered by various agencies and qualified individuals.

## Changes to office premises as employees return to work

Over the last five to 10 years, many office premises have moved to open plan layouts and/or hot-desking arrangements. These tenants will now likely be considering whether these options are viable for the future, especially in the event there are similar outbreaks to COVID-19.

As many people are now becoming more conscious of safe hygiene practices, sharing desks and equipment may now become a thing of the past. Hot desks in particular will be controversial as it is difficult to completely decontaminate all the equipment that each person uses. To avoid this, employers may instead have to opt to assign employees a specific workspace, which negates the flexibility and space-saving benefits of a hot-desking environment. It may also mean that some premises are not large enough to cope with all of the organisation's staff.

If those hot desks are in close proximity then employers may need to consider staggering shifts in order to comply with the one metre social distancing rule, which could become the norm for office leases in the long term, even when the Government restrictions are eased. This may also be

the case for some open plan offices where desks are located too closely together.

Moving forward, we consider that many employees will opt for more flexibility by continuing to work from home and, for employers, this may alleviate the issue of having to create larger workspaces to accommodate the distancing requirements and reduce a tenant's rental bill. Alternatively, staff may be required to work from home on a rotational basis. The upside of this global pandemic is that flexibility could become a 'new normal'. However, it remains to be seen what impact this will have for our workplace relationships, networking and the inner-city businesses (particularly hospitality) that rely on patronage from those workers.

## What will happen in new lease negotiations?

While we all try to navigate our way back into our routines, things will never quite be the same. Before COVID-19, little attention was paid to the application of clause 27.5. However, now that we have seen the repercussions of such emergency situations, this clause is now likely to become a key negotiating point for parties when entering into a new lease.

It is likely that landlords will try to strike out clause 27.5 or limit its application as much as possible. On the flip side, many tenants will refuse to enter a new lease unless this clause is specifically included. Whatever the position agreed, it is highly likely that parties will try to specifically agree on:

- the circumstances in which clause 27.5 will apply;
- the amount of rent abatement that will apply; and
- the maximum period of time that such rent abatement can last.

Some parties may seek to remove the right to terminate the lease or revise it so that it applies for the benefit of one party only. In saying that, it is extraordinarily difficult to draft for the unknown (as we have seen post-Christchurch and post-COVID), so whether the drafting will adequately cover off the next crisis remains to be seen.

As we have experienced in recent months, many parties have worked effectively together through this recent crisis and arrived at a mutually acceptable position on rent abatement or deferment of rent during the lockdown. There is hope that landlords and tenants will continue to treat each other in good faith whatever the drafting reflects ☺

*This article went to press before the announcement of the Government's action plan for small business rent disputes.*



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# Government releases COMMERCIAL RENT RELIEF PACKAGE

ALASTAIR GATT

**A government subsidy of \$6,000 (plus GST) per arbitration will be available to ensure arbitrations are concluded in a timely and cost-effective manner, with the parties being required to pick up any shortfall.**

## Essential components of package

You may well have seen announcements in the media around a government 'rent relief package' for commercial tenancies affected by COVID-19, which involves an implied rent relief clause to be incorporated into 'qualifying' leases, and a compulsory arbitration scheme that will apply where parties are unable to agree a fair abatement of rent.

It is important to note that this new rent relief package will not apply where landlords and tenants have already reached agreement (before 4 June 2020) on a level of rent abatement, regardless of what that level of abatement might have been.

The essential components of the package are:

- It involves temporary changes to the Property Law Act 2007 (PLA) which, once enacted, are intended to have retrospective effect, applying from 4 June 2020. The changes to the PLA are:

- where the tenant business meets certain criteria, a clause will be implied into the relevant lease that requires a fair proportion of rent and outgoings to cease to be payable when the tenant's business has suffered a material loss of revenue because of restrictions put in place to combat COVID-19. The qualifying criteria are that the tenant business has 20 or fewer full-time equivalent employees (FTEs) and the tenant is New Zealand based. It is proposed that 'New Zealand based' would exclude tenants with an overseas head office or those that are part of an overseas based multi-national
- the addition of clear rules to be followed when determining what factors must be considered in determining a fair proportion, based on the principle that the interests of both landlord and tenant should be taken into account, and the financial burden of COVID-19 fairly proportioned



## The Cabinet Paper indicates that the guidance on determining what a fair proportion is would take into account the financial position and bargaining power of both parties.

- clear guidance on what other measures parties may agree as a temporary change to support them both through the pressures caused by COVID-19
- a compulsory requirement that any disputes related to the implied clause be settled in a streamlined arbitration (which it is intended would be delivered by Ministry of Justice contracted providers)
- A government subsidy of \$6,000 (plus GST) per arbitration will be available to ensure arbitrations are concluded in a timely and cost-effective manner. It is estimated that \$6,000 (plus GST) would likely cover around 75% of arbitration costs, with the parties being required to pick up any shortfall
- Appeals from the arbitration decision will still be allowed (per the provisions of the Arbitration Act 1996)
- The temporary changes will end six months after the date of enactment of the Bill bringing these changes into force.

### Observations

In relation to the exclusion of situations where the parties have already reached agreement on a level of abatement, as yet it is unclear exactly what 'agreement' means, for example, whether or not it applies where parties agreed a temporary level of payment to get them through the lockdown phase, but each party reserved its rights under the applicable terms of the lease. However, the background

Cabinet Paper to this new package does indicate that the exclusion is not intended to include situations where a landlord has insisted on a strict enforcement of lease terms despite a tenant's request for an abatement.

The exact wording of the new implied clause will be determined during the drafting of the relevant Bill, but the Cabinet Paper indicates it should be similar to the Auckland District Law Society 'no access in emergency' type clause, and would apply where there is (or has been) a material negative impact on the tenant's business due to COVID-19, whether or not the tenant is/was able to access the relevant premises.

The Cabinet Paper indicates that these measures are largely targeted at leases that do not have the no access in emergency type clauses, but also indicates that the changes to the PLA may include provisions to amend those leases that do already have a no access in emergency type clause in them, so as to be consistent with the new implied clause.

The Cabinet Paper indicates that the guidance on determining what a fair proportion is would take into account the financial position and bargaining power of both parties, including:

- the impact of COVID-19 restrictions on the business, even if those restrictions are no longer in place
- mortgage obligations
- available financial support
- previous years' revenue and profit levels

- the parties' ability to survive financially
- differences in size and resources between parties.

The no more than 20 FTEs restriction is on a per site/premises basis, so where national retailers have multiple outlets, the outlets employing 20 or less FTEs will still qualify.

The Cabinet Paper proposes that, to qualify for the arbitration subsidy, at least one party would have to be a small or medium enterprise receiving the wage subsidy. As yet, it is unclear how 'small or medium enterprise' will be determined, but the same 20 or less FTEs criteria may be applied ↻

*Note: This article was first published on MinterEllisonRuddWatts' website on 10 June 2020.*



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# DISCLOSURE OF BUILDING DEFECTS UNDER THE UNIT TITLES ACT 2010



# Is the current regime worse than no regime at all?

DAVE BARR AND  
ELLA ARBUCKLE PAGE



Information provided by body corporates under the Unit Title Act's current disclosure regime often does not capture known building defects and can mislead purchasers by suggesting the building has a clean bill of health.

## Disclosure regime introduced

Ten years ago the Unit Titles Act 2010 was passed, introducing a disclosure regime for prospective purchasers. During the first reading of the Bill, the then Minister of Health said regarding the disclosure regime 'there will be no surprises – purchasers will know exactly what they are buying into' ((5 March 2009) 652 NZPD 1713).

However, the disclosure regime for building defects arguably achieves the opposite – disclosure statements for apartment complexes that suffer from serious weathertight, structural, or other issues could end up misleading purchasers rather than warning them – unless there is a claim on foot.

## What information needs to be disclosed?

There are three layers to the compulsory information disclosure requirements that relate to building defects: pre-contract, pre-settlement and additional. Table 1 highlights the aspects of the disclosure requirements that particularly relate to building defects (sections 33-35 of the Unit Titles Regulations 2011).

## Flaws in regime's disclosure requirements

The regime doesn't require disclosure of serious, known or patent issues. For instance, there are no requirements for owners to disclose serious issues such as structural issues, passive fire protections, or the type of cladding product that has been used on the development, all matters that are of likely concern for potential purchasers.

With regard to weathertightness defects, which the legislation is specifically designed to capture, there are instances where key information could be missed. For example:

- Where there are no current proceedings, e.g. the body corporate is aware of weathertightness issues but is unable to file proceedings due to limitation
- Where defects are not planned to be remedied in the near future, or where repairs historically undertaken are defective, these issues may not appear as a part of maintenance plan details or details of maintenance recently completed.

This leads to the position that there may be known issues with the development that will not be revealed to potential purchasers.

The Unit Titles Act provides that the buyer is entitled to rely on the information contained in any of the above disclosure statements as conclusive evidence of the accuracy of the matters described in that information (sections 146-148, 150, and 153 of the Unit Titles Act 2010).

The regime is designed to inform and reassure purchasers, so it is not surprising that in many cases purchasers will not look beyond the compulsory pre-contract and pre-settlement disclosure statements and request additional information. If further information is requested, purchasers will often stop short before requesting additional body corporate disclosure, the local authority's property file or, most importantly, an independent building report.

Where information was available through further due diligence, but not obtained by the purchaser, this may detract from the purchaser's ability to recover their losses in any subsequent litigation. There is a risk that the 'reasonable purchaser' would have sought further information and the purchaser who did not seek additional information will be held partially liable for their own negligence.

**Table 1: Disclosure requirements for building defects**

Pre-contract disclosure	Pre-settlement disclosure	Additional disclosure
<p>Maintenance that the body corporate proposes to carry out on the unit title development in the year following the date of the disclosure statement and how the body corporate proposes to meet the cost of that maintenance.</p> <p>Whether the unit or common property has been the subject of a claim under the Weathertight Homes Resolution Services Act 2006 or any other civil proceedings relating to water penetration of the buildings in the unit title development.</p>	<p>Whether any costs relating to repairs or building elements or infrastructure contained in the unit are unpaid and (if so) the amount of unpaid costs, and whether there are any proceedings pending against the body corporate in any court or tribunal.</p>	<p>A summary of the long-term maintenance plan, including details of the maintenance to be carried out, details of maintenance carried out in the last year, and whether there is a long-term maintenance fund.</p> <p>If there is a long-term maintenance fund, the amount determined by the body corporate that has been, or will be, levied during the term of the long-term maintenance plan to maintain the fund, and whether the current balance of the fund is projected to be sufficient to meet the body corporate's obligations under the plan.</p>

Therefore, in the common situation where a buyer relies on the compulsory disclosure statements and does not seek further information regarding a unit title development, the receipt of compulsory disclosure statements can provide purchasers with a false sense of security. This is because not all relevant information will have necessarily been captured by the disclosure regime.

### Current regime arguably worse than no regime at all

Removal of the statutory overlay of disclosure requirements would herald a return to the common law position of caveat emptor, or 'buyer beware', and the common law on misrepresentation in contract. The caveat emptor rule dictates that there is no implied term in property contracts that a property is fit for the buyer's intended use. Removing the current legislative regime would put the onus squarely on the buyer to gather information in order to ascertain the quality of the building before purchase.

The risk incidence of this approach would be susceptible to market forces. For example, in a vendor's market, buyers may have a more limited ability to conduct enquiries before purchase, as there will be pressure to enter into contracts on terms favourable to the vendor. Likewise, a seller's market would likely create a greater incentive for vendors to provide more thorough disclosure.

Alternatively, as a more moderate option, the current disclosure requirements might be replaced with a standard paragraph of advice requiring due diligence. This would more actively put the buyer on notice that due diligence is required and address the need for the body corporate to cooperate in providing relevant information.

A further option would be to strengthen the existing regime. The challenge would be to manufacture a test flexible enough to capture and respond to new building

defects as they arise, and wide enough to capture all relevant information. For this reason, removal of the regime altogether, or replacing the current disclosure requirements with a standard due diligence paragraph, are arguably preferable options.

While the current disclosure regime ensures that certain categories of information are provided to prospective purchasers, it is some way off delivering on its 'no surprises' goal 🙄



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# DIVERSITY IN PROPERTY INVESTMENT

**Which properties to  
own and where in a  
post COVID-19 world**

VAUGHAN WILSON

## **Diversity varied**

Diversity is a common war cry in the investment industry, with 'experts' extolling the benefits of their investment holdings and investment funds. Diversity is often described as the mix of shares versus bonds against cash versus direct property ownership (and perhaps other asset ownership such as artwork and gold).

There are also the diversity arguments for property people, such as the pros and cons of investing in listed property companies like Precinct Properties versus direct property ownership. Then there are the infinite arguments within direct property ownership of residential or commercial, and within commercial it is office buildings versus industrial versus retail and of course farms and other property types.

Location, tenure aspects, age, redevelopment – the variables are considerable, even in a small economy like New Zealand. And, of course, there are the same considerations but in an international context.

Whatever your choice, diversity in investments has been proven over and over to smooth out risk over the long term and to ensure the able-bodied investor has a 'diverse portfolio' for their nest egg.



**Assets once seen as bullet-proof and buoyant in a New Zealand context, often underpinned by the ever-expanding tourism industry, were overnight plunged into the abyss.**

### COVID-19 implications

And now COVID-19. Who could have foreseen the carnage it has created with entire economies locked down for extended periods of time? Assets once seen as bullet-proof and buoyant in a New Zealand context, often underpinned by the ever-expanding tourism industry, were overnight plunged into the abyss.

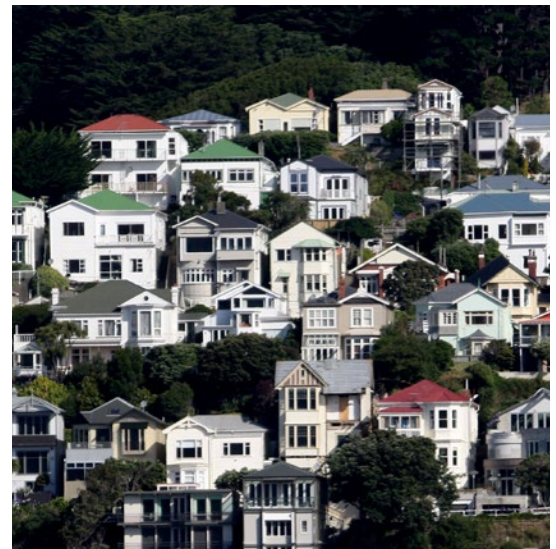
Those titans of industry and investment, experts in so-called diversity, have also suffered from a lack of segregation of risk in investment. Richard Branson made a fortune in the music industry and in retailing records and CDs. In the 1980s he started Virgin Atlantic Airways to compete with British Airways. Needing additional capital to expand he sold Virgin Records and retailing stores to Thorn EMI for \$US1 billion in 1992. Since then he has expanded with a subsidiary airline in Australia (retaining just 10%), rocket developments for space tourism, hotels, cruise lines and specialist accommodation on his privately-owned island.

It seemed he expanded his wealth and fortune by diversifying into the string of varying businesses listed above, which also included telecommunications, banking and soft drinks, all of which have had varied levels of success.

However, it seems there was a chink in Sir Richard's armour, something perhaps even he overlooked in his diversified investment strategy. He was not diversified at all for a certain particular unexpected development – a pandemic. All his successful businesses, whether they be hotels, cruise ships, airlines and rocket ships, all centred around two vital aspects – tourism and transport.

Space tourism is still very much in its infancy so this is not nearly as affected, except it requires significant capital to complete its development. But for the other businesses, they have all been side-lined during COVID-19 in each and every country they operate within. Branson is scrambling for cash and has even reached out to the British Government for a bailout of Virgin Atlantic, something Boris' Cabinet are not too keen on seeing he does not pay tax in the UK.

But it's not all doom and gloom, as some businesses have been doing very well during the COVID-19 outbreak and lockdowns. These include supermarkets, which in New Zealand were effectively made monopolies overnight as there were little alternative places to buy food from. Others include web designers who were kept busy updating government and company websites with COVID-19 updates.



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## In New Zealand, numerous large anchors have started to leave malls to set up their own store nearby, thereby controlling their environment and their rent.

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Computer game manufacturers and at-home gym equipment manufacturers have made a small fortune of late, with people seeking something to occupy themselves with during lockdowns. Couriers have been flat out all over the world delivering items purchased over the internet. Amazon has had a field day. Zoom has become a household name and been used by many more people than three months ago.

Prior to COVID-19, developed nations were moving towards digital economies and e-commerce was growing rapidly. The use of teleconferencing was expanding and fibre optic networks were being developed at a massive rate. People's ability to work from home was only limited by their job description and that basic human need to socialise.

COVID-19 has not only sped this up, it has proven it is feasible never to leave the house – for anything. How many of you got your groceries delivered during the lockdown but had never used this service before? How many of you took part in a Zoom conference during the lockdown and had never used it prior to that?

### **Retail**

Retail is a big the loser in this COVID-19 situation. Many stores and chains were under duress due to the growth of e-commerce, in particular Amazon.com and other online retailing. COVID-19 has finished them off. Whilst writing this article JC Penny has gone to Chapter 11 (a pre-bankruptcy stage) in the US, the fourth household name retailer over there to do so in two weeks. It has over 800 stores and employs 90,000 people.

Analysts in the US are projecting the loss of 100,000 retail stores over the next five years, almost four times as many as closed during the GFC recession. Retail is struggling

and shopping centres are not immune. All over the world, large anchors are either moving out or closing for good and the rot sets in from there. In 2018, over 200 malls in the UK were in distress. What would they be like now? In New Zealand, numerous large anchors have started to leave malls to set up their own store nearby, thereby controlling their environment and their rent.

### **Tourism**

Over the last 10 years tourism in this country has been the darling of both New Zealand exports and for local economies. Prior to COVID-19, tourism expenditure was \$40.9 billion per annum (this increased by almost \$14 billion since 2014).

International tourism (which was New Zealand's largest export prior to COVID-19 making up 20.4% of our exports) was \$17.2 billion, and domestic tourism was the majority of the tourism spend at \$23.7 billion. It is this majority the Government is now seeking to capitalise on to keep tourist operators afloat and to assist the economy to get back on track.

New Zealand's tourism, like the rest of the world, has been decimated under COVID-19. Tourism operators have seen their business go from boom to bust overnight. Some hotels have been used for quarantining during the crisis, but for most tourism-based businesses, it has been zero income since the pandemic hit high gear and will be slow as New Zealand comes out of lockdown and Kiwis venture out to travel, or can afford to travel.

