

A Comparative Study of Valuers' Registration Process in Nigeria and South Africa

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Abstract

Valuers' registration into professional membership of valuation profession varies from country to country. Hence the paper examined Valuers' registration process in Nigeria and South Africa with a view to identifying the requirements of being a Valuer in the two countries. Review approach was adopted to examine the various legal provisions establishing the profession in the two countries. The study relied on what is known based on personal experience and drew heavily from laws establishing the profession particularly in the South African registration processes. It was found that there exist similarities in Valuers' professional formations in the two countries in the form of Valuers' associations and regulatory bodies. It was discovered that valuers' registration in Nigeria requires extensive educational training than in South Africa. Similarly, Valuers' registration in South Africa is more guided by law than processes. It was recommended that professional practice should be standardised along national and regional boundaries as it is an index of property market maturity. There is need to reduce long period of tutelage after graduation and incorporate required training into school curriculum.

Keywords: Nigeria, South Africa, professional registration, valuers

Introduction

A profession is a designated discipline that requires formal training for a period of time characterized by the association of its recognized members whose activities are regulated by statutory provision. The New Lexicon Webster's Encyclopedic Dictionary of the English Language (2004) defines a profession as 'one of a limited number of occupations or vocations involving special learning and carrying a certain social prestige'. Wikipedia puts a profession as a vocation founded upon specialized educational training, the purpose of which is to supply objective counsel and service to others. In the same vein, Oxford Dictionary defines a profession as a paid occupation, especially one that involves prolonged training and formal qualification. A professional is a person qualified or employed in one of the professions following an occupation as a means of livelihood or gain (Ifediora, 2010). It is therefore stating the obvious to posit that each profession has its unique way and manner of admitting an individual into a full status of professional affiliation with varying educational and expertise requirements. Even in the same profession, entry requirements may differ from one geographical boundary or country to another. It is the motivation of this paper to examine the processes involved in the registration of Valuers in Nigeria and South Africa with a view to identifying the requisite requirements and length of training to be admitted into a full status of professional valuer.

It is pertinent therefore to ask who a

Valuer is □ A Valuer is variously referred to as Estate Surveyor and Valuer in Nigeria; Chartered Valuation Surveyor in United Kingdom; Appraiser in United States of America; Valuator in Canada. This paper adopts a general name of Valuer. A valuer is a certified member of real estate profession saddled with the responsibility of supervision and estimation of the worth of an interest in property. Ogunba (2013) describes a valuer as a licensed or certified professional who carries out valuation of landed property or real estate for specific purposes in a manner that is independent, impartial, and objective. Accordingly, International Valuation Standards Council, IVSC (2010) characterizes a valuer as a person who possesses the necessary qualifications, ability and experience to execute valuation.

From the foregoing we can deduce that a Valuer is a person who has obtained an appropriate educational training from a formal institution of learning; acquired requisite experience and competence to value a property; and attained full membership status of a pertinent national professional body.

Methodology

This study adopts an exploratory design through review of literature that compares valuers' registration in Nigeria and South Africa. The study is governed by the philosophy of ontology which is concerned with the nature of the world we experience; and deals with what we can learn and what is there to be known (McNabb, 2009; Steup, 2014). The study also relies on what is known

based on personal experience and draws heavily from laws establishing the profession particularly in the South African registration processes. Nigeria and South Africa were chosen because Nigeria and South Africa are the two largest economies in Africa (IMF World Economic Outlook, 2016), and have highest number of property professionals who are classified as emerging property markets in property maturity rating (Dugeri, 2011).

Valuer in Nigerian Context

The origin of valuation profession in Nigeria can be traced to the 1950s. Prior to this time, valuation profession was not known. The need for valuation of securities for mortgage, insurance, sales, and other purposes exigent to economic development necessitated the need for valuation in colonial Nigeria (Babawale, 2012). The early valuers were trained in the United Kingdom who got their professional qualification in Royal Institution of Chartered Surveyors, RICS. These few Nigerians, who were qualified in RICS, started their association in 1969. Later the military government promulgated Decree No. 24 of 1975, formerly establishing the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) and repealed subsequently by Cap III LFN 1990, now E 13 LFN 2007.

