

NEW ZEALAND

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PROPERTY PROFESSIONAL

MAGAZINE

Changing of the Guard

PROPERTY AT
OUR PLACE
CONFERENCE

2019
award
winners

THE
NO CGT
ENVIRONMENT

Unintended
consequences of
the letting fee ban



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We are unique – our property team focuses on property issues exclusively while other aspects of developments are tended to by our experts in construction, planning and financing.

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New leadership focused on SERVICE & RELEVANCE

It's an exciting time to be part of the Property Institute and the New Zealand Institute of Valuers. The recent Annual Conference and AGMs heralded a presidential changing of the guard for both organisations, with former young leader Luke van den Broek taking over the reins at the Property Institute and Jeff Alexander assuming the top job within NZIV.

Combine these appointments with the pending arrival of the new Chief Executive at the Property Institute, Viv Gurrey, and there is a wind of change blowing through the leadership – which will undoubtedly mean some subtle differences in tone, direction and strategy.

Through Luke van den Broek, the PINZ Board has reaffirmed its commitment to the Six Pillars strategy, with a focus on providing relevance and service to the membership, while Jeff Alexander has articulated a strong vision for NZIV that will involve engaging with members while further developing its own unique and professional identity.

These projects began under the previous leadership of Patrick O'Reilly (PINZ) and Roger Gordon (NZIV), who have both signalled a willingness to be a part of maintaining the momentum that they championed during their time as Presidents.

Viv Gurrey, meanwhile, will take up her role in early September. She has a strong background in the corporate and non-government organisation (NGO) sectors, which is underpinned with governance experience. Viv has recently finished a contract role as the CEO of Crohn's and Colitis New Zealand (CCNZ). CCNZ is a not-for-profit organisation and provides services across 14 regions with volunteer Support Councils.

Viv was also Chief Executive of Parents Centres NZ Inc (PCNZ) for 15 years. PCNZ is New Zealand's largest parenting NGO,

providing a service to about 20,000 families with 100 contract staff, a national support team of 11, and a volunteer workforce of around 3,500 across 50 branches. PCNZ also publishes the *KiwiParent Magazine* with a readership of about 300,000. The organisation is responsible for the service delivery of childbirth education and antenatal care.

In the corporate sector Viv has led a number of tech-based organisations, including SAP (New Zealand) Limited as its Managing Director and CEO. In this role she had a fiscal budget responsibility of about \$100 million for the region.

Viv has been a Board member of the Pharmacy Council of New Zealand since 2012 and been involved in various subcommittees, including Finance & Audit Risk, Complaints Screening, Professional Standards and Professional Conduct.

The Board believe that Viv brings a strong governance, management and strategic skillset to the PINZ CEO role. Coupled with her experience in the corporate and NGO sector, she will provide strong leadership for the delivery of services to PINZ members, Institute Councils and branches.

Inside this magazine

The Property Institute Annual Conference is a highlight of the calendar, and in this edition of *Property Professional* we celebrate the best of the best who received

awards this year, profile our first Women in Property Award winner, honour the contributions made by our newly appointed Fellows, and check out the networking events that surrounded the Property at our Place Conference.

There's a terrific selection of other articles too, as we get an update from tax expert Robyn Oliver, preview the upcoming residential Property Managers Institute of New Zealand (PROMINZ) Conference, and hear from Simpson Grierson about the challenges of coastal properties and climate change.

There's a lot to get your teeth into. Enjoy 🍷



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WINTER 2019

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CONTENTS

Winter 2019

GUEST EDITORIAL

- 01 *Jason Ede*

COVER ARTICLE

- 04 **Changing of the guard at PINZ and NZIV**

CONFERENCE 2019

- 05 **Property At Our Place**
06 **Property Institute Awards honour the best of the best**

NZIV LIFE MEMBERSHIP

- 11 **Chris Stanley**

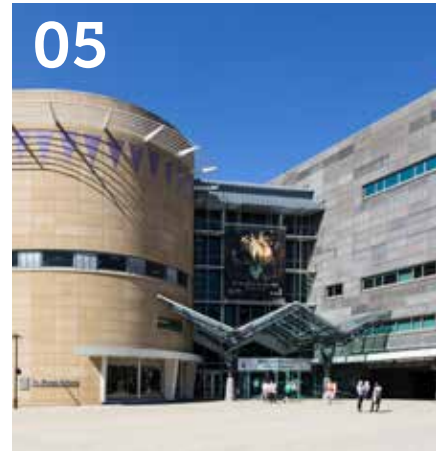
FELLOWSHIPS

- 13 **PINZ and NZIV Fellowships**

INAUGURAL WOMEN IN PROPERTY AWARD WINNER

- 20 **Alison Pharaoh**

05



33



30

FEATURE ARTICLES

- 30 **The no CGT environment – implications for property investors**

Robin Oliver

- 33 **The unintended consequences of the letting fee ban**

Karen Withers

LEGAL AND TECHNICAL

- 37 **Coastal properties and climate change**

Edward Warren and Nick Wilson

PINZ NOTICES

- 42 **Branch and regional news**





Changing of the Guard

at PINZ and NZIV

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NZIV
NEW ZEALAND INSTITUTE OF VALUERS

There has been a changing of the guard at the top of two of the country's premier property organisations. Christchurch-based Luke van den Broek (left) has been elected President of the Property Institute of New Zealand, while Cambridge-based Jeff Alexander (right) has taken over as President of the New Zealand Institute of Valuers.

At 32, van den Broek is the youngest ever President of PINZ, replacing former President Patrick O'Reilly after a two-year stint. Jeff Alexander replaces Roger Gordon who has led the NZIV for the past three years. Neither of the incumbents sought re-election and the new Presidents have taken over the reigns following recent AGMs and Board meetings in Wellington.

Van den Broek's election completes a rapid rise through the ranks of PINZ, having taken part in the Institute's Young Leaders programme, serving on the Board since June 2015 and winning the Young Property Professional of the year Award in 2017.

Luke says it's a tremendous privilege to lead the organisation that has been reaching out to other property professionals, and recently been joined by the Independent Property Managers Association, which has since rebranded

as the Property Managers Institute of New Zealand.

'The Property Institute has been a huge part of my professional life, encouraging me, and others like me, to grow my skill set, undertake regular education while providing opportunities for networking and to learn from my peers.

'In recent years PINZ has been focused on raising the bar for members and I'm very much looking forward to helping maintain that momentum, as well as working with my Board colleagues to identify and deliver services that modern property professionals are increasingly demanding,' van den Broek says.

Meanwhile, 43-year-old Jeff Alexander is also one of the youngest ever Presidents of the NZIV, which was incorporated just over 80 years ago.

'To have the opportunity to contribute to the profession as President is an

honour. I feel fortunate to have been given the support of the NZIV Council where there is a fair bit of passion, commitment and knowledge to fall back on,' he says.

Alexander is a Registered Valuer and runs his own valuation firm Silverton Alexander with his colleague Matt Silverton. He has been actively involved with NZIV since 2013, and came to valuation later in his professional life, having worked in other property disciplines before starting in valuation in 2007.

'In recent times the NZIV Council has really been trying to up our game and we intend to be a lot more visible in coming years. I want to see more promotion of the profession and we need to remind those involved in the property industry that Registered Valuers are the authority when it comes to property valuation advice,' Alexander says 📍

PROPERTY AT OUR PLACE

Anyone remotely familiar with Wellington will tell you that holding a conference in the capital in the middle of the year is a high-risk activity if you're relying on the weather to play nicely. Well, property is all about managing and taking risks, and on this occasion it paid off.

Despite the plans made for poor weather, such as encouraging sponsors to provide umbrellas, conference delegates were treated to three mild days in Wellington and a programme packed with education and networking opportunities.

The event kicked off with a revelation from Wellington Mayor Justin Lester that he was once a PINZ Committee member, where he learned about property cycles and cut his teeth as an organiser of events like lawn bowls.

Close to 300 attended, packing the theatre at Te Papa. They heard from a diverse range of speakers, including representatives from Ngai Tahu, the Ministry of Business, Innovation and Employment, Build to Rent expert Paul Savitz, and Economists Tony Alexander and Sharon Zollner.

For the first time the event included a specific Women in Property event hosted by National MP, the Hon Judith Collins. The feedback from this event has been outstanding and will certainly mean it will be repeated at future conferences.

The city walking tours were extremely informative, including a detailed analysis of the earthquake strengthening work being carried out in the city, the historic considerations developers are making when they

rebuild, and the perils of living so close to one of the country's main fault lines.

Those who made the bus trip out to the wind farm at Makara on a blustery day were rewarded with a download on the economics of the project, maintenance and depreciation rates that each of the turbines faces.

