

# The State of Valuers: South Pacific Perspective

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# Valuation Issues particular to Pacific Islands

- Unique and multifarious land tenure systems
  - Limited or no freehold
  - Customary lands
  - Unregistered land
- geographic remoteness, small population and related economies

## Barriers faced by for valuers in SIDS

- Poor or inadequate legal framework that does not allow for the efficient functioning of the property market
- Lack of published information or difficulty in obtaining information regarding transactional as well as other data requisite for proper valuation. Greater volatility of property markets
- Lack of adequately trained professional valuers
- Outdated or lack of any national standards
- External pressure
- Excessive or insufficient government interference



- Inefficient Legal Structure

- New legal structures changing from public owned (communist) property to private ownership.
  - Market not knowledgeable
- Lack of faith in legal system to fairly resolve issue in a prompt manner
  - Land claims / disputes take years to generations to often resolve
- Lack of transparency of government transactions
  - Lack of this transparency one of main causes of indigenous land owners demanding exorbitant prices, with the threat of violence until paid the ‘ransom’ price demanded
  - Many suspicious land transfers



- Inefficient Legal Structure, continued...
  - Conflicts between introduced law and customary law
    - Most or all lands are held in customary ownership
    - Many lands are unregistered
    - Identifying ‘customary’ law
- Availability / transparency of Published Information
  - Virtually no information on
    - specific transactions (sales, leases, etc.)
    - or the property themselves
  - Property records are poor, or non-existent
  - Collecting data from government is extremely difficult, if even possible.

- Property Market Volatility / Risk
  - Coups, civil wars, high crime, etc.
  - Currency devaluation's
  - Volatility in business community
- Lack of Adequately Trained Valuers
  - Some countries have no valuers
  - Valuers have little experience / education
  - No continuing professional education
  - Experienced valuers use antiquated, and often, incorrect methods
- Outdated or lack of National Standards



- External Pressure from:
  - Property owners
    - ‘Know’ their properties are worth much more
  - Lenders
    - Need to be regulated / and adequately audited to maintain ‘safe’ banking.
    - Many bank failures include substantial losses in real estate due to poor lending practices.
  - Government
    - Suspected to ‘low ball’ values for compulsory acquisitions purposes
  - Others that have financial or personal stake based on the value outcome.



- Excessive or insufficient government interference
  - Failure to provide a legal / administrative framework conducive to an efficient and transparent property market
  - Long-term rent controls transfers value from the property owner to the lessee
  - Below market lease rates by government transfers value to the lessees/ tenants.
  - Interference - negative implications
    - participation, regulation, involvement





# Customary Land Markets

- Cultural and Socio-economic

- Most customary land owners lack knowledge & information about property rights and value.
  - Leads to market volatility
  - As rural populations move to urban markets, an understanding of land as an economic commodity becomes a necessity
  - Customary land owners need access to readily-accessible affordable, competent, UNBIASED property advise.



# Customary Land Markets

- Valuation of inalienable customary land
  - Little or no market data exists
  - Legal rights / ownership often not clearly defined
  - Been described as:
    - ‘a special field of real property appraisal that frustrates many of those who accept such assignments’
    - ‘anomalies that mock the practitioners of appraisal art’
    - ‘a sphere of valuation not often encountered by the mass of valuers’



## Other Barriers

- Valuation of inalienable customary land
  - Unique / unconventional valuation methods needed
    - Ransom Method
    - Payment for Peace Method
  - Non-market economic / ecological valuation methods
    - Coase's Theorem
    - Contingent Valuation Method
    - Cost Benefit Analysis



## Other Barriers to adopting IVS

- Very small market size
  - Who will regulate? enforce?
  - Unlikely to create laws to regulate small number of valuers
- Economic barriers
  - Local incomes insufficient to pay for a IVSC compliant valuation
  - cost of IVSC book (us\$100) represents more than 1/2 months valuer's salary in most Pacific Is.
- Geographic Remoteness
  - excessive costs (for travel & courses) and time for continuing professional development courses

# Tertiary Education

- University of South Pacific
  - School of Land Management & Development
- Fiji National University
- University of Technology – Papua New Guinea
- Australia / New Zealand

# Valuers Registration

- Fiji – Valuers Registration Act (1986)
- PNG - Papua New Guinea's Valuations Act (Chapter 123)
- Samoa – Land Valuation Act 2010
- Vanuatu – Land Valuers Registration Act 23 2002
- Solomon Islands – Valuers Act 2009

# Professional Valuation Organisations

- Institute of Valuers and Estate Agents of Fiji
  - Working on
    - new Valuers Decree
    - IVS & guide notes for Fiji
    - measurement standards
    - CPD mandatory

## Where help is needed

- Improve access to information
  - Cadastral, building info, transaction, etc.
- Assistance to IVS / IFRS
- Mentorship
- International education (cpd, short courses)
- Inter-island cooperation
- Remove 'colonial' bias that AU / NZ valuers are better qualified



## All policy, no action..

- Lots of policy – problem is implementation.
  - Lack of leadership
  - Lack of financial resources
  - Lack of mentorship / guidance to implement
  - Lack of taking from policy to practice
  - Lack of continuing practice and updating practice
- Need more international support on **DOING!**

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