People offering Airbnb and similar had expanded like the COVID-19 virus itself leading up to March 2020. It catered for all types of travellers and filled in the gaps where there were not enough motel and hotel offerings, particularly in

places of significant tourist numbers such as Queenstown. That business too dried up under the crisis. Properties that were Airbnb have been turned into regular rental properties, but in places like Queenstown where the demand for regular dwelling tenure has dried overnight, rents are plummeting and properties are sitting vacant.

### **Commercial rentals and industrial property**

Commercial tenants requested reduced rental during COVID-19 from their landlords. Those under the latest ADLS Deed of Lease had a clause 27.5 stating that in an emergency should the tenant not be able to gain access, then a fair proportion of the rental shall cease. Emergency is defined at the rear of the lease, but has an epidemic as an inclusion.

For the most part, landlords came to the party and negotiations with tenants proceeded during the Level 2 period. For those without this clause or something similar, discussions still occurred with some landlords being more forthcoming than others. Landlords for the most part had operating expenses and mortgages to pay, so all parties were in need of either rent received or rental relief.

The long-term future of commercial rentals and yields is uncertain. Certainly, if there is a glut of commercial office space for lease or sub-lease coming to the market, rentals will reduce. The same can be said for retail should there be a large volume of vacant or sub-lease premises for lease. There will be pressure on yields to increase to reflect the increased risk of property ownership, but with historically low interest rates and no reason for these to rise in the medium term, yields on most investments should stay strong.



**Many office workers are expecting some form of working from home to continue into the long term, which could massively affect demand for office space in our major centres by private and government tenants.**

Commercial property owners have been hit hard since the Christchurch 2010-11 earthquakes, with expensive re-strengthening work, especially in areas of high earthquake risk such as Wellington. Some discovered asbestos post the 2016 Kaikoura earthquake, also contributing to closing properties while this expensive problem was rectified.

Industrial property is also exposed to this type of negative market activity. During COVID-19, Pacific Wallcoverings, the largest wallpaper manufacturer in Australasia, went into liquidation in Porirua. They occupy a massive property including 16,000 m<sup>2</sup> of industrial buildings. However, other types of industrial property are still in demand for businesses that have not been so affected by COVID-19 such as service companies (motor vehicle, servicing, parts suppliers) and logistics buildings used for storage and distribution (modern warehousing in major centres).

### **Working from home**

Post the Level 2 status of COVID-19 the jury is still out, but many people have found they could easily work from home and actually enjoyed it. For some they were more productive due to the lack of interruptions and travel time. Others have enjoyed a roster system since New Zealand has gone to Level 2 of going into work on certain days or weeks to ensure social distancing. Some government agencies removed every second desk or relocated these to workers' homes.

This trend is still developing and it will take time to see if it catches on, but many office workers are expecting some

form of working from home to continue into the long term, which could massively affect demand for office space in our major centres by private and government tenants.

Also, contrary to panic buying in the early part of the lockdown, we did not run out of toilet paper. In fact, the staples found at most supermarkets continued to be available throughout the lockdown and the typical consumer did not go without.

### **Where to invest**

So, is investing in farms the answer? Perhaps, but these are coming under huge pressure to reduce carbon emissions over the coming decades, which will add real costs and compliance to operations and reduce production in some cases. Coupled with this are the other natural disasters that farmers face (and are facing during COVID-19) such as drought.

Forestry has been making a play of late leveraging off carbon credits capabilities. Part or all of farms are being planted throughout New Zealand. But could this lead to a glut of timber if other countries are doing the same, particularly with newsprint going the way of the dodo. Log exports were one of the first and hardest hit exports during the initial stages of COVID-19 where traditional buyers like China suddenly shut their ports and did not accept further shipments. Plus, the long growing cycle of *Pinus radiata* or similar compared to agriculture means it is very difficult to adjust your investment if the market takes a turn. Once planted you are largely committed for 27 years, which is very long time, even in property investment.

So, what to invest in and where? Right now, it is very hard to tell. Residential still makes sense because people need to live somewhere, but you have large companies such as Fletchers laying off 1,500 workers stating that even in residential building there will be a downturn. Recessions have a habit of doing that. Large numbers of people being made redundant also turns off the tap in the buying/upgrading/making improvements to residential, which has a flow-on effect on building supplies, trades and the real estate industry.

Places like Queenstown and Rotorua will have depressed local economies due to the lack of tourism. Those markets would be for only the bravest of property investors who do not need to see an initial return and can afford to wait for the good times to return, but also possibly pick up a bargain at the same time.

Auckland and Wellington seem to be the most sheltered for most property



types, with provincial centres like Tauranga, Gisborne and Napier holding up due to their economies being largely unaffected due to strong demand for agriculture and related industries.

The Government will continue to build new houses under their various programmes for first-time house buyers and state house portfolios. This will not only help to stimulate the economy, but also provide housing for the growing numbers who are now not able to afford their own home/rent a home from the private market. Investment in some form or another, particularly in the major centres such as in Porirua, will be a key marker for the property investor.

There are around 1.9 million residences in New Zealand with around 40% owned by amateur landlords, many who will need to sell under the recession in a post-COVID-19 environment. Recent years have seen a significant drop in residential ownership across all ages, but still the highest level of ownership is with the older baby boomers, over 70 years old. They own the majority of the higher priced property too.

Media reports prior to COVID-19 suggested New Zealand was at least 40,000 residences short of demand. Other reports suggest the housing market is near perfect in supply, but that the supply is in surplus in areas of little demand and in a shortage such as Auckland where demand is greatest. Evening out this imbalance will likely fall to the Government during the recession, with private construction taking a backseat.

Retirement homes have seen a massive explosion in growth as baby boomers (the largest demographic in New Zealand and the oldest of whom are 74 years old), retire and seek aged care facilities. These facilities are typically developed by one of a handful of large specialised developers who have the capital base to endure the years long process of acquiring land and gaining resource consent. The baby boomer phase will continue for many years to come when the last of them reaches their mid to late 70s, which is in 2040-2045.



Of course, it was in retirement homes that the most deaths from COVID-19 occurred or were traced to. This may affect the demand for retirement home usage in the short term, but most of these facilities had no deaths and very few cases. Excellent hygiene and site governance ensured the risk was managed.

So where to invest? And what to invest in? Probably too early to say for certain given these unsettled times, but only the brave will be looking at hotels, strip retail, certain bulk retail and commercial office buildings. There seems to be more certainty surrounding retirement homes and retail relating to the selling of food supplies (supermarkets), but entertainment, hospitality and tourism-based property will be forever exposed to a similar pandemic situation.

Farms, particularly agricultural and with an angle such as self-sustaining (water and/or energy) or organic, will be in high demand. Residential may have had its day for the moment, but will bounce back as the economy improves.

The rules haven't changed. We still have a property cycle. Property investment is still just a matter of timing, patience and perhaps a bit of luck 🍀



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# NAVIGATING THE LIFECYCLE OF A PANDEMIC

## for directors and boards

STEVE WALSH



COVID-19 has changed our entire world and is affecting businesses in New Zealand in unique and nuanced ways. No matter how well prepared a business is through business continuity planning to respond to a pandemic, the reality is that things have changed and moved quickly at critical points.

**M**any businesses have found themselves playing catch-up at different points as the pandemic's growth and impact has hijacked the usual risk management framework and protocols. How an organisation responds to COVID-19 will not only depend on its preparedness and resources, but also on what stage of the pandemic lifecycle it is operating in.

As we transition into loosening the lockdown and other restrictions, the next wave of considerations (including duty of care and business operational shifts) will become the focus of board conversations.

### Implications for directors

For directors, navigation through the pandemic lifecycle creates parallel responsibilities – the requirement to continue to drive strategic risk management issues whilst their executive manages the day-to-day response. There are also personal obligations on directors during this time relating to their duties to govern and discharge their responsibilities as directors.

### Balancing the strategic with the tactical

The enormity of multiple issues at once (including employee health and wellness, declining operating revenues, a tough economic trading environment and supply chain interruptions) will put pressure on the most seasoned businesses, boards and directors. The role of the board will be ever more critical for challenging and supporting a robust framework to follow.

## As we transition into loosening the lockdown and other restrictions, the next wave of considerations (including duty of care and business operational shifts) will become the focus of board conversations.

Understanding where you are in the lifecycle of the pandemic is critical to ensuring resources are focused in the areas that matter the most. Courtesy of Marsh, the lifecycle diagram on the next page highlights each phase of the pandemic and its specific characteristics. Marsh have mapped the stages of the pandemic against the challenges that you may face and actions you can take in each area to better deal with each situation.

### Challenges and opportunities during the pandemic lifecycle stages

- **Cost savings**

Through insurance rebates, different insurance selection tactics and using cashflow vehicles such as premium funding or surety bonds, there are many steps that businesses can explore taking to proactively manage the preservation of cash and balance sheet risk.

- **Employee wellbeing and productivity**

Ensures the continued functioning of the business and/or the ability to pick up again when things turn. The response

required is different at each stage of the lifecycle and is based on maturing the organisation or the industry. For those businesses classified as 'essential services', there is a particular focus on employee wellbeing and work in what can be described as difficult operating environments.

- **Changing risk profile**

Is the risk profile up to date in the light of change and what insurable risk identification and gap analysis should be undertaken to develop confidence in the right approach? Of particular interest to directors is the changing profile of your liability relevant to the temporary provisions of the Companies Act, referred to as the Safe Harbour and Debt Hibernation provisions.

- **Risk management**

Whether the business is an essential service or not, we are already seeing businesses and directors pursue opportunities to manage risk in a different way. Employee health and wellness is a current top priority, but also risks such as managing unoccupied premises, cashflow, Directors & Officer's liability, movement of goods, imports/exports and the supply chain. These are all areas that you are likely to need a different solution to during and post-COVID-19.

### Quickly assessing your business ability to manage impacts

Have you responded to protect the core business and your people? How does the business recover and emerge as a stronger operator? When moving at pace to respond, many organisations have found themselves in the moment. Simple tools can give the board and directors a quick overview of areas that have been covered and those requiring attention.

Using the Marsh checklist that follows will give your executive team and board

an easy guide to traverse the risk and insurance landscape right now. The line between managing the risks of your business versus those as a director can become blurred in times of crisis, so it is vitally important that the principles of good governance be upheld and that you can discharge your directorial duties in a meaningful and professional manner.

## Understanding where you are in the lifecycle of the pandemic is critical to ensuring resources are focused in the areas that matter most.

See also this link to our COVID-19 solutions webpage: [www.marsh.com/nz/campaigns/pandemic-lifecycle.html](http://www.marsh.com/nz/campaigns/pandemic-lifecycle.html)

Steve Walsh has been involved in corporate risk and insurance broking for over 26 years and has been with Marsh since 2001. During this time he has managed many large corporate and government clients focusing on liability, property and construction. Steve has a Diploma in Risk Management from the Institute of Risk Management, London and a Diploma Te Ara Reo Māori from Te Wānanga o Aotearoa. [steve.garland@marsh.com](mailto:steve.garland@marsh.com)

# Navigating the pandemic response lifecycle

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GROWTH & BUSINESS INTERRUPTION	PANDEMIC RECOVERY	POST-PANDEMIC
<p>Infections and lockdowns significantly impacting vulnerable sectors.</p> <p>Confidence and spending resulting in widespread revenue reductions.</p> <p>Working from home implemented and associated productivity losses.</p> <p>Due to rapidly changing operating environment.</p> <p>Contain losses and maintain cash flow.</p> <p>Due to contractual disputes and liability exposures.</p> <p>Compliance issues significantly impacting physical assets.</p>	<ul style="list-style-type: none"> <li>• Slowly increasing business confidence and certainty.</li> <li>• Stability in workforce numbers and return to the workplace.</li> <li>• Supply chain recovery.</li> <li>• Increased evidence of company failures.</li> </ul>	<ul style="list-style-type: none"> <li>• Companies who respond effectively now quickly gaining market share.</li> <li>• Significant hiring and HR demands.</li> <li>• Changes to operational models and market dynamics.</li> <li>• Recovery of financial markets.</li> <li>• Companies and governments now more resilient to respond to pandemics in the future.</li> </ul>
<p>Business interruption declared value review and updates.</p> <p>Preparation for forced closures from governing bodies and settle</p> <p>Work retention and limit reviews.</p> <p>Design/consulting services.</p> <p>Use of bank facilities and improve cash flow.</p> <p>Improve cash flow.</p>		<ul style="list-style-type: none"> <li>• <b>Asset valuations</b></li> </ul>
<p>Assessments, strategy, up skilling manager/supervisors.</p> <p><b>Business strategies</b></p> <p><b>Redundancy</b></p> <p>Support to our clients employees who are financially impacted.</p> <p><b>Business</b></p>	<ul style="list-style-type: none"> <li>• <b>Return to Work Programs</b></li> <li>• <b>Fitness for Work Assessments</b></li> <li>• <b>Psychological Support</b></li> <li>• <b>Existing Life, Disability and Health Insurance Health Checks</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Pre-employment fitness assessments</b></li> <li>• <b>Employee Benefits program</b></li> </ul>
<p><b>Threats:</b> Risk Identification, Quantification and Mitigation.</p> <p>Regular updates, advice and support for employee redundancy risks.</p> <p>Specialist advice on coverage and compliance in a changing environment.</p> <p><b>Options:</b> Options and support around financial well-being.</p>		<ul style="list-style-type: none"> <li>• <b>Insurable Risk Identification and Insurance Gap Analysis</b></li> </ul>
<p><b>Advisory:</b> 30 day action plan, specialist advisor secondment, support.</p> <p>Cost of retaining talent during business downturn vs making talent business returns.</p> <p><b>Seminars/Advice:</b> Protecting your capital (businesses/workforce).</p>		<ul style="list-style-type: none"> <li>• <b>Post event response</b></li> <li>• <b>Loss scenario planning</b></li> </ul>

advice regarding any individual situation and should not be relied upon as such. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our professional advisors. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh makes no representation regarding the availability, cost, or terms of insurance coverage.

# Checklist: Managing the operational impacts of COVID-19

## NON NEGOTIABLE ACTIVITIES AND BEHAVIOURS

### HOW DO I RESPOND NOW TO PROTECT CORE BUSINESS AND PEOPLE?

### WHAT DO I NEED TO DO TO PROTECT MY BUSINESS AND CONTINUE TO OPERATE?

Undertake effective

Implement

Prioritise the

Align response, rec

## Internally Focused Priorities

### OPERATIONS COMMAND CENTRE / WAR ROOM

- ☐ Activate and empower Business Continuity/Crisis Response Command Centre
- ☐ Activate and communicate Communications Plans & Strategies
- ☐ Stay informed with Credible Source and Government guidance
- ☐ Undertake Scenario Analysis to determine decision making tolerances
- ☐ Communicate BC Leadership, Alternate and BC Team to the organisation

- ☐ Continue to mo
- ☐ Update Busines
- ☐ Adopt organisa
- ☐ practises ensur

### WORKFORCE PLANNING & STRATEGY

- ☐ Implement guidelines on limited face to face working practices
- ☐ Update Corporate HR Policies on Annual leave, Sick Leave and Carers leave
- ☐ Consider establishing alternate work teams for office time and resources by staggering shifts
- ☐ Implement remote working communication protocols
- ☐ Ensure regular and appropriate cleaning regimes of all shared areas (arrangements for/with cleaners)
- ☐ Communicate processes for preventing the spread at the worksite/office
- ☐ Anticipate employee/community fear, rumours and misinformation and plan communications accordingly
- ☐ Provide information for those at home caring for ill employees
- ☐ Offer EAP or other assistance
- ☐ Monitor and plan to take action on investments
- ☐ Implement new expenditure protocol (if one needed/developed)
- ☐ Validate cash reserves and free up additional cash if required

- ☐ Develop and inf
- ☐ Ramp up opera
- ☐ Monitor impact
- ☐ Consolidate ext
- ☐ Review investm
- ☐ Review contrac
- ☐ Investigate any
- ☐ – seek compens
- ☐ Reimagine the c

### ICT AND DIGITAL

- ☐ Establish sufficient number and secure VPN to support WFH arrangements and implement remote work
- ☐ Develop platforms for communicating status and actions to employees, suppliers and customers in a consistent and timely manner
- ☐ Develop additional training programs to support the increase of in-house work
- ☐ Optimise and implement protocols for demand increases

- ☐ Optimise e-com
- ☐ Update digital l

### BUSINESS CONTINUITY PLANNING

- ☐ Activate your BCP plan focussing on critical operations by location and function

- ☐ Follow resumpt
- ☐ Gradual return
- ☐ Review and deb
- ☐ Implement equi
- ☐ Exit non core o

## Externally Focused Priorities

### SUPPLY CHAIN

- ☐ Identify supply chain risks and potential disruptions
- ☐ Identify alternate suppliers and establish memorandum of understanding (MOU)
- ☐ Identify suppliers of critical stores and develop arrangements (MOU)
- ☐ Activate BCP and initiate alternative supply processes
- ☐ Prioritise the use of critical supplies

- ☐ Collaborate with
- ☐ ramp up operat
- ☐ Prioritise orders
- ☐ Restock supplie
- ☐ Review supplier
- ☐ Undertake a mu
- ☐ threat assessme

### CUSTOMER ENGAGEMENT

- ☐ Implement formal communication processes with external shareholders/stakeholders (press releases, webcasts, website information portals etc.)
- ☐ Implement Customer Communication Plans and Strategies with a focus on accurate and timely information only
- ☐ Monitor response/reaction
- ☐ Understand customer exposure and support their planning and preparation and response.