In Nigeria, there appears to be two existing regulatory bodies for valuers. The first one is the Nigerian Institution of Estate Surveyors and Valuers (NIESV) which is a non-governmental professional association that conducts examination leading to the award of associate membership and organises

annual conferences. The second body is ESVARBON as earlier mentioned, a governmental agency established by the Decree that issues operating licenses sequel to the passing of an interview. In a nutshell, a Valuer is a person registered under Decree 24 of 1975 (now E 13 LFN 2007) through which Estate Surveyors and Valuers Registration Board of Nigeria was established. The ESVARBON or the Board as popularly known in Nigeria is an approved government regulatory body recognized by the Federal Republic of Nigeria through the enabling law, charged with the responsibilities of:

- determining who are Estate Surveyors and Valuers;
- determining what standard of knowledge and skill required of Surveyors and Valuers;
- securing, establishing and maintenance of register of persons entitled to practice as Estate Surveyors and Valuers and the publication from time to time of such persons;
- regulating and controlling the practice of Estate Surveying and Valuation in all its aspects and ramifications; and
- Performing the other functions conferred on the Board by the Act.

It is very pertinent to clarify the existence of NIESV at this point. The NIESV is not actually a regulatory body but an association of Valuers in Nigeria which derives its powers from ESVARBON.

However, there is a strong and complimentary relationship between the two bodies i.e. the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) (Gambo, 2010). An election into the associate membership of NIESV is a prerequisite for the ESVARBON interview and subsequent registration as a valuer. In the light of foregoing, we can now qualify a valuer in the Nigerian context as 'an associate member of the Nigerian Institution of Estate surveyors and Valuers who is registered with the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) established by Decree 24 of 1975 now E13 LFN 2007. It is imperative to state that almost ninety per cent of the registration process as a valuer, ESVARBON has delegated to NIESV (Gambo, 2015). It is therefore pertinent to examine the formation of the Institution (NIESV) and the requirements for election into associate membership.

The Nigerian Institution of Estate Surveyors and Valuers (NIESV)

The Nigerian Institution of Estate Surveyors and Valuers is a non-profit, voluntary professional association established in 1969 to cater for the interest of the landed profession in Nigeria (NIESV, 2014). NIESV was accorded official statutory recognition in 1975 by the promulgation, as earlier explained of the Estate Surveyors and Valuers Registration Act known as Decree 24 of 1975, repealed as Cap 111 1990 LFN Vol. 7 now E13 LFN 2007

➤ The Institution (NIESV) is saddled

with the responsibilities of:

- establishing a high and reputable standard of professional conduct and practice in landed profession throughout Nigeria;
- securing and improving the technical knowledge of its members and facilitating the acquisition of such knowledge by close collaboration with universities, other institutions of higher learning and other professional bodies;
- promoting the general interest of the profession and maintaining and extending its usefulness for the public good;
- initiating and considering any legislation relevant to the objectives of the institution;
- acquainting the public with the role of Estate Surveyors and Valuers in the economic development in Nigeria; and
- engaging in any other lawful activities that may be conducive to the promotion of any or all the objectives of the professional body for profit or non-profit purpose (NIESV, 2006).

The cardinal role NIESV plays in valuers' registration is conducting examinations at various stages leading to qualification into full status of associate membership. This body sets standards for professional examinations and determines stages of such examinations depending on candidate's academic certificate. Membership categories in NIESV include Probationer,

associate, and Fellow. A probationer is a graduate member who is under training and is not a corporate financial member of the Institution. An associate member is a corporate financial member of the Institution who has passed requisite examination set by the Institution, acquired the needed practical experience and is successful at the election interview. A fellow is a corporate financial member who has been an associate member of the Institution for not less than ten years and has contributed immensely to the growth of the profession and the Institution in many recognised ways.

General Requirements for Registration as an Estate Surveyor and Valuer

Based on section 6(4) of the Act, a person shall be entitled to be registered as an estate surveyor and valuer if:

- ◆ s/he passes the qualifying examination for membership recognized or conducted by the Board
- ◆ s/he holds a qualification granted outside Nigeria which for the time being is accepted by the Board and is by law entitled to practice for all purposes as an ESV in the country in which the qualification was granted and, if the Board so requires, he satisfies the Board that s/he has had sufficient practical knowledge as an ESV
- ◆ s/he holds a certificate recognized by the Board and has had not less than two years post-qualification practical experience in the profession; or has passed an examination approved by

the Board and has had not less than two years post-qualification practical experience in the profession

Any person who wishes to register as an ESV under the Act shall, in addition to evidence of qualification, satisfy the Board:

- ❖ that s/he is of good character;
- ❖ that s/he attained the age of 21 years ; and
- ❖ that s/he has not been convicted in Nigeria or elsewhere of an offence involving fraud or dishonesty.

