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Part 1 Introduction

This national supplement sets out supporting guidance for members on the application of RICS Valuation – Global Standards 2017 (Red Book Global Edition) to valuations undertaken subject to Australian jurisdiction.

It places fresh emphasis on the fact that the content is supplemental to that in Red Book Global Edition, and not in substitution for it. This removes the need for an overall Introduction reproducing that in Red Book Global Edition.

Scope

1 This national supplement complements Red Book Global Edition, which incorporates the International Valuation Standards 2017, and local statutory requirements in respect of the valuation of real estate property.

2 This document is intended to highlight only the significant differences in terminology and in the content or coverage of valuation standards.

The following conventions are adopted throughout:

- Terms defined in the Red Book Global Edition Glossary are shown in italics.
- References to Red Book Global Edition use the relevant global section identifier only, e.g. PS 1, VPS 1, VPGA 1, etc.

Status of this RICS national supplement

3 Although this national supplement is not itself mandatory, it draws attention to and provides cross-references and links to material that is mandatory for members, whether by virtue of the valuation standards referred to in part 2 or as a result of statutory, regulatory or other authoritative requirements. Thus, members are strongly encouraged to follow this national supplement when undertaking valuation assignments subject to Australian jurisdiction.

More specifically:

- Where recommendations are made for specific professional tasks, these are intended to represent best practice, i.e. recommendations that in the opinion of RICS meet a high standard of professional competence.
- Members conforming to the practices recommended in this national supplement should have at least a partial defence against an allegation of negligence.
- In the event of a legal dispute, a court or tribunal may require a member to explain why they deviated from best practice recommended in this national supplement. Also, if members have not followed this national supplement and their actions are questioned in an RICS disciplinary
case, they will be asked to explain their actions, and this may be considered by the RICS Panel.

- In addition to this national supplement, professional statements and guidance notes are relevant to professional competence in that each member should adhere to and have knowledge of relevant RICS standards and guidance within a reasonable time of their coming into effect.

4 This national supplement reflects case law and legislation as at its date of publication. Members are responsible for establishing whether any changes in case law or legislation after the date of publication have an impact on the guidance in this document.

Effective date

5 This national supplement takes effect immediately upon publication.

Naming conventions explained

<table>
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<tr>
<th>Description</th>
<th>Status</th>
<th>Inclusions</th>
<th>Comments</th>
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<tr>
<td>Standards</td>
<td>Mandatory</td>
<td>The <em>International Valuation Standards</em> (IVS) as issued by the International Valuation Standards Council (IVSC). RICS professional standards – denoted by the prefix PS. RICS valuation technical and performance standards – denoted by the prefix VPS.</td>
<td>The IVS are adopted and applied by RICS in Red Book Global Edition, being cross-referenced throughout.</td>
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<tr>
<td>Guidance</td>
<td>Advisory</td>
<td>RICS valuation practice guidance applications – denoted by the prefix VPGA.</td>
<td>VPGAs are advisory and not mandatory in content. However, they alert members (where appropriate) to relevant mandatory material contained elsewhere in this Red Book supplement, including to the relevant IVS, by the inclusion of appropriate cross-references.</td>
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RICS also separately publishes guidance from time to time on other valuation topics in the form of guidance notes. Such material is advisory in nature. It is available on the RICS website.
Part 2  Valuation standards

Overview

1  The purpose of this document is to assist valuers who are members of RICS, including those who are also members of the Australian Property Institute (API), in ensuring that a valuation undertaken in accordance with Red Book Global Edition is also compliant with the Australia and New Zealand Valuation and Property Standards (ANZVPS).

2  Globally recognised high-level valuation principles and definitions are now embodied in the IVS, published by the IVSC. RICS has long been a supporter of, and contributor to, the development of such global standards, and not only fully embraces such standards but also proactively supports their adoption by others around the world. Before considering how these shared objectives are put into practice on the ground, it is helpful to explain the derivation and purpose of Red Book Global Edition in more detail.

Applicable RICS standards

1  RICS Valuation – Global Standards 2017, commonly referred to as Red Book Global Edition, formally recognises and adopts the IVS 2017, therefore requiring members to follow them. It also complements the IVS by providing detailed guidance and specific requirements concerning their practical implementation.

2  Expectations regarding member and firm conduct are set through the application of the RICS Rules of Conduct and the RICS Global Professional and Ethical Standards, and such conduct is assured through a well-established system of regulation. This ensures the positioning of members and firms as the leading global providers of IVS-compliant valuations.