- ☐ Review orders a
- ☐ Recognise custo

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# COVID-19

HOW TO RECOVER BY BECOMING AN ADAPTING BUSIN USUALLY LEARNING ORGANISATION?	HOW WILL I EMERGE AS A STRONGER OPERATOR?	ACCOUNTABILITIES	RESPONSIBILITIES
<p>Effective and timely communication to all employees and stakeholders</p> <p>Demonstration of Leadership</p> <p>Effective command, control and coordination activities</p> <p>Ensure the Safety and Wellbeing of your employees and customers</p> <p>Ensure recovery and emergent activities to organisations values and norms</p>			
<p>Monitor all business units, actions and decisions</p> <p>Business Continuity/Crisis Response playbook</p> <p>Facilitate continual continuous improvement, learning and adapting</p> <p>Ensure all Crisis inspired innovation is captured</p>	<p><input type="checkbox"/> Update the crisis response playbook</p> <p><input type="checkbox"/> Use lessons to improve future response</p> <p><input type="checkbox"/> Undertake routine vulnerability and threat assessments</p>	CEO	<ul style="list-style-type: none"> <li>• CRO</li> <li>• Corporate Affairs</li> <li>• General Counsel</li> <li>• Chief Technology Officer</li> <li>• Director of Operations</li> </ul>
<p>Form staff of new RTW protocols</p> <p>Ensure operations ensuring staff are ready for full workload</p> <p>Review of initiating BAU workload and backlog stress</p> <p>Review extra expenditure and seek to claim if possible</p> <p>Identify emergent strategies</p> <p>Monitor KPIs</p> <p>Ensure clauses breached in contract for non delivery</p> <p>Ensure satisfaction</p> <p>Ensure operating model</p>	<p><input type="checkbox"/> Integrate implemented protocols to revise organisational norms</p> <p><input type="checkbox"/> Incorporate scenario analysis into strategy setting activities</p> <p><input type="checkbox"/> Develop a crisis ready organisation and talent pipeline</p> <p><input type="checkbox"/> Embrace innovation</p>	CEO	<ul style="list-style-type: none"> <li>• CFO</li> <li>• Director of Operations</li> <li>• Director of Procurement</li> <li>• Director of Human Resources (People and Culture)</li> <li>• Commercial Director</li> </ul>
<p>Ensure commerce and customer/channels and strategy</p> <p>Ensure earnings and properties</p>	<p><input type="checkbox"/> Implement digitally enabled future work processes and back up solutions</p>	Chief Technology Officer (Information)	<ul style="list-style-type: none"> <li>• CRO</li> <li>• Business Continuity Leadership</li> <li>• CFO</li> <li>• Chief Technology Officer</li> <li>• Corporate Affairs</li> <li>• General Counsel</li> </ul>
<p>Ensure action actions on BCP</p> <p>Ensure to BAU if necessary</p> <p>Ensure brief with primary stakeholders</p> <p>Ensure capacity raising activities and debt financing options</p> <p>Ensure under-performing markets, products or services</p>	<p><input type="checkbox"/> Maintain financial forecast models</p> <p><input type="checkbox"/> Undertake stress testing activities for operating model, financial model and response activities</p> <p><input type="checkbox"/> Build resilience</p> <p><input type="checkbox"/> Capture Black Swan and White Swan events</p>	CEO	<ul style="list-style-type: none"> <li>• CRO</li> <li>• Business Continuity Leadership</li> <li>• CFO</li> <li>• Chief Technology Officer</li> <li>• Corporate Affairs</li> <li>• General Counsel</li> </ul>
<p>Ensure with suppliers and customers to synchronise</p> <p>Ensure operations</p> <p>Ensure s</p> <p>Ensure s</p> <p>Ensure KPI's</p> <p>Ensure multi level network supply chain risk review and</p> <p>Ensure ents</p>	<p><input type="checkbox"/> Rebuild supply chain networks with improved resilience</p> <p><input type="checkbox"/> Strengthen contingencies and transparency within the supply chain</p> <p><input type="checkbox"/> Identify new supply lines and networks</p> <p><input type="checkbox"/> Involve suppliers into scenario analysis</p> <p><input type="checkbox"/> Clarify expectations (formal and informal)</p>	CEO	<ul style="list-style-type: none"> <li>• Commercial Director</li> <li>• Procurement Director</li> </ul>
<p>Ensure and existing commitments</p> <p>Ensure customer loyalty</p>	<p><input type="checkbox"/> Establish open communication channels</p> <p><input type="checkbox"/> Embrace innovation to reconsider the customer engagement model</p> <p><input type="checkbox"/> Involve customers into scenario analysis</p>	Corporate Affairs	<ul style="list-style-type: none"> <li>• Marketing Director</li> </ul>

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Annual Report

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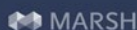
## PROPERTY INSTITUTE

We represent close to 2,000 professionals who play an active role in New Zealand's property industry and we speak to a much broader audience. Our members include valuers, property managers and property advisors, who come from all sectors, be it local bodies, banks, insurance firms, large corporates, sole operators or small family businesses. We are a 'member first' organisation that strives to deliver value, benefits, advantage and high quality industry insights to our supporters. While our individual communities are part of the PINZ family they all maintain their unique identities, with bespoke education, support and services for their members, and with the aim of elevating the standing of their respective professions.

Our members' aspirations for continuous professional learning and development guide the Property Institute in its strategy to deliver a wide range of events and education, including online learning, regional and national property networking opportunities, seminars with industry experts, recognised professional CPD, recognition and national awards, and a first-class annual conference – among some of the many initiatives.

The Property Institute also works on behalf of members to promote their interests with policy-makers, opinion shapers and other professional bodies. Through these efforts we seek to promote professionalism, ethical conduct and innovative thinking within the property industry.

Thank you to our sponsors:



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## Luke van den Broek

Luke van den Broek is the youngest ever President and Board Chairman of the Property Institute of New Zealand. He is a Registered Valuer, Associate Member of NZIV and Senior Member of PINZ.

Luke has held various roles in the Institute including being the past Chair of the Waikato Branch, past Chair of the Finance, Audit and Risk Committee, past member of the Education Committee and current member of the Canterbury/Westland branch.

Luke was part of the PINZ Young Leaders Programme from 2015 to 2017, and was the 2017 recipient of the Property Institute of New Zealand Young Property Professional of the Year Award.

Luke is National Valuation Manager at Marsh & McLennan and holds particular experience in local government rating valuations, insurance valuations and valuations for financial reporting.

He has 12 years' experience providing valuation and advisory services for a diverse range of property types including rural, residential and lifestyle.

Luke holds a Bachelor of Business Studies with a Double Major in Valuation and Property Management and Agribusiness from Massey University. He is in the final stages of completing his Master of Business Administration through the School of Business & Law at the University of Canterbury.

# PINZ PRESIDENT'S REPORT

Whilst I reflect on what was 2019 I sit at home in my family bubble, waiting out the Level 4 lockdown along with my fellow New Zealanders. The challenge before us is indeed unprecedented with a health crisis that has severely impacted our economy and the way we work.

## Key changes in last year

I was privileged to be elected President of the Property Institute of New Zealand at our national conference in June 2019. A lot has happened for the Property Institute since then with some key changes at the forefront. The changes are driven by a need to prioritise relevance and service; the things that we do must be relevant to each of you as members and the way we deliver the service must be professional. I am proud to be part of a membership-based organisation focused on elevating the standing of its members within the property profession. Our members play an active role in promoting professionalism, ethical conduct and innovative thinking.

To be relevant we must have clear communication with the membership communities that PINZ serves. Knowing what you want and delivering it has become our primary focus. To enable this for every member we have clearly identified and re-branded the professional communities that fall under the PINZ umbrella. We are a diverse group of property professionals with a wide range of needs – now each community has its own voice to identify what they would like PINZ to deliver on. What the plant and machinery valuation fraternity need for their members is different from our property managers

and advisors and from the New Zealand Institute of Valuers.

To drive this discussion we held day-long strategy workshops with each Institute and their Chairs. The questions we aimed to answer start at the very foundation – who they are, what they do as professionals, what they want their profession to become – and the answers to these questions have allowed us to create a vision and a clear strategy to achieve it. These discussions have allowed us to focus on some quite specific tasks that are considered fundamental to each community. PINZ continues to administer the core membership services.

## New CEO – Viv Gurrey

In September, we welcomed Viv Gurrey into the PINZ Chief Executive role. Viv has very quickly made herself at home, meeting members at various Institute events, making some strong new appointments to the National Support Team, and re-aligning our resources and efforts to ensure we are delivering to our professional communities. Viv is most definitely the professional Chief Executive the Appointment Panel and the Board were looking for, and her vast executive experience and eye for processes, policy and detail is vitally important for the next phase of the Institute.

## Board work

In February 2020, the Board spent two days together in Wellington. Whilst we have high expectations of our new Chief Executive and National Support Team the Board hold themselves to the highest standard as well. We have committed to pushing boundaries and the status quo to ensure we continue to make strong progress. We took the opportunity to have governance training run by the Institute of Directors (Governance Essentials for Not-for-Profits). The following day we had our board meeting and utilised some of our newly learned skills.

As President, I wish to recognise the support of each member of the Board for the work they do on behalf of our members – in 2019 we started asking some difficult questions of ourselves and the expectation of what the future of PINZ looks like. We will be reviewing our overarching PINZ vision and strategy to ensure we deliver on our promises to the individual communities now and in the future.

## Thanks to Chairs and National Support Team

Reflecting on the year that's been, I would like to pay tribute to the Chairs of our five communities: Steve Bown – Plant & Machinery Valuers Institute, Jeff Alexander – NZIV, David Pearce – Property Managers Institute, Des Wai – Institute of Property Advisors and Consultants, Phil Porteous – Commercial Property Managers Institute and their Councils for their hard work and dedication. The time commitment required at times can be substantial and I thank them for their contribution.

I would also like to acknowledge the following Chairs, their respective

boards and committees. The Chair of the Standards Board – Blue Hancock, Chair of the Professional Conduct Committee – David Patterson, Chair of Finance Audit & Risk – Pat O'Reilly, and the 17 Branch Chairs throughout New Zealand who are so giving of their time for the benefit of their local members. Behind the PINZ Board our Chief Executive and our talented National Support Team are an army of property professionals who allow our organisation to function.


## COVID-19 response

The strength of our structure and the roles and responsibilities that are distributed across our organisation have proven successful in our response to the COVID-19 crisis. We have been able to respond efficiently and effectively to the call for clarity on standards and the ethical expectations the Institute expects of its members in the changing working environment of lockdown.

Apart from the immediate impact on business operation we have also made the tough decision to cancel the 2020 conference. Our minds have already turned to planning for our coming of age – 21 in 2021. This will be taking place in Auckland at the Cordis – so we can take advantage of the huge volume of work that had already been carried out in preparation for this year's conference. This will be a big deal, as PINZ has won its bid to host the IVSC-WAVO International Valuation Conference here in 2021, which will bring guests from all over the world to our conference. Put it in your diaries and I hope to see you there.

This year in 2020 we celebrate 20 years of working together in partnership; it's also the year we re-invent ourselves so that we can be the best that we can be. Together we can work through the challenges of a COVID-19 world to continue to elevate the standing of our members with professionalism, ethical conduct and innovative thinking.

Luke van den Broek  
President  
Property Institute of New Zealand



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**Together we can work through the challenges of a COVID-19 world to continue to elevate the standing of our members with professionalism, ethical conduct and innovative thinking.**

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## Viv Gurrey

Viv Gurrey is the Chief Executive Officer of the Property Institute of New Zealand. She is a leadership and governance professional who brings a unique set of skills and experience to the role.

Originally from the UK, Viv has worked extensively in Asia, Europe and the Pacific in leadership roles across membership services organisations. With a background in marketing, she spent many years in leadership roles as a Chief Executive Officer and Managing Director in the corporate sector.

Prior to moving into the membership services arena, Viv was the Chief Executive Officer and Managing Director of SAP NZ. She ended her time with SAP on a high note with exceptional global results, having negotiated and delivered the \$25 million dollar sponsorship to support Team New Zealand and put SAP on the spinnaker of the 2003 Team NZ boat. Before that Viv spent several years in various marketing, sales, quality management and leadership roles with the IBM Corporation.

Delivery of professional services and building and executing strategy has been a common theme across her career. The provision of digital services and technology in a changing environment is a key interest area.

Prior to joining PINZ in September 2019, Viv had been a Board Member and Deputy Chair of the Pharmacy Council of New Zealand since 2012. She was also involved in a number of subcommittees, including chairing the Finance & Audit Risk Committee, Complaints Screening, Professional Standards and Professional Conduct Committees. Viv's governance portfolio was bolstered by her Ministerial Appointment to the Board of Stand Children's Services on which she represented the then Minister for Social Development as a Board Member for over nine years.

Viv had the honour and privilege of leading two significant membership services organisations in their sectors as Chief Executive – Parents Centre's NZ Inc and Crohn's and Colitis New Zealand. Both roles held change management elements, with a large focus on building and delivering membership services and bringing about serious legislative change through lobbying and advocacy initiatives.

Viv is married with two adult children and is based in Wellington, New Zealand.

# 2019 NOW SEEMS A LONG TIME AGO

It is a privilege to offer my first Annual Report as Chief Executive Officer of the Property Institute of New Zealand. I am also proud to lead our team at the National Support Centre. Our National Support Team are committed and dedicated to bringing professional services, education and support to our councils, professional community chairs, our communities, our branches, and most significantly to our membership.



Phil Twyford and Viv

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The foundation of leadership for a membership organisation is about three fundamental things:

1. Establishing a clear vision and clarity of purpose.
2. Establishing the culture to deliver against that vision.
3. Empowering our teams to deliver for our members and execute the vision.

It's been a privilege to meet many of you over the last eight months. For those who I haven't had the pleasure to meet I would like to give a flavour of how I see my leadership over the coming year as we also report on the past 12 months.

Relationships are important to me, as I know they are also important to you, and we have worked hard to open the door so we can get to know each other better and to build trust.

We are here to listen, to hear what you have to say, and will use your feedback to assist in supporting you well. I would like to talk briefly about how we intend to cement our vision of an organisation with a 'member first' philosophy and begin what will be a journey in the new environment we find ourselves in.

I intend to talk briefly about three main areas of focus for me:

1. What I have observed in my first nine months leading the organisation, our membership, and importantly what you can expect. I would like the coming months to be a time for us to get to know each other and start to build trust and a strong relationship. That is exactly how we will thrive.
2. The vision for the future and the culture we need to execute it. This is about people and how we take people along with us on the journey. At the end of the day membership is built from people – nothing more, nothing less – and meeting our members' needs is our mutual aim.
3. As we celebrate 20 years of collaboration and engagement, building on this foundation with resources, systemisation, processes and strategies that empower people to deliver.



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## We are here to listen, to hear what you have to say, and will use your feedback to assist in supporting you well.

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First though I want to acknowledge you – our members – because without you (simply put) we have no organisation. I also want to acknowledge our volunteers who selflessly give up their time so we can elevate the profession and the professional standing of those in it. You know who you are – our committee members, our organisers, and everyone else who contributes time and valuable resources to enable us to do what we do.

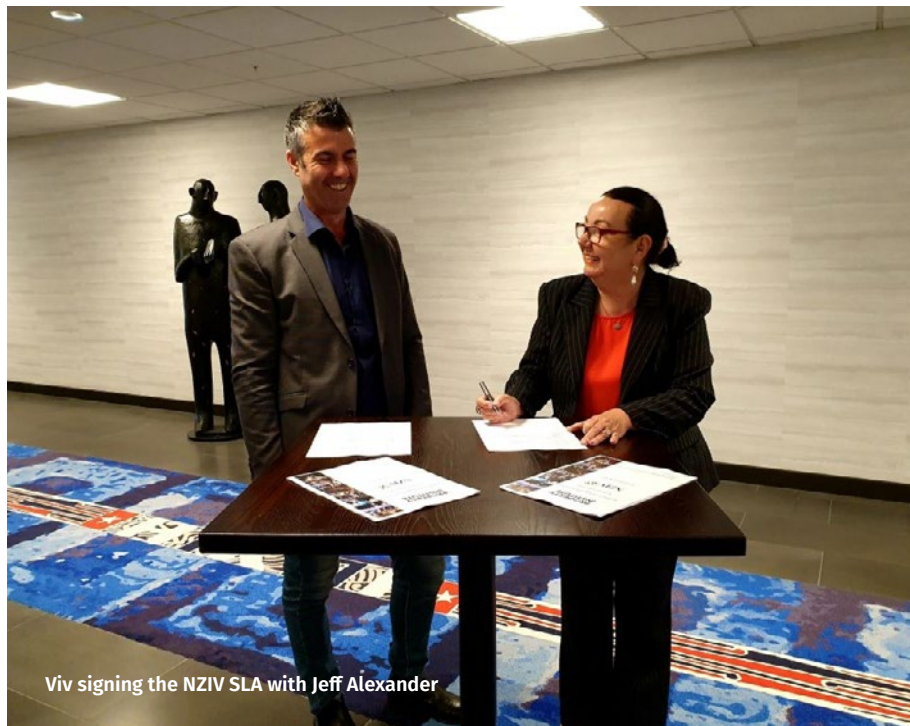
Of course, strong delivery is only possible if there is strong leadership and direction from our Board and leadership teams. In this, we are exceptionally well served. Our Board is incredibly talented, led by Chair Luke van den Broek who has demonstrated professionalism, understanding, maturity and wisdom

that far older people can only envy. That rock solid foundation is exceptionally well supported and complemented by a committed and hard-working Board who all make sacrifices to give something back to their Property Institute family.

I also want to pay tribute to the five professional communities and their chairs. These are working professionals who spend countless volunteer hours supporting the profession and the sector. They are helping to drive our culture change and give us the benefit of their experience in their particular field. These communities are our eyes and ears when it comes to education and issues that PINZ should be getting involved in.

Last, but definitely not least, I want to thank the National Support Team. Many of you will understand that they kept the place running for most of 2019 as the search for a permanent Chief Executive continued. A big thank you to David Clark who came out of retirement for a period, and also to Jason Ede who also kept the organisation on course in an uncertain time. I've been impressed by them all, and incredibly lucky to have inherited the team we have.

Communication is an underpinning strategy for any successful organisation. The delivery of purposeful, accurate and considered communication with an ability not to speculate and focus on facts is



Viv signing the NZIV SLA with Jeff Alexander

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**In my first nine months in the role I've observed an organisation made of up of experts and professionals in their field – passionate people who want to elevate the standing of themselves and others in the profession.**

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essentially good comms and even more so during times of crises.

Our communications strategy is about a focus on consistency and clarity, and above all stay well away from the speculation that you may have seen in a number of other communication channels. Praise for our communications throughout the 2019 year has been exemplary and this could not have been achieved without the leadership, skill and competency of our Chief of Communications Jason Ede.

Led by Rebecca van Etten, our education programme is going from strength to strength, and has developed resilient key relationships with our stakeholders, including communities.

Many of the process improvements we are making would not have been possible without the huge institutional knowledge and experience provided by our Finance Manager Carlos Castro, and the always responsive Emma Prestidge has been working hard to develop Membership Services and Professional Pathways, giving us a robust platform to fine-tune and grow. Robyn Matthews always goes the extra mile to provide governance support despite an increasing workload, extra meetings and new ways of doing things.

If you haven't met our two newest team members yet you will get to know them.

Bronwyn Starke started in late 2019 tasked with delivering our best conference ever – she was on track to do that until COVID-19 struck. She has got a great eye for detail and been tasked with a number of projects that will directly benefit our grassroots members in the coming months. Rochelle Misseldine joined us in early 2020, but a better Executive Assistant I could not ask for. Her 'can do', 'all in' approach to the job has impressed everyone who she works with.

