

**MINUTES OF THE SAMVAL COMMITTEE MEETING**

**HELD ON 31 MAY 2018 AT 08:00**

**MIDSHAFT BOARDROOM, MANDELA MINING PRECINCT, CARLOW ROAD  
AUCKLAND PARK, JOHANNESBURG**

**Present:**

**K Redman (Chair)**  
**H Bornman**  
**R Croll**  
**A de Bruyn**  
**V Duke**  
**J Luckmann**  
**A Kinghorn**  
**A Macdonald**  
**A Macfarlane**  
**T Marshall**  
**M Mullins**  
**G Njowa**  
**J Odendaal**  
**J Ruddy**  
**A van Zyl**

**Apologies:**

**A Clay**  
**H Hartman**  
**N Kramer**  
**P O'Connell**

**In Attendance:**

**C Jardine**  
**A Donnelly**  
**SAIMM**  
**Scribe**

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**1. WELCOME**

Ms Redman welcomed all to the second meeting of 2018 and the apologies were noted.

**2. MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 22 February 2018 were accepted as a true reflection of proceedings, subject to the following amendments:

- Typing error on Page 4, Item 8.1 should read: "In response to a question from Mr Mullins..."

This was proposed by Mr Bornman and seconded by Mr Croll.

**3. KEY ACTION ITEMS AND MATTERS ARISING FROM THE MINUTES**

*Key action items:*

- 3.1 It was confirmed that the valuation aspects retained by SAMOG had been discussed with Peter Dekker and would be discussed at the next meeting.
- 3.2 Mr Bornman advised that the parked issue document had been circulated to all members via Camielah Jardine, but that not many comments had been received. It was suggested that the period to return comments be extended. Mr Bornman further suggested that a reminder be sent out, with a time limit of 14 days. The actual document would also be circulated again. The final due date for return of comments would be at the end of June.

**Action: Hannes Bornman / Camielah Jardine / All Members**

- 3.3 Ms Jardine confirmed that the meeting request with parked issue document (for one month after circulation date) will be sent out.
- 3.4 Regarding the list of historical parked issues, Mr Macdonald reported that 15-20 items had been reviewed and most of these could be binned. Six items required further action. The six items to be reviewed were:
- Dealing with rights vs ownership;
  - Need to differentiate between commodities;
  - Internal reporting of valuation – need for compliance;
  - Often there was a reference to primary and secondary methods and guidance notes should be added;
  - Requirement for ranges on values (Item 115 of the SAMVAL Table) – the final value should be a preferred value within a range.

Ms Redman suggested that this should be circulated and some of these could be allocated to a small group or to individuals to consider. Mr Macdonald suggested that between Mr Croll, Mr Bornman, Mr Duke and himself, some starting document could be put together. All agreed with that approach.

**Action: Andy Macdonald**

- 3.5 Ms Jardine confirmed that a reminder had been sent to Mr Bornman to set up a meeting with Mr Macdonald.
- 3.6 Mr Mullins advised that a specific meeting to discuss suggestions on registration issues had not been set up with Ms Redman and de Bruyn. However, registration had been held in another meeting. No conclusion was reached, but it was suggested that the meeting should still be held. Ms de Bruyn advised that a meeting had been held regarding property valuation. It was agreed to keep this on the agenda.

**Action: Matt Mullins**

- 3.7 Ms Redman confirmed that the document in terms of definitions for "Real", "Current", "Constant" and "Nominal" money had been circulated to all members via Ms Jardine.
- 3.8 Dr Marshall advised that the topic of modifying factors (governmental) had been raised at the SAMREC meeting and would be kept on the agenda. It would also be raised as an issue to be discussed at the upcoming Advanced SAMCODES Workshop.

#### **4. IMVAL**

Ms Redman advised that a meeting had been held with IMVAL two weeks ago. The template had been circulated, but this was not the final version. It was anticipated that the final template would be released on 01 June 2018.

Mr Macfarlane had been a key contributor to the drafting of the IMVAL template and he was thanked for the excellent work.

There were a number of sub-commodities to look at in the new version of the IMVAL template.