3  To assist members working in different countries or under different jurisdictions with the practical application of Red Book Global Edition in individual national or local contexts, RICS issues a number of jurisdiction-specific national supplements, highlighting additional steps that may be taken to make a valuation that is compliant with both locally required standards and Red Book Global Edition.

4  Members are reminded that:
   - All members who undertake valuations are required to comply with the RICS Valuer Registration requirements. Full details of the requirements can be found at www.rics.org/vrs
   - All members who are RICS Registered Valuers are obliged to follow Red Book Global Edition as the primary valuation standard. Departures from Red Book Global Edition are permitted in certain specified circumstances (see PS 1 sections 4 and 6). Compliance with
jurisdictional standards such as the ANZVPS (which may extend to matters not covered in Red Book Global Edition, such as compulsory acquisition) is also recognised as proper in the circumstances described in PS 1 section 4.

- When an allegation of professional negligence is made against a member, a court or tribunal may take into account the contents of Red Book Global Edition in deciding whether or not the member acted with reasonable competence.

- Members are reminded to ensure, when conducting their professional activities in Australia, that they are following the appropriate country-, state- or municipality-specific regulations and guidance.
Part 3 Specific standards and guidance that apply in Australia – VPGAs

Aus VPGA 1 ANZVPS

1 Prior to undertaking an assignment that involves any of the activities discussed below, members are advised to review the applicable ANZVPS standards to ensure compliance. The ANZVPS were first introduced in January 2001 by the API, and contain the API Professional Standards, Technical Information Papers (TIPs) and Guidance Notes developed for members of the API. The API has adopted the IVS 2017 as the overarching principle-based document that all API members who undertake valuation work must adhere to. Thus, members of the API who undertake valuations, valuation reviews or consulting work must do so in accordance with the ANZVPS.

2 The ANZVPS are intended to reflect the changing nature of the valuation profession in Australia and the expanding role of API members. As well as being the real estate valuation standard in Australia for API members, the ANZVPS are recognised by both federal and non-federal regulated institutions, Australian federal and state governments, the courts, regulatory agencies and most users of valuation services. A copy of the ANZVPS is available on the API website.

Aus VPGA 1.1 ANZVPS terminology

3 A review of definitions from the ANZVPS and Red Book Global Edition reveals that the majority of terms used have a high degree of similarity, reflecting their common derivation from the IVS. There are however some differences in terminology. The following is a list of terms found in the ANZVPS that are not referenced in Red Book Global Edition but are commonplace in Australian valuation. The API definitions quoted in this section can be found on the API Definitions web page. Suggested best practice is for the valuer to include a brief statement about the differences in terminology between the ANZVPS and Red Book Global Edition, and a link to this national supplement, where appropriate.

4 Certified Practising Valuer (CPV): ‘A Certified Practising Valuer is a person who, by education, training and experience is qualified to perform a valuation of real property.’

This is the equivalent of an RICS chartered valuation surveyor of MRICS or FRICS designation.

5 Desktop Assessment: In Australia, this refers to a valuation:
‘1. by Valuers relying on specified documents and information; and

2. that involves no physical inspection of the Subject Property; and

3. that produces an Indicative Assessment of value of the Subject Property.’

Red Book Global Edition does not have a specific definition for Desktop Assessment, but it is broadly interchangeable with what is referred to as ‘drive-by’, ‘desk-top’ or ‘pavement’ valuations. RICS guidance on this type of valuation can be found in Red Book Global Edition VPS 1 section 3(i).

6 **Expert Valuer (when undertaking retrospective valuations):** ‘In Australia - a person who is a Certified Practising Valuer of not less than 5 years’ standing, of the Australian Property Institute and was active in the relevant market at the time of the original valuation.’

The equivalent would be an RICS chartered valuation surveyor of MRICS or FRICS designation who has been chartered for 5 or more years (reflecting the local requirement). RICS members acting as expert witnesses should have regard to *Surveyors acting as expert witnesses* (4th edition), RICS practice statement.

7 **Indemnity Value:** ‘The cost necessary to replace, repair and or rebuild the asset insured to a condition and extent substantially equal to but not better or more extensive than its condition and extent at the time that the damage occurred, taking into consideration the age, condition and remaining useful life of the asset.’

While not defined in Red Book Global Edition, Indemnity Value may also include Reinstatement Cost. Reinstatement Cost is addressed in *Reinstatement cost assessment of buildings* (3rd edition), RICS guidance note. It should be noted that this was written as UK guidance, but does provide useful commentary that is applicable in an Australian context.