Education Requirements for Valuers Registration in Nigeria

Presently in 2016, there are forty one tertiary institution (universities and polytechnic) offering courses in Estate Management (real estate) in Nigeria with 4, 571 associate membership strength of the institution and 4, 143 registered Estate Surveyors and Valuers (NIESV, 2016; ESVARBON, 2016). The universities award Bachelor of Science (Honours) and Bachelor of Technology (Honours); combined Honours Degrees on five years duration within which six months in the fourth year are dedicated to Industrial Training (IT). The polytechnics award National Diploma (ND) and Higher National Diploma (HND); with two years duration at the ND level and another two years at the HND level. This makes polytechnic HND training to span four years. However, the polytechnic education requires that after National Diploma, students are expected to go for one year compulsory Industrial Training before admitted for HND. These categories of

education certification in Nigeria determine level of professional examination one is expected to undertake in his/her quest for registration as a Valuer.

The professional examination is presently divided into four stages. The first stage is Professional Qualifying Examination 1 (PQE 1); the second stage is Professional Qualifying Examination 2 (PQE 2); the third examination is Professional Qualifying Examination 3 (PQE 3); while the fourth stage, which is the last stage, is Professional Practice Examination (PPE). All these examinations are administered by the Nigerian Institution of Estate Surveyors and Valuers (NIESV). It is required that university graduates from accredited universities with Bachelor of Science (Honours) and Bachelor of Technology (Honours) only sit for PPE. The PPE is only one paper examination with five questions (all to be attempted by the candidates) based on practical knowledge of real estate practice, as against theoretical classroom teachings in other stages of the professional examinations. However, graduates from unaccredited universities would have to sit for PQE3 which consists of eight different subjects before attempting to write the PPE. It is worthy of note to state that graduates from accredited polytechnics with Higher National Diploma (HND) qualifications have the same status with graduates from unaccredited universities. This therefore requires that graduates from accredited polytechnics sit for PQE3 and PPE while those with National Diploma (ND) qualification sit for PQE2, PQE3 and PPE. In the same vein, graduates from unaccredited

polytechnics with Higher National Diploma (HND) qualifications must go through PQE2, PQE3 and PPE. It is stating the obvious to say that graduates of unaccredited polytechnics with Higher National Diploma qualifications have the same status as those with National Diploma qualification from accredited polytechnics; while graduates from unaccredited polytechnics with National Diploma (ND) qualification are the ones to write PQE1, PQE2, PQE3 and PPE.

Accredited tertiary institutions are those institutions that are recognised by the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) based on set standards and requirements which are reviewed periodically. These standards cover teacher-students ratio in each department, quality of staff, number of registered valuers in the department, level of research and staff training development, etc. Whereas, unaccredited institutions are those institutions that are not recognised by EVARBON to be offering Estate Management (real estate) and/or failed to meet the accreditation requirements.

Professional Practice Requirements

After a prospective candidate who wishes to register as a valuer passes the requisite professional examinations as prescribed by Nigerian Institution of Estate Surveyors and Valuers (NIESV), the candidate is required to undergo two years tutelage training in a registered practicing firm. In this tutelage period, the candidate is required to fill logbook for the entire duration of his/her training under the supervision of an

experienced registered practicing valuer who endorses the weekly activities of the trainee. However, where the prospective candidate is in the academics (lecturer in the university or polytechnic), s/he undergoes the tutelage for the period of six months in practicing firm under the supervision of an experienced valuer with three months split into each year of the two years; while the remaining one and the half year (18 months) is done in teaching Estate Management related courses in the classroom which is also recorded in the logbook. After the tutelage period, a prospective candidate is required to choose any case study from his/her practical experience and write a thesis under the supervision of his/her earlier chosen supervisor which is submitted in ten copies to the institution (NIESV). This process is prerequisite to the interview with NIESV.

