

**SAMVAL  
MINUTES OF THE SAMVAL RE-WRITE MEETING  
HELD ON 28 JUNE 2012 AT 8:00am  
AT THE MILITARY MUSEUM, DELLVILLE WOOD MEETING ROOM**

**Present:**

<b>A Macfarlane (Chairman)</b>		
	<b>T van Zyl</b>	<b>JGTaylor</b>
	<b>L Zindi</b>	<b>H Bornman</b>
	<b>G Chunnett</b>	<b>V Duke</b>
	<b>G Njowa</b>	<b>K Redman</b>
	<b>S Mathuray</b>	<b>R Becker</b>
	<b>A Kinghorn</b>	<b>A van Zyl</b>
	<b>B Scott</b>	<b>D J van Niekerk</b>
	<b>P Janisch</b>	

**Apologies:**

	<b>I Wermuth</b>	<b>A Clay</b>
	<b>A de Bruyn</b>	<b>M Nicholson</b>
	<b>M Mattera</b>	<b>R Croll</b>
	<b>J Odendaal</b>	<b>A McDonald</b>
	<b>M Mokitimi</b>	<b>R Davel</b>
	<b>V Bansi</b>	<b>J Upshall</b>
	<b>M Martinson</b>	<b>J Luckmann</b>

**In Attendance:** **J Dixon (Manager, SAIMM)**

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**1. Welcome**

The chair welcomed all to the meeting. The document tabled at this meeting include the agenda, minutes, scope document, values and principles and the definitions document.

**2. Minutes of the previous meeting**

The minutes were approved with the following changes:

Page 2, point 2.4 – reference is made to SACNASP when in fact it should be ECSA.

**3. Matters arising from the previous minutes**

None noted and key action items were completed.

**4. *International Liaison.***

**4.1 IVSC**

An email has been received from Chris Thorne, who convenes the IVSC group. He acknowledged receipt of SAMVAL WG's contribution to their discussion paper and attached the final paper that will be sent to their board within a week. Consultation period on the final document will be 3 months. It is suggested that the most important groups that the IVSC needs to liaise with, with respect to the feedback in the paper is the SAMVAL group and the Brisbane Group.

The IVSC's aim is to devise a technical information paper – a guidance note for Valuers. The SAMVAL group is therefore providing advice to the IVSC on developing this paper. This document will remain their property and they will not release it for general use.

**4.2 Brisbane Group**

There is an inaugural meeting on the 5<sup>th</sup> of July – the group will be called CIRSVAL (still be to finalised at meeting of 5 July) and its aim will be to get commonality on high-level definitions between

the participating institutions as well as the issue of qualifications. Principles and scope are also on the agenda but they are unlikely to reach any commonality on it. The IVSC does not wish to be part of the Brisbane group but will observe the outcomes.

There are effectively two groups working on valuations – the SAMVAL group and the IVSC. Who will the public follow? It would depend on what was being valued. IVSC is producing a guidance document for understanding the mineral asset field. If they were asked to do a formal mineral asset valuation, they would refer it to a mineral asset valuation practitioner or expert. The guidance note assists them to have a discussion with the practitioners. They are not a body in competition to the SAMVAL or Brisbane group.

## **5. Feedback from sub-groups**

### **5.1 Scope**

The decision was taken at the last meeting to accept this document. This was confirmed. It was agreed that once additional discussion papers have been completed, all papers would be formatted into the same writing style, cross referenced and checked by legal, then tabled at a SSC meeting.

### **5.2 Definitions**

At the last meeting, a request was made to committee members to send through suggestions on definitions to concentrate on. Nothing was submitted.

Looking at the questions posed by Andy MacDonald at the back of the document.

Are you in favour of a process of developing a consistent set of definitions and defined terms of mineral asset valuations that will be accepted by all jurisdictions and codes?

Without the last bit of the sentence the answer would be yes. The 'all jurisdictions and codes' puts a different slant on it. Of the definitions highlighted, which are the ones that will be internationally acceptable and how would a process be devised for that.

The Definitions WG have 160 definitions on the list. Shortening the list to the most pertinent definitions is essential in order for it to go into the international arena, highlighting the most fundamental definitions across all the codes in order to reach commonality.

The first step would be to deal with the over-arching valuation terms eg fair value. Then move into the more detailed ones. A second set of definitions can then be drawn up that are globally common and therefore only one definition can apply eg types of property, resources and reserves, level of study. The last area would be words that appear in the code and need clarity.

Hence there would be three categories of definitions: valuation definitions, common issues definitions and then words that appear in the code.

