PROPERTY INSTITUTE

2017

Annual Report

3,900
people attended national and regional events

A crowd of
237
at the 2017 Annual Conference

$573,438
gross revenue was generated from Property Institute events

The Property Institute of New Zealand: Your voice of the industry

We represent professionals who play an active role in New Zealand's property industry. Our members include valuers, property managers, facilities managers and property advisors, and are from local bodies, banks, insurance firms, large corporates, and small family businesses. Their aspiration for continuous professional learning and development has led us to offer a wide range of events, including regional property networking events, seminars, CPD opportunities, and Annual Conference, to name a few. Through these events we seek to promote professionalism, ethical conduct, and innovative thinking within the property industry.

The Property Institute works with government, industry and other professional associations, and the media to promote our members' interests, property standards, and the Institute's views. Our sponsors get unparalleled access to decision makers right across the property industry – as well as the more than 2000 property professionals we represent.

The Property Institute values the kind support of its sponsors:

JLT · Simpson Grierson · Valocity · CoreLogic · Headway Systems · Quickmap

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President's Report

Patrick O'Reilly, FPINZ
Trust Management General Manager Property

PINZ President Patrick O'Reilly lives and breathes property.

Boasting more than 20 years of senior leadership experience in the property industry for both renowned and growing clients, Pat is a respected commercial manager known for delivering outstanding results.

Patrick holds a master's degree in property, and was elected to the role of PINZ President in 2017, taking the reins from Greg Ball. He has been involved with the Institute for more than 10 years and has a strong vision for the organisation.

> The need for an organisation that represents property professionals is as relevant today as it has been in the past. It is my focus to see that the standing of our profession continues to be elevated and compared to the likes of solicitors and accountants.

As I start to write this piece for the Annual Report, PINZ CEO, Ashley Church is on TVNZ's breakfast programme being interviewed by Hayley Holt.

He is providing commentary on the latest PINZ/Valocity Regional Insights report. It highlights the value of residential real estate in the various centres and regions throughout NZ, and how it has substantially increased in value over the last three years. Ashley is leading the conversation regarding the positive impact of having a nation with a high "common wealth". Later in the day I see there is an article on the Fairfax website, and the following day the issue has been picked up in the business section of The Herald. The media release was also picked up by various radio stations.

Media Profile

It is pleasing that PINZ is getting such a high level of exposure, and is being referenced for trends and activity in the property market. PINZ is being viewed as a credible independent expert property voice and the commentary is reflecting this. The PINZ media presence has increased again over the past year and is a highlight of 2017. The opportunity is for our communities to use the media platform created, and to provide more specific and in-depth views on property issues and I am sure in 2018 it will be seized.

PINZ Board Strategy Sessions – Six Pillars

Since taking office in 2017 the current PINZ Board has had three workshop sessions to consider the future of the Institute. It has been a timely exercise as we have not undertaken such a review for a number of years. The outcome of the sessions is an over-arching strategy for the Institute in the form of Six Pillars. The Pillars are a framework for the current activities of Institute and the future of the organisation. See the Property Institute's 'Six Pillars' on page 9.

Diversity

The Young Leaders Programme was a great initiative embarked on more than five years ago. The success of the Programme is reflected in the make-up of the PINZ Board. Three people who were part of the Programme are now elected Board members in their own right. This means that the average age of the Board has dropped significantly, and the views of our younger members are being expressed at the Institute's governance level. Also, just as important, is that two of the three leaders are women – it is refreshing to have greater diversity on the Board. We can always do better, but I am pleased that we have a better level of representation on your PINZ Board than there has been for a number of years.

Vice-President role

To assist with the smooth transition of PINZ Presidents in the future, the Board moved to appoint a Vice-President. The role established early this year, allows for succession planning by providing mentoring and exposure for the upcoming President. The Board appointed Luke van den Broek to this role. Luke is a valuer based in Christchurch, and is one of the previous Young Leaders on the Board.

As a member-based organisation, it is up to PINZ members to continually lift the bar and look to elevate our professional status.

AGMS

I took the opportunity to attend a number of the annual general meetings of the branches throughout the county. The Institute is only as strong as its branches!

It was pleasing to see the continuing enthusiasm and drive coming from our grass roots. I joined PINZ CEO, Ashley Church and NZIV President, Roger Gordon for the meetings. It was a real pleasure to travel to the branches and to meet the members who took the time to attend the meetings. Ashley provided a short summary (under an hour for Ashley is short!) on the activities of the Institute.

Member services

I commend the national office for their commitment to our members. The options for CPD are of a very high standard. I also acknowledge and highlight the efforts that branches and national office make to provide education that is not only required, but is also interesting. The depth of the webinars supplemented with the likes of substantial seminars and roadshows are the backbone of the education programme.

Advocacy

The feedback from Minister Eugenie Sage's office is that the deregulation of the Valuers Act is a low priority. The low priority reflects that the concerns regarding Valuers have largely been addressed. The NZIV is to be commended for its efforts in this area. The deregulation of the Act has been a frustration that removed the focus on the future, and rather, focused our attention on the immediate. The uncertainty has not been helpful. Under the leadership of Roger Gordon the NZIV has again been able to focus on the bigger picture, and I look forward to seeing new initiatives in the promotion of Registered Valuers to the public. Members may also be aware that the Institute's application for an exemption to the Real Estate Agents Act was formally rejected by the Associate Justice Minister in late May 2018. This is very disappointing for the Property Advisor and Property Manager communities, as the Minister has appeared to value the crediblity of real estate agents above that of our Registered members. The Institute is now focused on working with the REA to get PINZ CPD recognised and approved by the Authority.

PINZ President Patrick O'Reilly with NZIV President Roger Gordon at last year's Annual Conference

Conference

For those that made the Conference in Queenstown last year, we watched the fine weather out of the conference venue windows and then in the weekend the weather was awful. Queenstown was a challenging venue and I look forward to the 2018 Conference in Auckland. Operations Manager Jenny Houdalakis has promised that it will be the best PINZ Conference ever. I am sure attendees will not be disappointed with the quality of the speakers and the substance. With the level of construction and property activity in Auckland, it is shaping up to be a highlight of the year.

Greg Ball

I would like to recognise the commitment and support of the Immediate Past President Greg Ball. Greg is an experienced businessman and provides a direct view on issues. It has been invaluable that he has continued on the Board as the Immediate Past President.

Young Guns/Leaders

I encourage our younger members to be more involved within the Institute. Your voice is an important one and the future of the Institute lies with you. Become involved with your branches, support events, provide ideas and feedback.

The Institute is well positioned in the market place. The professionalism of our members is recognised. We all have a passion to make our industry better, and to create a more professional and encouraging industry. Traction in the right direction was achieved in 2017.

National Office

Finally, and importantly, I would like to acknowledge Ashley Church and the great team individuals that make up the National Office in Wellington. During the year Allan Smee left the organisation after eight years with the Institute. Allan was a great character and a very committed part of the organisation – we all wish him well for the future. With change comes opportunity and the level of enthusiasm of the team is fantastic. Lead by the hard-working Ashley Church I am proud of the work that team does on our behalf.

Chief Executive's Report

I always enjoy the opportunity to provide my Annual Chief Executive's report.

I'm not naturally a person who spends a lot of time dwelling on the past – preferring instead to move on to confront the next challenge and focus on the future.

So for me, reviewing what we've done well and unpicking the things we can continue to improve is very useful.

When I joined the Institute in 2015 one of my first tasks was to review the overall direction of PINZ, and set about implementing a multi-pronged strategy to refocus our organisation into one which was modern, forward-looking and providing real benefits to members.

Since then, we've worked hard in the background to put the building blocks in place, and in 2017 we were able to start shifting our emphasis away from fixing the internal processes and look at the next phase of the strategy – growth.

Satisfaction

Our annual satisfaction survey provides us with feedback on how we're going. The results of that survey continue to show extremely positive trends overall.

There's overwhelming confidence in our Governance and direction, which tells me that we're getting important things right. And where there've been valid criticisms, such as with community specific CPD, we're working with those communities to identify and deliver what they want, when they want it.

They say the proof of the pudding is in the eating, and the results we're sharing in this Annual Report show the eating has been pretty good.

Our revenue levels have held up, despite drastically reducing the cost of webinars and seminars. And that's been able to happen because of the move to introduce a CPD levy – which was designed to encourage people to do more continuing education at less cost. As a result we'll have a far better informed membership.

Our membership has remained stable, and there's been good growth among students and graduates, which augurs well for the future. We had a record number of applications to our young leaders programme and we put the PINZ name in front of tens of thousands of students as we promoted our industry at careers expos throughout the country.

Profile & advocacy

One of the big changes under my watch has been a significant improvement in the Institute's profile among the public, and within the broader industry.

PINZ punches well above its weight in terms of the 'air time' it receives and the complex issues it tackles. That's unlikely to change. Property will continue to be a big story. More and more information's being sought, as evidenced by the proliferation of websites, new data sets, and expert opinion.

The Institute is at the leading edge of this trend, securing regular television slots, and frequent newspaper mentions. That profile has provided us with leverage in the industry, and gives us more credibility when we advocate on behalf of members. It also means that when we invite Government Ministers, mayors and industry leaders to explain something, they don't ask who we are any more!

From an advocacy perspective, it means people listen when we have something to say, and we are now regularly providing submissions on law changes that will affect us.

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With the wind of change blowing through our sector, we expect this advocacy work will become an even more important part of our core activity.

Membership, Services & Revenue

As previously mentioned, our total membership remained stable in 2017, but in early 2018, the Institute signed an agreement that should lead to a good sized boost in total membership.

The Memorandum of Understanding with the Independent Property Managers Association (IPMA), paves the way for more than 100 of their members to become PINZ Affiliates should they choose. They will have a separate professional community, education, and over time we expect them to transition to full membership.

This is good news for the Institute, only made possible thanks to a forward thinking decision by the Board to amend our by-laws and make it easier for affiliates to sign up.

There is no change with respect to full PINZ membership, and we will continue to set a very high bar for entry. Never-the-less the by-law adjustment allows us to pursue our strategy to grow & diversify.

Part of that diversification involves establishing new commercial revenue streams because every dollar we raise benefits members in the end.

In 2017 we launched a rebranded JobMail service. Now called PropertyJobs, we see huge potential in this service beyond the Institute's own membership.

We have similar plans for our Property Industry Quality Assurance programme (PIQA). There are more than 30 businesses already using PIQA and the feedback has been very positive. Again, this product is something we're keen to take beyond the immediate PINZ family and there has been strong interest in the soundings we've done so far.