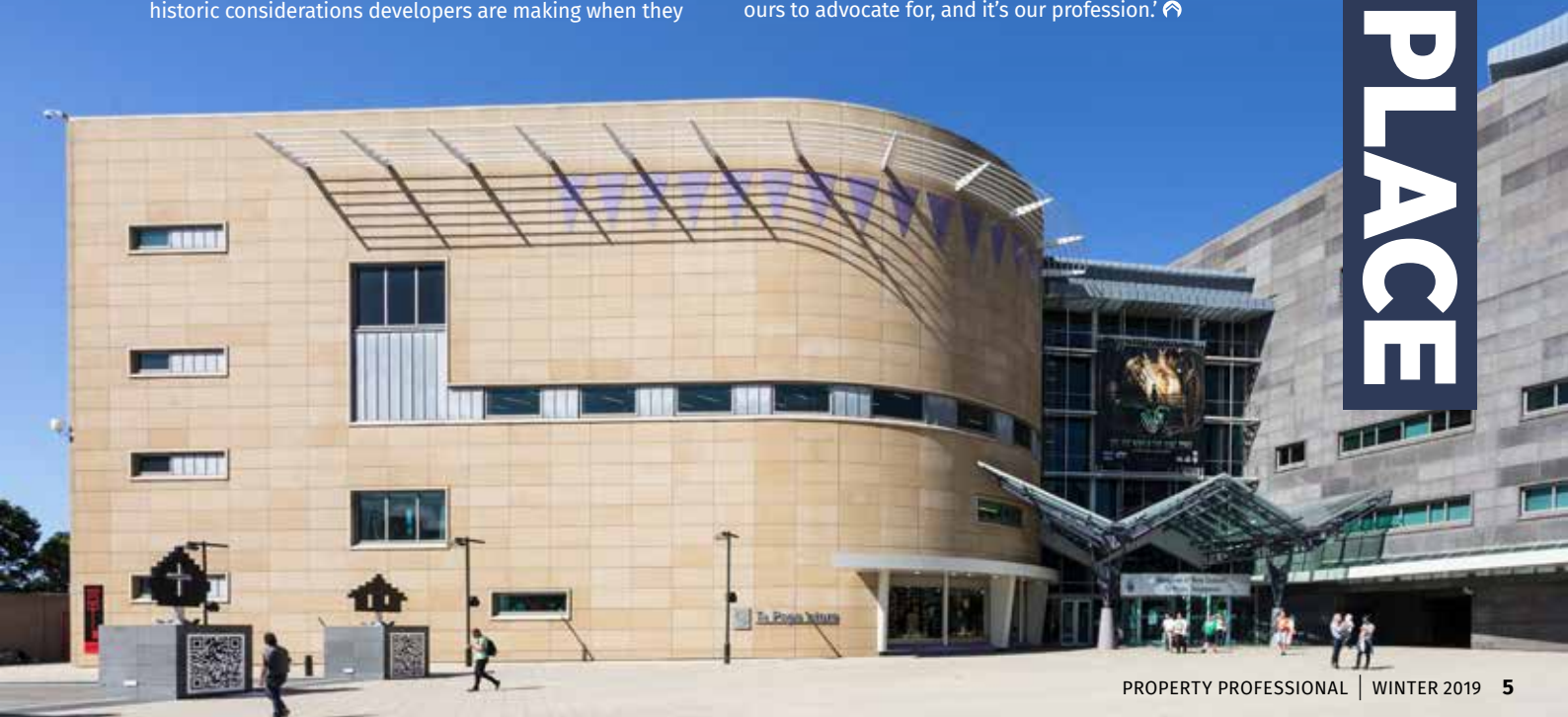
Delegates who attended the formal awards and dinner were treated to a venue that is second to none. With a giant panoramic window overlooking Wellington central at one end of the room, surrounded by the treasures and artefacts that make up New Zealand's history, it was truly a memorable location and evening.

With the 2019 Conference now out of the way, attention is now turning to 2020, when it has been decided that the Property Institute will be hosting its 20th anniversary event. Members will be surveyed in the near future about their preferred location – with Rotorua and Auckland in the mix at this stage. There will be special events planned for 2020, and a PINZ Board Sub-Committee has already been formed to consider what sort of appropriate celebrations will be placed on next year's conference programme.

In the pages that follow we celebrate the property industry leaders and the many volunteers who help make the PINZ Conference the success that it is, year after year.

From those grass roots members who get involved in their local branch committee, to the expert speakers who give up their time to help grow members' collective knowledge, the Institute would not be able to survive and thrive without you.

As the new PINZ President Luke van den Broek summed up during his conference address, 'Every one of us has skin in the game and an equal share in the ownership of this organisation. It's ours to protect, it's ours to advocate for, and it's our profession.' 🏡



Property Institute Awards honour

THE BEST OF THE BEST

Some of the highest achievers in the property industry have been honoured at the annual Property Institute of New Zealand awards held at Wellington's Te Papa. The awards are part of the PINZ Annual Conference, which was held over three days on 19-21 June and attracted more than 200 delegates and observers. The awards were decided by an independent judging panel, which commented that the calibre of the entries keeps getting better and better, year on year.

The winners of this year's Property Institute Property Industry Awards are:

JLT SUPREME AWARD

The Supreme Award is presented to an individual in a public or private capacity who has demonstrated qualities of leadership and vision, and who has positively impacted on the property sector, economy and community.

Brent McGregor, CBRE Executive Chairman

Brent has more than 20 years in the industry, with a background and experience extending over a range of property-related services, including transactions, valuation and consultancy. His high level of professionalism and expertise, combined with his extensive network, allows him to support high-value and high-profile clients.

He started with Darroch & Co, moved to Ernst & Young, and was named Young Professional of the Year in 2002. He has been with his current firm for 15 years and became the youngest leader in its history in 2010. The company has since doubled in size, diversified, and makes significant contributions to charitable organisations such as the Make A Wish Foundation, Ronald McDonald House and the Child Cancer Foundation.



In his spare time he is a rugby ref, has been involved in the Property Council, and is a huge contributor to advancing education and standards within the Property Institute. His business life is focused around very large transactions, facilitating international investment in New Zealand with transactions worth billions of dollars. His current project portfolio has a value of more than one billion dollars. His colleagues say Brent epitomises the values of professionalism and integrity in everything that he does.



Anisha Segar, Registered Valuer and Associate Director, Valuations and Advisory Services, at CBRE (Auckland)

Anisha was selected on the basis of her outstanding service provided to major clients, supported by their personal testimonials. The technical accomplishments, leadership skills and valued client relationships she has displayed mark her out as a future leader. She plays an active role in leading CBRE's

VALUEPRO YOUNG PROPERTY PROFESSIONAL OF THE YEAR

The Young Professional of the Year award recognises an outstanding and emerging young professional within the New Zealand property industry. It is given to younger members who demonstrate initiative, innovation, leadership, and who contribute to their professional community.

Retail Valuations Team, and mentors two younger valuers in day-to-day valuation tasks as they prepare for registration.

Anisha is also a founding member of CBRE's MATRIX programme, a group of talented young professionals identified as having leadership potential and who have organised client events and sessions about career planning, personal branding and networking. She has received multiple in-house awards from CBRE.

Runner-up: Hamish Mackereth

VALOCITY WOMEN IN PROPERTY AWARD

This is the first year we have introduced this award and our inaugural winner is truly a worthy recipient. This award is open to members who have made an outstanding contribution to the property industry and to their particular field of speciality. They will have demonstrated exceptional leadership abilities and shown a deep level of commitment to their advancement and improving the professionalism of others around them. These talents mark them out as a role model for other women in the industry.

Alison Pharaoh Consultant at PropertyPathways Ltd (Petone)

Alison comes originally from a sharemarket and investment background. She carved out her property career at a time when senior female executives were thin on the ground. A firm believer in picking 'the best candidate for the job', she and her immediate colleagues were regularly described as 'The Spice Girls' as a put down, which later became a badge of honour.

Then she moved into self-employment. In the late 1990s, she had picked up a portfolio of strong clients and directorships before



she sold her business and changed tack. Deciding to lend her expertise in the aftermath of the Christchurch earthquakes, she put her accumulated property skills to use in selflessly helping others with their earthquake issues. She operates under the radar of publicity that accompanies so many of the problems and is still dealing with the last handful of the most difficult cases. Alison is a great believer in getting involved in professional organisations such as the Property Institute, and was a transitional Board member when the Institute of Valuers entered into its agreement with PINZ. She's also done a stint as a Trustee on the Massey University Property Foundation. See pages 18-20 for a full profile on Alison.



PropertyPathways Ltd

This was a fascinating and engaging entry. It is a unique story about overcoming the odds to develop a business model that fitted the needs of not just clients, but a community hurting from the Christchurch earthquakes and dealing with the relentless bureaucracy of government departments, agencies

SIMPSON GRIERSON PROPERTY BUSINESS OF THE YEAR

The Property Business of the Year award recognises success and innovation in the workplace. Our winner must demonstrate how their business has delivered successful and sustainable positive change. This may be through cultural change, an innovative working environment, or a drive to build client trust and confidence.

and insurance companies. PropertyPathways succeeded because of collaboration, flexibility, selflessness and a commitment to make a positive difference to homeowners badly affected by the earthquakes. It is a story that should be re-told – because it is a truly inspiring tale about what can be achieved when property professionals focus on problem-solving and community engagement.

Runner-up: Otago Valuations Limited, trading as Colliers International Otago



Bayleys Commercial and PropertyPrompt

Bayleys Commercial required a streamlined property management tool for their portfolio of hundreds of buildings under management across New Zealand. Hamish Mackareth, a Commercial Property Manager for Bayleys, worked with app developers PropertyPrompt to develop an easy and intuitive

RESENE PROPERTY INNOVATION AWARD

The Property Innovation Award recognises a person or team who has developed a truly innovative project or initiative that stands out from the crowd. The broad scope of this award serves to encourage nominations for work that has significantly improved the service provided to industry and/or clients.

tool to provide concise communications between the building managers, clients, tenants and service providers.

Its success has streamlined the traditional facilities management process, whereby FM requests are made through a mobile app and all parties are constantly kept informed of progress. The app is cloud-based, ensuring that relevant data is accessible anywhere on any device. Users include Augusta, BDO, NZME, Mercury and Tegel.

Congratulations to all our award winners!

COMMUNITY AWARDS

These awards are made at the discretion of each of our specialist Advisory and Commercial Property Manager Councils.

CORELOGIC PROPERTY ADVISOR OF THE YEAR

Greg Ball Executive Director, The Property Group

Greg has been involved in the property industry all his working life. He is a Chartered Member of the Institute of Directors, a Fellow of the Property Institute, a Registered Property Manager, a Property Consultant and a Crown Accredited Supplier. A previous winner of our Supreme Award, he provides specialist advice to the New Zealand Treasury and has grown his consultancy company from just 14 staff to nearly 200, with offices throughout the country.

He has strong negotiation skills and specialises in business/strategic planning, general/change management and project management. It was 20 years ago that he led a management buy-out of The Property Group where he has carved out his



exceptional career and he remained Managing Director there for 13 years until 2012. His contribution to PINZ is second to none, recently serving as President and guiding the organisation through a period of significant change.



Ian Dewar, Investment Team Leader, Ngāi Tahu Property

Ian is based in Christchurch with Ngāi Tahu Property, which is responsible for the management of the Iwi's investment

QUICKMAP PROPERTY MANAGER OF THE YEAR

property portfolio. Joining Ngāi Tahu Property in 1998, he has been involved in the growth of the portfolio from its inception to where it is now – valued at more than \$400 million.