### First impressions

In my first nine months in the role I've observed an organisation made of up of experts and professionals in their field – passionate people who want to elevate the standing of themselves and others in the profession and care deeply about the business they are in. For my part:

- It is my job to exhibit leadership to enable this to happen and I take that accountability very seriously
- I have observed many hard-working teams of people across our branches and communities, adding value to the profession and to our members
- My leadership is about enabling the resources required to deliver support, professional services and education to allow our membership and our branches to thrive. We will achieve this by meeting

our members' needs, while putting in place resources and processes that allow our branches to be the best they can be.

This new environment will require us all to step up to new challenges, respond to change quickly, and have clarity of purpose for the future. For some this will mean survival, but for many it will mean the ability to optimise change and create opportunity. For everyone it will require vision, calm and considered leadership, and a clear strategy and direction.

### Members first

My vision for PINZ is very clear and that is to have membership at the heart of everything we do – truly a 'member first' philosophy. Putting membership and our branches at the heart of everything we do will ensure the 'grassroots' membership thrives. Without members we have no organisation – you are the lifeblood. Connection and engagement with our branches and membership will be at the centre of all we do, led by our expert council and community chairs who understand what is required for you, our members, to thrive.

Highly successful membership organisations are not about the simple transaction of membership. They inspire, they engage, they enthuse. They reach a

place where we all understand we have skin in the game and work tirelessly toward a common goal.

For us, that goal is one that supports professionals to operate at the top of scope, being the best they can be, and encourages diversity. As we strive for diversity across our membership it is imperative that we use all the wide expertise we have available to mentor and grow our younger professionals and those considering a pathway into our industries.

I take this accountability seriously, and to this end I had planned to attend each AGM across the country alongside our President Luke van den Broek and NZIV President Jeff Alexander. This was important to us because we were determined to deliver our messages in person. We share a priority that our membership will always come first in everything we do, especially as it relates to delivering membership value.

### The best laid plans

The global pandemic put an end to that plan. We were forced to postpone the face-

to-face meetings of eight branches. Our agility and responsiveness has allowed us to complete the AGMs through video and audio conferencing where possible.

While times have changed indescribably our message has not. Availability and accessibility of membership services will be key as we focus on support and resources for our branches, creating value for our membership and ensuring you are our number one priority.

### Vision – where to now?

In line with our member first philosophy we've taken a good look in the direction of travel to ensure everyone is on the same journey. This has led to subtle changes within the team, better defined responsibilities, the addition of extra capacity and a clearer organisational structure, which has helped provide clarity of purpose and a bedrock to build on.

### Leadership

Finally, leadership is also about putting in place the systemisation, process and

the 'doing' – to support the execution of the vision. I want to talk very briefly about some of the work underway to support our membership, our branches and our volunteers.

We find ourselves in challenging times, and we know this is likely to continue in some form for a while. PINZ were well ahead of the game in planning for COVID-19, having been well ahead of the game in planning for 2020 pre-COVID-19:

- Well ahead of COVID-19's arrival in New Zealand all precautions were taken to preserve safety, and to show care, empathy and flexibility to the team
- We assembled infrastructure, processes, capacity and delegated responsibilities before lockdown
- We planned to succeed by being agile, versatile, responsive and meeting members' needs through good planning and preparation – knowing that out of crisis would come opportunities that will enable us to pivot and adapt in the new environment.



**My vision for PINZ is very clear and that is to have membership at the heart of everything we do – truly a 'member first' philosophy.**



Viv at the PROMINZ Strategy session

As you all recently heard in our online discussion with Sir John Key, the first step in leadership through these changing times is the ability to take a step back and look at circumstances through an unfogged lens. Panic leads to poor outcomes. Immediate survival requires the confidence to keep moving forward in an agile and flexible manner. Then we ask ourselves, what does success look like? Where is the silver lining?

I'm someone who has lived through previous crises. This one is unusual because there was such little warning, but it didn't stop us from being ahead of the game:

- Clarity of purpose in our vision and that is very clear to our team – members first
- Empathy for those who react differently under pressure and understanding that change for many is difficult
- Keep calm, exhibit confidence, show empathy, and above all have clarity of purpose.

The purpose of PINZ is clear – members first and delivering value:

- Getting the basics and the foundation right – systems and processes and policies
- Give each community a professional place at the table through submissions, newsletters, member alerts and advice
- Foster industry connectivity through our branch structure and five unique membership communities

- Adding value to, and delivering on, the Service Level Agreements with each of our communities
- Working collaboratively with members and communities to develop and maintain a first-class education programme that is timely and relevant
- Innovate with new technology – no-one realised how quickly we would need to do that.

For our team, elevating and building the profession is front of mind. I believe COVID-19 has only served to sharpen that focus and give us an opportunity to look at what really matters to you, our members and most important stakeholders.

My parting messages are these:

*Let's get to know each other better and start to build trust.*

*We are here to listen, to hear what you have to say, and will use your feedback to guide the support we provide*

*Let's discuss what 'member first' means to you in the new normal.*

Today, we find ourselves in a very different environment from that of 2019. We've all been challenged by a world shaped by events we could not have imagined 12 months ago. There is much uncertainty and change is inevitable. Your support crew is right here.



## PUTTING MEMBERS FIRST

- Build up resources at the National Support Centre to support our objectives from the community/ council Service Level Agreements and branch support
- Develop and implement strategies that will support the integration of our five communities into branches to strengthen committees, grow membership and build value
- Auckland-based PINZ team member providing support to our largest membership block
- Long-term thinking – all communities have had sessions to set their vision, direction and strategy for membership – and identify areas for growth
- Optimising the best use of technology that suits our members
- Investing in younger professionals through the Keystone Trust or our own Young Leaders programme
- Building the grassroots through satisfaction, retention and growth and backing that ambition with extra resources
- Celebrating success and collaboration
- Branch online resource hub – manual and online resources
- Website development and delivering further practical resources online
- Tailored meaningful CPD with your input – tell us what you need.



Economist Tony Alexander addresses 2019 conference



Women in Property event, Wellington



## Jeff Alexander

Jeff Alexander took over as Chair and President of the New Zealand Institute of Valuers in 2019 and has been a member of the NZIV Council since 2016.

As President of the NZIV, he also sits on the Board of the Property Institute of New Zealand and is a past Waikato Branch Chair and committee member.

Jeff is a Registered Valuer and Associate Member of the NZIV. He has been valuing property in the greater Waikato region since 2007 after completing a Bachelor of Property at the University of Auckland and gaining valuable industry experience in various property sectors.

Jeff has particular experience in valuations for compensation purposes, and routinely provides valuation advice on higher value residential property and commercial/industrial property.

As NZIV President Jeff has taken a strong stand on promoting Registered Valuers as the authority when it comes to real property valuation advice. He has also focused on ensuring that the Institute is well placed to lead the profession into the future through the development of strong processes and clear purpose – drawing on the advice and institutional knowledge provided by the NZIV Council and the enthusiastic support of committed members who have invested their time to ensure NZIV remains relevant and engaging for members.

# NZIV PRESIDENT'S REPORT

For the year ending December 2019, the New Zealand Institute of Valuers (NZIV) Council continued its obligations of performing its general functions, summarised as:

- Promote and encourage ethical conduct among valuers
- Preserve the integrity and status of valuers
- Provide valuers with opportunities for the acquisition of knowledge
- Consider and suggest amendments to the law in relation to valuation
- Protect and promote the interests of the profession and the interests of the public in relation to valuation.

These functions, all listed in the Valuers Act 1948, remain as relevant today as they did when the Act was established. Only by continually fulfilling these functions do we keep the 'badge shiny' and stay relevant as an important cog in New Zealand's property market and wider economy.

During 2019, the NZIV Council was made up of the following members: Boyd Gross (Vice-President), Jason Williams (Vice-President), Roger Gordon (Past-President), Neill Sullivan, Adam Binns, Blue Hancock, John Tappenden, Peter Ward, Rob Boyd, Matt Snelgrove and long-serving Councillor Nigel Kenny who stood down from Council at the end of 2019, which allowed for our newest Councillor Melody Richards.

Council dealt with its usual obligations with respect to finances, setting professional standards, overseeing the Professional Conduct Committee, membership advancements, recommendations to the Minister for Land Valuation Tribunal and Valuers Registration Board (VRB) positions, assisting the PINZ

with Continuing Professional Development delivery, and representing the NZIV at the VRB's accreditation meetings with the Universities.

In addition, there was a considerable amount of work to update the 2020 Service Level Agreement with PINZ, a body of work around the VRB seeking declaratory relief, and a submission to the Auckland District Law Society on their Deed of Lease.

The NZIV Council also sent representatives to the joint Australian Property Institute (API)/World Association of Valuation Organisations (WAVO) Conference in Australia, to maintain and strengthen our international ties.

## Professional Conduct Committee (PCC)

The PCC is constituted by Council to ensure that where the NZIV decides to investigate a complaint against a Registered Valuer, an investigation takes place which is fair and in accordance with the rules of natural justice. Significant work was undertaken by Council in recent years to ensure the system is robust.

The PCC is made up of six senior Registered Valuers, ably led by David Paterson as Chair, along with Steven Dunlop (Deputy Chair), Nigel Kenny and Mark Dow. Martin Veal and William Blake both joined the PCC in 2019. We currently have three investigators – Ken Parker, John Reid and Terry Naylor. They are an integral part of the investigation process and we thank them for their continued support.



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## The refreshed NZIV logo and branding took place in 2018 and this was much more prominent in all communications from NZIV and PINZ in 2019.

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Graeme Kirkcaldie stepped down from the PCC in 2019 after many years of service. The Institute thanks Graeme for the time, wisdom and energy he has provided to our profession whilst on the committee.

On behalf of the PCC, David Paterson made two formal presentations at the Lincoln seminar and the annual conference during the year, and also contributed summaries of several VRB decisions which were circulated to all members.

In 2019, there were a total of 17 complaints against Registered Valuers, of which the NZIV investigated nine. This number of complaints is well below the average.

### Standards Board

The NZIV Council sets professional standards for valuers through recommendations from the Standards Board, which is Chaired by Blue Hancock and comprises John Darroch,

Chris Stanley, Gary Sellars, Jay Sorenson, Ian Campbell, Jason Williams, David Baxter and Tim Gemmell.

The Standards Board keep close ties with the International Valuation Standards Committee (IVSC), WAVO and the API, ensuring that the standards set for valuers in New Zealand stay world class.

The Standards Board continued to evolve in 2019, really stepping up the amount and quality of communication to members.

### Promotion of the valuation profession

Better promotion of the valuation profession has been one of the focuses of the NZIV Council over the past few years. The refreshed NZIV logo and branding took place in 2018 and this has been much more prominent in all communications from the NZIV and PINZ in 2019. This is in line with the wider PINZ strategy of putting greater

emphasis and focus on each of the individual communities that are part of PINZ, allowing each community to champion and promote their own profession whilst being part of a larger membership body. Much work continues in this space.

### Our profession

In 2019, we had a record number of 59 newly Registered Valuers which was very pleasing. We all work hard to earn the right to be Registered Valuers and we all take pride in the designation. But to ensure that the important status of both the NZIV and the 'Registered Valuer' is maintained in New Zealand, our Institute needs to be continually undertaking key functions, such as those set out in the Valuers Act.

The functioning and success of our profession relies on the continued input of our members. On behalf of the NZIV Council, we all owe recognition and a huge thank you to all those who contributed back to our profession in 2019 including Branch Chairs and committee members, the PCC, the Standards Board, the Finance Audit & Risk Committee (FARC), and all those other members who give their time and effort to the greater good of the profession.

Finally, I'd like to thank all the NZIV Council members for their contribution and support during 2019. In particular, I would like to acknowledge the huge commitment and effort of my predecessor Roger Gordon, who finished up as President during 2019 after an extended period in the role, and has continued on Council to serve the profession and keep up the great momentum that has been made.

Jeff Alexander  
President  
New Zealand Institute of Valuers

**In 2019, we had a record number of 59 newly Registered Valuers which was very pleasing.**

# BOARD MEMBERS





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**Back row:**

**Phil Porteous**

*Commercial Property Managers Institute  
(COMPRO) Council Chair*

**Jeff Alexander**

*New Zealand Institute of Valuers (NZIV)  
President*

**Boris Babic**

*Northern Region Representative*

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**Middle Row:**

**Steve C. Bown**

*Plant & Machinery Valuers Institute  
Council Chair*

**Karen Withers**

*Property Managers Institute of New  
Zealand (PROMINZ) Non-Voting Member*

**Phillip Merfield**

*Independent Director*

**Roger Gordon**

*New Zealand Institute of Valuers (NZIV)  
Representative*

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**Front Row:**

**Patrick O'Reilly**

*Property Institute of New Zealand (PINZ)  
Immediate Past President*

**Luke Van Den Broek**

*Property Institute of New Zealand (PINZ)  
President & Board Chair*

**Des Wai**

*Institute of Property Advisors &  
Consultants (IPAC) Council Chair*

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**Absent:**



**Viv Gurrey**

*Property Institute of New Zealand  
Chief Executive Officer*



**Susie Penrose**

*Central Region Representative*



## Patrick O'Reilly

Patrick O'Reilly is a career investment manager who has specialised in commercial investment property. He has nearly 30 years of property experience.

Having completed his property degree and postgraduate diploma at Lincoln, he worked in Christchurch before moving to Wellington and then Auckland. He has had roles that have provided exposure to valuation, property consultancy, and property, asset and fund management for real estate/consultancy businesses, as well as listed and unlisted property funds. In his various roles he has overseen the management of around \$3 billion of property assets throughout New Zealand.

Patrick has a professional Masters degree in Property Studies and a Graduate Certificate in Applied Finance from the Securities Institute of Australia.

# FINANCE, AUDIT & RISK COMMITTEE

The Finance, Audit and Risk Committee (FAR Committee) has traditionally been a finance focused committee. The Committee has played an important role in reviewing and querying National Support Office financial reports, including forecasts and budgets, and then making recommendations to the PINZ Board and NZIV Council.

The Committee also oversees the external audit process of the Annual Accounts. Having a committee means that a lot of detail associated with querying accounts and ensuring robust processes exist is undertaken outside of the Board and Council meetings.

The membership of the FAR Committee is made up of senior members of the PINZ Board and the NZIV Council, with additional expertise co-opted to ensure an appropriate level of skills to undertake the duties of the Committee.

With a new CEO commencing with the Institute in 2019 a review was undertaken to formalise the activities of the Committee. A Terms of Reference (TOR) for the FAR Committee was developed and adopted. The TOR was based on best practice, with an Institute of Directors document being utilised.

The duties and meeting calendar was detailed to ensure the following areas are addressed:

- Review the external audit plan
- Review the findings of the audit plan
- Review the monthly and annual financial statements and make recommendations to the PINZ Board and NZIV Council
- Review the external auditors and make recommendations to the PINZ Board and NZIV Council

- Consider investment of surplus funds and make recommendations to the PINZ Board and NZIV Council
- Ensure that National Support Office policies and procedures are in place, including internal controls and delegated levels of authority, and have a review timeframe identified
- Make sure risk management identification is being undertaken by the National Support Office, including actions to eliminate or mitigate risks
- Review the insurance of the Institute on an annual basis
- Ensure that an appropriate disaster recovery and business continuity plan is in place.

It was timely to review and consider the role of the FAR Committee. With the workstreams undertaken in 2019 it positioned the Institute well when COVID-19 struck and staff had to work from home. Delivery under the leadership of Viv Gurrey has been exceptional considering the upheaval that this disease has caused on the Institute's operations. The role of the FAR Committee will develop over the coming years and I am pleased with the progress of the Committee to best position the Institute for the future.

I would like to acknowledge and thank the 2019/20 Committee members for their diligence and contributions: Luke van

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den Broek (PINZ President), Roger Gordon (Immediate Past NZIV President), Boyd Gross (Vice-President NZIV), Stephen Reid (ACA) and David Clark (previous PINZ CEO). In addition, I would like to acknowledge the efforts and focus of the National Support Office team for their delivery during the year to enable the expanded brief to be delivered.

**Patrick O'Reilly**

*Chair – PINZ Finance, Audit & Risk Committee*

Immediate Past President PINZ

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**It was timely to review and consider the role of the FAR Committee. With the workstreams undertaken in 2019 it positioned the Institute well when COVID-19 struck and staff had to work from home.**

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From left: Patrick O'Reilly, 2019 award recipients Anisha Segar, Brent McGregor with Deborah Fisher from PINZ sponsors Marsh Insurance



The Board table at the 2019 Property Institute annual conference dinner



Patrick O'Reilly speaks at the 2019 conference dinner



## Desmond Wai

Des is a Director of RCG and RCG Realty and has more than 25 years' experience in property consulting, negotiation, development management and market analysis.

Des has built an extensive contact base of retailers, developers and high net worth individuals throughout New Zealand, which the team provides property services to and opportunities for.

His work also sees his team manage property portfolios for landlords and tenants nationwide. As a property professional he is working for several government agencies, iwi and public listed entities in providing property advice and consultancy services from lease management, project management to design and development advice.

More recently, he has established RCG Realty to provide agency opportunities for his clients and has brought together a team of professionals providing leasing and sales opportunities. He is a licensed real estate agent and has a Bachelor in Property Management & Valuation. He is an industry association leader and has served on the NZ Committee of Shopping Centres for the last 16 years and chaired the Institute of Property Advisors and Consultants since 2018.

# INSTITUTE OF PROPERTY ADVISORS & CONSULTANTS (IPAC)

**The past 12 months has been a testing time for the Property Institute and the property industry as a whole. At the time of writing, this part of the world is going through an unprecedented period of change and experiencing and experimenting with a new frontier for how we work, play and live within New Zealand.**

**T**he economy has recently gone through some of the most testing times in business and property that I have ever been involved in. It has personally reinforced for me the need for open communication, fairness, integrity, excellence and leadership in what we do and how we act.

Further action needs to be undertaken to support businesses and retailers that have had to close up shop and been forced into a submissive period dictated by external forces that were beyond their control. Government support to date has assisted in part, but hasn't been directed towards other expenses, which affects the relationships tenants have had with landlords. This conflict will potentially damage the industry and how we do business for some time.

No decision has been made to support the industry, and the Property Institute, IPAC and its members continue to advocate for this help as we move into a period of recovery.

The appointment of our new CEO Viv Gurney in late 2019 has provided a fresh new perspective for the Institute, and

the IPAC committee warmly welcomes her to our organisation which continues to grow from strength to strength. Her leadership within Head Office has been strongly recognised by the Board, and we look forward to the rewards that will result from the hard work her and the team have done to date.

Special thanks also to Rebecca van Etten for her liaison support to the group, Robyn Matthews for all the hours providing minutes for our meetings, and Jason Ede for his strategic advice for the committee.