The fundamental question is whether the SAMVAL WG should provide a Guidance Note to talk to the definitions to explain how one would apply them?

Suggested way forward – give the Definitions WG a mandate on how the definitions should be prioritised. Once prioritised, the DWG can start looking across at the different codes in order to achieve a common definition. The top of the list will be valuation terms that need to be defined because they will appear in the code, the higher level valuation issues. The second stage will then be definitions that will be common to different codes, not just valuation codes eg reserves and resources, public reports, modifying factors etc Cognizance must be taken of the CRIRSCO definitions as those are already in the international arena as common definitions. The only reason to not use CRIRSCO definitions would be if as a group, SAMVAL does not agree with their definition.

A second question that the Definitions WG asked was where are we going to put the definitions? In the front or back of the document? This will be dealt with once the stages below are dealt with.

Dealing with the questions at the back of the document.

Various suggestions were made on how to deal with the definitions, how to list them and how they should be applied.

It was agreed that the current SAMVAL layout would be used, with the addition of more definitions. The revised Code will not be a 'how to' document, but a guidance document may be published in support of the Code to the level of detail included in the Code. Another approach – basic booklet with the concepts but have a detailed paper with hyperlinks to the definitions online. It would help to have a reference.

The Definitions WG should consider the CRIRSCO definitions as a good starting point, possibly improving on some or even disagreeing with some. The SAMVAL WG supports the CRIRSCO definitions in principle but suggests some of them need to be fleshed out a bit.

Mandate:

These definitions – where are we going to put them? Short list in the front, long list elsewhere.

Look at valuation specific definitions and those that will appear in the code and at next meeting the group will consider them in detail.

### **5.3 Principles**

There is a need to define which Principles are of more importance and which ones should be included, some even as guidelines. It is important to look at the other codes and make a comparison. Specifically looking at SAMVAL CIMVAL and VALMIN, where the most noticeable difference being the addition of independence (CIMVAL and VALMIN) and reasonableness (CIMVAL). Some principles need to be defined carefully in order to avoid leaving it opens for wide interpretation.

The issue of fundamental principles vs guiding or value principles eg integrity is more a guiding principle than a fundamental principle and can be referred to within the code. There are fundamental principles, as this is a principles based code, such as materiality, transparency and competency, that need to be focussed on in order to align with other Codes. The inclusion of independence or reasonableness would need to be debated. The SAMVAL WG agreed that is should be included and then report into SAMCODE (for possible inclusion in the SAMREC Code too). It was argued that materiality already includes the notion of reasonableness but ultimately it was decided to include reasonableness.

Independence is also an issue to be discussed. There is much debate about this principle – the JSE may want verification of a valuation, a second opinion. The principle may not be independence but more verification of the work done. If the JSE requires verification by an independent person, so be it but it should not be part of the code. This would be covered in disclosure.

In conclusion, independence will not be include as a principle but will be included in the definitions, tying it in with internal and external valuers. Issues concerning independence would be demonstrated through declaration and disclosure.

Fundamental principles

- Materiality
- Competency
- Transparency
- Reasonableness.

Rather look at other issues as values. They can then be defined and included in the text but not as part of the underlying principles.

### **6. Competent Valuator**

The fundamental matter here relates to ethics and the fact that a lot of the people performing the work are not bound by a legally enforceable code of ethics because they may simply be a member of the SAIMM or GSSA and not a member of ECSA or SACNASP or any other statutory body. A competent valuator may be able to avoid legal recourse by being a member of a VA and not a statutory body. There has to be a legal foundation if a VA wishes to have legal recourse.

ECSA and SACNASP are not there to judge who is a competent valuator. SACASP can't comment on engineers. The SAIMM and other VAs would each create and maintain a list of CPs and CVs, judged by people who able to judge these things, with the power to take legal recourse against infringements remaining in the hands of the registered bodies.

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A body should be formed that interfaces with all the organisations, with the addition of the Council of Valuers. This body would then define the profile and generate the listing of people but they still have to be a member of these registered bodies. Eg ECSA, SACNASP. The crux of the above task is to define what makes a CP. Once that definition is in place, the rest all come together.

Alastair Macfarlane will develop a terms of reference. Julie to get an official letter to the individual bodies to sit on this committee once the terms of reference have been tabled.

**7. General.**

Next meeting – same time, same place. 26 July.

<b>SUMMARY OF KEY ACTION ITEMS</b>
<b>The Chairman:</b>
<b>Draft a Terms of Reference for the Competent Valutor committee.</b>