Ian has more than 30 years' experience in property management in a wide variety of property sectors including office, industrial, retail and residential. He has also worked throughout New Zealand for private and corporate, national and offshore investors. He has extensive property expertise due to the variety of assets he has managed in his career and having worked through the property issues which arose from the Christchurch earthquakes.

Ian has a Bachelor of Business Studies in Valuation and Property Management from Massey University and is an active member of the Property Institute.

NZIV Life Membership

CHRIS STANLEY

Chris Stanley has more than 32 years' experience in the valuation of commercial, industrial, block land and special purpose real estate throughout New Zealand.

His many distinctions include being a registered as a Valuer since 1983, and being a Fellow of the New Zealand Institute of Valuers, an Associate Member of the Arbitrators' and Mediators' Institute of New Zealand Incorporated, a recipient of the New Zealand Institute of Valuers Council Award in 1981, a recipient of the New Zealand Institute of Valuers John M Harcourt Memorial Award 2013, a Past President of the Property Institute of New Zealand (2007-2009), a Past Chair of the NZIV (2007-2014), and a Member of the Australian Property Institute Valuation Standards Board (2009-2014).

He has also acted as an advisor to local government, central government and many major commercial organisations and public listed companies. He has considerable experience as an expert witness, umpire and arbitrator and was appointed by the Office of Treaty Settlements as an umpire in relation to the Ngai Tahu Treaty claim.

He sits on the Land Valuation Tribunal, a statutory body primarily dealing with valuation issues arising from rating valuations, and has developed considerable expertise in the valuation and consultancy relative to special purpose properties. He has had significant involvement with health sector assets, both public and private, and acts for the Canterbury District Health Board and also the largest private sector health care providers.

Chris also acts for a number of major developers in the industrial, retail and office sectors and, as such, is frequently involved in feasibility studies, establishing

rental levels and market valuations. For many years he has been involved with the valuation of supermarkets. This includes rental and market valuations, acting as an expert witness and as an arbitrator/umpire.

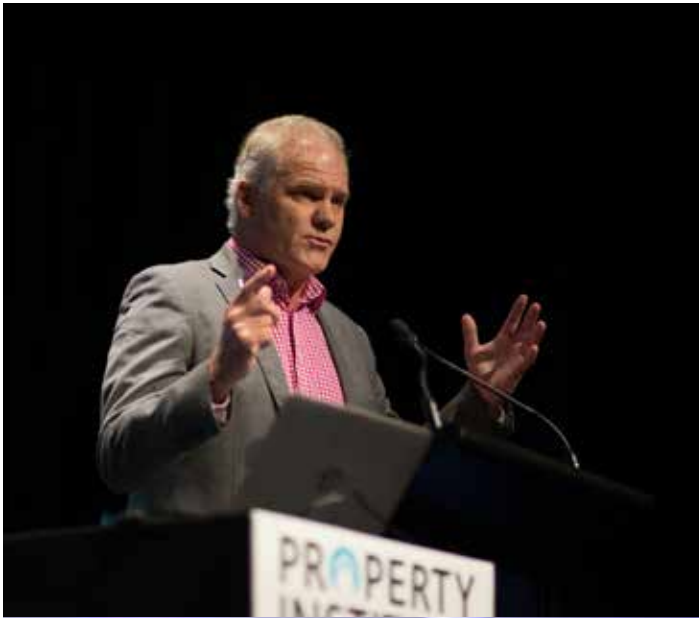
In 2000, he was selected by the New Zealand Commerce Commission to peer review airport company land valuations throughout New Zealand. This involved establishing appropriate valuation methodologies, consideration of the correct application of the methodology and consistency between airport companies. He has continued his involvement with the valuation of specialised airport assets and was appointed as an advisor to Wellington International Airport in 2006.

This role includes developing appropriate methodologies, asset valuations, commercial rental valuations and strategic asset advice. Since this time Chris has continued to provide asset valuation and property advice to Wellington International Airport. In 2007, he was appointed as valuer for the Dunedin International Airport to provide advice on asset valuations, rental valuations and strategic planning. He has significant experience with asset valuations for financial reporting, acting for a number of major private and public entities.

In 2012, he was appointed as Crown valuer by the Canterbury Earthquake Recovery Authority to establish property values for land to be acquired by the Crown for key anchor projects in the Christchurch CBD as part of the Recovery Plan.

As you would expect, he has presented at a number of seminars in relation to the adoption of International Financial Reporting Standards and International Valuation Standards. Also in 2012, he was appointed to the International Valuation Standards Board and in 2014 he became the Vice Chairman of that Board 🏠





PINZ & NZIV FELLOWSHIPS



AWARD OF PINZ FELLOWSHIPS

Fellowship status is awarded to nominated members who have been members and practised for at least 10 years, are of good character, have an established professional reputation and high ethical standards, and are held in high esteem by their peers within the property profession. The Board has received and approved the advancement to Fellow Status for the following members.

Stuart Bent

Stuart is the current General Manager of Bayleys Property Services and Bayleys Valuations Ltd. His primary job responsibility is strategic leadership and growth of both the asset management and valuation business lines, including key client relationship management, governance and national business development. In this role he takes responsibility for an annual revenue budget of \$15 million and 93 staff throughout New Zealand. His General Manager position also extends to the Bayley Corporation executive leadership group.

Stuart has a Bachelor of Property Administration gained in 1990, he is a Registered Valuer, a Member of the Royal Institute of Chartered Surveyors, a Member of Corenet NZ and he has S-PINZ status. He is a former chair of the PINZ Property Management Committee and a former Board member.

He has nearly 30 years of property experience both in New Zealand and overseas, including the UK, Australia and the Middle East. His career began at the North Shore City Council where he worked as a Property Administrator before joining



Darroch Valuations in 1992. In 1995, he became a Registered Valuer and spent several years working in senior positions for CBRE in the UK and Australia, and a short stint in Abu Dhabi, before returning home in 2013 to take up his current role at Bayleys.



Michelle McKellar

Michelle has a commercial property career spanning more than 30 years in CEO and COO roles across the Asia-Pacific region.

She was responsible for establishing the CBRE business in New Zealand and served as the Hong Kong-based Managing Director of the company's Greater China operations. She subsequently served as the CEO of the Jen Group of Companies and is a founding Director of China-based Dash Brands.

She is a Senior Member of the Property and Land Economy Institute, a Fellow of the Australian Institute of Company Directors and a Director of New Zealand-based property investment company Oyster Group, as well as the ASX-Listed Cromwell Property Group.

Responsible for most of the major (\$50 million plus) property transactions during the 1990s, Michelle was key to the introduction of offshore capital to the New Zealand market, which has supported growth in both the market and industry since that time.

Michelle has been a leading proponent of diversity in the New Zealand and Australian property industries, and has been an outstanding example to many professional women.

Alan Douglas McMahon

Alan currently holds the position of National Director/Strategic Advisory for Colliers International New Zealand Ltd. He has a BSc (Hons) and post-nominals, including F-RICS, M-PINZ and AREINZ. After graduating, he worked as a general practice surveyor, carrying out both valuation and agency work. He qualified as a Chartered Surveyor in 1981 and worked in various roles in the UK until commencing with JLL (then JLW) in Auckland in 1988 as Investment Sales Director.

Following another spell in the UK as Partner in a firm of Chartered Surveyors, he worked for Knight Frank in New Zealand (CEO for two years) and then Colliers for 21 years from 1998. His roles at Colliers have included National Manager of both valuation and property management, Director of Research, and more recently National Director Consulting (re-branded Strategic Advisory). He was also the company licensee and has had close involvement with REINZ for some years. His list of clients includes many of the most significant public and private sector entities in New Zealand.

Alan was honoured with a Royal Institute of Chartered Surveyors (RICS) Lifetime Achievement Award in 2018 after



serving as their New Zealand Chair from 2010 to 2014. During his time as Chair he met with the PINZ Board to discuss how the organisations might work together, and with the Valuer-General to discuss the review of the Valuers Act. His contribution to CPD over the years has extended to scores of presentations, reaching many thousands of participants.

Basil James Roberts

Basil is a Senior Director of JLL Christchurch, with 28 years of experience working in plant equipment and machinery valuation. He is responsible for the South Island Valuation Team and also assists with his Australian colleagues at a senior level. He has professional skills in valuations and consulting for insolvency and receivership, litigation, financial reporting and accounting, transactions, insurance acquisition and disposal. He has managed high-profile insolvency and receivership valuations with an impressive list of clients.

As a Director of JLL Christchurch, Basil played a key role in the Christchurch office following the 2010 and 2011 earthquakes where his leadership and team skills have assisted his colleagues to cope and recover. In 1991, he was admitted as a Full Member of the Institute of Plant & Machinery Valuers, which is now part of the Property Institute. He gained membership of RICS in 2013.

Basil is a Panel Valuer recognised by all banks and finance houses and continues to assist and mentor other



work colleagues of JLL in his specialist area of insolvency and receivership assignments. He is an active member of the IPM National Council, a position he has occupied for the last 10 years. Other South Island members regularly contact Basil and benefit from his huge understanding and experience.



**PROPERTY
INSTITUTE**



AWARD OF PINZ AND NZIV FELLOWSHIPS

Seven recipients were awarded both the NZIV and PINZ Fellowships in 2019.

William Paul Symes Harvey (known as Paul)

Paul is the current owner and Director of Williams' Harvey Ltd. He established the business in 2006 and is also a current Board member of ValGroup. He has a Bachelor of Business Studies majoring in Valuation and Property Management and is a Registered Valuer with post-nominals, including ANZIV, SPINZ and AREINZ.

Paul's career has been diverse, giving him an extremely broad knowledge of the property industry in New Zealand. Starting as a Property Manager at New Zealand Rail in 1990, he was promoted to being one of their youngest Area Managers until he left for his OE in 1994. On his return, he joined his father in the old family business selling residential/commercial real estate. Paul is the great-grandson of the original founder of Williams' Harvey Ltd. After completing his valuation registration in 2001 he then became the General Manager for Harveys Real Estate, Hawke's Bay in 2002, where he managed four business branches with over 50 staff through to 2006 when Williams' Harvey was formed.



Paul has assisted the local PINZ branch with sitting on review panels for members' advancement to ANZIV and SPINZ status. He gained registration in August 2001, ANZIV status in August 2009, M-PINZ in 2005 and S-PINZ in 2013.