During the year the Property Institute and IPAC have completed a number of initiatives and I wanted to acknowledge the work and support of the committee – James Puketapu, Philip Merfield, Ian Brown, Shaun Dombusch (and welcome back past Chair Ben Gill) – and their ongoing commitment to the excellence we like to strive for within the industry.

This year we have seen the introduction of REA accreditation, which recognises the PINZ contribution to the real estate industry and support for licensed agents and salespersons within



the Property Institute. We have commenced numerous networking events specifically targeted towards property professionals in the consultancy and management areas. We strongly believe that these events truly support our ongoing commitment to self-development.

This year we have also provided submissions, along with industry peers, including our review of the Auckland District Law Society lease form. We see these changes as being significant to the way we interpret our leases, which has especially been the case with recent events and the recognition of clause 27.5 following the Christchurch earthquakes.

2020 was the year the Property Institute was to celebrate its 20th anniversary, and we had an exciting line-up of speakers and content which unfortunately needed to be deferred due to COVID-19. This has been the right decision given health and safety for our delegates, speakers and the Property Institute, and we look forward to presenting an exciting programme next year.

As we look forward to putting the events of the past couple of months behind us, we see an incredible opportunity for our industry in rebuilding towards a stronger and better future.

**Desmond Wai**

*Council Chair*

Institute of Property Advisors and Consultants (IPAC)




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**Government support to date has assisted in part, but hasn't been directed towards other expenses, which affects the relationships tenants have had with landlords.**

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### Phil Porteous

Phil Porteous is the owner of One Place for Property – a boutique property management firm in Auckland which manages \$400 million of private assets and facilities for body corporate and commercial property owners.

As the owner of the company he is responsible for guiding staff to deliver value to the company's client base. Under his leadership the company has become a multiple award winner and a market leader with the use of innovation and technology in the property management space.

He is also the co-founder of [umanest.com](https://umanest.com), an online platform which is changing the way property management relationships are managed. The Umanest platform provides business owners with a range of performance measures around customer service, portfolio quality and brand recognition. Platform users can build profiles and maintain up-to-date and accurate information on their rental history. Relationship management is the new property management and Umanest facilitates businesses large and small to embrace this change.

With more than 15 years' experience in investing and managing property, Phil has a wide-ranging oversight about residential, commercial and facilities management.

# COMMERCIAL PROPERTY MANAGERS INSTITUTE (COMPRO)

### Is the role of a commercial property manager currently being redefined?

The role of a commercial property manager was simple, wasn't it? We administered lease conditions between a landlord owner and a tenant and the property law Act provided a guiding star if ever we got stuck. Whilst lease forms became more middle of the road, with a few light tweaks (should a dispute arise), the landlord generally retained the upper hand. The lease is an instrument that has been relied upon by many a generation and it is the foundation block for property finance and security of tenure. Leases can be assigned, bought and sold. In some respects, the strength of the lease document was more valuable than the bricks and mortar they presided over.

As I prepare this report in the midst of a lockdown, uncertain times and unprecedented challenges, it provides me with time to ponder and reflect on what is shaping to be a redefinition of the commercial property manager role. Certainly, any reflection on the year that has been seems to hold little relevance to the challenges ahead.

With the messages of be kind, stay home and stay safe, we are in this together, but prepare for the new normal being everywhere you turn. Is it going too far to say our past sacred cows may now need to be slaughtered as we prepare for the future? With unprecedented disruption affecting both lessors and lessees all over the planet, where do we go from here?

What changes could we tolerate to our day-to-day operations? With change being the new constant, where indeed do we begin?

### Are tenants and landlords really that different?

A stereotypical look at each would indicate that they are materially different, but scratch below the surface and there are perhaps more common elements than differences. Both rely on the certainty of the market, both require cashflow to survive, and both have commitments to meet when obligations cannot be met. In reality, when the wheels stop turning, as we have just experienced, both are mutually reliant on one another for financial survival. The landlord to meet financing and operating commitments, the tenant to ensure security of tenure to keep the wheels of industry turning.

### Does a commercial lease accurately depict how to navigate the tenant/landlord relationship?

In normal times it is hard to argue that a commercial lease built on common law hasn't served us well to date. However, the recent national state of emergency and lockdown has found a number of leases wanting, leaving landlords and tenants to negotiate acceptable solutions on the fly. With a number of leases being held by the SME marketplace, enforcement of lease provisions has proven to be costly, cumbersome and slow in the required response. A common theme amongst



property managers is that there was a lack of clarity on how to proceed, nothing was straightforward, and reasonableness was subjective not definitive.

It is too early to understand what will come to pass. However, given the recent challenges it is not out of the ordinary to expect an emergency provision to be prominent in future leases, which outlines exactly how a lease performs in the event of an emergency.

### **What does the future hold for work spaces?**

Is the lockdown changing our thoughts on how well we have adapted to flexible working arrangements? The speed of change that was required to move business remotely removed the typical strategic road map to implement such a change at scale. Change management teams, staff consultation, and in-home visits to assess suitability from home were replaced with a signing out of an office computer, the piggy back of a home internet connection, and a move to an online infrastructure that moved from zero to adequate within hours (not months or years).

The speed of change was impressive and imperative. With offices becoming more agile, retail trading more and more online, and hospitality being able to deliver services to our homes, the new normal could change the way industry views their bricks and mortar requirements.

As we await the lifting of the lockdown and the new dawn ahead, we need to be mindful that the new normal cannot be left

to decisions made on the fly. As property professionals we need to involve ourselves in the rebuild of the economy, have open and honest conversations with landlords, tenants and legislators, and embrace constant change as the new constant.

The chance to be part of shaping the new normal is a once in a 100-year opportunity. Despite a number of challenges on the horizon, the chance to be part of a conversation that alters the path of the property landscape is an exciting prospect with fresh ideas wanted!

As a member of the COMPRO community I urge you to look for opportunities to partake in the conversation, and we are always welcoming to new committee members and open to ideas. With an increase in networking opportunities, the value and learnings to be gained from rubbing shoulders with other experienced professionals can provide a constant in a time of change.

In closing, I would like to thank our committee members who have supported the Council with their time throughout the year: Pat O'Reilly, Katherine Marshall, Helen Brumby, Saatyesh Bhana, Ian Campbell, Ian Brown and Daniel Gerrard. Their continued commitment is appreciated.

### **Phil Porteous**

*Chair*

Commercial Property Managers Institute (COMPRO)

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**The recent national state of emergency and lockdown has found a number of leases wanting, leaving landlords and tenants to negotiate acceptable solutions on the fly.**

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## Steve C Bown

Steve's career as a professional Plant & Machinery Valuer spans over 40 years both in Europe and for the past 15 years as part of possibly the largest registered team of Plant & Machinery Valuers in Australasia, working out of the JLL Asia Pacific office in Wellington. There, he jointly heads up the only dedicated Insolvency P&M valuation team in the Pacific region.

Although during his career in the UK alongside P&M valuations for 30 years, he was also a commercial P&M auctioneer disposing of assets as diverse as a vintage Rolls Royce, Churchill's desk, killer whales and multi-million pound machine tools, now he only conducts charity auctions for a vast range of worthy causes.

He is currently in his fourth term as Chair of the Plant & Machinery Valuers Institute (PMVI) Committee of the Property Institute of New Zealand (PINZ). Its goal is to make the P&M profession stronger by attracting the next generation into this varied and exciting career.

Steve is also the Plant & Machinery Representative on the PINZ Board, where he ensures the profession has direct input into standards, ethics and the direction of the professional valuation community.

# PLANT & MACHINERY VALUERS INSTITUTE (PMVI)

**PMVI guides the professional activity of the Infrastructure, Plant & Machinery Valuation profession in New Zealand and is the primary body providing education, advocacy and professional standards to the profession.**

I am now in my third term and it's a considerable privilege to serve the Plant & Machinery Valuers Institute as Chair alongside my dedicated committee. I have been in the Chair since February 2017 with, for the most part, the same six-person team on the committee. I would like to thank the team for their commitment and education.

We are participating in the PINZ Young Leaders Programme and have recently made a non-voting addition to the team with Nicola French. She was nominated through the programme and this is a real bonus. Nicola offers insight from a diversity perspective, a quality we aim to further. PMVI was her placement of choice and as such she shows a real interest in our complex and interesting profession.

2019 saw another first for PMVI as we accepted an invitation to join the ICPVME Bi-annual three-day international plant and machinery valuers' conference in Auckland. PMVI was by far the most represented institute at the event. The speakers covered topics as diverse as gold mining, hemp weaving plants and data valuations, amongst other valuation subjects. This year, as in other years, we are endeavouring to provide topics of

interest to broaden the knowledge and skill base of our profession and enhance our members' professional development.

A number of well subscribed webinars have been run for our membership to bring their ideas to the table so we can continue this. Once again for the 2020 PMVI conference we were excited to join the main PINZ national conference in Auckland in July, which was subsequently cancelled due to the COVID-19 pandemic. This was a great shame as it was the 20th anniversary of the formation of PINZ, with Plant & Machinery being one of the founding institutes.

The good news is that we will join the rescheduled 2021 PINZ conference, which will be the institute's 21st celebration conference. We encourage our members to look out for conference promotions and register early, as it will be very well subscribed.

We will continue to consult with our membership on the future of the conference and take our lead from you. We would like to thank Jenny Houdalakis for her service to us, and also welcome Bronwyn Starke who will be the Senior Project Manager leading the conference in the future.



This year has seen our new leader and CEO Viv Gurrey take the reins at PINZ. I would like to extend our warm welcome and thank her for the interest and the involvement she has given our select profession.

We are also pleased, alongside Viv and her National Support Team, to have negotiated our Service Level Agreement with PINZ and to have run our first strategic planning day for the PMVI. This is setting the scene for the future and for our growth.

Warm wishes

**Steve C Bown**

*Plant & Machinery Valuers Institute Chair*

**2019 saw another first for PMVI as we accepted an invitation to join the ICPVME Bi-annual three-day international plant and machinery valuers' conference in Auckland. PMVI was by far the most represented institute at the event.**



PINZ support team join the Institute's Council at one of their meetings



Dinner at the 2019 ICPVME conference in Auckland



Some of the delegation at the 2019 ICPVME conference in Auckland



## David Pearse

Starting his career in supermarket management running New World supermarkets, David later served three terms on the Hastings District Council before embarking on a real estate career.

Following three years as a salesperson he moved to branch management and sales management with a leading real estate company in Hawke's Bay.

In June 2004, he decided to pioneer a Quinovic Property Management franchise in Hawke's Bay. Four years later he changed direction and decided to run his own boutique property management company, Pukeko Rental Managers.

He was encouraged to launch a franchise strategy, and from small beginnings in 2010 Pukeko Rental Managers now has 28 franchisees covering large parts of New Zealand. The company won the Supreme Award for the Westpac Franchise System of the Year in 2019.

He's committed to seeing the standard and service that property managers give to owners and tenants lifted. This led him to the Independent Property Managers Association (IPMA), which later became the Property Management Institute of New Zealand (PROMINZ) where he has served on the committee since its inception.

# PROMINZ CHAIRMAN'S REPORT 2019/2020

After a very successful PROMINZ Conference in Auckland, the new PROMINZ Council was elected and had its first face-to-face meeting in Wellington in October 2019.

At this meeting the Council adopted a new Mission Statement:

*PROMINZ is committed to setting new – higher – standards in residential property management. Our mission is to deliver to members, clients, and tenants by:*

- *Raising industry standards through innovation, education, communication, and sharing best practice advice from trusted, and experienced operators.*
- *Instilling confidence by promoting fairness with our robust code of ethics, membership rules, common sense public advocacy, and advancing a culture that encourages continuing professional growth and development.*
- *Celebrating excellence, recognising hard work, and providing a modern toolbox to ensure property managers are equipped for the unique challenges they face.*

The PROMINZ Council are very aware that they have only a short timeframe to lay a foundation for a strong and vibrant professional organisation for all property managers, and to provide a real option for the regulation of the property management industry. Meetings have been held with associate Minister of Housing Kris Faafoi, as well as REINZ and NZPIF. A White Paper was developed on Property Management in New Zealand.

The PROMINZ Council and the Property Institute of NZ (PINZ) have been working tirelessly to put the foundational

building blocks in place for the benefit of members. Progress has been made, even with having to deal with continuing new legislation impacting the industry and the COVID-19 pandemic.

To date the Council has:

- Developed the PROMINZ Ethics module and property management specific webinars for members' CPD
- Adopted the Skill NZ Level 4 Certificate in Residential Property Management and is looking at ways we can assist members in gaining this qualification
- Prepared written and verbal submissions on the Residential Tenancies Act (RTA) reform
- Facilitated members' Zoom meetings on issues relating to COVID-19
- Supplied a Virtual Property Inspection option for members
- Just finalised a 'Planning for the Future – Communications Positioning Paper' with the objective of increasing membership, growing capacity for effective advocacy and influence.

We are also in the process of reviewing the PROMINZ Code of Ethics and Code of Practice and working on a new PROMINZ website. But most exciting is that we will be shortly launching a new PROMINZ qualification for members to give them greater recognition in the marketplace.

We do have a COVID-19 cloud hanging over the annual Conference, but the Council will be investigating other methods to bring members the



educational and motivational components online if required.

I wish to personally thank the Council members for their contributions. I also wish to acknowledge the Property Institute for their support, as we would not have been able to achieve what we have without them.

**David Pearse**

*Chairman*

PROMINZ Council

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**The PROMINZ Council are very aware that they have only a short timeframe to provide a real option for the regulation of the property management industry.**

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The PROMINZ inaugural conference attracted a good audience



The 2019 PROMINZ conference included a full programme of education



Then Associate Housing Minister Kris Fa'afoi beams into the PROMINZ conference



### Phillip Curnow

Phillip Curnow is the Chair of the Valuers Education and Integrity Foundation (VEIF) and is one of the inaugural Trustees.

In common with his fellow Trustees, Phillip has a strong interest in the enhancement of the valuing profession's profile. One of the best ways to achieve this profile is through research, which led to the New Zealand Institute of Valuers (NZIV) membership approval to establish the VEIF in 2016.

Phillip has been a Registered Valuer since 1977, first with the Valuation Department, then in private practice since 1981, based in Hamilton. This led on to the establishment of Curnow Tizard in late 1987, coinciding with the worldwide stock market crash. Phillip has experienced a number of property cycles throughout his career. He is well versed on the impact of these events.

A director of Curnow Tizard Ltd, he is currently training and mentoring a graduate valuer, which keeps him grounded and up to date with current registration requirements.

He specialises in both commercial and industrial valuations with areas of expertise including Hamilton and around the greater Waikato, covering Huntly, Raglan, Te Awamutu, Cambridge, Morrinsville and Matamata in the main.

# THE VALUERS EDUCATION AND INTEGRITY FOUNDATION (VEIF)

The Valuers Education & Integrity Foundation (VEIF) is an independent Charitable Trust (CC53447), which was established to advance research and education in the field of real valuation. Seed funding for the initiative was provided by the New Zealand Institute of Valuers in 2016.

**W**e commission, fund and resource quality and robust research and educational material within the scope of property valuation and related issues. This research is also required to have a public benefit, as well as to be of assistance to the profession, to satisfy the terms of our deed and charitable status.

Those interested in property are encouraged to go to our website ([www.veif.org.nz](http://www.veif.org.nz)) and register and thus be kept up to date with our activities. The website was fully revamped in May 2019.

The Trustees currently comprise six Registered Valuers, being Gwendoline Callaghan, Aimee Martin, Tony Culav, Peter Loveridge, Aidan Young and myself.

During the latter part of the year the Foundation accepted the resignations of Terry Naylor and co-opted Board Member Courtney Paterson. The Foundation was very lucky to have these Trustees during the inaugural years, and thanks them very much for their involvement and wishes them well in the future tasks that both have taken on.

The Foundation will be advertising shortly for two new co-opted Board Members as Aidan has accepted a

full role as Trustee. A co-opted Board Member will have full involvement in the Foundation's planning and activities. It is an ideal environment for a young Registered Valuer to play a role in the valuation profession.

One of the highlights of the year was the Land Mutual Professionals Society (LMPS) donating \$10,000 to the Foundation. Grateful thanks go to the LMPS. This donation was of great significance, being the first the Foundation has received. The Foundation is open to further donations and has donee status and therefore tax deductibility for donors.

In March 2019 the first ground rental workshop was held, which involves valuers, and it was chaired by Gwendoline. It was Step 1 in obtaining valuers' feedback on the issues around residential and commercial ground lease rent fixations. The Foundation wished to facilitate research, but first needed to determine the exact scope of that research.

Some 20 valuers attended this workshop and several had prepared papers on the options for rent fixation. Rod Jefferies provided the keynote address.



A second workshop was held in November attended by lessors and lessees. This workshop was also of great assistance to the Foundation in formulating the research question. Our most grateful thanks to all those who presented and participated in both workshops.

Ground lease rent fixations is a controversial matter and so the Foundation has not rushed to make the research decisions. However, we expect to progress the research proposal this year.

During 2018, Mark McNamara put forward a research proposal that has culminated in his paper 'Ground Lease Valuation and Analysis' published on our website in January 2020. The Foundation is very grateful to Mark for this research.

Throughout the latter part of 2019 and early 2020 Peter has shepherded a research proposal, 'The Value of Fresh Water Rights in New Zealand', to be completed by Dr Gary Garner. This morphed into five webinars as a result of the COVID-19 lockdown, and this will have the ultimate goal to assist primarily rural valuers, along with other property professionals. Gary currently has a briefing paper on the website, which provides an overview of water rights as they presently exist. This is accessible by all website subscribers. A further paper will be completed upon conclusion of the five webinars.

The Foundation encourages all property professionals to subscribe to the website. This will enable research completed to be more easily disseminated throughout the property profession.

Ideas for research projects are welcomed and these can be put forward via the website or by contacting one of the Trustees. The Foundation is still looking at research into the valuation issues with respect to apartments and other high-density housing.

The Foundation thanks the NZIV Council for their ongoing support and encouragement. Also we would like to thank PINZ who have been very supportive and enabled the Foundation to have wider reach with its research and webinars. As an interim measure, PINZ have also assisted with our accounting requirements.

The Foundation Trustees meet via teleconference and face-to-face at least once a year. Each research project is a further learning stage for the Trustees. It is very interesting getting research proposals and going about the initial stages of preparation. When each project is completed, the Trustees take great care to ensure the look and feel of the research paper is consistent with previous papers before publication on the website.

It is with heartfelt thanks that I acknowledge past and present Trustees for your contribution this year. For such a small and dedicated group to achieve so much, it is a real pleasure to be working alongside you.