Election Interview with the Nigerian Institution of Estate Surveyors and Valuers (NIESV)

The election interview is presently regarded as test of professional competence. After the tutelage period and the submission of the thesis, the candidate is invited for an election interview into the associate membership grade of the institution (NIESV). The interview covers wide range of contemporary issues in real estate and practical real estate issues within and outside the written thesis as the occasion demands, to test how informed the candidate is in the real property market operations and practices. Successful candidate at the election interview are inducted at some later date into the full

associate membership of the institution (NIESV) and are entitled to use the title 'ANIVS'. Success at the election interview with the institution (NIESV) qualifies candidates to apply for registration as valuer with the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON). Furthermore, Fellows of the Institution as earlier explained, use a designation "FNIVS", while past presidents of the Institution who must have been fellows previously use "PPNIVS".

Interview with the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON)

Successful candidates at the election interview with NIESV who applied for registration as valuers are invited for an interview with the ESVARBON. Success at the election interview with the NIESV is a prerequisite to attending ESVARBON's interview. Interview at this level cover both theoretical and practical real estate issues to test the vast knowledge of a prospective candidate who wishes to practice as a valuer. Successful candidates at the interview with the Board (ESVARBON) are inducted and given seal of authority and stamp to practice as valuers in the Federal Republic of Nigeria. All registered Valuers are entitled to use the title 'RSV'- Registered Surveyor and Valuer.

Adult Route to Professional Membership as Valuer in Nigeria

Recently, in June 2015, the profession came up with adult route to professional membership as an Estate Surveyor and Valuer

in Nigeria. For one to be eligible s/he must be 25 years in the civil service or private practice; must be 50 years of age; and must also be Higher National Diploma or Bachelor of Science/Technology graduate from a recognised institution offering estate management. Applicants through this route shall undergo meticulous intensive seminars and workshops in all aspects of estate management profession and write examination organised by NIESV. Successful candidates would be required to attend an interview with ESVARBON from where successful candidates will be inducted and issued with certificate and seal of authority to practice as registered Estate Surveyors and Valuers within the Federal Republic of Nigeria.

Valuers' Registration in the Republic of South Africa

The South African valuation profession just like Nigeria has two bodies that oversee valuation registration and practice. The South African Institute of Valuers (SAIV), founded in 1909 is the national society of professional real estate valuers; the institute is dedicated to serving the public interest by advancing high standard for members of the valuation profession. It has about 1600 members representing at least 75% of registered valuers in South Africa. The core objective of the association is to promote excellence by:

- Setting and maintaining high standard of professional proficiency, ethics and education;
- Striving to provide the appropriate

educational programme, sources of data and information;

- Marketing and creating awareness of the benefit of the professional services of its members to existing and potential clients; and
- Monitoring and making representations on relevant legislation on the best interest of its members and their clients

The South African Institute of Valuers (SAIV), just like the Nigerian Institution of Estate Surveyors and Valuers (NIESV), is the professional association that brings all valuers together to keep a common front. Whereas, the South African Council for the Property Valuers Profession (SACPVP) like the Nigerian ESVARBON is the regulatory body established by the Property Valuers Profession ACT No. 47 of 2000 to provide for the establishment of a juristic person to be known as the South African Council for the Property Valuers Profession, to provide for the registration of professionals, candidates and specified categories in the property valuation profession; to provide for the regulation of the relationship between the South African Council for the Property Valuers Profession and the Council for the Built Environment; and to provide for matters connected therewith.

Before now, professional valuers did not require to have degree from any higher institution. Majority of valuers, particularly the senior valuers hold national diploma. Mooya (2015) reported that many regarded this state of affairs as unsatisfactory. He

further remarked that it was professional state and length of experience rather than academic qualifications which determine valuer's competence. However, recently the SACPVP requires that a person who wishes to qualify for registration as either a professional associate valuers or professional valuer must: past the examination as prescribed or recognized by the SACPVP in the case of the valuer, have practical experience of work done in property valuation that is in the opinion of the council, experience of adequate variety and of a satisfactory nature and standard, and in the case of an associated valuer in the opinion of the council sufficient for intended registration.

Power of South African Council for the Property Valuers Profession under the Act

The council is empowered to consider and decide on any person for applicant; prescribed the period of validity of the registration of a registered person; keep a register of registered persons and decide on:

- ◆ The form of certificates and the register to be kept;
- ◆ The maintenance of the register or issuing of certificates; and
- ◆ The reviewing of the register and manner in which alteration there to maybe affected.