We also continue to explore new online solutions for members and potential members, with a number of other projects in development.

Needless to say, PINZ remains firmly focused on delivering quality service for members, providing good value for money – while still jealously guarding our reputation as a body that maintains the highest standards. Part of that involves more collaboration with our Branches, and Communities. That direct input into head office decision-making is helping to shape our agenda and priorities.

Thank-you

The Property Institute is in good shape, thanks to the unpaid hours that many of our members devote. I want to specifically thank all our Branches for continuing their excellent efforts in offering education and networking opportunities. Without you, PINZ would not be able to deliver anywhere near the same level of local support.

Thanks too, to those of you who serve on our Professional Community Councils. I enjoy working with you and I look forward to our ambitious work programme in the year ahead.

Of course, I also thank the Board for their wisdom over the past year. Led by Patrick O'Reilly, our Board is incredibly supportive and forward thinking. The energy and enthusiasm that the Board brings helps shape the mood in a broader sense, and that puts us in a great position to tackle the challenges that lie ahead.

Lastly I want to thank my fabulous team at national office. There're only eight of us, and I'm immensely proud of their commitment to making the Institute an even more vibrant, dynamic and ultimately successful organisation.

I want to specifically thank all our Branches for continuing their excellent efforts in offering education and networking opportunities.

2017 Setting Strong Foundations

STRATEGY

The number of people registering for webinars
↑74%

Over 100
events throughout New Zealand

1,897 people
attended events organised by regional branches

The Property Institute has been through a period of significant change in the past three years.

Some of it has been obvious to members, such as the long awaited new online membership portal which came online in mid-2017. But there has been plenty of change in our back office which largely goes unnoticed. There've been some significant personnel changes, and in 2017 we spent some time reviewing the way we do things for members. That resulted in a reallocation of duties with a more defined focus on our forward event & education planning, tidier internal processes, and the start of our ongoing project to improve the member database.

Of course, much of this work flies under the radar, but it's hugely important as we look ahead to the next steps of our strategy, which is to grow the ranks of PINZ members with benefits and initiatives that will help cement the Institute as the most respected property organisation in the country.

One of the biggest gambles undertaken in 2017, was the move to nearly halve the cost of Continuing Professional Development (CPD). Webinars were slashed from $90 +gst to $50 +gst. Face-to-face seminars came down from $215+gst to $100 +gst. The cost of CPD is one of those things members most wanted action on, as evidenced by regular feedback in our member surveys. So in order to deliver on that heavily reduced price, the Institute introduced a CPD levy of $90 +gst. This was not without risk, but as we review the year in retrospect it's pleasing to report that the experiment appears to have worked. The income from seminars and webinars (not including the levy) was actually in line with the year before (2016/$149,809 vs 2017/$156,437).

What that means is that the number of people registering for seminars and webinars has increased. For example, between 2016 & 2017 the number of people registering for webinars nearly doubled (2016/577 vs 2017/1002). The Institute is particularly pleased about this. The ability to successfully deliver CPD online will become increasingly important, and it's fantastic to see so many members embracing the flexibility and convenience of learning via the world-wide web.

Beyond the big reduction in cost, another reason for the success is likely to relate to reliability. It's fair to say that in 2016 members were having all sorts of problems accessing the videos, but the introduction of a new webinar provider in 2017 has seen most of those complaints evaporate. Now, more members than ever are watching the webinars and they're paying half what they used to. That is a success in anyone's book and we'll be working hard in the coming year to make the service even better and offer greater variety for a diverse membership.

Another initiative introduced in 2017 was the formation of an education working group, made up of members from our communities. We have yet to see the benefits of that project fully realised, but what it has done is helped us be more forward looking, which matters a lot when you are trying to lock in top quality speakers, with relevant and timely presentations.

We've also been working more closely with branches to ensure we minimise the potential for timetabling and subject clashes. A strong branch culture remains critical to PINZ and the local events remain popular and well attended. Some, 1,897 people attended events organised by regional branches in 2017, up yet again from the successful 2016 year (1,556).

The really good news is that in the education and networking space there's a lot more to come and we're looking forward to bringing members new opportunities and better ways of doing things. The Property Institute philosophy is that continuing education is not just about ticking the compliance boxes, but a path to becoming a respected, well informed, property professional.

Conference, Awards and Networking

The 2017 Property Institute Conference was held in Queenstown on 29 & 30 June. Themed 'Property at the Peak' the timing for the point in the property cycle was spot on, with a looming general election.

The event attracted more than 230 delegates, which is a reasonable result given the relative expense, and logistical challenges that a conference in Queenstown brings. For the first time, the Conference was due to be opened by the Prime Minister, and although fog disrupted travel plans, Bill English still made an appearance via video.

Our black tie awards night continues to go from strength to strength as it grows in stature and the Institute recognises its members who are among the best of the best. Of course, Leonie Freeman took out the Supreme award, with Board Member, and former young leader Luke Van Den Broek being named Young Property Professional of the year. The tireless John Darroch received the NZIV top honour in the form of the John. M. Harcourt award, recognition for all the effort he puts into maintaining standards and his devotion to professionalism.

But when it comes to networking, it's not all about conference. Our free Property Network events (formerly keynotes) were held in Auckland, Christchurch, Wellington and for the first time in Waikato. And in another first, the Institute hosted a pre-Budget property announcement by Amy Adams, which attracted a solid audience of Auckland heavy hitters.

In September we took a group to the US for the PINZ Study Tour. It was a fantastic opportunity to investigate how property professionals operate in one of the more advanced markets on the planet. The plans were severely disrupted by a couple of hurricanes that struck in the weeks leading up to the trip, never-the-less our group got a few days in San Francisco where we explored the venue for the 2013 America's Cup, and then headed to New York where we were hosted by the Appraisers Institute of America (America's NZIV Equivalent). It was a worthwhile exercise, and as a group we managed to have a lot of fun along the way. The Institute is now looking to hold these bi-annually, with the next one likely in 2019.

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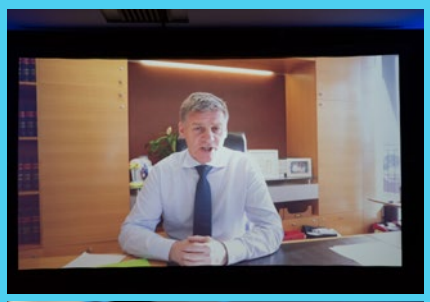

Some of the scenes from the 2017 Property at the Peak Annual Conference held in Queenstown

Promoting Property as a Profession

The 2017 Intake of Young Leaders

It's no secret that PINZ has an ageing membership. For years, there has been too few new faces getting the qualifications that our industry needs to simply stand still.

But in 2017 something changed. Of course, property was big news, and that may be the main reason why, but in 2017, for the first time, PINZ took a stand at five of the main careers expos around the country. Individually branches have been doing this for years, but it was a first for national office. PINZ put its name in front of tens of thousands of young people considering their career choices, and came away with thousands of email addresses, and ended up being given some credit by Associate Professor John McDonagh for doubling the size of the property student intake at Lincoln University.

It's pleasing to be able to report, that the number of student members within PINZ has grown. In 2016, 386 university students signed up as student members, in 2017 that number was up to 426, while the number of student members transitioning to graduate membership grew to 188.

That sort of interest appears to have flowed through to our own internal activities. We received a record number of applicants to join our Young Leaders Programme. This was set up to give our promising younger members some first-hand Governance experience, and they have an opportunity to sit on one of the many committees and/or councils that make up our organisation.

In yet another first, we received more than twice the number of applications than we have in previous years. The popularity of this posed its own problems, and we ended up with a slightly larger intake than had been anticipated. But it is a good problem to have, and the Institute can only benefit from this injection of new blood and fresh ways of thinking as it looks to the future.

PINZ took a stand at five of the main careers expos around the country. Individually branches have been doing this for years, but it was a first for the Institute as a whole.

A Model for the Future: The Six Pillars

The Six Pillars have been endorsed by the PINZ Board as a framework for the current activities of the Institute and the future of the organisation.

Networking and fellowship

Providing opportunities for professional networking at a local, national, and international level.

- Regional network meetings
- Social events
- Conferences
- Study tours

Status and standards (Professionalism)

Setting a standard for the property industry in which membership is an essential element of professional status.

- Standards & ethics
- National awards for excellence
- Member recognition
- Quality assurance programme
- Professional compliance regime

Research, Technology & Innovation

Collecting and publishing essential data, using data to accurately anticipate emerging trends, facilitating the transition to new trends and new technology, and constantly challenging the business models which underpin our members' businesses.

- Market data reports
- Regular surveys/Polling
- PropertyJobs.co.nz

Industry Promotion

Promoting & championing the property industry and communicating effectively to the clients and potential clients of our members, using the most effective mediums available.

- *Property Professional* magazine
- Industry website
- Marketing of professions
- Find a professional
- Media

Lifetime Learning & Development

Providing comprehensive, relevant, and accessible education to a broad range of Property Industry professions.

- Annual Continuing Professional Development
- Degree accreditation
- Webinars & seminars

Industry Leadership & Advocacy

Maintaining our role as an industry leader and influencing change as a first point of reference for consultation on industry matters.

- Opinion leadership
- Legislative submissions
- Ministerial interaction

We have four main communities and room for more. The four communities are:

- Real Property Valuation
- Property and Facilities Management
- Property Advisory & Consultancy
- Infrastructure, Plant & Machinery Valuation.

Media, Data and Advocacy

Our media profile strengthens our ability to advocate

PINZ is now one of the 'go to' commentators when it comes to property. It is one of those things that members either love – or hate.

But never-the-less it remains a significant component in our strategic arsenal. A higher profile means more people know who we are, what we do, and why we're doing it. The attention gives the Institute relevancy, currency, and authority. It means that when PINZ speaks out on policies that may effect its members, we're more likely to be listened to, it gives context to the post nominals that follow member's names, and it helps to inform and educate the public, often on complex issues or trends that require attention.

In 2017, PINZ continued to carve out its own niche in the New Zealand media marketplace. This resulted in more coverage in mainstream media, a monthly appearance on the country's biggest TV network, slots on current affairs shows, regular mentions in the daily papers, frequent radio appearances, industry magazine articles, and the list goes on. The Institute punches well above its weight for the exposure it receives, and the signs are that this is set to keep improving.

