

**SAMVAL  
MINUTES OF THE SAMVAL RE-WRITE MEETING  
HELD 29 August 2013 2012 AT 08:00  
AT THE MILITARY MUSEUM, DELVLLE ROOM**

<b>Present:</b>	<b>A S Macfarlane (Chairman)</b>	
	<b>M Austin</b>	<b>R Becker</b>
	<b>H Bornman</b>	<b>Botha</b>
	<b>J Odendaal</b>	<b>Dr T Marshall</b>
	<b>J Luckmann</b>	
<b>Apologies:</b>	<b>A Klinghorn</b>	<b>A van Zyl</b>
	<b>A McDonald</b>	<b>A de Bruyn</b>
	<b>M Mokitini</b>	<b>G Chunnett</b>
	<b>C Musingwini</b>	<b>J Upshall</b>
	<b>A Clay</b>	<b>N Steenkamp</b>
	<b>R Davel</b>	<b>R Croll</b>
	<b>I Wermuth</b>	<b>S Kadzviti</b>
	<b>G Njowa</b>	<b>V G Duke</b>
<b>In attendance</b>	<b>S Moola (Manager, SAIMM)</b>	
	<b>G Carpenter (Recordist)</b>	

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**1. Welcome**

Mr Macfarlane welcomed everyone to the meeting and requested them to introduce themselves.

**2. Minutes of the previous meeting**

The minutes of the previous meeting were accepted as a true reflection of proceedings with no corrections or amendments noted.

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

Editorial Committee: Mr Macfarlane reported that a meeting was held on 27 August 2013 at which a schedule of meetings has been confirmed and the structure of the Code agreed on. The terms of reference will be slotted into the structure as they have been accepted. Representatives of each sub-group will provide a précis of their respective work on the Code for incorporation.

- Julian Upshall - scope,
- Vaughan Duke - principles,
- Brent Scott - definitions
- Dr van Niekerk - competence
- A McFarlane - the introduction and other aspects.

The IMVAL/CIMVAL documents are basically in four parts (introduction, definitions and principles, standards and guidelines). The editorial committee will structure its document on the same templates with sub-divisions where required:

- Introduction – history, scope of the Code.
- Definitions – definitions and core principles (materiality, transparency, competency, reasonableness)

- Standards – the minimum required including competency in terms of qualifications, registration etc.
- Guidelines – methods, approaches, guidance on the valuation of inferred resources, independence (internal/external) etc.

Consideration will also be given to what is in the Code at present.

No objections on the structure of the Code were received.

#### **4. Report back: Competency Sub-group**

Mr Macfarlane reported that a meeting of the committee was held on 27 August 2013. A note covering proceedings of the meeting had been circulated prior to this meeting. The position paper to be considered by the competency sub-group has been circulated and two comments have subsequently been received; from Mr Mike Lyn and Dr Tania Marshall. These comments were discussed at the meeting and Mr van Niekerk is tasked with responding accordingly. Mr van Niekerk stated that, having noted the comments, he will prepare a follow-up Q&A document for circulation.

During the meeting the issue of “applicability to private companies” was raised and discussed and it was resolved that if statutory registration is required for a public report which is in the public’s interest, this must be signed by a CV.

If need be appropriate clauses covering this issue will be included into the draft format of the Code. These clauses will cover specifically private companies.

In terms of the process all statutory bodies, including SAICA and the JSE, have responded and have indicated their willingness to be involved in all discussions on the Code. It has therefore been decided that a joint forum meeting will be convened, after the SSC has ratified the document. The SSC meeting is on 5th September at which the position paper will be tabled. Mr Macfarlane is also to meet with Mr Roger Dixon to discuss the paper with him prior to tabling before the SSC. Once the meeting with the SSC is held then a further meeting will happen with all statutory bodies to establish their position iro the registration of competent valuers. Essentially they will be asked what their positions are with regard to the registration of competent valuers; is there an appropriate category for registration or will a category have to be developed?

Once the above processes are complete an advocacy process will then put in place. Talks will be held with all major auditing firms (KPMG, Deloitte, Ernst and Young, PWC etc.) as well as engagement with major mining houses. At present the response from mining houses is somewhat passive with instances of CFOs doing valuations having been reported. These valuations are done as part of the requirement of the Companies Act and these valuations are based on the MPVs of assets/liabilities and other balance sheet items. Effectively the CFOs doing the valuations are relying on industry experts, basically creating a “valuing team”.