Phillip Curnow is the Chair of VEIF and is one of the inaugural Trustees. In common with these Trustees, he has had an interest in the enhancement of the valuing profession's profile. One of the best ways to achieve this profile is through

research, which led to the NZIV membership approval of VEIF in 2016. Phillip has been a Registered Valuer since 1977, first with the Valuation Department, then in private practice since 1981 based in Hamilton. A Director of Curnow Tizard Ltd, he is currently training a graduate, which keeps him grounded and having to be up to date with registration requirements.

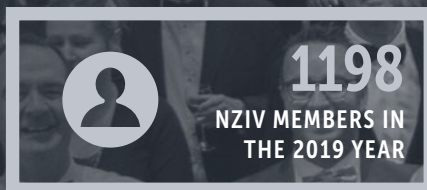
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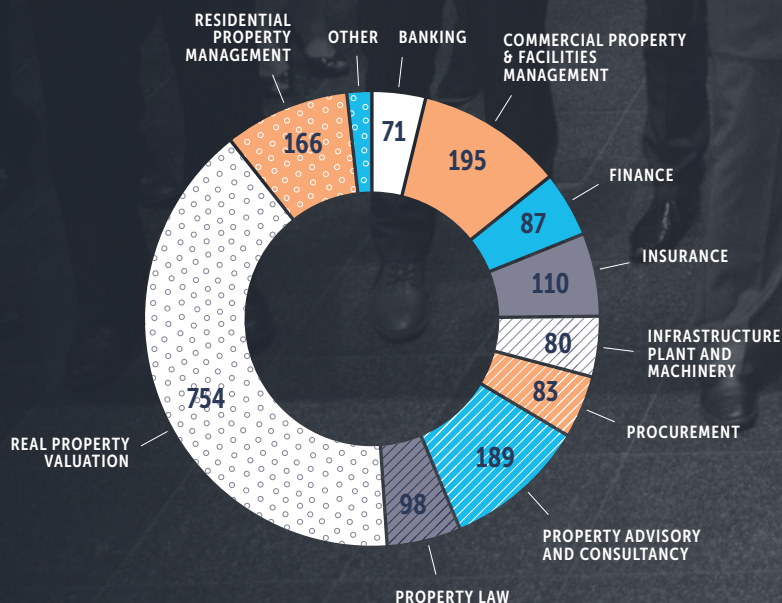
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# MEMBERSHIP

The Property Institute's diverse membership crosses a broad range of the industry and the professional property sector. Post-COVID, our members' aspirations for CPD and development will continue to guide the Institute in its strategy to deliver a range of initiatives. These include online learning, regional and national property networking opportunities, seminars with industry experts, recognition and national awards, and an annual conference.

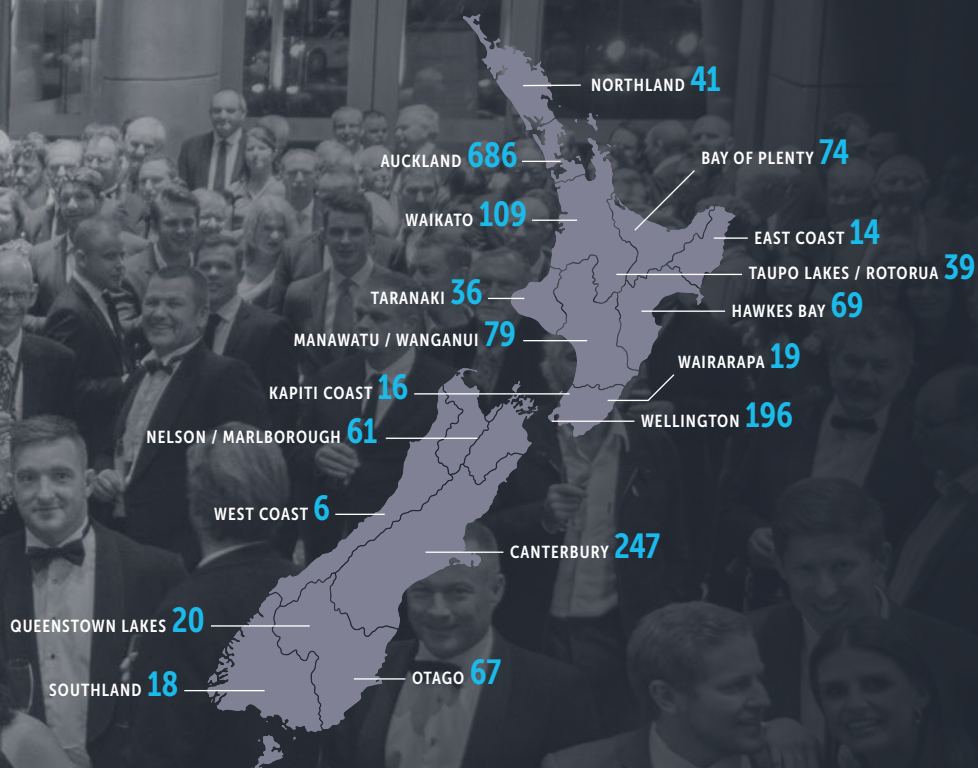


## Membership by sector

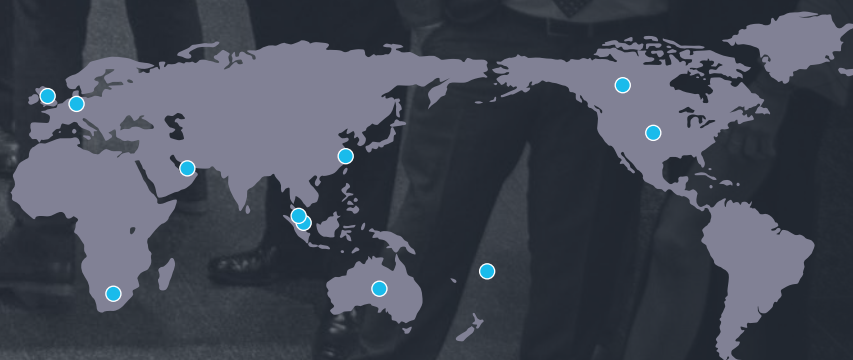


Haere rā | Goodbye

## New Zealand Membership



## Members around the world



AUSTRALIA 39	UNKNOWN 2	MALAYSIA 1
UNITED KINGDOM 15	CHINA 1	SOUTH AFRICA 1
SINGAPORE 4	FIJI 1	UAE 1
CANADA 2	GERMANY 1	UNITED STATES 1

# FIRST RECIPIENT – HANNAH WILSON

## Keystone Trust Scholarship

Hannah Wilson is the first recipient of the PINZ/NZIV Keystone Trust Scholarship. In 2019, the Institutes entered into a partnership with the Keystone Trust to provide \$5,000 of funding to a student on track to complete their property degree.

For readers who don't know about the Keystone Trust, it provides support and funding for worthy students who face barriers to university, be they financial or social. After an application and interview process Hannah was selected as the first recipient of the scholarship.

She is in her third year of a four-year degree at Lincoln University where she is studying for a Bachelor's degree in Land and Property Management. *Property Professional* asked Hannah a few questions. Here are the answers in her words:

### What does the scholarship mean to me?

To receive the scholarship is an incredible honour. I feel overwhelmed with happiness and support. I have always been extremely motivated to achieve my dream job and become a valuer. After receiving the PINZ/NZIV Keystone Trust Scholarship, I feel even more determined to achieve above and beyond.

The support received means I am able to spend less hours at my part-time job and more on my studies.

### How am I finding my property courses?

Starting the degree, I knew exactly what career I was pursuing – valuation. I must admit, I was so excited to start my valuation classes I suffered from slight tunnel vision and hadn't given much thought to the other classes. Three years into the degree I can say every class completed

has benefited me greatly and contributed to an all-round understanding of many property aspects.

Principles of Valuation, Valuation of Investment Property, Building Construction, Real Estate, Land Law, Facilities Management, Property Management and Property Analytical methods are some of my favourite classes completed so far.

### Why have I chosen a valuation career path?

To be able to work hard for something I have such a passion for has always driven my career choice. From a young girl, I have always been drawn to the property industry and knew even in high school I was to pursue something within the industry.

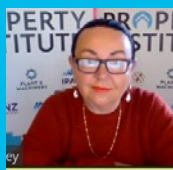
With school coming to an end, I decided to visit the careers advisor and explained my love of property to them. I remember her suggesting real estate and other related jobs, which interested me, but I wasn't sold. About 15 minutes into our discussion she suggested valuation. I can't explain it, I knew instantly that was it. I remember leaving the careers advisor's office with this fuzzy excited feeling. I was excited for my future, and still am.

"Feels like just yesterday I applied, however so much has happened between now and then, it feels like forever ago! As my studies at Lincoln University come to an end, the beginning of my valuation career is getting closer and I am beyond excited. I cannot thank everyone enough for believing in me. The support and mentorship this scholarship brings really changed my life. It makes me so happy to know another deserving student will receive the same love and support that I have."

Hannah Wilson

# MEET THE TEAM

For a large portion of the year our team successfully carried out PINZ operations while working remotely – like so many Kiwi operations. So if these photos seem a bit different, that's because we've embraced the ZOOMER generation and we were each tasked with taking our own 'selfie' photo – which seemed like an appropriate thing to do in the circumstances...



**Viv Gurrey**

*Chief Executive Officer*

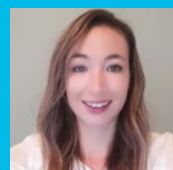
Viv joined PINZ in September 2019. Working in the NGO and private sectors – leadership and people have been the basis of Viv's career for more years than she chooses to mention. Relationships are key. "You have to like people, really like them, genuinely understand them – and treat them well".



**Jason Ede**

*Chief of Communications & Strategy*

With the Property Institute team for nearly four years, Jason's work touches on most of the organisation's operations in one way or another. He works closely with our professional communities to get their messages to members and stakeholders, while also providing significant strategic advice and oversight internally and externally.



**Rebecca van Etten**

*Chief of Staff*

Rebecca joined the team more than three years ago and is charged with delivering the national education calendar, managing the stakeholder relationship programme, and liaison with most of our professional communities. Her work also includes oversight of the service level and strategic partnership agreements which sees her engaged at many levels throughout the organisation.



**Carlos Castro**

*Group Financial Controller*

Carlos has been a part of the Property Institute team for nearly 12 years, producing all the Financial Reports for both NZIV & PINZ, branches, and committees. He works closely with Branches, Members and the Institute's CEO to provide strategic financial advice to the Finance, Audit and Risk Committee, PINZ Board and NZIV Council.



**Emma Prestidge**

*Membership Services and Professional Standards Manager*

Emma has been a part of the PINZ team for nearly three years, looking after memberships, advancements, CPD compliance, standards and online learning modules. Behind the scenes she is our data management guru with a great knowledge of our governance requirements, runs our annual CPD audits, and works with various committees.



**Bronwyn Starke**

*Project Manager*

Bronwyn joined the team in January 2020 and has several projects on the go aimed at providing great service and value to members. She is the friendly face hosting PINZ webinars, which she really enjoys, and is working on delivering an insightful and inspiring National Property Conference in 2021.



**Robyn Matthews**

*Governance Secretariat*

With PINZ for more than two years, Robyn is tasked with providing support to our elected members as Governance Secretariat. This involves delivery of administrative services to the Institute's Board, Council and Community Chairs. Duties include preparing agendas, minute taking, responsibility for the Council and Board election and AGM process and producing stats as requested.



**Rochelle Misseldine**

*Executive Assistant*

Rochelle is the newest member of our national support team joining PINZ in February 2020. Rochelle is the point of contact for member inquiries, while also the Executive Assistant to the Chief Executive Officer. Rochelle came to PINZ with an established reputation as a 'can do' operator who is always willing to lend a hand.

# BRANCHES & COMMITTEES

## Committees

The Property Institute committees are made up of members who donate their time, wisdom and institutional knowledge to their fellow colleagues, and without their hard work the Property Institute would not exist. Our 'members first policy' relies on the good advice, and strong guidance, of our grassroots communities.

### Valuation & Property Standards Board

**Blue Hancock (Chair)**

**John Darroch**

**Chris Stanley**

**Gary Sellars**

**Jay Sorensen**

**Ian Campbell**

**Jason Williams**

**David Baxter**

**Tim Gemmell**

**Olivia Roberts**

(Young Leader)

### Finance Audit & Risk Committee

**Patrick O'Reilly (Chair)**

(appointed Chair June 2019)

**Luke van den Broek**

(Chair until June 2019)

**Greg Ball**

(retired June 2019)

**Roger Gordon**

**Stephen Reid**

**Boyd Gross**

**Courtney Paterson**

(Young Leader – until June 2019)

### Professional Conduct Committee

**David Paterson (Chair)**

**Mark Dow**

**Steve Dunlop**

**Nigel Kenny**

**Graham Kirkcaldie**

(retired December 2019)

**William Blake**

(appointed September 2019)

**Martin Veale**

(appointed September 2019)

### Education Advisory Panel

**Patrick O'Reilly**

**Roger Gordon**

**Phillip Merfield**

**Phil Porteous**

**Steve C Bown**

**Genevieve Grant**

**Karen Withers**

**Luke van den Broek**

**Boyd Gross**

**Adam Binns**

**Des Wai**

**Peter Ward**

**Anna Paget**

## Regional Branches

Between them, the Property Institute and NZIV have 19 branches throughout New Zealand. Branch chairs and their committees organise CPD workshops, site visits, networking, opportunities, social events and sessions with guest speakers, alongside regular meetings with local members. They work closely with the National Support Team to promote, support and mentor property professionals in their regions.

### Northland

**Melody Richards/**

**Andrew Wiseman**

(appointed 2020)

### Auckland

**Phil White**

### Waikato

**Andrew Don**

(election pending)

### Tauranga

**Paul Higson**

### Rotorua/Taupo

**Martyn Clough/**

**Mark Apperley**

(appointed 2020)

### Gisborne

**Che Whitaker**

### Taranaki

**Ben Hunt/Michael Hilligan**

(appointed 2020)

### Hawke's Bay

**George Macmillian**

### Whanganui

**Diana Signal**

### Manawatu

**Jason Hockly**

### Wellington PINZ

**Gerry Glynn/Ben Gill**

(appointed 2020)

### Wellington NZIV

**Hamish Bills**

### Nelson/Marlborough

**Blair Harvey**

### Canterbury/Westland

**Simon Newberry**

### South Mid-Canterbury

**Alistair Wing**

### Otago

**Warwick Reid**

### Central Otago

**Barry Murphy**

### Southland

**Hunter Milne**

# Independent Auditor's Report

To the Members of The Property Institute of New Zealand Incorporated

## Report on the Performance Report

### Opinion

We have audited the performance report of The Property Institute of New Zealand ("the Institute") on pages 84 to 96, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2019, the statement of financial position as at 31 December 2019, and notes to the Performance Reports, including summary of significant accounting policies and other explanatory information.

In our opinion:

- a. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b. the accompanying performance report presents fairly, in all material respects:
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of the Institute as at 31 December 2019 and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

### Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards

on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Institute in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Institute in the area of taxation advice. The firm has no other interest in the Institute.

### Responsibilities of the Board for the Performance Report

The Board are responsible for:

- a. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b. the preparation and fair presentation of the performance report on behalf of the entity which comprises:
  - the entity information;
  - the statement of service performance; and
  - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

- c. for such internal control as the Board determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board is responsible on behalf of the Institute for assessing the Institute's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Restriction on use of our report**

This report is made solely to the Institute's Board Members, as a body. Our audit work has been undertaken so that we might state to the Institute's Board Members, as a body those matters which we are required to state to them in our audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's Board Members, as a body for our audit work, for this report or for the opinion we have formed.

### **Grant Thornton New Zealand Audit Partnership**



**B Kennerley**  
Partner  
Wellington

21 May 2020

THE PROPERTY INSTITUTE OF NEW ZEALAND INCORPORATED

# Performance Report

For the year ended 31 December 2019

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# Entity Information

## Legal Name of Entity:

The Property Institute of New Zealand Incorporated

## Type of Entity and Legal Basis (if any):

The Property Institute of New Zealand Incorporated is an Incorporated Society registered under the Incorporated Societies Act 1908.

## The Property Institute of New Zealand Incorporated's Purpose/Strategy

The Property Institute of New Zealand delivers against the 6 Pillars strategy:

### 1. Status & Standards

Status and Standards are about the things we do to position ourselves as the benchmark by which professionalism in the property industry is measured. Our challenge is to evolve into an organisation that sets the standard for the property industry and in which membership is viewed as an essential element of professional status.

### 2. Networking & Fellowship

Networking is recognised as one of the primary reasons that professionals join professional organisations. Our challenge is to reach a point where attendance at a PINZ networking event is seen as a mark of distinction and an essential indication of professional status.

### 3. Technology & Innovation

Technology and innovation are about preparing PINZ for the future. It includes collecting data and using it to accurately anticipate emerging professional trends. Our challenge is to prepare our members for coming trends and to be at the forefront of technological, economic and social change.

### 4. Industry Promotion

Promotion of the industry is about the things we do to project the property industry – and particularly the professions that we represent – in a positive way. Our challenge is to increase career participation in our professions and increase public confidence in the services provided by members.

## 5. Lifetime Learning

Lifetime learning is about providing robust, relevant and engaging education – within an easy-to-understand framework – to enable professionals to comply with their professional obligations while continuing to enhance their practical and theoretical knowledge.

## 6. Leadership & Advocacy

Leadership and advocacy are about those things that enable the Institute to establish, and maintain, a position from which it can influence the shape of policy and change through informed opinion, robust submissions and regular engagement with key decision-makers.

## Entity Structure

The Property Institute of New Zealand Incorporated ('the Institute') is an incorporated society focused on being the leading professional body for standards, qualifications and ethics across all facets of the property professions within New Zealand.

The Performance Report comprising of the Institute is presented for the year ended 31 December 2019.

The Property Institute of New Zealand Inc. is governed by a Board comprising 10 members and two observers. The members of the governing body are as follows:

- Luke van den Broek (President)
- Patrick O'Reilly (Immediate Past President)
- Roger Gordon
- Phillip Merfield
- Steve Bown
- Susie Penrose
- Phil Porteous
- Jeff Alexander
- Des Wai
- Boris Babic
- Karen Withers (PROMINZ) Observer
- Nicola French (Young Leader) Observer.

The Property Institute of New Zealand Inc. is structured in order to support its key strategic objectives as follows:

- To increase and broaden the professional representation of the organisation
- To advocate on behalf of members with government, government agencies and local bodies
- To promote the professional activities of our members
- To provide continual professional development and other education to members.