Stephen Antony Jones (known as Tony)

Tony is primarily a Rural Valuer based in Feilding and works for Morgans Property Advisors. Prior to Morgans, he worked

for Quotable Value in Palmerston North and a private practice in Warkworth. He consults on a wide range of properties ranging from dairy farms to pastoral properties of all sizes, as well as completing lease reviews for both individuals and larger organisations.

He attended Lincoln University and graduated with a Bachelor of Commerce (Agricultural) in 1983. He then became a Farm Manager to gain experience in varying fields before returning to tertiary study, gaining his Postgraduate Diploma for Commerce Studies (Valuation) at Lincoln University in 1996. He gained registration in 2000 before acquiring his MPINZ and ANZIV post-nominals.

Tony has worked as a Property Valuer for more than 16 years. He joined Morgans Property Advisors in 2007 as a contractor. His experience as an adult student brought home to him the need to encourage, guide and employ students and graduates. The number of students and graduates Tony has mentored are too many to mention.

Congratulations to our Fellowship recipients!

Bruce Donald Lavender

Bruce is a Registered Valuer and Director of Blackmore and Associates Ltd (trading as Blackmores) in Palmerston North, having joined the company in January 1999. He specialises in residential and commercial valuations, is the former Practice Manager of the company, and continues to manage a small property management portfolio.

He graduated from Lincoln College in 1985 with a Bachelor of Commerce (Valuation and Property Management) and began his valuation career with the Housing Corporation, gaining registration in 1988. He is currently an Associate Member of the NZIV and a Senior Member of PINZ.

Bruce has more than 30 years of valuing experience and has undertaken a wide range of valuation tasks throughout the Wellington, Manawatu and Horowhenua regions. He has been a member of PINZ, as well as the NZIV, for over 30 years, with varying roles in the local Manawatu PINZ branch, including as Chair, committee member and Treasurer. During this time he has



been active in supporting and mentoring valuation students and graduates through to registration.



Michael Joseph Nyssen

Michael's property career began with Robisons in 1990 after leaving Lincoln University. He became a founding Director of

TelferYoung (Northland) Ltd, part of the national TelferYoung Group, in 2000. Although primarily responsible for residential valuation and development funding, he has also been responsible for the West Coast commercial work and the region's hospitality sectors.

Although now more focused on training new graduates, Mike is still sought after as an expert witness in family settlements and public works acquisitions. He has been mentor to many Valuers within the region and is known for his honest and ethical approach to his work.

His focus is on both residential and commercial work throughout the Whangarei, Kaipara and Far North Districts. He has been a long-term mentor to the profession, freely providing advice and support to other Valuers in the region. He has trained a number of graduates and some have progressed to senior roles and directorships of their own companies. He is a long-term and highly respected member of the Northland valuation community and personifies the highest level of standards.



Ken Pawson

Ken graduated from Lincoln University in 1983 with a Bachelor of Commerce in Valuation and Property Management. He attained his Valuer registration in 1998. He has Associate status with

the NZIV, which was conferred in 1989, and is also a Senior Member of PINZ.

In his early days Ken worked as a Valuer in the Palmerston North and Masterton offices of Valuation New Zealand, as well as in Whanganui with a brief stint in Lower Hutt. He established the Whanganui Branch of Morgans Property Advisors, and is now Director of Pawson Property Solutions Ltd (trading as Morgans Property Advisors). Ken is dual qualified in the urban and rural disciplines.

In private practice he has been active in valuing a wide range of properties from freehold/leasehold farms, to commercial/industrial, to rural lifestyle blocks and residential. He has considerable experience in commercial arbitrations, mediation and negotiations.

Ken was a Director of Valgroup from 1999 until 2007, and again from 2015 until 2017. He is a past Chairman of the Whanganui branch of the NZIV and the Whanganui branch of PINZ. He has been an appointed member of the Land Valuation Tribunal since 2008 and is a past Councillor on the New Zealand Valuers Council.

John Chalmers Tappenden

John is a Director and Partner with TelferYoung in Canterbury. He is also the current NZIV Councillor for Canterbury Westland. He passed his NZIV Professional Examinations (Urban) in May 1980, was registered as a Valuer in June 1980, and gained Associate status in December of the same year (ANZIV).

His career began as a Cadet in the Valuation Department in Christchurch in 1975, and in his early years he also worked in Alexandra, Invercargill and Hokitika before his appointment as Director of Valuation for Trust Bank Canterbury/Westpac Trust. He was appointed a Director and Partner of TelferYoung in 1996.

John has been active in commercial/industrial valuations from then until the present time. He specialises in the valuation and consultancy of childcare realty and businesses, self-storage facilities throughout the country and accommodation businesses. He has acted as an advisor to local government, state-owned enterprises, national commercial organisations and public listed companies. He has also acted as an expert witness in the High Court and Family Court and assists as an expert in judicial settlements and arbitrations.



John joined the NZIV as a Student Member in 1975. He has a long history of Institute involvement commencing in Southland on the branch committee. He has been the Canterbury Westland Councillor for many years and for the past two years has been the South Island ANZIV accreditation representative. John is also a recently appointed Panel Mentor for any NZIV member facing a VRB complaint or legal action.



Andrew Duncan White

Andrew is a Registered Valuer and owner and Director of My Valuer Ltd in Hawke's Bay. His career in valuation began in 2000, initially with Knight Frank for a short period. He then

spent the next nine years at TelferYoung Hawke's Bay, gaining invaluable experience and guidance, and building relationships and friendships that continue through to today. After honing his skills in the residential sector, he now specialises in commercial and industrial valuations, the valuation of block land, as well as having experience in broader areas such as valuations for compensation.

Andrew started My Valuer Ltd in 2010 and straightaway adopted a 'lean into change' philosophy, developing and evolving systems that are now the strength of the business. He exercises an open door policy to support other Valuers who find themselves needing a second opinion for any matter relating to valuation and ethics, and is an advocate for ensuring all Valuers have a level of accountability to each other.

He was registered as a Valuer in 2003, attained ANZIV and SPINZ status in 2006, was an NZIV/PINZ Committee Member from 2001 to 2014, a Hawke's Bay Branch Chairman from 2011 to 2014, and has been very involved in membership and pre-registration interviews.

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A woman with short, curly brown hair and glasses stands in a large industrial warehouse. She is wearing a light blue long-sleeved shirt under a dark green quilted vest, and black pants with a colorful floral pattern. She has her arms crossed and is smiling at the camera. The background shows the interior of the warehouse with blue structural columns and a concrete floor.

INAUGURAL WOMEN IN
PROPERTY AWARD WINNER

ALISON PHARAOH

Alison Pharaoh is a consultant at PropertyPathways Ltd based in Petone. This profile looks at her experience in the property sector, as well her role in a recently developed environmental initiative CleanStreetsNZ.

Entry into property sector

Alison's early ambition was marine biology – mainly due to watching Jacques Cousteau programmes – but when she realised it wasn't all swimming with dolphins, she switched to business studies, following in her parent's footsteps. They had run their own businesses ever since she could remember.

Her first step was a commerce degree from Victoria University of Wellington. A brief stint followed at a Chartered Accountancy practice (now Ernst & Young) before she joined one of her audit clients, a merchant bank. In the heady days of the mid-1980s it was a fertile learning ground of financial deregulation and exponential growth, brought to a sudden end when the sharemarket crashed worldwide in 1987.

Investment management jobs were thin on the ground, so when she was offered a position at Robt. Jones Investments Ltd (RJI) it seemed an attractive alternative.

In the heady days of the mid-1980s it was a fertile learning ground of financial deregulation and exponential growth, brought to a sudden end when the sharemarket crashed worldwide in 1987.

'I remember saying that I knew next to nothing about property,' she recalls. 'But they told me that was what they wanted – someone who hadn't been indoctrinated with the wrong ideas.'

It was a steep learning curve. RJI was unconventional but had exacting standards. Alison reflects on her time there as 'the gold standard of excellence'. It was a small, close-knit team managing one of the biggest property portfolios listed on the NZ Stock Exchange.

It was also the time when vacancy rates soared, property values fell, banks were being really tough on borrowers and the listed property sector was shrinking dramatically. 'If we hadn't been the best at what we did, we would not have survived. It was the best place and time to learn about everything in property,' she says.

Women in property

She was also very lucky in her boss. Gail Rapson was the NZ Property Manager, and like Alison had come originally from a sharemarket and investment background.

'At a time when senior female executives were thin on the ground, it was fantastic to have Gail who taught me so much. She was a real role model, and also knew how to be a tough negotiator with a great sense of humour, and without letting her ego dictate the outcome.'

After RJI went through the change to Tasman Properties and then merged with another company to become TransTasman Properties, Alison ended up in a senior leadership role herself. She then became responsible for the company's properties from south of Taupo to Wellington and the South Island.

She feels very fortunate to have had a great team of people to work with – a

number of them other women. Alison laughs as she recalls the Wellington property market nicknamed them 'The Spice Girls'. For her, it was a very male-dominated industry at the time and she says she copped a fair bit of criticism for employing so many females. 'It wasn't a conscious decision – I just picked the best candidate for the job,' she says.

She does believe, however, that women make very good property managers. 'I think that as a group we admit when we don't know something technical and ask questions. We also like good working relationships with the people we deal with. Those are big plusses in landlord/tenant and owner and manager/contractor relationships.'

Foray into self-employment

In 1997, one of her larger tenants approached her to manage their own portfolio. Alison admits that the decision did not take long to make – working for herself was the ideal opportunity to put all she had learnt into practice. Before long, she had picked up a portfolio of clients and a directorship of the Old Bank Arcade and Chambers retail shopping centre in Wellington for its overseas owners.

She found it a challenge to get it all finished and tenanted, but with the Centre Manager, Anna Smith, working very hard it got there. The owners changed and Anna stayed on and became responsible for a portfolio of property for the new owner. Then the opportunity came to buy into a property management company. Alison became a co-owner with David Tuck, who had been a CFO of a property company she had audited, and they had a good team of people. The business went on to be sold to Livingstone's who then onsold to Colliers.