#### **5. International report back**

##### ROPOS

Mr Macfarlane reported that extensive discussions have been held at which no conclusion was reached. At present, in terms of the SACNASP Act, practice outside of statutory regulation is essentially illegal. This impacts on the issue of members of learned societies as a point of alternative registration for a practising CV which in turn impacts on arrangements in respect of ROPOS. In order to deal with the interaction of the above factors a small sub-group has been established and is tasked with investigating ROPOS; who they are, what are their requirements/agreements and what is the position of ROPOS with regard to discipline and registration. Until more precise information regarding ROPOS is available, their position remains in abeyance. The sub-group will report back to the SAMVAL committee and once a position is taken and defined then discussions will be opened with ROPOS and IMVAL.

The desired, ideal position for registration would be that there is registration body specifically for CVs.

### IMVAL

In redrafting IMVAL in conjunction with comments from Australia and Canada and having circulated the draft, only comments have been received from the VALMIN committee and from the AIMA. Mr Macfarlane read out the following as received from VALMIN:

The VALMIN committee has undertaken a review of the draft IMVAL templates and comments as follows:

*The IMVAL template should be clear. Segmenting the template into four parts makes it repetitive and difficult to read. It is unclear what is a requirement, what is guidance and what is general commentary since each of the four parts has elements of each. The IMVAL template should be concise, less is more when communicating and so as 13 000 words the latest IMVAL is larger than existing SAMVAL, CIMVAL and is similar to VALMIN but VALMIN addresses technical reporting as well as valuation.*

*The IMVAL template should be effective and should draw upon existing definitions as defined by CRIRSCO and IVSC with any other definitions being drawn one of the three existing Codes. The VALMIN committee encourages you to read its comments and to review parts because there are a number of areas that are simply not compatible with the Australian regulatory system.*

*It appears that VALMIN's previous comments have been largely ignored. The above is not at issue in respect of SAMVAL's rewrite. The only parochial issue is the note on (The SAMVAL chairman disputed this comment).*

Incompatibility with the Australian regulatory system: Mr Macfarlane noted that SAMVAL cannot make its Code compatible with every regulatory system (such an attempt would dilute the Code to the point of being basically meaningless). However, SAMVAL will have to consider how it will deal with the comment in terms of the Australian regulatory system. Mr Macfarlane noted that the amount of comment received from the IMVAL committee is substantial and it will take time to go through the document. IMVAL wants most references to the accounting profession taken out of the Code and this brings with it its own set of problems. It is noted that there are links between the technical plan and its valuation to what is reflected in the accounts but this link is, at present (in SAMVAL) tenuous. The question is: is the link strong enough that reference to it must be made in the Code?

Mr Macfarlane agreed to circulate the comments received from IMVAL.

Comments received from AIMA concerning all four parts are important and substantive and AIMA has asked for full participation in the SAMVAL Code.

Comment is not expected from IVSC but comment from CIMVAL is.

Valuation launch event: SAMVAL had intended to hold an event for the launch of IMVAL at the beginning of December but it clashed with various other conferences. Alternative courses of action were looked at but due to a variety of negative issues the launch event had to be cancelled. A new event will be planned for possibly early in 2014.

Figure 1 and Table 2: Dr Marshall reported that the group tasked with interrogating these two aspects was asked should Figure 1 continue to be included into the document or should it be left out. The group came to the conclusion that it would like the Figure kept because although those involved in the Code are familiar with the Figure and its requirement, not everybody is sufficiently familiar with it, particularly those who are not closely associated with the Code. The suggestion was also made to add Figure 2, which comes from CIMVAL, and which looks at different approaches, gives the methods that have been or are being used, identifies them as

being primary or secondary methods and the general acceptance of these methods in various professional communities.

Table 2 – the group has prepared a working draft on the Table. Talks are still on-going with various third parties to flesh the Table out. What are currently in the Table are high-level chapter/table headings and the contents of the valuation report. Furthermore, as a preface to the report itself a number of instructions that would help the writer of the report are included.

Table 3 – this has been suggested to take the format of a summary sheet for economic parameters. This Table is still work in progress.

Comments on the above Figures and Tables will be appreciated by the sub-group working on them.

Several comments were raised at this meeting regarding the Tables. Ms Marshall stated that all comments will be worked on and presented back to the members of the committee.

**6. General**

SAICA: This organisation has responded with regard to attending a meeting.

**7. Date of next meeting**

The next meeting would be held on Thursday, 26<sup>th</sup> September 2013 at 08:00

There being no further matters for discussion the meeting ended at 09:10.

**SUMMARY OF KEY ACTION ITEMS**

**Chairman:**

**Circulate to all SAMVAL members a copy of the comments received from the IMVAL committee.**