At the same time as growing its 'front of shop' profile, PINZ has been a regular contributor to the select committee process, offering opinions on laws that will effect members. In 2017, that stream of work extended to submissions on the Unit Titles Act, the Reserve Bank proposal to introduce Debt-to-Income ratios for lending and LVRs to name a few.

In conjunction with NZIV, The Institute also engaged on a number of occasions with officials working on the "review of the Occupational Regulation of Valuers" also known as valuer deregulation. This review appeared to accelerate in the first part of 2017, and was de-prioritised in the second. There has been no movement since.

Looking ahead, the Institute expects to be very active as it contributes to numerous new policy discussions that will directly impact on members. The Institute's ability to advocate and inform, also benefited from two new regular flows of data in 2017. In late 2016 PINZ commissioned regular public polling, and in 2017 the Institute started working with key sponsor Valocity, to present a monthly property market dataset. Both of these initiatives have provided ongoing media exposure for PINZ, as well as helping to inform members of trends or perceptions. There are continuing opportunities for PINZ in this space, and community-specific branding projects already underway.

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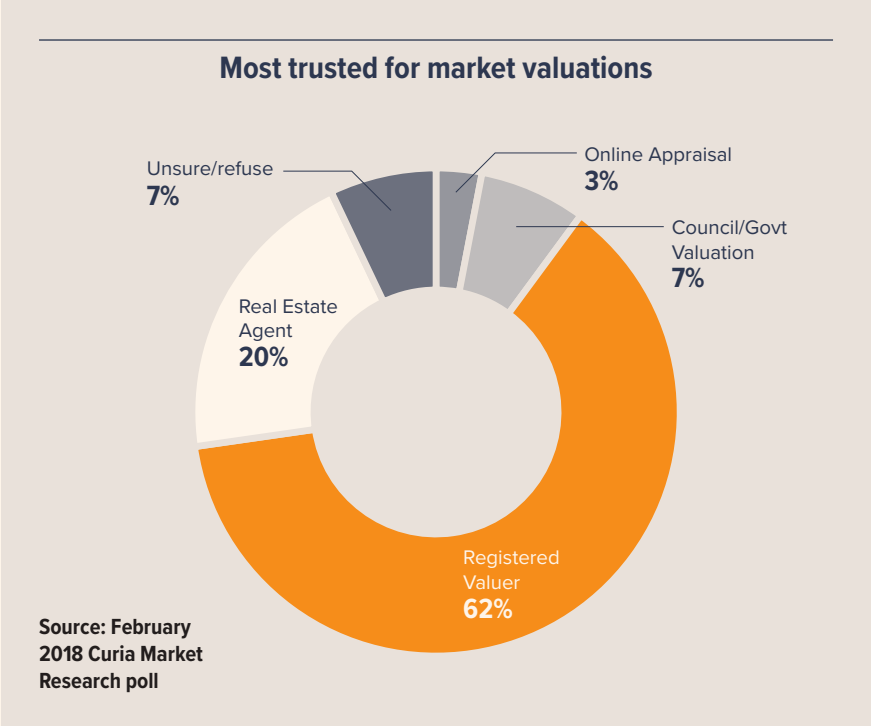

Property Professional magazine remains a huge opportunity for us. Its quality has improved significantly over the past few years and in 2017 it experienced a quantum leap, attracting articles from heavy hitters like all the mayors of our major cities, old Government Ministers, new Government Ministers, big bank economists and expert analysis. Subscribers are benefiting from more profiles, and learning a bit about their colleagues at the same time. There is growing interest in *Property Professional* advertising space, and this is an area where the Institute sees room for some modest growth.

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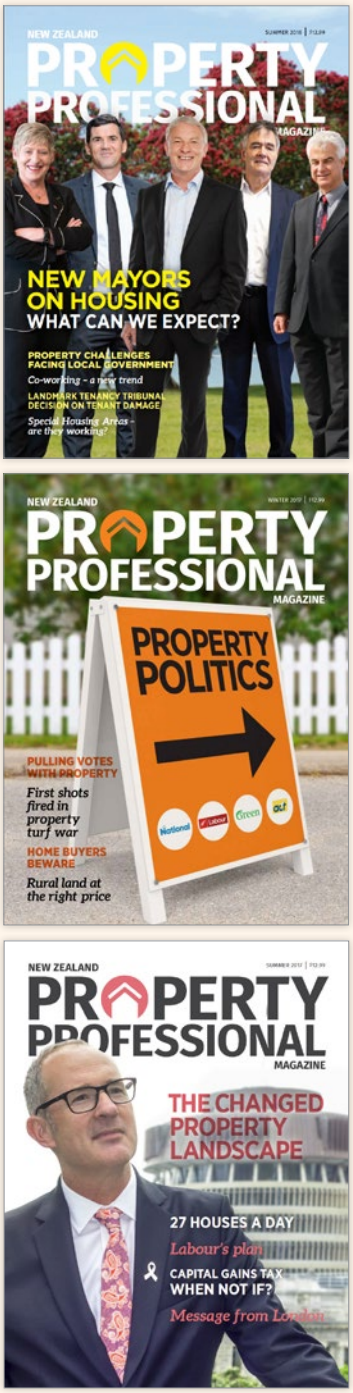


***Property Professional* magazine**

Expanding Services

PINZ travel insurance saved the Study Tour

In 2017 PINZ launched 'PropertyJobs.co.nz'. This is a notice board for positions in the property sector.

Before 2017, the service offered by the Institute was called 'Jobmail'. PropertyJobs has potential as a revenue earner for the Institute and is already attracting vacancies from Government Departments, corporates and recruitment companies. The feedback on this service has been very positive, with most positions advertised, filled after listing. The Institute's identified more opportunities for PropertyJobs and will be pursuing some of those in 2018.

The Institute has identified more opportunities for PropertyJobs and will be pursuing some of those in 2018.

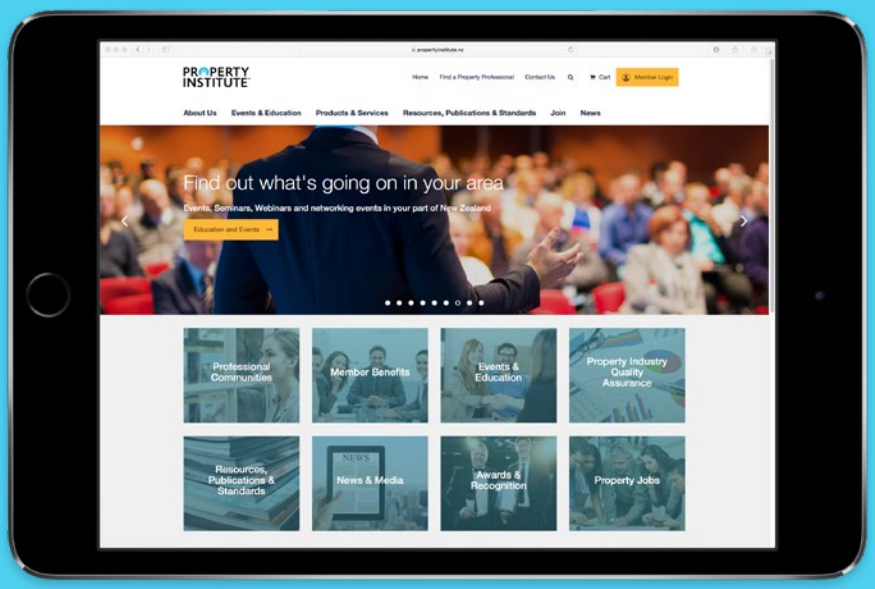
In 2017, PINZ rolled out its Property Industry Quality Assurance (PIQA) programme to members who had been part of the old Quality Assurance Accreditation Scheme (QAAS). The 32 members who are currently part of the programme are accredited to use the PIQA logo, which is a commitment to excellence, improvement, and best practice. More and more companies are becoming PIQA members and the feedback, has been very positive. PIQA is on track to be rolled out to a much broader audience with interest already being shown by non-member organisations.

With its insurance partners ,JLT, PINZ continued to offer members Professional Indemnity cover discounts, and in 2017 we also introduced discounts for members on travel insurance. The PINZ Study Tour to the U.S in September experienced this facility first hand, and their treatment was first class. Work continues with our insurance partners to secure further benefits for PINZ members.

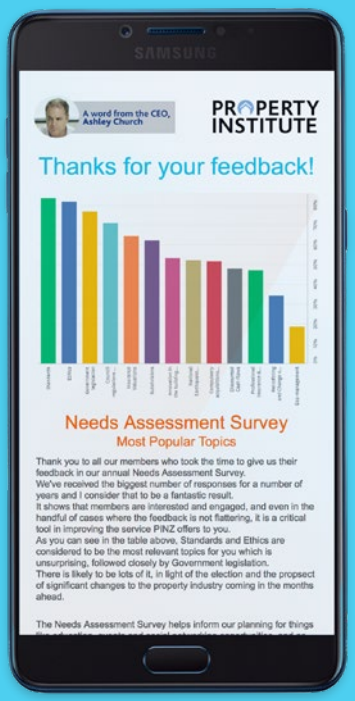
PIQA is our new Quality Assurance programme

PropertyJobs launched in 2017

Online



www.propertyinstitute.nz



The Chief executive's newsletter remains one of the Institute's best reads

STRATEGY

After many years of discussion, research, and debate, 2017 brought with it the decision to move to a new online database and website provider.

This was a major website and database overhaul involving many, many terabytes of personal and institutional information. It also involved creating a back end that securely stored accurate member information dating back decades, and a user friendly front end that anyone can use.

It would be good to say the process has been easy. For a number of reasons it hasn't. However, PINZ is working closely with its providers and other users to further expand the utility of the software, to give us more options and to generally improve the online experience.

Despite the challenges, there's no doubt that the online material being sent to members is of a much higher quality and standard than in previous years, as highlighted by Institute satisfaction surveys, and positive reviews. Only a year ago, our system catered for a single photo in a newsletter, today there are many.

The Institute is also growing a small following on Facebook (up 80% in a year), and delivering webinars to an audience that's grown by nearly 50% in a year. It sees Facebook as a useful mechanism to keep in touch with a growing number of overseas members, and delivering updated data, standards and news.

These days, there is more data available monthly on online than ever before, and the Chief executive's newsletter remains one of the Institute's best reads.

There is more planned in this space during the year ahead, as we constantly look to improve the quality of our printed and electronic communications.

The Institute is also growing a small following on Facebook (up 80% in a year), and delivering webinars to an audience that's grown by 74% in a year.