8 **Property Advisor:** ‘The term “Property Advisor” is used in a generic sense to cover a variety of property roles including: Property Economist or Consultant; Asset Manager; Syndicate Manager; Development Manager; Tenant Representative; etc.’

RICS uses the term ‘chartered “x” surveyor’ instead of Property Advisor if the member has MRICS or FRICS designation. API members who are also RICS Registered Valuers will need to consult [www.rics.org/vrs](http://www.rics.org/vrs) to ensure they use the appropriate term when conducting valuations.

9 **Residential Property Valuer (RPV):** In Australia, an API member who has successfully completed an API accredited course, and has at least 12 months’ experience in the preceding 24 months, is granted RPV designation and holds the membership class of Provisional Member.

This is broadly considered the equivalent of an AssocRICS valuer. RPVs have restrictions on what they are permitted to value. These can be found in the
10 **Reinstatement Cost**: Please see Indemnity Value.

11 **Service Potential**: ‘The capacity of an asset to continue to provide goods and services in accordance with the entity’s objectives.’

Red Book Global Edition includes VPGA 5, *Valuation of plant and equipment*; VPGA 6, *Valuation of intangible assets*; and VPGA 8, *Valuation of real property interests*. These reference the equivalent sections of the IVS 2017. Additionally, it should be noted that, as defined in the Red Book Global Edition Glossary entry for *cost approach*, the replacement cost of either a similar asset, or one providing similar Service Potential or utility, is estimated.

**Aus VPGA 2  Australian state and territory licensing**

1 The practice of valuation is regulated in two Australian states and/or territories: Queensland and Western Australia. A valuer practising in these jurisdictions is required to comply with the respective state licensing requirements. For further information, please visit the website of the [Valuers Registration Board of Queensland](https://www.vrbq.com.au) or the [WA Land Valuers Licensing Board](https://www.valuers.wa.gov.au) as appropriate.

**Aus VPGA 3  Privacy legislation in Australia**

1 The *Privacy Act* 1988 is federal legislation regulating how personal information is handled. The Act defines personal information as follows:

‘… information or an opinion about an identified individual, or an individual who is reasonably identifiable:

a. whether the information or opinion is true or not; and

b. whether the information or opinion is recorded in a material form or not.’

Chartered surveyors practising in Australia are encouraged to visit the website of the [Office of the Australian Information Commissioner](https://www.oaic.gov.au) in order to familiarise themselves with the requirements.

**Aus VPGA 4  Exceptions to compliance requirements**

1 *Rule 8: Non-Compliance* of the API *Code of Professional Conduct* states the following:

‘Where a Member considers circumstances exist that warrant departure from or non-compliance with any rule herein, the Member’s report must include a statement that outlines the reasons for the departure or non-compliance and any impact on the content of the report.’
This is consistent with PS 1 section 6 of Red Book Global Edition.

Aus VPGA 5  Compulsory acquisition

1 API mandatory standards are the equivalent of RICS professional statements for RICS members working in Australia. The ANZVPS include mandatory standards with regards to compulsory acquisition (APS1 Valuations for Compulsory Acquisitions). APS1 para. 3 states:

‘A Member undertaking a valuation as part of a compulsory acquisition process affecting an interest in land, shall observe the requirements of this Practice Standard and must conform with the Institute’s Code of Professional Conduct and any relevant law, or regulation that may apply from time to time.’

2 The API also provides best practice for the valuation of compulsory acquisitions in Guidance Note ANZVGN 5 Valuations for Compulsory Acquisitions.

Aus VPGA 6  Native title

1 The ANZVPS provide guidance for handling the provision of information, issues and approaches in cases involving the valuation and management of land subject to native title claims. Valuers practising in this field should familiarise themselves with the Native Title Act 1993.

Aus VPGA 7  Australian Accounting Standards

1 When undertaking a valuation for financial reporting purposes, RICS members should have regard to the provisions of the relevant Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB). These include:

- AASB 13 – Fair Value Measurement
- AASB 16 – Leases, effective 1 January 2019
- AASB 116 – Property, Plant and Equipment
- AASB 117 – Leases
- AASB 136 – Impairment of Assets
- AASB 140 – Investment Property
- AASB 141 – Agriculture
- AASB 3 – Business Combinations
- AASB 5 – Non-Current Assets Held for Sale and Discontinued Operations.
Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

Americas

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