The council periodically determines application fees, registration fees, annual fees and any fee or change it may consider necessary. Subject to section 5 and 7 of the higher education Act (No.101 of 1997), South African Council for the Property Valuers

Profession has the power to conduct accreditation visit to any educational institution which offers property valuation education programmes. The council under section 13 (a-k) has the following oversight function:

- Consult with the council on higher education and determine what level of education is required of valuers;
- Consult with the South African Qualification authority to determine competency standards for the purpose of registration;
- Establish mechanisms for registered person to gain recognition of their qualification and professional status in other countries;
- Recognise or withdraw the recognition of any examination leading to registration of persons;
- Enter into an agreement with any person or body of person, within or outside the republic of South Africa, with regard to the recognition of any examination or qualification for the purpose of the Act establishing property valuers profession;
- Render assistance or advice to any educational institution with regard to educational facilities for and prospective valuers;
- Conduct any examination for the purpose of registration of persons;
- Determine the nature and extent of continuing education and training.

Registration Procedure under the Act

Valuers' registration in the Republic

of South Africa is spelt out by the law. There are various categories in which a person may register in the property valuation profession. These are:

- ✓ Professional valuer;
- ✓ Professional associated valuer;
- ✓ Candidate valuer; or
- ✓ Specified categories prescribed by the council.

A person who is registered in the category of the candidate must perform work in the property valuation profession only under the supervision and control of a professional of a category as prescribed. A person must apply in the prescribed application form, to the council for registration into any of the categories. The application form must be accompanied by the prescribed fee.

The council gives out registration certificate after registering the application in the prescribed form. If after consideration of an application the council is satisfied that the applicant in the case of a person applying for registration as a professional:

- ❖ Is at least 21 years of age and is ordinarily resident in South Africa;
- ❖ Has passed the prescribed examinations or any examinations recognized by the council; and
- ❖ Has gained practical experience in property valuation in South Africa which is of the prescribed scope, variety, nature and standard.

In the case of a person applying for registration as a candidate or a candidate in a specified category has to enrol at an educational institution accredited by the

council; pass any other examination that maybe determined or recognized by the council and prove that he or she has satisfied the relevant educational outcomes determined by the council for the purpose of registration by presenting evidence of prior learning in property valuation. The council has sole power to determine the restrictions and conditions if any applicable to an applicant applying in the category of associated valuers, candidate valuer or in a specified category.

Cancellation of registration

- The council may cancel or refuse registration to any person on the following conditions:
- Has erroneously been registered, or has been registered on information subsequently proved to be false;
- Fails to pay the prescribed annual fee or portion thereof, within 60 days from it becoming due or within such further period as the council may allow either before or after expiry of the 60 days;
- If a person has been removed from an office of trust on account of improper conduct;
- Has been convicted of an offence in the republic of South Africa other than an offence committed prior to 27 April 1994 associated with political objectives, and was sentenced to imprisonment without an option of a fine or in the case of fraud, to a fine or imprisonment or both;
- If the person has been convicted of an offence in a foreign country and was

sentenced to imprisonment without an option of fine, or in the case of Fraud, to a fine or imprisonment or both;

- If the person is declared by any competent court to be of unsound mind or mentally disordered, or is detained under the mental health Act, 1973.

The council must provide the registered person with a notice of a cancellation of registration.

Conclusion

The valuers' registration in Nigeria and Republic of South Africa has some similarities and disparities as well. The Valuers in the two countries have both Valuers association; NIESV in Nigeria and SAIV in South Africa; and also regulatory bodies, ESVARNON in Nigeria while SACPVP in South Africa. The valuers association in South Africa (SAIV) has existed for a very long time, over 100 years while its Nigerian counterpart (NIESV) existed for only 47 years now in 2016. However, the regulatory body in Nigeria (ESVARBON) is older than the regulatory body in South Africa (SACPVP). This implies that professional valuation practice has gained earlier recognition by law in Nigeria than in South Africa. The valuers' registration in Nigeria requires thorough educational training compared to South African registration processes. The valuers registration processes in South Africa are more enshrined in the laws than Valuers registration processes in Nigeria. This paper will recommend that the long period of training after graduation should be

reduced and the training requirements should be incorporated in educational curriculum. There is need to standardise professional practice along national and regional boundaries which is an index of property market maturity. There is also an urgent need to meet with international best practices in the two counties both in education training and professional practice training.

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