PINZ Board Members

Boris Babic
Young Leader

Adam Binns
NZIV Representative

Steve Bown
Infrastructure, Plant & Machinery Council Chair

Phillip Merfield
Independent Director

Katie Beveridge
Nothern region representative

Patrick O'Reilly
President

Absent from group photo

Suzie Penrose
Central Region Representative

Phil Porteous
Property & Facilities Management Council Chair

New Zealand Institute of Valuers

During the year ended December 2017 the Valuers Council operated under a cloud of uncertainty due to the long-running review of the Valuers Act hanging over us.

This absorbed a large amount of resource and effort from the Councillors and others in the profession.

In mid-2017 the review was in full swing, with the threat of new legislation looming. The Council, of course has, for a number of years, been preparing for the change, and many of the concerns that were the catalyst for the review had already been resolved with pro-active action by your council.

Towards the latter part of the year we were told the review of the Act had become a low priority, and then by the end of the year, following the change of Government, we were informed that the review had slipped even further down the priority list

So, as I write this report in 2018, the review has been shelved for now with no indication of an imminent return. I believe this change of heart from officials is testament to all the work we've been doing to improve our processes and structures – and credit is owed to all those grassroots members who've voluntarily given up their time and effort to help future-proof our organisation.

However, the change of heart by officials has not stopped the NZIV Council from pressing on with reforms to make our Institute even better.

In mid-2017 the Valuers Council engaged in a review of the Professional Practices Committee (PPC) functions and processes, with the co-operation of both the Valuers Registration Board (VRB) and the Valuer General.

We engaged legal counsel Richard Moon, to assist us as we worked our way through the issues. There have been numerous white papers which have been presented to Council and branches which look at best practice under the current legislation.

While this review looks at the processes from the point at which a formal complaint is lodged, the Council is also looking at what happens before a complaint, to see whether or not there is a way to solve issues before they are escalated to the PPC. We expect this piece of work when rolled out, will be of great benefit for members and for the public.

PPC & Standards Committees

The PPC has also been through a change at the top, with Earl Gordon stepping down as the chair and David Paterson assuming this role. On behalf of all members I want to offer my thanks and great appreciation of Earl's long service to this committee, and helping to facilitate a relatively seamless transition.

The Standards Committee, led by John Darroch, oversaw the introduction of IVS2017 to members with a planned education programme, and interaction with our members. The standards committee has co-ordinated their work with their Australian counterparts and as a result, they have shepherded in a number of changes to standards and TIPS.

Roger Gordon
Valuers Council Chair

Roger became Chair of the Valuers Council in 2016. He has spent most of the past decade working in the Waikato region where he is the Director of TelferYoung Waikato.

NZIV
NEW ZEALAND INSTITUTE OF VALUERS

Credit is owed to all those grassroots members who've voluntarily given up their time and effort to help future-proof our organisation.

A project to produce a summary table on the website has also been completed. The operations of the PPC and the standards committee largely fly under the radar, and that is a credit to them, and a reflection of a job very well done.

On behalf of the Valuers Council and the wider profession, I would like to give great thanks to all those members who serve on our committees, and give up their time and energy to help make our profession stronger.

Valuer Profile

Part of our strategic plan and review, includes raising the profile of Valuers.

The Council considered that high profile media space was well occupied by the CEO of PINZ, Ashley Church and that Council should take a staged approach to the promotion of Registered Valuers and the promotion needed to have a distinct NZIV flavour.

Members will be seeing the results of this work throughout this year (2018), following the creation of a marketing programme to raise public awareness of the work that Registered Valuers do.

Part of this was the development of a modernised logo which we adopted in the first part of 2018. The next step, which is being implemented from mid-2018, is a marketing campaign that will see us test different mediums for residential, commercial, rural promotion, with residential the first cab off the rank.

In the past couple of years the profession has been attracting good numbers of graduates applying for registration, but overall however, there is a large number of Registered Valuers within the older age brackets.

As they retire and move on, that will create new opportunities for those entering our profession.

Big Data

For the valuation professional, big data and the electronic era will bring massive change to the data which is available in the market, and used within the property and finance sector.

While we are likely to experience a decrease in the number of Registered Valuers, this is a trend in a number of other countries, and not just a New Zealand phenomenon.

I've noticed an interesting trend around the number of resignations versus retirements. Curiously, resignations as opposed to retirements are a big factor for reduction in our membership. What that tells me is that other property activities value the skills and experience gained on the job by Registered Valuers and seeks out Valuers to fill these other roles.

As operating costs continue to rise and valuer numbers continue to decrease this may place NZIV under more financial pressure. We will be calling on our learnings from the review of the Act about best practice, to manage our way through this period and the NZIV Council will have a busy agenda over the coming years.

Thank You

At this point, I would like to thank Councillors including Nigel Kenny from Northland, Jason Williams from Auckland who sits on the standards committee and attends the residential forum meetings. Jeff Alexander from the Waikato and his work with ANZIV fellowships and membership issues.

A campaign to build the NZIV public profile is now underway

Rob Boyd from Whanganui, Anna Paget from Hawkes Bay our young leader on Council, Tim Truebridge from Wellington and his steering of the PPC review, Blue Hancock from Nelson, John Tappenden from Christchurch and Adam Binns from Dunedin who also sits on the PINZ board.

In closing, we are a volunteer-based organisation and we all need to give thanks to those who have contributed over the past year. This includes all the Branch Chairs and committee members who give their valuable feedback directly to their regional representatives and directly to the Valuers Council.

The Branch committees have a big task of bringing members together for education and celebration of advancement, retirement and social functions. I thank-you all for your support during the year.

Property Advisory Council

Peter Bollmann
Property Advisory Council Chair

Peter Bollman was appointed Chairman of the Property Advisory Council in March 2017 and has been a member of the Institute since 2007. Peter is currently Chief Advisor Government Property at the Ministry of Business, Innovation and Employment (MBIE), where he's been since June 2017.

It's heartening to see the real enthusiasm coming through from the grassroots of our organisation and I know the community and the council are in good shape, in an environment where regulatory change is very much going to be part of the picture.

I took over from Ben Gill, the former Chair of the Property Advisory Council, in the first quarter of 2017, and being relatively new to the position I was surprised by the number of issues facing our community.

One of our biggest headaches, continues to be offering guidance to our members so that they operate within the strict legal requirements of the Real Estate Agents Act of 2008. It's often a tightrope for our members, who are often called on to give a professional opinion, and the trick is knowing what the rules are, and staying within them.

In conjunction with PINZ Head Office and with the support of the broader PINZ Board during the year we lodged an application for the 'Registered Members' of our community to be exempted from the REAA. It involved considerable research, consultation with the Forestry Institute (which has won an exemption), surveys our community members, and significant outside advice.

On May 29, 2018 we finally received word that our application had been declined, which is disappointing, but not unexpected. The change of Government meant a shift in ideology, to a more regulated environment, with changing priorities and an agenda of further reform.

As a result, we have shifted our focus to working with the REA to see if we can get some of our PINZ CPD cross-credited, and the Authority has invited us to put our case. We'll continue to pursue this on behalf of our members.

That's not to say it has been a wasted exercise. We learned a lot about the law on the way through, and learned a lot about what our members do on a daily basis, and that sort of institutional knowledge is always valuable.

2016 was the first year that we secured a formal Service Level Agreement with the Property Institute and we built upon that in 2017 – as we have again in 2018.

The formal SLA brings us closer to delivering on what members have told us they want, such as networking events and community specific CPD, while also recognising the importance of our community to PINZ.

Work continued throughout the year processing applications for the various levels of membership of the community, recognising achievement within our fields of speciality through the awarding of fellowships, and working with younger members to develop their skills and knowledge while also promoting property as a career.

It's heartening to see the real enthusiasm coming through from the grassroots of our organisation and I know the community and the council are in good shape, in an environment where regulatory change is very much going to be part of the picture.

I think we're in a good position to capitalise on the shift, in an organisation that's quite good at adapting to change.

Finally, I want to thank all the members of the Council for giving up their time, and lending us their wisdom during my past year as Chair – without your valuable assistance, my role would have been all the more difficult.

Property and Facilities Management Council

A year of change provides both opportunities and challenges for our industry in the near horizon.

As we look back over the year, and reflect on winning back the Americas Cup, the change in government, interest rates remaining low enough long enough to now be considered the norm, and property continuing its very bullish run – there is much to ponder on what impact that will have on the day-to-day role of a property and facilities manager.

The winds of change are blowing many in different directions. Navigating these with foresight can bring fantastic opportunities to property and facilities managers. Many of these opportunities will challenge the status quo and require a redefining of the property management role to keep pace as the industry catches up on the wave of operational change, aided by increasing technology, data capture and legislation.

The country has ushered in a new Government, made up of three minority parties, and with that comes a range of promises and overhauls such as, the foreign investor ban, a possible capital gains tax, reforming residential tenancy laws, and a tightening of immigration policies.

These will have both a direct, and flow on effect for our industry. As an industry we need to have a say on these reforms, and the Property Institute continues to serve our members well in this regard.

Capital is cheap, the market is buoyant, yields are low – but how long will it last? Has it started to turn already?

It's anyone's guess, but history tells us that it can't and will not go on forever. From a property and facilities management point of view it is hard to deliver value when it appears to come without your direct input. As the change comes, we will have an opportunity to re-define our value criteria, display critical thinking, problem solve, and develop solutions in an environment some may care to forget, or some may have yet to experience.

It is important as property and facilities managers we arm ourselves with the right tools to deal with change before we need them, and never stop learning.

To assist the modern property professional the Institute and Council have reviewed their strategic directive. We have aligned our desired outputs with the changing commercial environment and aim to drive even further value to our members over the coming year.

The Property Institute has boosted an already strong media presence and is now widely regarded as the 'go to' for industry comment. A fantastic profile for each of our members to leverage. Supported by a strong head office, Ashley and the team are working hard to push the Institute into an exciting error of growth and representation. Already, members have felt first-hand the benefit of a higher calibre of events, representation, and quality assurance.

All members Property and Facilities Management Council contribute time, energy and talent to collaborate for the greater good. I would like to thank all council members; Patrick O'Reilly, Saatyesh Bhana, Helen Brumby, Ian Campbell, Joanne McCracken, Katherine Marshall and Glenda Whitehead for their continued commitment.

Phil Porteous
Property & Facilities Management Council Chair

Phil Porteous is the owner of One Place for Property, a boutique property management firm in Auckland which manages $400 million of assets for private clients and bodies corporate. He is the co-founder of umanest.com a tenant profiling tool that helps tenants prepare to navigate the rental market. With over 15 years experience investing and managing property he has a wide-ranging oversight on residential, commercial and facilities management.