The Board meet on a two-monthly basis. The Finance, Audit and Risk Committee has responsibility for monitoring the finances of the Institute, internal control systems and processes, the budget, and the results of the annual audit. In addition, the committee has input on the following:

- Input into development of the annual budget and the recommendation for annual member subscription rates
- Review of management financial reports during the financial year, including meeting with management
- Review of internal controls
- Input into the recommendations to Council
- Meetings with the auditor to discuss the financial statements, annual audit and any recommendations in the auditor's management letter.

### **Main Sources of the Entity's Cash and Resources**

The Property Institute of New Zealand Incorporated's primary sources of income are:

- Provision of goods and services to members.
- Fees, subscriptions and other revenue from members.

Additional sources of funding include:

- Service Level Agreement with NZIV.
- Sponsorship revenue.

# Statement of Service Performance

## Description of the Entity's Outcomes

Key strategic objectives and outcomes The Property Institute of New Zealand Incorporated aims to achieve, influence and deliver:

### Education

To increase the number and quality of online webinars and seminars; expand the range of topics on offer; ensure the education provided to members is relevant, timely and value for money.

### Membership and Governance

Introduce networking events for members and other property professionals. Advocate on behalf of members on legislative changes, i.e. Unit Titles Act Review, Urban Development Authority. Monitor other legislation that is under review. Become more responsive to members with regular surveys of needs and satisfaction, inviting input to the PINZ education programme.

### Annual Conference

A positive satisfaction rating of more than 70%, the 2019 Property Institute conference was a very successful event, which further contributed to building the brand of the Institute as a professional property organisation. The event offered learning and networking opportunities for delegates, as well as valuable exposure to PINZ sponsors.

### Membership Communication

Continuing improvement of our communication channels through publications including: the *Property Professional* magazine and the fortnightly CEO newsletter; increasing the profile and stature of the Institute through regular and positive media coverage; improving data collection, research, and the production of relevant reports and standards.

The costs of delivery to achieve the entity outcomes are:	Actual 2019	Budget 2019	Actual 2018
Education	\$127,857	\$123,496	\$176,529
Membership and Governance	\$89,534	\$77,002	\$79,008
Annual Conference	\$192,107	\$248,900	\$196,088
Membership Communication	\$68,621	\$62,750	\$39,903

## Additional Output

For the 2019 calendar year the number of attendees to Institute run events (webinars/seminars) was 3,592 – an increase of 680 on the previous year (2018).

The number of attendees to the 2018 conference in Auckland was 290 and the number of attendees to the 2019 conference in Wellington was 266.

## Education

In 2019, the Institute delivered educational opportunities to its members in the form of webinars, seminars, property network meetings and conferences.

### Objectives

The Institute established a range of Education Objectives and determined that their achievement should be measured as a percentage of the 2019 Members Satisfaction Survey. The measures were as follows:

- The quality of the educational programme to be rated as acceptable, or higher, by 65% of Institute members
- The content of the educational programme to be rated as acceptable, or higher, by 65% of Institute members
- The delivery method of the educational programme to be rated as acceptable, or higher, by 65% of Institute members
- The range of choice of educational options to be rate as acceptable, or higher, by 65% of Institute members
- The length of educational options to be rated as acceptable, or higher, by 65% of Institute members
- The frequency of educational options to be rated as acceptable, or higher, by 65% of Institute members.

### Outcomes

	Very good or excellent	Good	Acceptable	Poor	Doesn't apply	Total
Quality	12.24% 12	37.76% 37	33.67% 33	6.12% 6	10.20% 10	98
Content	10.20% 10	40.82% 40	30.61% 30	8.16% 8	10.20% 10	98
Delivery method	9.18% 9	41.84% 41	33.67% 33	7.14% 7	9.18% 9	99
Range and choice	11.11% 11	33.33% 33	32.32% 32	14.14% 14	10.10% 10	100
Length	10.31% 10	41.24% 40	32.99% 32	4.12% 4	11.34% 11	97
Frequency	8.33% 8	36.46% 35	35.42% 34	9.38% 9	10.42% 10	96

## PINZ Board

In 2019, the Board of the Property Institute governed the organisation in accordance with the Constitution of the Institute, the Strategic Plan of the Institute and relevant legislation.

### Objective

The Board of the Institute determined that their performance should be measured as a percentage of the 2019 Members Satisfaction Survey and set a target of their performance being rated as acceptable, or higher, by 75% of Institute members.

### Outcome

Very good or excellent	15.69%	16
Good	46.08%	47
Acceptable	27.45%	28
Poor	4.90%	5
I don't know	5.88%	6
Other comments	0.00%	0
<b>Total</b>		<b>102</b>

## Membership Communication

In 2019, the Institute communicated with members in a variety of different ways.

### Objectives

The Institute communicated with members in a variety of different ways and determined that the success of these channels should be measured as a percentage of the 2019 Members Survey. The measures were as follows:

- Emails and newsletters to be rated as acceptable, or higher, by 65% of members
- Event promotions to be rated as acceptable, or higher, by 65% of members
- Presentations to members to be rated as acceptable, or higher, by 65% of members
- *Property Professional* magazine to be rated as acceptable, or higher, by 65% of members
- Website to be rated as acceptable, or higher, by 65% of members
- Publications to be rated as acceptable, or higher, by 65% of members
- Social media activity to be rated as acceptable, or higher, by 65% of members
- Collateral and brochures to be rated as acceptable, or higher, by 65% of members
- Annual report to be rated as acceptable, or higher, by 65% of members
- Personal dealings with PINZ staff to be rated as acceptable, or higher, by 65% of members.

### Outcomes

	Very good or excellent	Good	Acceptable	Poor	Don't know/ didn't receive	Total
Emails and newsletters	20.20% 20	59.60% 59	16.16% 16	4.04% 4	1.01% 1	100
Event promotions	22.22% 22	47.47% 47	27.27% 27	3.03% 3	0.00% 0	99
Presentations to members	11.46% 11	41.67% 40	36.46% 35	5.21% 5	6.25% 6	97
Magazine	13.13% 13	50.51% 50	23.23% 23	7.07% 7	7.07% 7	100
Website	11.11% 11	47.47% 47	26.26% 26	12.12% 12	4.04% 4	100
Publications	10.31% 10	45.36% 44	30.93% 30	5.15% 5	9.28% 9	98
Social media	2.11% 2	20.00% 19	17.89% 17	17.89% 17	42.11% 40	95
Collateral/brochures	3.19% 3	24.47% 23	21.28% 20	11.70% 11	39.36% 37	94
Annual report	10.42% 10	36.46% 35	29.17% 28	3.13% 3	20.83% 20	96
Personal dealings (phone, email etc)	25.00% 24	37.50% 36	26.04% 25	1.04% 1	11.46% 11	97

# Statement of Financial Performance

Consolidated			
	Notes	2019 \$	2018 \$
<b>Revenue</b>			
Interest income		16,091	15,920
Grants, donations, fundraising and other similar revenue		72,750	58,250
Fees, subscriptions and other revenue from members		500,093	593,154
Revenue from providing goods or services		1,029,049	1,024,757
Other revenue	1	130,769	123,955
<b>Total Revenue</b>		<b>1,928,752</b>	<b>1,816,036</b>
<b>Expenses</b>			
<i>Costs related to providing goods or services</i>			
Seminar expenses		24,782	61,141
Salaries and wages		892,835	975,838
Conference		192,108	196,088
<i>Other administration and overhead costs</i>			
Board expenses		24,939	25,588
General expenses		21,131	13,481
National Committee expenses		6,202	6,851
Other expenses	2	567,433	507,828
Valuers Council expenses		43,650	46,569
<b>Total Expenses</b>		<b>1,773,080</b>	<b>1,833,383</b>
<b>(Deficit) for the Period Before Tax</b>		155,672	(17,347)
Income tax			-
<b>Surplus for the Period After Tax</b>		<b>155,672</b>	<b>(17,347)</b>

# Statement of Financial Position

Consolidated			
	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Bank and cash		502,410	233,130
Investments		659,877	612,416
Amounts due from New Zealand Institute of Valuers		19,953	13,030
Debtors and prepayments		61,480	54,122
<b>Total Current Assets</b>		<b>1,243,720</b>	<b>912,697</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	20,481	16,180
Intangible assets	4	32,286	115,487
<b>Total Non-Current Assets</b>		<b>52,767</b>	<b>131,667</b>
<b>Total Assets</b>		<b>1,296,487</b>	<b>1,044,364</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and accruals		101,932	106,734
Employee entitlements		25,903	56,837
Subscription revenue in advance		208,883	80,555
Amount due to New Zealand Institute of Valuers		4,850	23,724
GST payable		40,402	17,668
<b>Total Current Liabilities</b>		<b>381,970</b>	<b>285,518</b>
<b>Total Liabilities</b>		<b>381,970</b>	<b>285,518</b>
<b>Net Assets</b>		<b>914,517</b>	<b>758,845</b>
<b>Accumulated Funds</b>			
Accumulated surplus	5	914,517	758,845
<b>Total Accumulated Funds</b>		<b>914,517</b>	<b>758,845</b>

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### Approval of Performance Report

The Board are pleased to present the approved Performance Report, including the historical financial statements of the Property Institute of New Zealand Incorporated for the year ended 31 December 2019.

APPROVED

For and behalf of the Board.



**Luke van den Broek**

*President*

Date: 21 May 2020

# Statement of Cash Flows

	Consolidated	
	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was received from:</b>		
Donations, fundraising and other similar receipts	41,815	84,030
Fees, subscriptions and other receipts from members	523,510	616,497
Receipts from providing goods or services	1,076,817	1,024,757
Interest, dividends and other investment receipts	16,091	15,920
Other revenue	262,925	123,955
<b>Cash was applied to:</b>		
Payments to suppliers and employees	(967,625)	(976,138)
Costs related to providing goods or services	(256,287)	(210,403)
Other expenses	(485,490)	(599,470)
<b>Net Cash Flows from Operating Activities</b>	<b>211,756</b>	<b>79,148</b>
<b>Cash Flows from Investing and Financing Activities</b>		
<b>Cash was received from:</b>		
Receipts from disposal/(purchase) of investments	(47,460)	(550,500)
Subscriptions in advance	104,984	-
<b>Cash was applied to:</b>		
Acquisition of property, plant and equipment	-	2,240
Acquisition of intangible assets	-	19,061
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>57,524</b>	<b>(529,199)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>269,280</b>	<b>(450,051)</b>
<b>Opening Cash</b>	<b>233,130</b>	<b>683,181</b>
<b>Closing Cash</b>	<b>502,410</b>	<b>233,130</b>
<b>This is represented by:</b>		
Bank and cash	<b>502,410</b>	<b>233,130</b>

# Statement of Accounting Policies

## Basis of Preparation

The Property Institute of NZ has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000 for the last two annual reporting periods. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Property Institute of NZ will continue to operate as a going concern in the foreseeable future. The performance report was approved and authorised for issue by the Property Institute of New Zealand Board on 21 May, 2020

## Functional and Presentation Currency

The Property Institute of NZ has presented its numbers in NZ\$ and all numbers have been rounded to the nearest thousand.

## Revenue

Revenue is accounted for as follows:

### Fees, subscriptions and other revenue from members

Fees and subscriptions received in exchange for monthly access to members' facilities are initially recorded as income in advance and recognised in revenue evenly over the membership period.

Where members purchase specific services (e.g. attendance at the coaching and development course), revenue is initially recorded as revenue in advance, and then recognised proportionally on the basis of the value of each session relative to the total value of the purchased services.

Other fees and subscriptions are recorded as revenue when cash is received.

### Grants, donations, fundraising and other similar income

Fundraising and grant income is accounted for depending on whether or not it has a 'use or return' condition attached. Where no use or return conditions are attached, the revenue is recorded as income when the cash is received. Where income includes a use or return condition, it is initially recorded as a liability on receipt. The income is then subsequently recognised within the Statement of Financial Performance as the performance conditions are met.

## Interest income

Interest income is recognised on an accruals basis.

## Revenue from providing goods or services

Where members purchase specific services (e.g. attendance at a professional development course), revenue is initially recorded as revenue in advance, and then recognised proportionally on the basis of the value of the purchased services.

## Event/conference income

Entrance fees for functions and events are recorded as revenue when the function or event takes place.

## Other income

All other income is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

## Income Tax

Taxation is provided on the income earned by the Institute on transactions outside of its membership – this income tax is accounted for using the taxes payable method. The Institute is not liable for tax on its dealing with members as per the Incorporated Societies Act 1908.

## Bank Accounts and Cash

Bank and cash in the Statement of Cash Flow comprise cash balances and bank balances (including short-term deposits) with original maturities of 90 days or less.

## Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

## Debtors

Debtors are carried at estimated realisable value after providing against debts where collection is doubtful.

## Property, plant and equipment

Property, plant and equipment are shown at cost less any accumulated depreciation and impairment losses.

### Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment, at rates that will reduce the cost of the assets to their estimated residual values over their useful lives. The depreciation rates and useful lives associated with major classes of assets have been estimated as follows:

Furniture and fittings	20% – 48%
Office equipment	20% – 48%
Computers	40% – 48%

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The Property Institute of New Zealand Inc. does not hold any intangible assets that have an indefinite life.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The amortisation periods for the Group's assets are as follows:

Website	20% – 48%
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### Employee costs

Employee entitlements are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned but not taken at reporting date.

The Property Institute of NZ recognises a liability and an expense for bonuses it is contractually obliged to pay, or where a past event has created a constructive obligation.

### Tier 2 PBE Accounting Standards Applied

In line with the requirements of PBE SFR-A (NFP) the Institute has accounted for the following transactions in accordance with PBE IPSAS Tier 2 (NFP):

- preparation of a consolidated Performance Report which combines the assets, liabilities, net assets/equity, revenue and expenses of the controlling entity with those of the controlled entity in accordance with the requirements in PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)*; and
- accounting for intangible assets in accordance with the requirements in PBE IPSAS 31 (NFP) *Intangible Assets (Not-for-profit)*.

### Changes in Accounting Policies

There have been no changes in accounting policies during the annual reporting period (2018: Nil) other than noted above.

# Notes to the Performance Report

## Note 1 – Analysis of Revenue

	2019 \$	2018 \$
<b>Revenue from Providing Goods and Services</b>		
Annual/Property summit conference	292,150	259,983
Publications	26,136	26,077
Service Level Agreement with New Zealand Institute of Valuers	717,996	738,696
Seminar income	172,767	165,555
<b>Total</b>	<b>1,209,049</b>	<b>1,190,311</b>
<b>Other Revenue</b>		
Branch revenue	107,749	101,085
PIQA Accreditation Scheme	23,020	22,870
<b>Total</b>	<b>130,769</b>	<b>123,955</b>

## Note 2 – Analysis of Expenses

	2019 \$	2018 \$
<b>Other Expenses</b>		
Accident Compensation Levy	2,045	1,867
Amortisation	25,221	25,781
Audit fees	20,332	15,979
Bank charges	545	4,610
Branch costs	103,076	115,702
Communication	10,808	15,125
Computer expenses	41,825	74,592
Depreciation	3,337	5,188
Equipment lease costs	2,430	3,589
Functions/awards	1,000	2,126
Information services – publications	68,621	34,336
Insurance	8,883	7,174
International costs	57,166	68,363
Legal fees	21,298	9,789
Marketing and consultancy expenses	30,624	6,786
Membership subscription	2,108	1,348
Contractors	4,275	28,621
Premises costs	40,291	40,452
Printing, stationery & postage	10,363	3,527
Staff costs	8,749	7,250
Gain/loss on assets	63,391	-
Travelling expenses	41,045	35,623
<b>Total</b>	<b>567,433</b>	<b>507,828</b>

**Note 3 – Property, Plant and Equipment**

	Opening Carrying Amount \$	Purchases \$	Sales/ disposals \$	Current Year Depreciation and Impairment \$	Closing Carrying Amount \$
<b>2019</b>					
<b>Asset Class</b>					
Furniture and fixtures	489			1,077	-588
Office equipment	8,097	-	42	481	7,574
Computers (including software)	7,594	8,050	370	1,779	13,495
<b>Total</b>	<b>16,180</b>	<b>8,050</b>	<b>412</b>	<b>3,337</b>	<b>20,481</b>
<b>2018</b>					
<b>Asset Class</b>					
Furniture and fixtures	1,796	-	-	1,307	489
Office equipment	6,177	2,522	-	602	8,097
Computers (including software)	6,048	6,931	2,106	3,279	7,594
<b>Total</b>	<b>14,021</b>	<b>9,453</b>	<b>2,106</b>	<b>5,188</b>	<b>16,180</b>

**Note 4 – Intangible Assets**

	Opening Carrying Amount \$	Purchase \$	Sales/ disposal \$	Current Year Amortisation \$	Closing Carrying Amount \$
<b>31 December 2019</b>					
Website	78,775	-	62,979	16,398	-602
QAAS	959	-	-	458	501
PIQA	4,336	-	-	2,081	2,255
Website transfer & enhancements	31,417	5,000	-	6,284	30,133
<b>31 December 2018</b>					
Website	98,587	-	-	19,812	78,775
QAAS	1,840	-	-	881	959
PIQA	8,338	-	-	4,002	4,336
Website transfer & enhancements	-	32,500	-	1,083	31,417
<b>Net Book Value</b>	<b>108,765</b>	<b>32,500</b>	<b>-</b>	<b>25,778</b>	<b>115,487</b>

**Note 5 – Accumulated Funds**

	Non- Controlling Interest \$	Accumulated Surpluses or Deficits \$	Total \$
<b>2019</b>			
<b>Description</b>			
<b>Opening Balance</b>	69,992	688,584	758,576
Surplus/(deficit)	269	155,672	155,941
<b>Total</b>	<b>70,261</b>	<b>844,256</b>	<b>914,517</b>
<b>2018</b>			
<b>Description</b>			
<b>Opening Balance</b>	(7,123)	783,038	775,915
Surplus/(deficit)	77,115	(94,454)	(17,339)
<b>Total</b>	<b>69,992</b>	<b>688,584</b>	<b>758,576</b>

**Note 6 – Commitments and Contingencies**

	2019 \$	2018 \$
<b>Commitments to Lease or Rent Assets</b>		
Future photocopier operating lease payments (42-month lease)	3,589	8,973

There are no capital commitments, contingent liabilities or guarantees as at balance date (2018: Nil)

**Note 7 – Related Party Transactions**

Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in kind)	2019 \$ Value of Transactions	2018 \$ Value of Transactions
The New Zealand Institute of Valuers*	Service Level Agreement payment from the New Zealand Institute of Valuers to the Institute	717,996	738,696
The Property Institute of NZ	Accounts receivable	19,953	13,030
	Accounts payable	4,850	23,724

\* The Institute has a related party relationship with the New Zealand Institute of Valuers due to the two entities having some common Board members of governance. Despite similarities in operations and governance the Property Institute of New Zealand Incorporated does not exercise control over the New Zealand Institute of Valuers and therefore does not consolidate their results in the consolidated Performance Report.