Effect of Canterbury earthquakes

The Canterbury earthquakes were by then causing many problems. Neil Carr, a colleague from the early RJI days who had been at AMP Properties at the time, offered her a chance to help out in Christchurch with his PropertyPathways Domestic Property Assistance Programme. Alison was pleased to be able to put her accumulated property skills to use in helping others with their earthquake issues.

Alison was pleased to be able to put her accumulated property skills to use in helping others with their earthquake issues.

She and others working on the programme were retained by a number of employers to help out their staff who were struggling to deal with the multitude of problems. They liked to think of themselves as facilitators rather than advocates, and made sure they operated under the radar of publicity that accompanies so many of the problems.

'We were dealing with so many people that EQC gave us a direct contact in one of their Wellington teams. And the private insurers did likewise – if we had any major issues, we had a senior person in each organisation we could call on to help,' notes Alison. The programme worked so well that the Residential Advisory Service used much of it as a basis for their own offering, and both EQC and some of the private insurers asked for assistance with some of their cases as well.

'I'm down to the last handful of cases now,' says Alison. 'It's been so tough on some of the homeowners, still struggling to get traction in a timely manner over eight years after the quakes. It's no wonder there is such a high rate of depression in Canterbury.'

Property health checks

One of the team from the Livingstone's days, Ryan Peni, and his wife Rebekah, have set up their own business, NicheFM, which does boutique facilities management consultancy, specialising in health checks of both in-house and outsourced management. They are based in Canterbury, and Alison and Neil work closely with them with a number of clients. She finds it great to work with young people like Ryan and Rebekah in the property sector as they have so much energy, outlook and enthusiasm.

PINZ and other involvement

Alison is also a great believer in getting involved in professional organisations such as the Property Institute. She spent a number of years on the Wellington branch committee of the (former) Property Management Institute (PMI), and was a transitional Board member with the late Allan Ford to merge the NZ Institute of Valuers and the PMI to the Property Institute.

She says, 'Allan was fantastic to work with – he had such vision. It was a great loss to the industry when he passed away. It's really important to contribute, but also great how many mentors you bump into along the way. You get to know almost everyone in the industry.'

Alison also did a stint as a Trustee on the Massey University Property Foundation. She felt lucky enough to meet some great people who have remained friends and sources of inspiration. Of note is Professor Robyn Phipps, who has now set up a Bachelor of Construction degree, which she feels is absolutely critical for the industry. Former fellow Trustee Leonie Freeman is now CEO of the Property Council, and Youth Representative Andrew Croskery is CEO of the Masterton Trust Lands Trust.

A changed industry

Alison believes the industry has changed a lot in the years since she started, but some fundamentals never change – good systems, strategic planning and great relationships with stakeholders are still paramount. She does see one change for the better – the social initiatives emerging from businesses,

Alison believes the industry has changed a lot in the years since she started, but some fundamentals never change – good systems, strategic planning and great relationships with stakeholders are still paramount.

particularly from the younger players. 'Although I believe age is an attitude thing,' she notes as an aside.

Environmental initiative – CleanStreetsNZ

NicheFM have a number of community projects and Alison is working with both Neil, and Ryan and Rebekah, on her latest project, CleanStreetsNZ (Facebook CleanStreetsNZ group). This is an environmental initiative trying to get a lot of people to do a little, in this case keep their footpath and kerb outside their home clean and free of rubbish. This is aimed at stopping plastic, cigarette butts and other polluting items ending up in our waterways and oceans. She is also trying to get businesses to participate as well as individuals.

Alison says, 'When you sail, fish and swim in the sea as much as I do (the latent marine biologist emerges), you want it to be clean. When I was growing up, Be A Tidy Kiwi was the catchphrase and the only items you were allowed to throw into the bush were biodegradable ones. I struggle to understand why there are so many people now who just dump their rubbish in the street, or bush, or wherever suits, and their cigarette butts in the gutter.'

Alison is surprised by the resistance from some businesses who are advertising their green initiatives front of house, but are littering back of house, and is hoping CleanStreetsNZ will change this behaviour 🌱









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ROBIN OLIVER

THE NO CGT ENVIRONMENT

Implications for property investors

On 17 April 2019, the Hon Grant Robertson (Minister of Finance) and the Hon Stuart Nash (Minister of Revenue) announced the Government's response to the Report of the Tax Working Group. Although the report has just under 100 recommendations, the focus has always been the proposed Capital Gains Tax (CGT). A CGT is now off the agenda for New Zealand. Why did this happen? What are the implications for investors?

Off agenda for foreseeable future

The Government response to the Tax Working Group Report was that it 'is not adopting any of the recommendations on capital gains taxation and has agreed no further work is necessary on that aspect of the report.' The Prime Minister went further and said that there would be no taxation of capital gains in New Zealand as long as she is Prime Minister. Given her dominance as Labour Leader, and National's opposition to CGT, that seems to mean that capital gains is off the agenda for decades.



The Tax Working Group CGT proposal fell apart because of what were seen as its inherent absurdities and unfairness.

countries that tax capital gains without undue controversy. Australia is the obvious example, but Canada, the US and the UK also impose tax on capital gains.

Australian CGT workable

Australia is a useful reference point. The Hawke/Keating Labor Government introduced a CGT in Australia in 1985. That Government was then re-elected several times. Since 1985, there does not seem to have been any significant movement to repeal the tax. New Zealand is supposed to have one of the best tax policy processes in the world. Why could we not do something Australia seemed to find relatively easy?

The Australian reform was carefully politically tuned and pragmatic. All existing assets were grandfathered. That meant no capital gains, ever, on anything you already owned. This avoided the need to value businesses and assets. It is also hard for people to get emotional about a tax that does not affect anything they already own.

The Australian CGT was also packaged and seen as necessary to bring in their imputation regime that reduces the previous double taxation of company dividends for shareholders, so there were benefits to business and capital markets in the entire package. It was not simply taking more from one section of society (the rich) and giving that money to another section (the not so rich).

New Zealand scenario unpragmatic

The Tax Working Group proposal in New Zealand was quite different. It was purist and unpragmatic. There was no grandfathering of assets. The idea that over a billion dollars of compliance costs would be loaded onto New Zealand businesses and investors in obtaining valuations just did not add up. Even valuers seemed shocked.

The Tax Working Group proposal was seen as taking money from those who invest and giving it to those who consume. The case for less investment and more consumption did not seem compelling. Equity markets were to be hit hard with no offset as happened in Australia.

There was no viable response to the argument that the proposed CGT would tax New Zealanders owning shares in New Zealand companies, but not foreigners owning shares in New Zealand companies, and not New Zealanders owning shares in foreign companies. Why have a tax change discouraging New Zealanders from owning shares in our own companies and instead encouraging New Zealanders to invest offshore – with foreigners owning our companies?

KiwiSaver was to be subject to CGT. Even the most ardent supporters of a CGT opposed taxing KiwiSaver and by overwhelming margins.

The Tax Working Group CGT proposal therefore fell apart because of what were seen as its inherent absurdities and unfairness. This was borne out of a too purist and unpragmatic approach. The proposal had unsteady legs and the Government's euthanasia response seems unsurprising.

More of a surprise was the Government's response that it also rejected extending current tax rules to tax gains on rental houses. This was one option put forward by the Tax Working Group minority (albeit one option – the minority also suggested considering just enforcing current rules).

One reason for this may have been the finding of the Tax Working Group that taxing rental property gains would not materially make housing more affordable, but would be likely to lead to some increase in the rental costs for New Zealand's most vulnerable

Why did this happen?

The reason for this decision does not seem to be because of any veto exercised by New Zealand First within the Coalition Government. That could go no further than a commitment not to tax capital gains in this term of government, which the Government was already committed to.

It also does not seem to be because of any genetic or cultural indisposition to CGT by New Zealanders who are not that different from residents of many other

The recent spate of legislative changes (brightline and loss ring-fencing rules) targeting rental housing seem to have run their course. Any further measures would seem to contradict the Government's statement about putting CGT off the agenda.

households. Moreover, the two-year (now five-year) brightline test already taxed gains on those owning rental properties for short-term capital gains. Loss ring-fencing largely removed the ability of high-income earners to offset taxable income with rental losses.

This seemed to leave the focus on those with a few rental properties held long term for their retirement income. If capital gains on rental properties were taxed, the group targeted seemed to be the moderately comfortable retired. As the recent Australian election demonstrates, a politician who threatens to beat up this section of society does so at their peril. The recent ad hoc extensions of tax on rental properties therefore undermined the case for a more comprehensive approach.

Implications for property investors

The Tax Working Group CGT proposal had adverse implications for investors generally, especially investors in land and shares. Taking a CGT off the agenda for the next few decades removes that risk and, in fact, seems to provide greater certainty in this area than has been the case.

New Zealand's equity market should be especially relieved. The double tax of equity returns inherent in a CGT (for which the Tax Working Group found no solution), and the incentive such a tax would seem to create for New Zealanders to hold less of their funds in New Zealand companies, seemed to pose a threat to the health of our equity markets by making them less liquid and shallower.

This threat has been removed, but that will not necessarily be expected to flow through to higher share prices. The reason is that the expectation was the increased tax would simply result in more New Zealand companies being owned by foreigners and more offshore shares being owned by New Zealanders.

There also was a particular threat for listed property Portfolio Investment Entities (PIEs) in the Tax Working Group proposal. The detailed design seemed to result in an increase in tax on investors in listed property PIEs under very complex rules. This risk for investments in listed property PIEs has been removed with the Government's decision.

Overall, taking capital gains off the agenda seems to have removed a risk related to land and equity investments, but it has not significantly changed the investment landscape.

What next?

In their 17 April response to the Tax Working Group, Ministers have said that the Government intends to explore options for taxing vacant land (measures targeting land bankers) and review rules for taxing land speculators. Legislative measures targeted at land bankers might be expected. For speculators more generally, stricter enforcement of current rules seems most likely.

An example is Inland Revenue's current focus on fit-out, etc, when buildings are sold. If the vendor and purchaser have different valuations for depreciable or revenue account property, then expect this to be queried by Inland Revenue. It is wise to have these valuations agreed in the agreement for sale and purchase and then unwise not to use them in tax returns.

The recent spate of legislative changes (brightline and loss ring-fencing rules) targeting rental housing seem to have run their course. Any further measures would seem to contradict the Government's statement about putting CGT off the agenda.