It is important as property and facilities managers we arm ourselves with the right tools to deal with change before we need them, and never stop learning.

Infrastructure, Plant and Machinery Council

During the past twelve months we have endeavored to provide our community with IPM specific webinars and are working towards presenting further related topics over the next year, to help our members broaden their professional knowledge and meet their CPD requirements.

Although the active IPM community is ageing rapidly, as with most other professional disciplines, I'm pleased to have two newly qualified keen young guns on our IPM Council. Who, along with the rest of our board, are actively trying to attract younger IPM valuers.

Infrastructure, Plant and Machinery valuers enjoy huge variety in their daily work

The last IPM Conference was held in Tauranga in November 2017, we were delighted with the turnout of 32 members which in percentage terms exceeds the expectations of most professional bodies, this was also despite the three day, 10th International Conference on Valuation of Plant Machinery and Equipment being held in Sydney Australia just two months earlier. The speakers in Tauranga included the local MP, an Insolvency Specialist, Lending Bank reps, and a haulage expert. It also featured a detailed overview of the salvage of the Rena containership, along with a review of valuation lessons learned during the P&M valuation on The Waterview tunnel. We also had a briefing on the International Conference in Sydney from delegates who attended.

At that same conference, I formally presented David Baxter with his Fellowship of PINZ certificate, for the service and time he unselfishly gives to our community, and the wider valuation profession.

This year we have seen two affiliates, Murray Rendall & Andrew Liew, advance to full membership and currently we have nine new members joining as Plant and Machinery professionals.

In closing, I would like to thank Ashley, Jenny and the staff at PINZ national office, for all the help they have provided throughout the year.

Steve Bown
Infrastructure, Plant & Machinery Council Chair

In February 2017 Steve took over the roll of chair of the Infrastructure, Plant & Machinery Council from Mike Morales. 2018 sees him celebrates his 40th year as a Plant & Machinery Valuer and Auctioneer, having plied his trade in the UK and Europe before moving to Aotearoa some 13 years ago. He is currently a Senior Plant & Machinery Valuer with JLL in Wellington.

The roll of Infrastructure Plant and Machinery (IPM) has become better understood within the wider business community, over the last few years, mainly due to finance and insurance principles, requiring their valuers to be registered.

Meet the Team

The Property Institute of New Zealand national office is made up of a small team that punches well above its weight. PINZ staff are multi-taskers who balance large and varied workloads to deliver services to members and administrative support to the Institute's elected representatives.

Ashley Church

Chief Executive

Ashley's the public face of the Property Institute. He has been CEO for about three years and has significantly improved the Institute's profile. He is the author of the over-arching PINZ strategy and has transformed the quality of engagement with members.

Jenny Houdalakis

National Operations Manager

Jenny is the glue that holds the Property Institute together. With 17 years on the job under her belt, her institutional knowledge is second-to-none, and her Conference organisation just keeps getting better year after year.

Carlos Castro

Accountant

In 2018, Carlos celebrated his 10th anniversary at the Property Institute. Carlos crunches the numbers for the organisation and also manages the accounts for the New Zealand Institute of Valuers. He's a part-time beekeeper and keeps the team sweet.

Jason Ede

Communications & Strategy Manager

Jason joined the Property Institute in late 2016. He's responsible for managing the content and design in our magazine and in our email newsletters. With a background in Government, he is also driving PINZ advocacy work and strategy.

Rebecca van Etten

Key Relationships Manager

Rebecca joined PINZ in late 2016 in a newly created business and relationships focused role. She works with sponsors, branches and has also taken the lead role in organising our education programme. Rebecca is also responsible for managing our PropertyJobs & PIQA products.

Vanessa Delegat

Professional Development Manager

Vanessa joined PINZ in December 2017 after a four-year stint at the New Zealand Institute of Surveyors. She is a data expert, with expertise in education both in ITO's and private training establishments. With a background in quality assurance she is also the brains behind the popular PIQA project.

Emma Prestidge

Membership Services Manager

Emma joined PINZ in October 2017. She joined us from the Pharmaceutical Society, another not-for-profit. She is the person that PINZ members are most likely to deal with when making inquiries about their membership status.

Robyn Matthews

Executive Assistant

Robyn is a typing wizard. She provides the meeting minutes for all of our various communities, committees and the Board. She also organises flights and provides logistical support for our elected representatives as they carry out their duties.

Membership

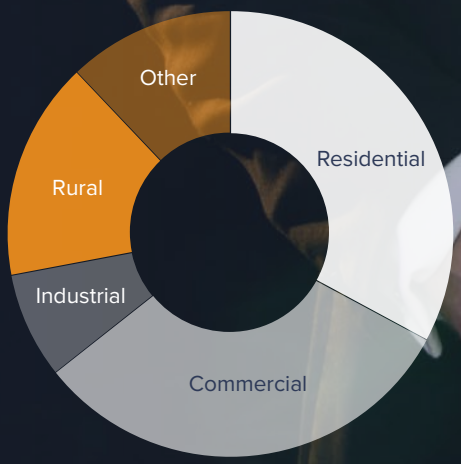
The Property Institute's steady membership crosses a broad range of industry groups in the property sector. Recognising the importance of attracting young people into the property sector, we have actively engaged in Careers Expo's and school career events to build student membership and encourage the growth of young people entering the property industry. Many of our Graduate Members continue on to full membership as they transition into the workforce.

2271
members for the 2017 year

188
student members transitioned to graduate membership

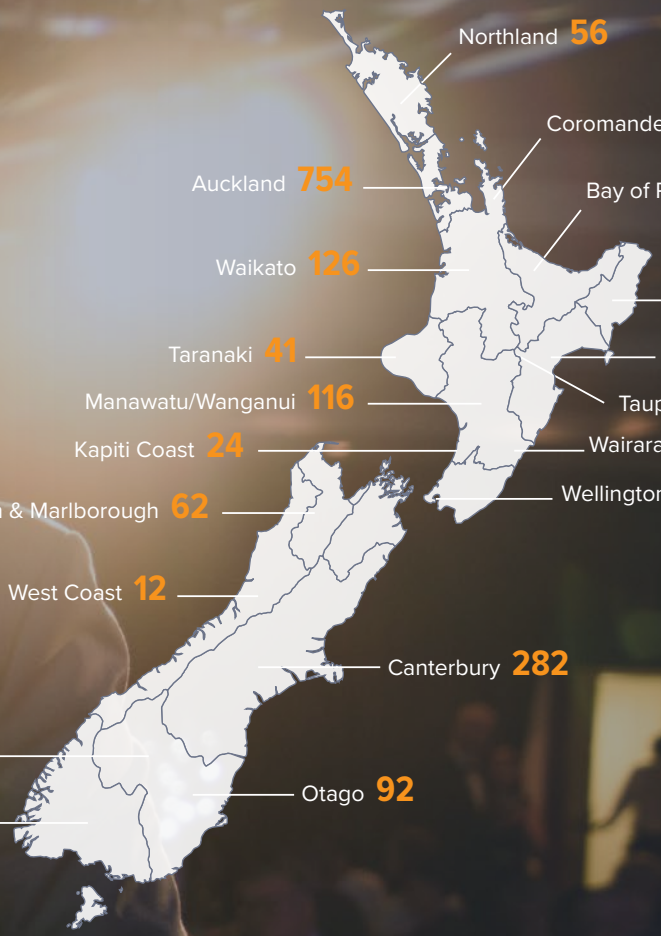
426
university students signed up as student members in 2017

Membership by sector



* Data as at December 2017 (excludes overseas based paying members).

New Zealand membership



Members around the world

United Arab Emirates 2
Australia 99
Brunei 1
Canada 1
Switzerland 1
China 3
Germany 1
Fiji 2
Ireland 1
India 2
Cambodia 1
Malaysia 5
Norway 1
Romania 1
Singapore 13
Taiwan 1
United Kingdom 18
United States 1
South Africa 1

Branches & Committees

Regional Branches

The Property Institute has 17 branches throughout New Zealand and one in London. Branch Chairs and their committees organise CPD workshops, site visits, sessions with guest speakers, and regular meetings with members within their areas.

Northland
Melody Richards

Taranaki
Stephen Hodge

Canterbury
Simon Newberry

Auckland
Patrick Foote

Hawkes Bay
George MacMillan

South/Mid Canterbury
Alistair Wing

Waikato
Glenda Whitehead

Whanganui
Rob Boyd

Central Otago
Heather Beard

Rotorua
Kendall Russ

Manawatu
Bruce Lavender

Otago
Adam Binns

Tauranga
Paul Higson

Wellington
Branch Chair (PINZ):
Hamish Merriman

Wellington
Branch Chair (NZIV):
Hamish Bills

Southland
Hunter Milne

Gisborne
Che Whitaker

Nelson/ Marlborough
Simon Charles

Property Institute Committees

The Property Institute Committees are made up of Members and staff who volunteer their time for the Institute. Without their hard work the Property Institute would not run as smoothly as it does.

Valuation & Property Standards Board
John Darroch (Chair)
Chris Stanley
Blue Hancock
Gary Sellars
Jay Sorensen
Ian Campbell
Jason Williams
Dave Baxter
Tim Gemmell
Olivia Roberts (Young Leader)

Finance Audit & Risk Committee
Craig Russell (Chair)
Greg Ball
Patrick O'Reilly
Roger Gordon
Stephen Reid
Boyd Gross
Courtney Paterson (Young Leader)

Professional Practice Committee
David Paterson (Chair)
Graeme Kirkcaldie
Steve Sampson
Mark Dow
Steve Dunlop
Nigel Kenny

The Education Advisory Panel
Roger Gordon
Patrick O'Reilly
Phillip Merfield
Phil Porteous
Steve Bown
Genevieve Grant

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Independent Auditor's Report

To the Members of The Property Institute of New Zealand Incorporated Group

Report on the Performance Report

Opinion

We have audited the performance report of The Property Institute of New Zealand Incorporated (" the Group") on pages 27 to 43, which comprises the entity information, the statement of service performance, the consolidated statement of financial performance and consolidated statement of cash flows for the year ended 31 December 2017, consolidated statement of financial position as at 31 December 2017, and notes to the consolidated performance report, including statement of accounting policies and other explanatory information.

In our opinion:

a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;

b) the accompanying performance report presents fairly, in all material respects:
   - the entity information for the year then ended;
   - the service performance for the year then ended; and
   - the financial position of the Group Incorporated Group as at 31 December and its financial performance, and cash flows for the year then ended

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

Basis for Opinion

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

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

Other Information

The board is responsible for all other information included in an entity's Annual Report.