All Board members are also the members of the Property Institute.

**Note 8 – Events After the Reporting Date**

On 11 March 2020, the WHO declared a global pandemic in respect to the COVID 19 virus outbreak. Following establishment of a foothold within the New Zealand population, the New Zealand Government initiated a full societal lockdown with significant isolation and movement restrictions imposed on citizens (with essential services permitted to operate). The countrywide lockdown commenced on 26 March 2020 and was initially forecast to run for a four-week period, and at the time of signing the financial statements was at a reported 'Level 2' status.

The countrywide lockdown is expected to have significant economic impact on New Zealand, with flow through to the organisation's financial results considered to be likely. Due to the nature of the countrywide lockdown and flow-on economic impacts it is not practicable to estimate the financial impact on the organisation at this time.

There were no other significant events after balance date requiring or adjustment in these financial statements (2018 Nil).

**Note 9 – Consolidation**

The financial information reported for 2018 includes both the Property Institute of New Zealand Inc. and Property Education and Training Ltd.

Property Education and Training Ltd was dormant and wound up in 2018 and therefore no transactions were accrued and the 2019 figures represent the Property Institute of New Zealand only.

# Independent Auditor's Report

To the Members of The New Zealand Institute of Valuers

## Report on the Performance Report

### Opinion

We have audited the performance report of The New Zealand Institute of Valuers ("the Institute") on pages 103 to 112, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2019, the statement of financial position as at 31 December 2019, and notes to the Performance Reports, including summary of significant accounting policies and other explanatory information.

In our opinion:

- a. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b. the accompanying performance report presents fairly, in all material respects:
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of the Institute as at 31 December 2019 and its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

### Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the

entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of the Institute in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with or interests in the Institute.

### Responsibilities of the Council for the Performance Report

The Council are responsible for:

- a. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
  - b. the preparation and fair presentation of the performance report on behalf of the entity which comprises:
    - the entity information;
    - the statement of service performance; and
    - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report
- in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and
- c. for such internal control as the Council determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Council is responsible on behalf of the Institute for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the Council either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Restriction on use of our report

This report is made solely to the Institute's Council Members, as a body. Our audit work has been undertaken so that we might state to the Institute's Council Members, as a body those matters which we are required to state to them in our audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's Council Members, as a body for our audit work, for this report or for the opinion we have formed.

### Grant Thornton New Zealand Audit Partnership



**B Kennerley**  
Partner  
Wellington

14 May 2020

# Performance Report

For the year ended 31 December 2019

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# Entity Information

## Legal Name of Entity:

The New Zealand Institute of Valuers

## Type of Entity and Legal Basis (if any):

The New Zealand Institute of Valuers is a body corporate constituted under the Valuers Act 1948

## The New Zealand Institute of Valuers Purpose

The New Zealand Institute of Valuers (NZIV) is made up of members who are the authority on real property valuation advice, and is tasked with performing functions and duties as set out by the Valuers Act 1948. This includes promoting ethical conduct, preserving the status of its members generally, providing opportunities for the acquisition and communication of valuation knowledge, considering and suggesting amendment to the law, providing a means of amicable settlement of professional differences, and protecting and promoting the interest of valuers and the interest of the public in relation to valuations of land and related subjects.

## Entity Structure

The NZIV engages the Property Institute of New Zealand (PINZ) to perform professional administration and management support services on its behalf, to execute the strategies and responsibilities of NZIV.

PINZ is an organisation that supports a number of groups ('communities') who lead their respective professions within the property industry. The goal of PINZ is to elevate the standing of its community groups within the property profession and to ensure the goal and strategies of each community are achieved. NZIV is one of those groups/communities.

The Institute is governed by a Council. The members of the governing body are as follows:

- Jeff Alexander (President)
- Roger Gordon (Immediate Past President)
- Boyd Gross (Vice President)
- Blue Hancock
- John Tappenden
- Nigel Kenny
- Peter Ward
- Neill Sullivan (Valuer General)
- Anna Paget (Young Leaders Program)
- Jason Williams (Vice President)
- Adam Binns
- Rob Boyd
- Matt Snelgrove (Casual Vacancy).

The Council meets on a two-monthly basis.

The Institute is structured to support its key strategic objectives as follows:

- Advancing the Valuation Profession Through – Representation and Advocacy, Education, Ethics & Standards

## Main Sources of the Entity's Cash and Resources

The New Zealand Institute of Valuers' primary source of funding is through receipt of subscription fees.

Additional sources of funding include:

- VRB recoveries
- Interest income.

# Statement of Service Performance

## Description of the Entity's Outcomes

### Education

In 2019, the Institute delivered educational opportunities to NZIV members in the form of webinars, seminars, keynote meetings and conferences.

### Objectives

The Institute established a range of Educational Objectives and determined that their achievement should be measured as a percentage of the 2019 Members Satisfaction Survey completed by the Property Institute. The measures were as follows:

- The quality of the educational programme to be rated as acceptable, or higher, by 65% of NZIV members
- The content of the educational programme to be rated as acceptable, or higher, by 65% of NZIV members
- The delivery method of the educational programme to be rated as acceptable, or higher, by 65% of NZIV members
- The range and choice of educational options to be rated as acceptable, or higher, by 65% of NZIV members
- The length of educational options to be rated as acceptable, or higher, by 65% of NZIV members
- The frequency of educational options to be rated as acceptable, or higher, by 65% of NZIV members

### Outcome

	Very good or excellent	Good	Acceptable	Poor	Doesn't apply	Total
Quality	11.76% 4	44.12% 15	32.35% 11	11.76% 4	0.00% 0	34
Content	11.76% 4	44.12% 15	33.35% 11	11.76% 4	0.00% 0	34
Delivery method	8.82% 3	47.06% 16	38.24% 13	8.82% 3	0.00% 0	35
Range and choice	11.76% 4	35.39% 12	38.24% 13	14.71% 5	0.00% 0	34
Length	8.82% 3	47.06% 16	35.29% 12	5.88% 2	2.94% 1	34
Frequency	8.82% 3	35.29% 12	47.06% 16	8.82% 3	0.00% 0	34

## Membership Communication

In 2019, under the Service Level Agreement with the Property Institute, NZIV members received a variety of different communications.

### Objectives

The Institute communications determined that the success of these channels should be measured as a percentage of the 2019 Members Satisfaction Survey. The measures were as follows:

- Emails and newsletters to be rated as acceptable, or higher, by 65% of NZIV members
- Event promotions to be rated as acceptable, or higher, by 65% of NZIV members
- *Property Professional* magazine to be rated as acceptable, or higher, by 65% of NZIV members
- Website to be rated as acceptable, or higher, by 65% of NZIV members
- Publications to be rated as acceptable, or higher, by 65% of NZIV members
- Annual report to be rated as acceptable, or higher, by 65% of NZIV members
- Personal dealings with PINZ staff to be rated as acceptable, or higher, by 65% of NZIV members

### Outcome

	Very good or excellent	Good	Acceptable	Poor	Don't know/ Didn't receive	Total
Emails and newsletters	14.71% 5	67.65% 23	17.65% 6	2.94% 1	0% 0	35
Event promotions	17.65% 6	55.88% 19	23.53% 8	2.94% 1	0% 0	34
Presentations to members	6.06% 2	45.45% 15	39.39% 13	3.03% 1	6.06% 2	33
Magazine	6.06% 2	57.58% 19	24.24% 8	15.15% 5	0.00% 0	34
Website	8.82% 3	47.06% 16	32.35% 11	14.71% 5	0.00% 0	35
Publications	3.03% 1	45.45% 15	39.39% 13	9.09% 3	6.06% 2	34
Social media	0.00% 0	12.12% 4	15.15% 5	21.21% 7	51.52% 17	33
Collateral/brochures	0.00% 0	18.75% 6	21.88% 7	6.25% 2	53.13% 17	32
Annual report	6.25% 2	37.50% 12	34.38% 11	3.13% 1	18.75% 6	32
Personal dealings (phone, email etc)	19.35% 6	35.48% 11	29.03% 9	0.00% 0	16.13% 5	31

# Statement of Financial Performance

	Notes	2019 \$	2018 \$
<b>Revenue</b>			
Subscriptions revenue from members		849,312	828,720
Interest revenue		7,287	11,122
Other revenue	1	125,623	94,884
<b>Total Revenue</b>		<b>982,222</b>	<b>934,726</b>
<b>Expenses</b>			
<i>Costs related to providing goods or services</i>			
Professional Practices Committee		9,000	7,000
Professional practices investigations		128,809	95,784
Service Level Agreement with the Property Institute of New Zealand	5	717,996	738,696
<i>Other administration and overhead costs</i>			
Audit and accounting fees		9,763	8,461
General expenses		493	-
Insurance		4,346	4,059
President's honorarium		37,391	34,783
Legal fees		16,594	18,529
<b>Total Expenses</b>		<b>924,392</b>	<b>907,312</b>
<b>Operating Surplus/(Deficit) for the Period</b>		<b>57,830</b>	<b>27,414</b>
Unrealised gain/(loss) on investment in associates		-	-
<b>Surplus/(Deficit) for the Period Before Tax</b>		<b>57,830</b>	<b>27,414</b>
Income tax		-	-
<b>Surplus/(Deficit) for the Period After Tax</b>		<b>57,830</b>	<b>27,414</b>

# Statement of Financial Position

	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Bank and cash		823,859	176,041
Investments		300,000	252,977
Debtors and prepayments		22,489	43,893
GST receivable		-	24,108
Accrued interest		976	1,334
<b>Total Current Assets</b>		<b>1,147,324</b>	<b>498,353</b>
<b>Non-Current Assets</b>			
Investment in associate	2	-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>1,147,324</b>	<b>498,353</b>
<b>Current Liabilities</b>			
Creditors and accruals		98,821	13,574
Amounts due to Property Institute of New Zealand		20,160	13,029
Subscription revenue in advance		592,162	93,400
<b>Total Current Liabilities</b>		<b>711,143</b>	<b>120,003</b>
<b>Total Liabilities</b>		<b>711,143</b>	<b>120,003</b>
<b>Net Assets</b>		<b>436,181</b>	<b>378,350</b>
<b>Accumulated Funds</b>	3		
Accumulated surplus		436,181	378,350
<b>Total Accumulated Funds</b>		<b>436,181</b>	<b>378,350</b>

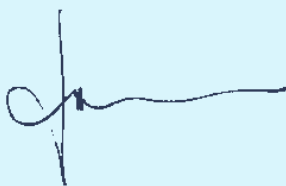
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### Approval of Performance Report

The Council are pleased to present the approved Performance Report, including the historical financial statements of the New Zealand Institute of Valuers, for the year ended 31 December 2019.

APPROVED

For and behalf of the Council

A handwritten signature in dark ink, appearing to be 'Jeff Alexander', with a stylized loop at the start and a long horizontal stroke extending to the right.

**Jeff Alexander**  
*President*

Date: 14 May 2020

# Statement of Cash Flows

	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>		
<b>Cash was received from:</b>		
Fees, subscriptions and other receipts from members	1,368,503	845,788
Interest, dividends and other investment receipts	7,288	11,122
Other revenue	125,622	94,884
<b>Cash was applied to:</b>		
Payments to suppliers and employees	(37,530)	(41,783)
Costs related to providing goods or service	(600,036)	(891,343)
Other expenses	(169,005)	(126,832)
<b>Net Cash Flows from Operating Activities</b>	<b>694,842</b>	<b>(108,164)</b>
<b>Cash Flows from Investing and Financing Activities</b>		
<b>Cash was received from:</b>		
Disposal of investments	47,023	(254,311)
<b>Cash was applied to:</b>		
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>47,023</b>	<b>(254,311)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>647,819</b>	<b>(362,475)</b>
<b>Opening Cash</b>	<b>176,040</b>	<b>538,516</b>
<b>Closing Cash</b>	<b>823,859</b>	<b>176,041</b>
<b>This is represented by:</b>		
Bank and cash	823,859	176,041

# Statement of Accounting Policies

## Basis of Preparation

The Institute has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting – Accrual (Not-for-profit). All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the Institute will continue to operate as a going concern in the foreseeable future.

## Revenue

Revenue is accounted for as follows:

### Subscription revenue

Subscriptions received in exchange for monthly access to members' facilities are initially recorded as revenue in advance and recognised in revenue evenly over the membership period.

Where members purchase specific services (e.g. attendance at the coaching and development course), revenue is initially recorded as revenue in advance, and then recognised proportionally on the basis of the value of each session relative to the total value of the purchased services.

Other fees and subscriptions are recorded as revenue when cash is received.

### Interest revenue

Interest revenue is recognised on an accruals basis.

### Other revenue

All other revenue is accounted for on an accruals basis and accounted for in accordance with the substance of the transaction.

## Investment in Associate

The Institute's investment in its associates is accounted for using the equity method of accounting in the Performance Report.

Under the equity method, an investment in an associate is initially recognised in the Statement of Financial Position at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in the Institute's share of

net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

The Institute's share of an associate's surplus or deficit is recognised in the Statement of Financial Performance. The cumulative movements are adjusted against the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Institute and the associate are eliminated to the extent of the Institute's interest in the associate.

The share of surplus or deficit of associates is shown on the face of the Statement of Financial Performance. This is the surplus attributable to equity holders of the associate and therefore is surplus after tax and minority interests in the controlled entities of the associates.

After application of the equity method, the Institute determines whether it is necessary to recognise an impairment loss on the Institute's investment in its associate. The Institute determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Institute calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of surplus of an associate' in the Statement of Financial Performance. Goodwill included in the carrying amount of the investment in associate is not tested for impairment separately; rather the entire carrying amount of the investment is tested as a single asset.

When the Institute's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Institute does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Institute. When necessary, adjustments are made to bring the accounting policies in line with those of the Institute.

## Income Tax

Taxation is provided on the income earned by the Institute on transactions outside of its membership – this income tax is accounted for using the taxes payable method. The Institute is not liable for tax on its dealing with members.

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### **Bank Accounts and Cash**

Bank and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short-term deposits) with original maturities of 90 days or less.

### **Goods and Services Tax (GST)**

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

### **Debtors**

Debtors are carried at estimated realisable value after providing against debts where collection is doubtful.

### **Tier 2 PBE Accounting Standards Applied**

In line with the requirements of PBE SFR-A (NFP) the Institute has accounted for its interest in associate in accordance with the requirements in PBE IPSAS 7 Investments in Associates.

### **Changes in Accounting Policies**

There have been no changes in accounting policies during the annual reporting period (2018: Nil) other than noted above.

# Notes to the Performance Report

## Note 1 – Analysis of Revenue

	2019 \$	2018 \$
<b>Other Revenue</b>		
Sundry revenue	2,500	-
Sales	1,250	-
VRB recoveries	121,873	94,884
<b>Total</b>	<b>125,623</b>	<b>94,884</b>

## Note 2 – Investment in Associate

The shareholding in Headway Systems Ltd is 267,647 shares, equity to 50% of the company shares. Headway Systems Ltd was fully impaired in the year ended 31 December 2014 as they incurred significant losses. The financial performance of Headway Systems Ltd for the years ending 31 December 2018 and 31 December 2019 has not indicated an impairment reversal is appropriate.

The associate had no contingent liabilities or capital commitments as at 31 December 2018 and 2019. The Institute has not provided any guarantees in relation to its interest in the associate (2019: Nil).

## Note 3 – Accumulated Funds

	Accumulated Surpluses or Deficits \$
<b>2019</b>	
<b>Opening Balance</b>	378,350
Surplus/(deficit)	57,830
<b>Total</b>	<b>436,180</b>
<b>2018</b>	
<b>Opening Balance</b>	350,936
Surplus/(deficit)	27,414
<b>Total</b>	<b>378,350</b>

#### Note 4 – Commitments and Contingencies

There are no capital commitments, contingent liabilities or guarantees as at balance date (2018: Nil).

#### Note 5 – Related Party Transactions

Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in kind)	2019 \$ Value of Transactions	2018 \$ Value of Transactions
Property Institute of New Zealand Inc.*	Service Level Agreement payment from the Institute to PINZ	717,996	738,696
Property Institute of New Zealand Inc.	Accounts receivable	3,125	23,724
	Accounts payable	19,953	13,029

The Institute has a related party relationship with the Property Institute of New Zealand Inc. due to the two entities having largely the same management and some members of governance. Despite similarities in operations and governance the Property Institute of New Zealand Incorporated does not exercise control over the New Zealand Institute of Valuers and therefore does not consolidate their results in the Performance Report.

The Institute has a 50% interest in an associated company Headway Systems Ltd. Refer to Note 2 for details of the investment in associate.

#### Note 6 – Events After the Reporting Date

On 11 March 2020, the WHO declared a global pandemic in respect to the COVID 19 virus outbreak. Following establishment of a foothold within the New Zealand population, the New Zealand Government initiated a full societal lockdown with significant isolation and movement restrictions imposed on citizens (with essential services permitted to operate). The countrywide lockdown commenced on 26 March 2020 and was initially forecast to run for a four-week period, and at the time of signing the financial statements was at a reported 'Level 2' status.

The countrywide lockdown is expected to have significant economic impact on New Zealand, with flow through to the organisation's financial results considered to be likely. Due to the nature of the countrywide lockdown and flow-on economic impacts it is not practicable to estimate the financial impact on the organisation at this time.

There were no other significant events after balance date requiring or adjustment in these financial statements (2018 Nil).



# LIFE MEMBERS

As at 31 December 2019

M R Mander QSO	NZIV	1985
E E Harris	PINZ	1991
R P Young	NZIV	1993
R L Jefferies	NZIV	1997
G J Horsley MNZM	NZIV	1998
R V Thompson	PINZ	2002
M R Hanna	NZIV	2002
J P Larmer	NZIV & PINZ	2003
A J Robertson	PINZ	2004
M E L Gamby	NZIV & PINZ	2005
N K Darroch	NZIV & PINZ	2009
D J Armstrong	NZIV & PINZ	2009
R Hargreaves	NZIV & PINZ	2012
P P Keane	PINZ	2013
P J Mahoney	NZIV & PINZ	2013
G L Callaghan	NZIV & PINZ	2014
A Beverley	PINZ	2015
K G Stevenson QSM	NZIV	2015
M Steur	PINZ	2016
L M Freeman	PINZ	2017
K E Parker	NZIV	2017
J R Cameron	PINZ	2018
E F Gordon	NZIV	2018
C N Stanley	NZIV	2019



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