The Government is likely to be short of tax revenue. Budget 2019 forecasts core Crown tax revenue to rise by over 5% per annum, but that barely keeps pace with forecast expenditure. Meanwhile, those on

incomes over \$48,000 per annum (about the current median wage) face a high 30% marginal tax rate.

There are several fiscally costly proposals in the Tax Working Group Report, such as restoring depreciation for buildings. The ability to depreciate buildings was removed in Budget 2010. Evidence produced to the Tax Working Group demonstrates that this was based on information provided by the Treasury which recent data suggests was wrong.

The Tax Working Group Report recommended reintroducing rules allowing some form of depreciation cost to be deducted, but this was to be funded (if the Government agreed to it) by revenue from a CGT. With no such revenue it seems unlikely this proposal will proceed, despite the denial of depreciation being based on wrong data.

Some relief allowing deductions for some seismic strengthening costs seems more likely on the basis that this is given a high priority for consideration in the Ministerial statement. Again, however, the fiscal position is unlikely to allow for anything generous 🙏



Robin Oliver is Director of Olivershaw Limited (Tax Advisors) based in Wellington. robin@olivershaw.co.nz



The unintended consequences of **THE LETTING FEE BAN**

KAREN WITHERS

When the newly-formed government moved ahead with their election promise of banning tenant letting fees, their goal was to reduce the upfront moving cost and level the playing field for tenants. This article looks at four intended consequences of such a move.

Unfair fee?

While the ban was almost a predetermined outcome, the Select Committee (a surprisingly well-briefed group) appointed was commissioned to gather up information from numerous submitters

and patiently listen to various sector advocates having their say and adding their 10 cents worth.

On the simple face of it, the fee appeared unfair. Why should an incoming tenant pay for the time and cost of successfully securing a rental property when it is the property owner who is receiving this service from the letting agent? A fair question and one which was often asked of the many submitters attending the oral presentations throughout the country.

Also questioned was the actual amount of time and labour involved and why the calculation of one full week was used to charge this fee. Another valid query.

The experienced industry groups confidently held their ground while the 'newbs' floundered under the intense questioning from the more outspoken of the committee members.

The more astute property management sector groups were acutely aware of the unintended consequences of an outright ban, which did not take into account the charges that occur when amendments or variations are made within a tenancy.



Effect of amendments or variations in tenancy

The more astute property management sector groups were acutely aware of the unintended consequences of an outright ban, which did not take into account the charges that occur when amendments or variations are made within a tenancy. At the time of the oral presentations it was difficult to tell whether the panel understood the implications of this plea from submitters. The Independent Property Managers Association (IPMA), now known as the Property Managers Institute of NZ (PROMINZ), was very focused on this point in both its submission and a subsequent oral presentation.

Two examples given were:

- A multiple tenant, periodic tenancy situation, where one tenant chooses to vacate and a new tenant would take their place on the tenancy agreement
- A fixed-term tenant needs to vacate before the end of their tenancy and a new tenant is required.

As all property managers and landlords are aware, insurance obligations dictate a

full background credit and reference check on the incoming tenant. Failure to do so can potentially void the owner's insurance policy. Is it the tenant's obligation to pay for the costs involved in this type of voluntary change of tenant?

Prior to the letting fee ban, the courts were usually happy to calculate 'reasonable' costs incurred by the landlord and have the tenant cover these. The tenant had, after all, consciously 'chosen' to break the legal contract. However, a recent Tenancy Tribunal case would seem to indicate this is no longer automatically the case.

The case of *Graham vs Oxygen Property Management* ruled that the \$250 charged by the property management company to Mr Graham following his request to add him as a new tenant to the periodic tenancy agreement was deemed 'key money' – and therefore an illegal fee. The claimant was awarded \$300 in exemplary damages to 'discourage other landlords from charging key money.'

The industry now faces the distinct possibility of owners having to cover

the administrative costs of a tenant requesting changes mid-tenancy.

This is likely to result in one or both of the following:

Unintended consequence 1

Landlords, especially property managers, refusing to allow changes or variations to a tenancy.

Unintended consequence 2

Less periodic tenancies being available to tenants.

It seems that indiscriminate charging from less 'reasonable' companies has brought this issue to public attention and caused tenants to question the actual cost of administrative changes to a tenancy. With no accepted industry standard for charging these costs, and no quantified hourly rate for administrative fees, confusion and distrust appears to reign.

Industry standard needed

An agreed (and transparent) industry standard for what a 'reasonable' cost for

a tenancy change is would certainly be a step in the right direction. On that point, an industry standard for most areas of the property management profession would resolve quite a lot of the cases having to be heard in the Tenancy Tribunal before they even get there.

If the Government really wants to improve the tenant experience, they should be encouraging these types of standards to achieve the goal of leveling the playing field and improving the tenant experience.

Potential for increased upfront costs

More importantly, the Government should also be listening to experienced industry groups when they foretell how legislative changes may also impact negatively on the tenant experience.

The idea behind removing the ban was to reduce the upfront costs for tenants when moving into a new property. In theory, this sounds positive – the equivalent of one week's rent less to pay upfront.

Interestingly, what has resulted is that some letting companies are now choosing to increase the upfront rent payable (from one week to two) and, in some cases, increasing the required bond from three to four weeks. These are all perfectly legitimate practices, and partially justified by the increased 'risk' in the current rental environment. In particular, owners are requiring the maximum four weeks' rent in bond now, following the *Osaki vs Holler* case and the uncertainty following delays in ratifying the Residential Tenancies Act Amendment Bill (No 2).

Professional letting agents who work on behalf of the owner are now preferring two weeks' rent from the tenant upfront to ensure they recover their letting fee cost – in advance.

This is likely to result in:

Unintended consequence 3

The form of the fees may have changed, but the move in costs may have now returned the same overall total for tenants – those

who were supposed to be benefiting from these changes. Very few people have predicted this as one of the unintended consequences of the Bill.

Return to increased private landlord letting

The other unintended consequence may only be a temporary shuffling of the deck, but the long-term consequences could carry on indefinitely. That is, the return to 'DIY' letting by private landlords.

Having benefited for many years from receiving a professional finding/letting/vetting/bond lodging and documentation service for free (paid for by the tenant), many landlords are now reluctant to pay for this service and are choosing to do the renting themselves.

They are, of course, perfectly within their rights to do this. However, without the protection of any private landlord licensing requirements the level of compliance from some of these 'rusty' professional landlords is questionable.

The cost of getting it wrong is multi-faceted, covering insurance, legal, moral and ethical requirements. Even the most well-intentioned and savvy landlords can miss the obvious if they are not letting properties regularly or keeping up with changes to rental laws.

This is very likely to result in:

Unintended consequence 4

Further down the track there may well be increased Tenancy Tribunal or Ministry of Business, Innovation and Employment (MBIE) compliance cases.

These unintended consequences went unheard when the IPMA (now PROMINZ) drew them to the attention of the Select Committee. Again, the industry is left to move on and manage as best they can under the newly-implemented law.

Some property managers will ban tenancy changes within a periodic tenancy, some will ban multiple-tenant periodic

tenancies outright, and some will simply pass the extra charges onto their clients in the form of administrative fees (and ultimately add them to rents)

Industry needs to communicate views

The question now is how the industry will communicate their views on the upcoming proposed Residential Tenancy Act amendment proposals. It is generally agreed that some of the more wide-ranging proposals within this policy could have a catastrophic impact on the day-to-day business of managing residential rental properties.

PROMINZ is lobbying hard on behalf of its members, to ensure the decision-makers listen to an industry voice and take a well-considered view of the proposed amendments and what the *real* unintended consequences will be.

Rather than waste another opportunity on further calls for regulation, or single issue focused rhetoric, we are encouraging *all* property management professionals and industry bodies to ensure we present a clear and targeted response when submissions are called for when the next round of proposals come around.

(Property management) life as we know it depends on it 🙏



Karen Withers is President of PROMINZ. admin@prominz.org.nz

Residential Property Managers Conference



The inaugural two-day Property Managers Institute of New Zealand (PROMINZ) Conference kicks off on Thursday 22 August 2019 with the theme 'Preparing for Regulation'.

The former non-real estate property managers group (IPMA) joined PINZ last year because of the growing call and need for regulation of the property management industry.

With real estate property management commentators calling for regulation under the Real Estate Authority to cement their control over the sector, there was a need for private companies to state a case for a specialist property management industry body focused on service.

This conference is the opportunity for PROMINZ to launch itself as a key player in the property management industry. This is also a great opportunity for PROMINZ to advocate the benefits of belonging to the PINZ family, which includes participating in ongoing industry-specific education through the PINZ Continuing Professional Development (CPD) programme. This will enable members to plan how they will build their professional skills and knowledge base to make them the best in the industry.

The Conference Chairman, David Pearce, says that while most property management conferences focus on business growth and sales, the PROMINZ Conference has gathered together key professionals to

present on the major issues facing the property management industry. 'We are at a time when compliance and regulation are huge factors impacting our industry and that is the focus of our two-day conference,' he says.

Also attending are politicians and government officials from the housing sector to brief attendees of impending changes. It is a 'meaty' conference for those who take property management seriously.