Our opinion on the consolidated performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Performance Report

The Board is responsible for:

(a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;

(b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:

Chartered Accountants
Member of Grant Thornton International Ltd

- the entity information;
- the statement of service performance; and
- the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the performance report

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

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

In preparing the performance report, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

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

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

We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

Restriction on use of our report

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

Grant Thornton New Zealand Audit Partnership

Grant Thornton

K Price
Partner
Wellington

28 May 2018

Chartered Accountants
Member of Grant Thornton International Ltd

Consolidated Performance Report

For the year ended 31 December 2017

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Legal Name of Entity:

The Property Institute of New Zealand Incorporated

Type of Entity and Legal Basis (if any):

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

The Property Institute of New Zealand Incorporated's Purpose / Mission

Mission Statement

- Creating extraordinary people through professional learning and continuing professional development;
- Exemplary ethical practice and behaviour, integrity and transparency;
- Pursuing excellence in all areas of the property industry; and
- Being socially responsible and working responsibly.

Entity Structure

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

The performance report comprising of the Institute and its controlled entity, Property Education and Training Limited, together the "Group", are presented for the year ended 31 December 2017.

The Group is governed by a Board comprising 12 members. The members of the governing body are as follows:

- Patrick O'Reilly (President)
- Greg Ball
- Katie Beveridge
- Roger Gordon
- Phillip Merfield
- Luke van den Broek
- Steve Bown
- Peter Bollmann
- Susie Penrose
- Phil Porteous
- Adam Binns
- Boris Babic (Young Leader Program)

The Group is structured in order support its key strategic objectives as follows:

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

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

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

Main Sources of the Entity's Cash and Resources

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

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

Additional sources of funding include:

- Service Level Agreement with NZIV.
- Sponsorship revenue.

Description of the Entity's Outcomes

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

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

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

Annual Conference
A positive satisfaction rating of more than 70%, the 2017 Property Institute conference was a very successful event which further contributed to building the brand of the Institute as a professional property organisation. The event offered learning and networking opportunities for delegates as well as valuable exposure to PINZ sponsors.

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

The costs of delivery to archived the entity Outcomes are:	Actual 2017	Budget 2017	Actual 2016
Education	$110,765	$168,350	$115,117
Membership and Governance	$91,159	$118,020	$118,193
Annual Conference	$150,548	$179,950	$202,593
Membership Communication	$66,061	$75,000	$58,453

Additional Output

For the 2017 calendar year the number of attendees to the Institute's run events (webinars/seminars) was 1,692 an increase of 573 on the previous year (2016).

The number of attendees to the 2017 Conference in Queenstown were 237 and, the number of attendees to the 2016 Conference in Auckland were 290.

Education

In 2017 the Institute delivered educational opportunities to institute members in the form of Webinars, Seminars, Property Networks meetings and conferences.

Objectives

The Institute establish a range of Education Objectives and determined that their achievement should be measured as a percentage of the 2017 Members Satisfaction Survey. The measures were as follows:

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

Outcomes

	Very Good or Excellent	Good	Acceptable	Poor	Doesn't apply	Total
Quality	8.73% 22	39.68% 100	36.11% 91	8.73% 22	7.14% 18	253
Content	6.35% 16	36.51% 92	36.51% 92	13.10% 33	7.54% 19	252
Delivery method	6.37% 16	34.26% 86	40.64% 102	11.95% 30	6.77% 17	251
Range and choice	7.14% 18	25.00% 63	42.86% 108	18.65% 47	6.75% 17	253
Length	6.35% 16	35.32% 89	44.84% 113	5.95% 15	7.94% 20	253
Frequency	4.80% 12	30.80% 77	43.20% 108	14.00% 35	7.20% 18	250

PINZ Board

In 2017 the Board of the Property Institute governed the organisation in accordance with the Constitution of the Institute, the Strategic Plan of the Institute and relevant legislation.

Objective

The Board of the Institute determined that their performance should be measured as a percentage of the 2017 Members Satisfaction Survey and set a target of their performance being rated as acceptable, or higher, by 75% of Institute members

Outcome

Very Good or Excellent	12.78%	34
Good	34.21%	91
Acceptable	36.47%	97
Poor	6.02%	16
I don't Know	9.77%	26
Other comments	0.75%	2
Total		**266**

PINZ CEO

In 2017 the Board of the Property Institute employed a Chief Executive Officer to manage the organisation in accordance with the Constitution of the Institute, the Strategic Plan of the Institute, Board directives and relevant legislation.

Objectives

The Board of the Institute established a range of targets by which the performance of the CEO should be measured and determined that their achievement should be measured as a percentage of the 2017 Members Satisfaction Survey. The measures were as follows:

- The leadership and vision of the CEO to be rated as acceptable, or higher, by 75% of Institute members
- The initiative of the CEO to be rated as acceptable, or higher, by 75% of Institute members
- The competence of the CEO to be rated as acceptable, or higher, by 75% of Institute members
- The quality of work of the CEO to be rated as acceptable, or higher, by 75% of Institute members
- The accessibility of the CEO to be rated as acceptable, or higher, by 75% of Institute members
- The overall performance of the CEO to be rated as acceptable, or higher, by 75% of Institute members

Outcomes

	Very Good or Excellent	Good	Acceptable	Poor	I don't know	Total
Leadership and vision	27.34% 70	40.63% 104	19.14% 49	6.64% 17	7.03% 18	258
Initiative	26.95% 69	42.97% 110	15.63% 40	6.25% 16	8.59% 22	257
Competence	20.87% 53	40.55% 103	18.90% 48	5.51% 14	14.17% 36	254
Quality of work	16.02% 41	37.50% 96	24.22% 62	4.69% 12	17.58% 45	256
Accessibility	22.92% 58	32.41% 82	18.58% 47	6.32% 16	20.16% 51	254
Media representation	37.50% 96	35.55% 91	14.45% 37	7.03% 18	5.86% 15	257
Overall performance	22.48% 58	44.96% 116	18.99% 49	5.04% 13	8.91% 23	259

Membership Communication

In 2017 the Institute communicated with members in a variety of different ways.

Objectives

The Institute communicated with members in a variety of different ways and determined that the success of these channels should be measured as a percentage of the 2017 Members Survey. The measures were as follows:

- Emails Newsletters to be rated as acceptable, or higher, by 65% of members
- Event Promotions to be rated as acceptable, or higher, by 65% of members
- Presentations to members to be rated as acceptable, or higher, by 65% of members
- *Property Professional* Magazine to be rated as acceptable, or higher, by 65% of members
- Website to be rated as acceptable, or higher, by 65% of members
- Publications to be rated as acceptable, or higher, by 65% of members
- Social Media activity to be rated as acceptable, or higher, by 65% of members
- Collateral and Brochures to be rated as acceptable, or higher, by 65% of members
- Annual Report to be rated as acceptable, or higher, by 65% of members
- Personal dealing with PINZ staff to be rated as acceptable, or higher, by 65% of members

Outcomes

	Very Good or Excellent	Good	Acceptable	Poor	Don't know/ Didn't receive	Total
Email Newsletters	24.70% 62	54.98% 138	13.94% 35	5.18% 13	1.20% 3	251
Event promotions	19.52% 49	51.00% 128	21.12% 53	6.37% 16	1.99% 5	251
Presentations to members	10.04% 25	50.60% 126	27.71% 69	5.62% 14	6.43% 16	250
Magazine	18.00% 45	52.00% 130	22.00% 55	4.80% 12	3.20% 8	250
Website	6.75% 17	38.89% 98	30.56% 77	20.63% 52	3.57% 9	253
Publications	10.80% 27	40.00% 100	36.40% 91	2.40% 6	10.80% 27	251
Social media	2.80% 7	20.40% 51	22.40% 56	10.00% 25	45.20% 113	252
Collateral/brochures	2.00% 5	22.80% 57	27.60% 69	7.60% 19	40.00% 100	250
Annual Report	6.77% 17	34.26% 86	34.26% 86	4.38% 11	20.72% 52	252
Personal dealings (phone, email, etc)	15.94% 40	37.05% 93	24.70% 62	5.18% 13	17.93% 45	253

The Property Institute of New Zealand Incorporated (Group)
Consolidated Statement of Financial Performance
For the year ended 31 December 2017

This financial statement should be read in conjunction with the accpmpanying notes.

	Notes	2017 $	2016 $
Revenue			
Interest income		27,454	25,718
Grants, donations, fundraising and other similar revenue		139,115	166,827
Fees, subscriptions and other revenue from members		595,439	326,527
Revenue from providing goods or services		945,852	1,198,875
Other revenue	1	112,906	105,121
Total Revenue		**1,820,766**	**1,823,068**
Expenses			
Costs related to providing goods or services			
Seminar Expenses		115,007	125,265
USA Study Tour		112,441	-
PINZ/RICS Property Ball		-	105,251
Salaries and wages		941,092	829,361
Conference		150,549	202,593
Other administration and overhead costs			
Board expenses		20,852	10,064
General expenses		22,359	22,250
National Committee expenses		9,464	9,921
Other expenses	2	507,205	489,573
Valuers Council expenses		34,806	29,277
Total Expenses		**1,913,775**	**1,823,355**
(Deficit) for the period before tax		(93,009)	(287)
Income Tax		-	-
(Deficit) for the period after tax		**(93,009)**	**(287)**
(deficit) for the year attributable to:			
Non-controlling interest		5,276	2,760
Institute		(98,285)	(3,047)
		(93,009)	**(287)**

The Property Institute of New Zealand Incorporated (Group)
Consolidated Statement of Financial Position
For the year ended 31 December 2017

This financial statement should be read in conjunction with the accpmpanying notes.

	Notes	2017 $	2016 $
Assets			
Current Assets			
Bank and Cash		683,181	98,652
Investments		61,916	760,412
Amounts due from The New Zealand Institute of Valuers		183,191	91,441
Debtors and Prepayments		67,348	77,572
Total Current Assets		**995,636**	**1,028,077**
Non-Current Assets			
Property, Plant and Equipment	4	14,021	15,049
Intangible Assets	5	108,767	85,176
Total Non-Current Assets		**122,787**	**100,225**
Total Assets		**1,118,424**	**1,128,302**
Liabilities			
Current Liabilities			
Creditors and accruals		146,069	112,055
Employee entitlements		31,057	48,154
Subscription revenue in advance		57,213	55,810
Amount due to NZ Institute of Valuers		76,527	21,544
GST payable		31,643	21,815
Total Current Liabilities		**342,509**	**259,378**
Total Liabilities		**342,509**	**259,378**
Net Assets		**775,915**	**868,924**
Accumulated Funds			
Accumulated surplus	6	775,915	868,924
Total Accumulated Funds		**775,915**	**868,924**

Approval of Performance Report

The Board are pleased to present the approved performance report, including the historical financial statements of the Property Institute of New Zealand Incorporated for the year ended 31 December 2017.

APPROVED

For and behalf of the Board.

Date: 16 April 2018

Patrick O'Reilly – President

The Property Institute of New Zealand Incorporated (Group)
Consolidated Statement of Cash Flows
For the year ended 31 December 2017

This financial statement should be read in conjunction with the accpmpanying notes.

	2017 $	2016 $
Cash Flows from Operating Activities		
Cash was received from		
Donations, fundraising and other similar receipts	153,256	209,604
Fees, subscriptions, and other receipts from members	596,843	303,578
Receipts from providing goods or services	945,853	1,198,875
Interest, dividends and other investment receipts	27,454	25,718
PINZ/RICS Property Ball	-	105,121
Other Revenue	112,904	-
Cash was applied to:		
Payments to suppliers and employees	(941,092)	(849,779)
Costs related to providing goods or services	(348,695)	(326,679)
USA Study Tour	(112,442)	-
Other Expenses	(507,205)	(489,573)
PINZ/RICS Property Ball	-	(105,251)
Net Cash Flows from Operating Activities	**(73,125)**	**71,614**
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Receipts from disposal/(purchase) of investments	698,496	13,981
Creditors and accrued expenses	-	-
Cash was applied to:		
Acquisition of property, plant and equipment	5,429	(2,430)
Acquisition of intangible assets	(46,271)	(55,710)
Net Cash Flows from Investing and Financing Activities	657,654	**(44,159)**
Net Increase / (Decrease) in Cash	**584,529**	**27,455**
Opening Cash	**98,652**	**71,197**
Closing Cash	683,181	**98,652**
This is represented by:		
Bank & Cash	**683,181**	**98,652**

Basis of Preparation

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

The performance report comprising of The Property Institute of New Zealand Incorporated and its controlled entity, Property Education and Training Limited, together the "Group", are presented for the year ended 31 December 2017.

The consolidated performance report has been approved and were authorised for issue by the Board on 19th of April 2018.

Functional and Presentation Currency

The Group has presented its numbers in NZ$ all numbers have been rounded to the nearest thousand.

Revenue

Revenue is accounted for as follows:

Fees, subscriptions and other revenue from members

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

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

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

Grants, donations, fundraising and other similar income

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

Interest Income

Interest income is recognised on an accruals basis.

Revenue from providing goods or services

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

Event/Conference Income

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

Other Income

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

Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated performance report, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full.

The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 December 2017 reporting date.

Income Tax

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

Bank Accounts and Cash

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

Goods and Services Tax (GST)

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

Debtors

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

Property, plant and equipment

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

Depreciation

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

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

Intangible assets

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

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

The useful lives of intangible assets are assessed as either finite or indefinite. The Group does not hold any intangible assets that have an indefinite life.

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

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

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

The amortisation periods for the Groups assets are as follows:

Website	20% – 48%

Employee Costs

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

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

Tier 2 PBE Accounting Standards Applied

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

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

Changes in Accounting Policies

There have been no changes in accounting policies during the annual reporting period (2016: Nil) other than noted above.

Note 1 – Analysis of Revenue

	2017 $	2016 $
Revenue from providing goods and services		
Annual/Property summit conference	188,515	281,553
Publications	30,220	32,061
Service level agreement with The New Zealand Institute of Valuers	721,392	700,000
Sales	-	21,801
Seminar Income	156,659	163,460
Total	**1,096,786**	**1,198,875**
Other revenue		
Branch revenue	79,430	79,771
PIQA Accreditation Scheme	33,461	25,350
Total	**112,891**	**105,121**

Note 2 – Analysis of Expenses

	2017 $	2016 $
Other Expenses		
Accident Compensation Levy	1,756	1,872
Amortisation	22,680	5,979
Audit Fees	15,382	13,065
Bank Charges	9,320	19,256
Branch Costs	83,507	85,815
Communication	19,470	15,943
Computer Expenses	62,421	28,680
Depreciation	4,400	5,577
Equipment Lease Costs	3,589	3,589
Functions/Awards	9,923	2,855
Information Services – Publications	66,060	58,453
Insurance	4,691	3,483
International Costs	49,115	32,075
Legal Fees	15,948	79,041
Marketing Expenses	20,285	18,475
Membership Subscription	5,074	3,727
Contractors	19,022	1,880
Premises Costs	40,331	42,090
Printing, Stationery & Postage	-739	9,317
PIQA Expenses	15,600	10,712
Staff Costs	11,087	10,105
Travelling Expenses	28,283	37,585
Total	**507,205**	**489,573**

Note 3 – Group information Subsidiaries

The consolidated performance report of the Group include the following subsidiaries:

Name of subsidiary	Principal activities	Country of incorporation	Percentage equity interest	
			2017	2016
Property Education and Training Limited.	Property education opportunities in NZ and overseas	NZ	99.9%	85%

The reporting date of the Institute and its subsidiary is 31 December.

There are no significant restrictions on the ability of the subsidiary to transfer funds to the Institute in the form of cash distributions or to repay loans or advances.

Note 4 – Property, Plant and Equipment

	Opening Carrying Amount $	Purchases $	Sales/ Disposals $	Current Year Depreciation and Impairment $	Closing Carrying Amount $
2017 Asset Class					
Furniture and fixtures	2,248	-	-	(452)	1,796
Office equipment	6,930	-	-	(753)	6,177
Computers (including software)	5,871	3,372	-	(3,195)	6,048
Total	**15,049**	**3,372**	**–**	**(4,400)**	**14,021**
2016 Asset Class					
Furniture and fixtures	2,813	-	-	(565)	2,248
Office equipment	7,872	-	-	(942)	6,930
Computers (including software)	7,467	2,430	-	(4,026)	5,871
Total	**18,152**	**2,430**	**-**	**(5,533)**	**15,049**

Note 5 – Intangible Assets

	Opening Carrying Amount $	Purchase $	Sales Disposal $	Current Year Amortisation $	Closing Carrying Amount $
31 December 2017					
Website	666	111,206	-	(13,285)	98,587
QAAS	3,539	-	-	(1,699)	1,840
PIQA	16,034	-	-	(7,696)	8,338
Work in Progress	-	-	-	-	-
Net book value	**20,239**	**111,206**	**-**	**(22,680)**	**108,765**
31 December 2016					
Website	1,044	148	-	(526)	666
QAAS	6,806	-	-	(3,267)	3,539
PIQA	-	18,220	-	(2,186)	16,034
Work in Progress	27,595	37,342	-	-	64,937
Net book value	**35,445**	**55,710**	**-**	**(5,979)**	**85,176**

Note 6 – Accumulated Funds

	Non-controlling Interest	Accumulated Surpluses or Deficits	Total
2017 Description			
Opening Balance	(12,399)	881,323	868,924
Surplus/(Deficit)	5,276	(98,284)	(93,009)
Total	**(7,123)**	**783,039**	**775,915**
2016 Description			
Opening Balance	(15,159)	884,370	869,212
Surplus/(Deficit)	2,760	(3,047)	(287)
Total	**(12,399)**	**881,323**	**868,924**

During the year the Property Institute's ownership of Property Education and Training Ltd has changed from 85% up to 99.9%.

Note 7 – Commitments and contingencies

	2017 $	2016 $
Commitments to lease or rent assets		
Future photocopier operating lease payments (42 month lease)	8,973	12,563

There are no capital commitments, contingent liabilities or guarantees as at balance date (2016: Nil)

Note 8 – Related Party Transactions

Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in kind)	2017 $ Value of Transactions	2016 $ Value of Transactions
The New Zealand Institute of Valuers*	Service level agreement payment from The New Zealand Institute of Valuers to the Institute	721,392	700,000
The Property Institute of NZ	Accounts Receivable	183,191	112,986
	Accounts Payable	76,527	21,544

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

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

Note 9 – Events After the Reporting Date

There were no events that have occurred after the reporting date that would have a material impact on the Performance Report. (2016: Nil)

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Independent Auditor's Report

To the Members of New Zealand Institute of Valuers Council

Report on the Performance Report

Opinion

We have audited the performance report of New Zealand Institute of Valuers Council (the "Council") on pages 46 to 56, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2017, the statement of financial position as at 31 December 2017, and notes to the Performance Report, including statement of accounting policies and other explanatory information.

In our opinion:

a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;

b) the accompanying performance report presents fairly, in all material respects:
   - the entity information for the year then ended;
   - the service performance for the year then ended; and
   - the financial position of the Council as at 31 December 2017 and its financial performance, and cash flows for the year then ended

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

Basis for Opinion

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

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

Other Information

The Members is responsible for all other information included in an entity's Annual Report.

Our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated performance report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Members for the Performance Report

The Members are responsible for:

(a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;

(b) the preparation and fair presentation of the performance report on behalf of the Council which comprises:
   - the entity information;
   - the statement of service performance; and

Chartered Accountants
Member of Grant Thornton International Ltd

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- the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report

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

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

In preparing the performance report, The Members are responsible on behalf of the Council for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

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

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

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

Restriction on use of our report

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

Grant Thornton New Zealand Audit Partnership

Grant Thornton

K Price
Partner
Wellington

28 May 2018

Chartered Accountants
Member of Grant Thornton International Ltd

Performance Report

For the year ended 31 December 2017

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Legal Name of Entity:
The New Zealand Institute of Valuers

Type of Entity and Legal Basis (if any):
The New Zealand Institute of Valuers is a body corporate constituted under the Valuers Act 1948

The New Zealand Institute of Valuers Purpose / Mission

Mission Statement

The New Zealand Institute of Valuers encourages its membership to develop high standards of professionalism and excellence though the provision of education, support services and promotion.

The New Zealand Institute of Valuers membership comprises professionally qualified persons who value, appraise, advise, consult, manage, arbitrate, and negotiate in all respect of land, buildings and other real and personal assets.

Entity Structure

The New Zealand Institute of Valuers (NZIV) was formed in 1938, and given a statutory role in 1948 with the passage of the the Valuers Act 1948.