Some of the areas we will be covering include:

- 2019 legislation and compliance guidelines
- Privacy Act relating to property managers and landlord privacy guidelines
- Methamphetamine contamination
- Asbestos and other health and safety issues
- How to be successful at the Tenancy Tribunal
- Requirements for PCBU's when managing residential property
- Residential property management and mitigating loss
- Crisis management planning and protecting your brand

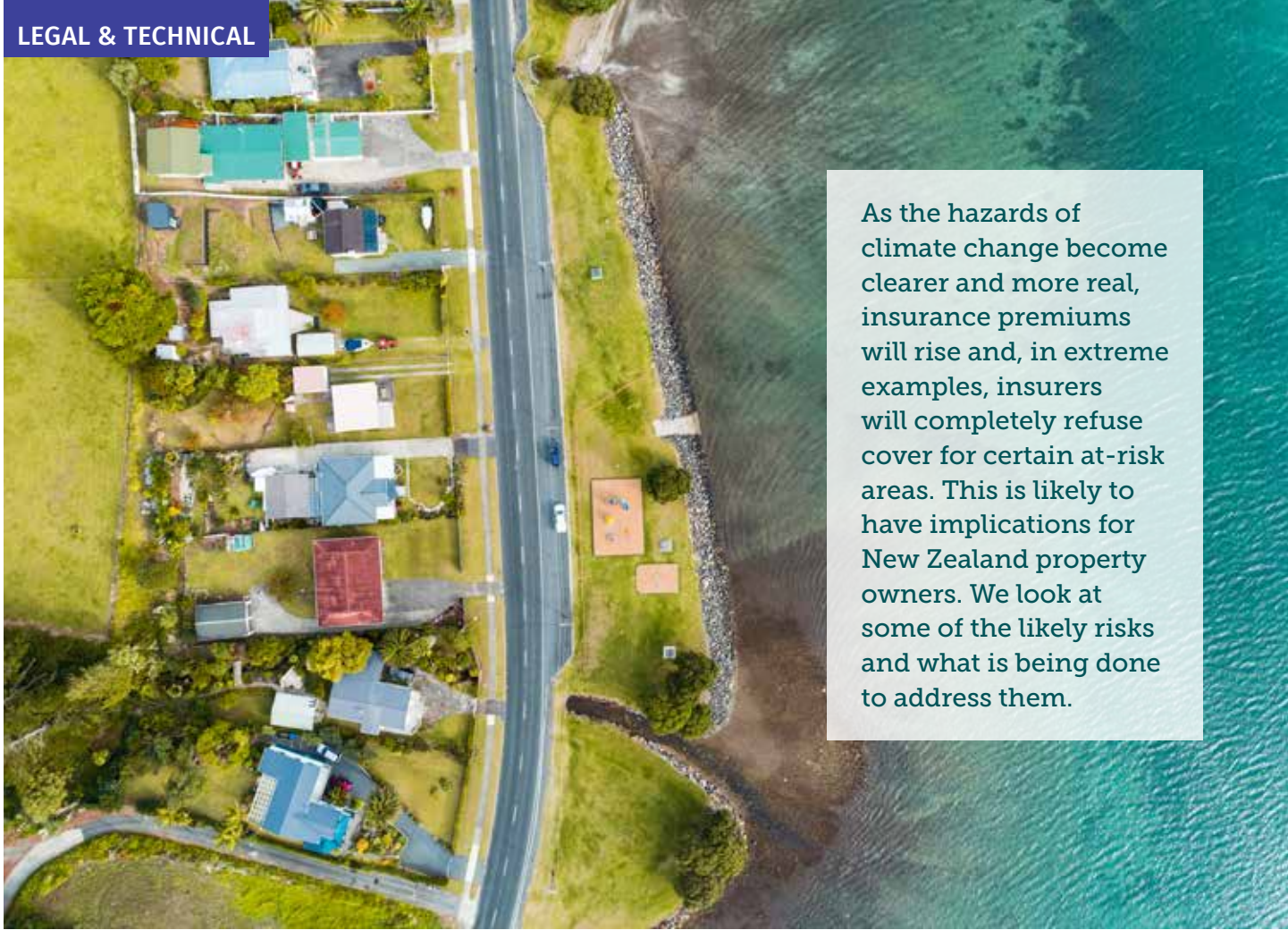
- Education of private landlords and landlord licensing.

With the high level of stress inherent in property management, it is fitting that the conference finishes with celebrity speaker Ed Timings who will humorously, and light-heartedly, give tips on dealing with this. Ed is a dynamic presenter, chiropractor, disc jockey, iron man, university tutor and international speaker, and he is sure to inspire you with his unique blend of life experiences.

Another feature of the conference will be the inaugural PROMINZ awards including Rising Star and Property Manager of the Year. Three independent judges will select from those members who have entered.

It also would not be a property management conference without the opportunity for socialising and networking.

The conference is open to all and registrations can be made at www.propertyinstitute.nz (Upcoming Events). The Early Bird special is \$400 + GST for PINZ/PROMINZ members and \$575 + GST for non-members ☞



As the hazards of climate change become clearer and more real, insurance premiums will rise and, in extreme examples, insurers will completely refuse cover for certain at-risk areas. This is likely to have implications for New Zealand property owners. We look at some of the likely risks and what is being done to address them.

COASTAL PROPERTIES AND CLIMATE CHANGE

it's not only sea levels that will rise

EDWARD WARREN AND NICK WILSON

Effects of climate change on property owners

This article addresses specific increasing environmental risks and the associated changes to the insurance industry predicted by some of the country's foremost experts on the environment, economic policy and insurance.

Insurance premiums are expected to rise in areas that will experience the most severe impacts of climate change and, in some extreme examples, cover may not be offered at all. The changing availability of insurance will then have an impact on homeowners' ability to obtain property finance and to comply with ongoing mortgage obligations. Both the Government and local councils are considering the steps needed to mitigate the potential impacts from these issues.

Motu, a New Zealand economic and public policy research institute, published a report in 2017 addressing the likely effects that climate change will have on the insurance industry in New Zealand, among

Some of the risks associated with climate change are included in EQC land cover, such as landslips and tsunamis. EQC does not currently provide cover for erosion caused by slow onset events or rising seas.

other issues. The report, *Insurance, Housing and Climate Adaptation: Current Knowledge and Future Research*, was funded by the Deep South Science Challenge and involved work from Belinda Storey, a prominent economist with a focus on climate change.

Environmental effects of climate change

Climate change is expected to, and arguably already does, have a significant impact on New Zealand's coastal properties. Rising sea levels are expected to erode significant tracts of inhabitable land currently occupied by thousands of homes around the coast. In addition to that, flooding and storm surges are expected to become more severe and more frequent.

Sea levels are expected to rise between 44-55 cm by the year 2100 under the most optimistic emissions scenario, and by as much as 1.0 m based on current emissions. In New Zealand, there are 43,683 houses within 1.5 m of the spring high tide line, and 8,806 within 50 cm of that line. *Stuff* has reported in 2017 that the Ministry for the Environment estimates that \$19 billion of property is currently threatened by increased flooding and coastal erosion.

Motu notes that in addition to the anticipated loss of inhabitable land, king tides, storm surges and waves are expected to reach further inland and the frequency of major weather events is expected to increase. The Parliamentary Commissioner for the Environment predicts a 10 cm rise in ocean levels will mean that a one-in-100 year storm surge in Wellington will become a one-in-20 year event. A sea level rise of 30 cm will mean a one-in-100 year storm surge event will become an annual event in Christchurch and Wellington.

Expected changes to the insurance industry

Traditionally in New Zealand insurers calculate risks across whole communities, with the risk of certain hazards being spread across many households, so those who are most exposed to certain risks pay the same costs as everyone else. This is known as community rating.

However, Bryce Davies (IAG and member of the Ministry for the Environment's climate change adaptation technical working group) is quoted by *Stuff* as saying the shift towards evaluating properties for their individual climate change risk (risk-based pricing) has already begun. This means that homeowners with properties in flood plains and along the beachfront could expect increases in cost of insurance premiums and/or excesses.

Where risks of certain hazards occurring in specific areas have become sufficiently certain there is a possibility that insurers will withdraw cover, either refusing to insure certain high-risk areas or exiting the country's insurance market altogether.

According to Davies, while most properties in New Zealand are insurable, exceptions are emerging. He says: 'On the foreshore of Haumoana [Hawke's Bay] when, the waves are coming into the lounge, that's a very obvious example of where we possibly don't insure people.'

As recently as June 2019, Hawke's Bay Regional Council has publicly announced its intention to declare a climate change emergency. Rex Graham, the Council Chairman, said that the Council has been taking steps to address these issues for the past few years which are incorporated into the Hawke's Bay Regional Council's Long Term Plan. Environment Canterbury and

Nelson City Council had already declared emergencies in May 2019.

Following Hurricanes Andrew and Iniki in Hawaii in 1992, the Hawaiian Insurance Group ceased trading altogether, followed by a number of other insurers withdrawing from the Pacific and Caribbean.

Alternatively, Motu considers insurers may be more willing to continue to provide insurance to high-risk areas by discriminating between areas with different risk profiles, charging higher premiums, imposing higher excesses or varying policy wording, excluding cover for certain risks.

Effects of the changing industry on EQC cover

The Earthquake Commission (EQC) is a Crown entity that provides natural disaster insurance to residential property owners. It was established in 1993 by the Earthquake Commission Act and, despite its name, the disasters it provides cover for include fires, landslides and floods, among other events.

EQC premiums are paid by a compulsory levy in all home insurance policies that include fire cover. Claims are then paid out to holders of those policies where an insurable event occurs. This means that if insurers withdraw from certain areas, people living in those areas will not be covered by EQC because they will not have home insurance policies through which they access EQC cover.

Some of the risks associated with climate change are included in EQC land cover, such as landslips and tsunamis. EQC does not, however, currently provide cover for erosion caused by slow onset events or rising seas.

There is a possibility, according to Motu, that homeowners will be able to obtain

insurance cover direct through EQC, or that insurers will provide fire-only insurance in those high-risk areas to enable their customers to access EQC cover. Given that these issues are relatively new, there is not yet a clear procedure for property owners to obtain EQC cover without an existing policy.

EQC projects that its fund, which was at \$6.1 billion in 2010, could possibly be exhausted paying out claims in the Kaikoura and Christchurch earthquakes. The predicted increase in storm and flood hazards will likely add a considerable drain on an already depleted fund. This will need to be considered by the Government when assessing how to deal with those high-risk areas. The EQC website notes an increase in EQC levy from 1 November 2017 would allow EQC to rebuild the fund to around \$2 billion within 10 years, but that assumes there are no further large natural disasters.

If insurers withdraw from these high-risk areas, and the question of EQC cover is not resolved, the Crown will likely be faced with the difficult question of whether or not to provide financial support for those properties. In the wake of the Christchurch earthquakes, homeowners who did not have their own insurance policies did not receive the benefit of the EQC cover unless their property was red-zoned.

The number of homeowners this decision affected was reportedly very small.

Motu predicts greater opposition to a similar decision if it affects a wider number of coastal properties around New Zealand who are unable to obtain their own insurance and therefore also miss out on EQC cover.