The NZIV merged operations with the Property Institute in the year 2000, however, due to its duties in section 10 of the Valuers Act, the NZIV continues to exist as a legal entity itself, with a separate governing body, NZIV Council.

Operational and administrative functions of the NZIV are delivered by the Property Institute, and this relationship is governed by a Service Level Agreement and the NZIV annual budget.

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

- Roger Gordon (President)
- Boyd Gross (Vice President)
- Blue Hancock
- John Tappenden
- Nigel Kenny
- Tim Truebridge
- Neill Sullivan (Valuer General)
- Kelly Beckett (Young Leaders Program)
- Jason Williams
- Adam Binns
- Jeff Alexander
- Rob Boyd

The Council meets on a two-monthly basis.

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

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

Main Sources of the Entity's Cash and Resources

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

Additional sources of funding include:

- VRB recoveries
- Interest income

Description of the Entity's Outcomes

Education

In 2017 the Institute delivered educational opportunities to NZIV members in the form of Webinars, Seminars, Keynote meetings and conferences.

Objectives

The Institute established a range of Educational Objectives and determined that their achievement should be measured as a percentage of the 2017 Members Satisfaction Survey completed by the Property Institute. The measures were as follows:

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

Outcome

	Very Good or Excellent	Good	Acceptable	Poor	Doesn't apply	Total
Quality	12.22% 11	58.88% 53	23.33% 21	4.44% 4	1.11% 1	90
Content	10.00% 9	55.55% 50	31.11% 28	2.22% 2	1.11% 1	90
Delivery method	14.44% 13	46.66% 42	33.33% 30	3.30% 3	2.22% 2	90
Range and choice	12.22% 11	35.55% 32	42.22% 38	7.77% 7	2.22% 2	90
Length	14.44% 13	42.22% 38	41.11% 37	0% 0	2.22% 2	90
Frequency	10.00% 9	32.22% 29	43.33% 39	5.55% 5	2.22% 2	90

Membership Communication

In 2017 under the Service Level Agreement with the Property Institute, NZIV members received a variety of different communications.

Objectives

The Institute communications determined that the success of these channels should be measured as a percentage of the 2017 Members Satisfaction Survey. The measures were as follows:

- **Email Newsletters** to be rated as acceptable, or higher, by **65%** of NZIV members
- **Event Promotions** to be rated as acceptable, or higher, by **65%** of NZIV members
- ***Property Professional* Magazine** to be rated as acceptable, or higher, by **65%** of NZIV members
- **Website** to be rated as acceptable, or higher, by **65%** of NZIV members
- **Publications** to be rated as acceptable, or higher, by **65%** of NZIV members
- **Annual Report** to be rated as acceptable, or higher, by **65%** of NZIV members
- **Personal dealings with PINZ staff** to be rated as acceptable, or higher, by **65%** of NZIV members

Outcome

	Very Good or Excellent	Good	Acceptable	Poor	Don't know/ Didn't receive	Total
Email Newsletters	14.44% 13	63.33% 57	14.44% 13	7.77% 7	0% 0	90
Event promotions	15.55% 14	57.77% 52	24.44% 22	2.22% 2	0% 0	90
Presentations to members	11.11% 10	56.66% 51	26.66% 24	4.44% 4	1.11% 1	90
Magazine	13.33% 12	67.7% 61	13.33% 12	3.33% 3	2.22% 2	90
Website	4.44% 4	28.88% 26	51.11% 46	14.44% 13	1.11% 1	90
Publications	12.22% 11	45.55% 41	27.77% 25	3.30% 3	11.11% 10	90
Social media	4.44% 4	21.11% 19	24.44% 22	10.00% 9	40.00% 36	90
Collateral/brochures	2.22% 2	28.88% 26	30.00% 27	5.55% 5	33.33% 30	90
Annual Report	11.11% 10	31.11% 28	12.22% 11	3.33% 3	42.22% 38	90
Personal dealings (phone, email, etc)	12.22% 11	41.11% 37	13.33% 12	6.66% 6	26.66% 24	90

The New Zealand Institute of Valuers
Statement of Financial Performance
For the year ended 31 December 2017

This Performance report should be read in conjunction with the accompanying notes.

	Notes	2017 $	2016 $
Revenue			
Subscriptions revenue from members		780,184	794,945
Interest revenue		10,458	17,925
Other revenue	1	18,464	20,010
Total Revenue		**809,106**	**832,880**
Expenses			
Costs related to providing goods or services			
Professional practices committee		34,308	35,581
Professional practices investigations		22,504	19,572
Service level agreement with Property Institute New Zealand	5	721,392	700,000
Other administration and overhead costs			
Audit and accounting fees		8,161	9,031
Bank charges		50	50
Consultancy		-	11,174
International Travel		-	2,258
General expenses		802	2,267
Insurance		4,106	3,511
Presidents honorarium		34,783	27,887
Legal fees		13,170	3,449
VEIF Grant Expense		-	400,000
Total Expenses		**839,276**	**1,214,780**
Operating Surplus/(Deficit) for the period		(30,170)	(381,900)
Unrealised gain/(loss) on investment in associates		-	-
Surplus/(Deficit) for the period before tax		(30,170)	(381,900)
Income Tax		-	-
Surplus/(Deficit) for the period after tax		**(30,170)**	**(381,900)**

The New Zealand Institute of Valuers
Statement of Financial Position
For the year ended 31 December 2017

This Performance report should be read in conjunction with the accompanying notes.

	Notes	2017 $	2016 $
Assets			
Current Assets			
Bank and Cash		538,517	757,676
Investments		-	201,310
Debtors and Prepayments		76,525	4,021
GST receivable		40,643	15,318
Accrued interest		-	1,023
Total Current Assets		**655,685**	**979,348**
Non-Current Assets			
Investment in associate	2	-	-
Total Non-Current Assets		**-**	**-**
Total Assets		**655,685**	**979,348**
Liabilities			
Current Liabilities			
Creditors and accruals		12,595	13,459
Grant liability (VEIF)		-	400,000
Amounts due to Property Institute New Zealand		183,191	91,441
Subscription revenue in advance		108,963	93,342
Total Current Liabilities		**304,749**	**598,242**
Total Liabilities		**304,749**	**598,242**
Net Assets		**350,936**	**381,106**
Accumulated Funds	**3**		
Accumulated surplus		350,936	381,106
Total Accumulated Funds		**350,936**	**381,106**

Approval of Performance Report

The Council are pleased to present the approved performance report, including the historical financial statements of The New Zealand Institute of Valuers for the year ended 31 December 2017.

APPROVED

For and behalf of the Council

Date: 16 April 2018

Roger Gordon – President

The New Zealand Institute of Valuers
Statement of Cash Flows
For the year ended 31 December 2017

This Performance report should be read in conjunction with the accompanying notes.

	2017 $	2016 $
Cash Flows from Operating Activities		
Cash was received from		
Fees, subscriptions and other receipts from members	723,300	860,761
Receipts from providing goods or services	18,464	20,010
Interest, dividends and other investment receipts	10,458	17,925
Cash was applied to:		
Payments to suppliers and employees	(69,090)	(55,153)
Costs related to providing goods or service	(1,055,831)	(779,968)
Other expenses	(48,795)	-
Net Cash Flows from Operating Activities	**(421,494)**	**63,575**
Cash Flows from Investing and Financing Activities		
Cash was received from:		
Disposal of investments	202,334	221,116
Cash was applied to:		
Acquisition of investments	-	-
Net Cash Flows from Investing and Financing Activities	**202,334**	**221,116**
Net Increase / (Decrease) in Cash	**(219,160)**	**284,691**
Opening Cash	**757,676**	**472,985**
Closing Cash	**538,516**	**757,676**
This is represented by:		
Bank & Cash	**538,516**	**757,676**

Basis of Preparation

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

Revenue

Revenue is accounted for as follows:

Subscription revenue

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

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

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

Interest revenue

Interest revenue is recognised on an accruals basis.

Other revenue

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

Investment in Associate

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

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost. The carrying amount of the investment is adjusted to recognise post-acquisition changes in the Institute's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised.

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

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

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

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

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

Income Tax

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

Bank Accounts and Cash

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

Goods and Services Tax (GST)

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

Debtors

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

Tier 2 PBE Accounting Standards Applied

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

Changes in Accounting Policies

There have been no changes in accounting policies during the annual reporting period (2016: Nil) other than noted above.

Note 1 – Analysis of Revenue

	2017 $	2016 $
Other revenue		
VRB Recoveries	18,464	19,760
Other Income	-	250
Total	**18,464**	**20,010**

Note 2 – Investment in Associate

The shareholding in Headway Systems Ltd is 267,647 shares, equity to 50% of the company shares. Headway Systems Ltd was fully impaired in the year ended 31 December 2014 as they incurred significant losses. The financial performance of Headway Systems Ltd for the years ending 31 December 2016 and 31 December 2017 has not indicated an impairment reversal is appropriate.

The associate had no contingent liabilities or capital commitments as at 31 December 2016 and 2017. The Institute has not provided any guarantees in relation to its interest in the associate (2016: Nil).

Note 3 – Accumulated Funds

	Accumulated Surpluses or Deficits $	Total $
2017		
Opening Balance	381,106	381,106
Surplus/(Deficit)	(30,170)	(23,170)
Total	**350,936**	**357,936**
2016		
Opening Balance	763,006	763,006
Surplus/(Deficit)	(381,900)	(381,900)
Total	**381,106**	**381,106**

Note 4 – Commitments and contingencies

There are no capital commitments, contingent liabilities or guarantees as at balance date (2016: Nil)

Note 5 – Related Party Transactions

Description of Related Party Relationship	Description of the Transaction (whether in cash or amount in kind)	2017 $ Value of Transactions	2016 $ Value of Transactions	2017 $ Amount Outstanding	2016 $ Amount Outstanding
Property Institute of New Zealand Inc.*	Service level agreement payment from the Institute to PINZ	721,392	700,000	106,665	91,441

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

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

Note 6 – Events After the Reporting Date

There were no events that have occurred after the reporting date that would have a material impact on the Performance Report. (2016: Nil).

Life Members

Donn Armstrong
Ted Babe
Anthony Beverley
Gwendoline Callaghan
Neil Darroch
Leonie Freeman
Evan Gamby
Malcolm Hanna
Robert Hargreaves
Evan Harris
Graeme Horsley
Rodney Jefferies
Paul Keane
John Larmer
Peter Mahoney
Murray Maunder
Ken Parker
Anthony Robertson
Squire Speedy
Mike Steur
Kenneth Stevenson
Roy Thompson
Robert Young

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