Impact on mortgages

Insurance cover is a requirement in residential home loans and mortgages in New Zealand and failing to maintain insurance can trigger default. If certain areas are deemed uninsurable, financial institutions will not lend or accept security on such property, meaning it will become increasingly difficult and unappealing to buy it. As a result, the property values in many areas would be likely to drop significantly.

In addition, most insurance policies are renewed annually, whereas most mortgages have repayment periods of several decades. A mortgagor with 20 years left of repayments, and who is unable to renew their insurance policy, will technically be in default.

If an insurance provider deems an entire area uninsurable, the relevant lenders could be left with a whole geographic portfolio of assets in default. Further, they will have limited hope of recovering those debts by mortgagee sale, given prospective buyers will be unable to obtain finance with no ability to obtain insurance.

Motu predicts that banks may become reluctant to offer home loans for purchases of coastal properties within identified risk areas. Alternatively, they may begin to require much greater deposits and set higher interest rates for such loans. They may develop this behaviour on their own initiative or following trends set by unwilling insurers. Another alternative is that secondary financiers, who apply higher interests rates to reflect the greater risk, may move in to fund ownership within such areas.

Most insurance policies are renewed annually, whereas most mortgages have repayment periods of several decades. A mortgagor with 20 years left of repayments, and who is unable to renew their insurance policy, will technically be in default.



Flooding caused by king tides and the effects of ex-Cyclone Fehi in Nelson in 2018

What is being done in response?

Insurance industry

The Insurance Council of New Zealand (ICNZ) has published a report, *Action Required to Protect New Zealand from Natural Hazards Impact*, on its website. This lists the actions required to protect New Zealand from natural hazards, which include:

- A hazard risk on every property – ensure there is publicly accessible information on the natural hazard risks every property in New Zealand faces.
- Be clear what are acceptable risks – provide local government decision-makers with clear guidance about what can be considered acceptable risk from natural hazards.
- Consistent approach across New Zealand – provide local government with a natural hazards identification template so there is a consistent approach applied across the country.

Government

The current form of the Climate Change Response (Zero Carbon) Amendment Bill (ZCB) proposes to address local and central government's role regarding insurance and property value issues, namely:

- Establishing a new, independent Climate Change Commission to provide expert advice and monitoring to help keep successive governments on track to meeting long-term carbon emission goals.
- Requiring the Government to develop and implement policies for climate change adaptation and mitigation, which will include compulsory provision of climate change information from local authorities.

These proposed provisions in the Bill should require the Government to consider how it will address the changing relationship between public and private insurance, along with other impacts of climate change on New Zealand's property market.

Local authorities

Some councils (including Kapiti District and Dunedin City) have tried to adopt these approaches, providing climate risk information in Land Information Memoranda and planning rules, although Motu indicates they have faced resistance. There has been

resistance from other councils and Motu suggests that it would assist if legislation was passed requiring compulsory climate change information. The ZCB has gone some distance to achieving that, empowering the Minister for the Environment to obtain a wide range of information from local authorities, among many other public bodies.

The Minister may request the local authority to provide, among other things, an assessment of the impacts of climate change on that authority's function and details of any targets and controls set by it to reduce its impact on climate change. Feasibly, this could include requiring an assessment of how climate change risks are incorporated into councils' property databases.

There are instances of local authorities purchasing at-risk houses whereas others have elected not to do so. In any event, the question of compensation precedent needs to be assessed on a national level, which could be the subject of further legislation.

Local authorities will also need to start considering how they will maintain infrastructure in these at-risk areas, or whether it is feasible to maintain it at all. Sewer systems could become inundated and have the potential to wash away in large storms. Local authorities and the Government will need to assess whether the increasing cost of such maintenance should be covered by national taxes, local rates or even just the rates of the people choosing to remain in those areas.

In extreme cases, local authorities may be faced with the difficult decision of a managed retreat from areas with safety risk and unaffordable costs of protecting the infrastructure.

Uncertain future

Given the extent and impacts of climate change are still to be fully revealed, very little is certain about how insurers, banks and government bodies will behave.

However, the numerous and prominent voices from various industries within New Zealand indicate persuasively that the impacts of climate change are real and will no doubt bring with them significant new costs. Seaside living will become a much more expensive proposition and, in some cases, may be altogether impossible 🌀

Local authorities will also need to start considering how they will maintain infrastructure in these at-risk areas, or whether it is feasible to maintain it at all.



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BRANCH & RE



2019 PINZ/NZIV Branch Chairs Day

Nearly all of the PINZ and NZIV Branch Chairs were on hand for a full day's discussion in Wellington during early July. With 13 branches represented, delegates heard presentations from the new PINZ President Luke van den Broek and NZIV President Jeff Alexander. There was also an update from the PINZ national office on key strategic priorities and plenty of open discussion about the direction of the organisation.

There's been positive feedback about the event and PINZ staffers went away with a solid list of action points for delivery. The branch structure is immensely important for both organisations, and without these dedicated volunteers neither PINZ nor NZIV would be able to function as effectively as they do. Thank you.



Careers Expo winner

The Canterbury Westland Branch recently ran a stand promoting property careers at the Christchurch Careers Expo. Part of the promotion was a competition to win an All Blacks rugby jersey. There was huge interest in the promotion with 500 entries. The winner was Jack Hearn of Shirley Boys' High School.

Review of the Professional Practices Committee (PPC)

In its function of ensuring the good governance of our profession, the NZIV Council resolved in October 2016 that a formal review of the PPC should be undertaken and a PPC Review Committee was established to undertake it. The PPC had been in existence for many years now, and its primary role has been the investigation of complaints against Registered Valuers on behalf of NZIV.

The Valuers Act 1948 largely dictates the complaints procedure, but as a result of the comprehensive review process the NZIV Council have now resolved to make a number of improvements around the functioning of the PPC. Importantly, the first change that members should be aware of is a change in name. The PPC will now be known as the Professional Conduct Committee (PCC). Other developments include:

- The NZIV and the Valuer-General have established a Memorandum of Understanding (MoU) with respect to their respective powers, functions and obligations under the Valuers Act 1948
- The NZIV Council has formally approved a Terms of Reference for the PCC
- The NZIV Council has formally approved an Operating Guidance document for the PCC.

Should any NZIV members need more information they are welcome to contact members of the PPC Review Committee: Richard Moon (richard.moon@generalcounsel.co.nz), Tim Truebridge (tim@trueproperty.co.nz), Jeff Alexander (jeff@silvertonalexander.co.nz) and Steven Dunlop (sdunlop@savills.co.nz).

NZIV Mentor Service launched

A process has now been implemented where any member of NZIV subject to a complaint may turn to a member of its new Mentor Panel to receive guidance and support as necessary during what is invariably a

stressful time in their professional career. The members of the panel are experienced Valuers, being senior members of the profession and generally having a detailed knowledge of VRB procedures.

It needs to be recognised, however, that the mentors are not in any way to be confused with the necessary legal representation which a Valuer who is the subject of a complaint would require. Rather the mentor is able to, in the initial stages, listen to the Valuer's story and provide advice, reassurance and support during what can often prove to be a drawn-out process. The panel members are appointed by the NZIV Council and report back to them as necessary.

Any Valuer requiring assistance can be assured of total confidentiality, but it needs to be recognised that the Mentor Panel operate as mentors rather than as advocates for the particular Valuer requiring services. The panel members are: Michael Sprague (michael@gctvaluers.co.nz), John Tappenden (john.tappenden@telferyoung.com) and Gwendoline Callaghan (gwendoline.callaghan@colliers.com).

NZIV Council introduces Iain Gribble Award for 2020

The Iain Gribble Memorial Award is a new award for Valuers which will be introduced in 2020. Iain Gribble was a former President and Life Member of the NZIV, a Registered Valuer and an Arbitrator. The ideal candidate is someone who embodies his characteristics. Iain was always available to lend an ear and provide assistance and guidance to Valuers navigating their way through challenging jobs and situations. He always had time to help a fellow Valuer out.

Iain acted as a mentor and sounding board and was an advocate for Valuers and their concerns. He served his profession well and was involved in a number of PINZ and NZIV committees. He was also a long-serving member of the LPMS Board. Iain always had the best interests of the profession at heart.

REGIONAL NEWS

He was an excellent example of a Registered Valuer who got involved and was passionate about maintaining the integrity of that which exemplifies a Registered Valuer, whilst he genuinely cared about his fellow Valuers.

Member advancements

MPINZ

(Liz) Elizabeth Jones (Auckland)
Andy McIntyre (Auckland)
Ben Fox (Auckland)
Ben Radovonich (Auckland)
Geoffrey Beaumont (Waikato)
Glenn Paul (Auckland)
Hannah Robertson (Auckland)
James Fraser (Auckland)
Joshua Higgie (Auckland)
Lawrence Lowe (Wellington)
Peter Erceg (Auckland)
Phoebe Hewitson (Auckland)
Thomas (Tom) Barclay (Auckland)
David Hutchison (Manawatu)

ANZIV

Aarron Sattler (Auckland)
Alex (Qing) Zhang (Auckland)
Brad Featherstone (Auckland)
Daniel Speerstra (Auckland)
Elizabeth Newman (Auckland)
Glenn Paul (Auckland)
Lynda McNamara (Auckland)
Matthew Edginton (Auckland)
Simon O'Sullivan (Auckland)
Malcolm Sweeney (Tauranga)

FNZIV

Andrew White
John Tappenden
Kenneth Pawson
Bruce Lavender
Michael Nyssen
William (Paul) Harvey
Stephen (Tony) Jones
Andrew White
John Tappenden
Kenneth Pawson
Bruce Lavender
Michael Nyssen

William (Paul) Harvey
Stephen (Tony) Jones
Alan McMahon
Basil Roberts
Stuart Bent
Michelle McKellar

LNZIV

Christopher Stanley

Valuer registration

Anna Paget
Linda Sharkey
Benjamin Fox
Alina Barankova

Stephen Hare
Kate Day
Timothy Banks
Andrew Jaques
Joshua Higgie
Cameron Ferguson
Brendan Auld
Charlie Todd
Michael Power
Nicholas Hazelwood
Matthew Stanley
Darryl McDavitt
Jane Tibbotts
Alan Mitchell
Simon Ellis

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