One of the things that came out of the meeting was to try and have a session for all the Codes, i.e. to showcase SAMVAL, IMVAL, etc. IMVAL would try and have such a session. Ms Redman suggested that it would be a good idea to be represented and this would require some funding. Mr Mullins recommended that this be raised under the budget issues at SSC. It was further suggested that SAMREC also be included. Ms Redman responded that currently the idea was just to showcase the valuation codes.

**Action: Kelly Redman / Matt Mullins**

## **5. PARKED ISSUES**

Mr Bormann advised that the parked issues had been discussed. There were about 18-20 points and it was believed that many of these could be ignored; but that this would have to be ratified with the wider body. The list of parked issues should be circulated to all members by Ms Jardine and if anyone had issues with items being brought back to the table, these should be dealt with. Mr Macdonald advised that some of these issues had been dealt with elsewhere and some were duplications.

Mr Bormann suggested that the document should be expanded to include some more detailed notes before inviting comments. The comments should be returned within two to three weeks and the sub-committee would work on the remaining issues and have the draft ready for the next meeting. It was agreed to send out the document as is.

**Action: Andy Macdonald / Hannes Bormann / Camielah Jardine**

## **6. REGISTRATION ISSUES**

Ms Redman advised that the issue of registration had not progressed much further since the previous meeting. She suggested that a meeting should be held soonest and Mr Mullins agreed to set this up. He invited any interested members to join the meeting. Mr Croll agreed to join the discussions.

**Action: Matt Mullins / Rob Croll**

## **7. REAL vs CONSTANT MONEY**

Ms Redman reported that she had not been able to get everything together for this meeting. She agreed to relook at all the numbers and send out the next version for comment. This would be done within the next two weeks.

**Action: Kelly Redman**

## **8. GENERAL**

8.1 Mr Bormann commented that the revised SAMVAL Code had been out since 2016 and that it might be prudent to start looking at certain things that needed to be amended or revised. He raised the question of "preferred value" where CVs tended to come up with a parameter between the high value and low value. Often, the rationale in terms of the high value and the low value did not express the detail. He believed it should be more definitive as to how the decisions were arrived at. Mr Macdonald advised that there were two different components. In public documents, the wording says: "the preferred value is..." without saying what the range is in the concluding statement. He provided some detail and Mr Croll also suggested that the rationale should be quoted. The Code stipulated that the CV should come up with a value, but a range had to be provided and an explanation should be provided as to how that number had been arrived at, i.e. the methodology used. This was not discounting the range, but an explanation was required. Ms Redman queried whether this should not be in the guideline. Mr Croll responded that whatever the mechanism was, it was currently a grey area and SAMVAL needed to be more definitive in providing a guideline or a meaningful Code. He added that this could be a short guideline as to how to provide an explanation as to how the range had been arrived at. To this end, he offered to put together the suggested wording. Mr Macdonald asked to what extent the CV had to justify the route taken, as the whole aim was transparency. Additionally, if an explanation had been given; he

queried whether the CV would have to defend his/her decision. Ms Redman responded that the CV would have to be able to explain the ranges that had been applied. Mr Macdonald advised that these ranges were often fairly wide. Ms Redman conceded that there were often very broad ranges, but that she would also be suspect of very narrow ranges.

Mr Croll cautioned that it was important not to lose sight of one of the fundamental principles of the SAMVAL Code was that the CV was the person who had to sign off reports. If the CV was challenged, he/she should have enough confidence to defend his/her point of view in front of their peers. There was a mechanism to query and this would be reviewed in terms of the Code. If the process was not working, then this needed to be addressed.

These were two separate issues and it was suggested that the meeting look at the way in which complaints were dealt with. Ms de Bruyn advised that she had seen a couple of complaints which had been dealt with very well. She suggested that people putting in complaints should follow up on these complaints. Mr Duke stressed that the role of the SAMVAL Committee should be one of guidance and that sanctioning should be the last resort. He added that he would like to see more pressure from the peers. He did not feel that two or three people in a room should be taking a decision.

Dr Marshall outlined the complaints process. At the end of each year, the principles of the complaints were considered by the SSC and discussed with the relevant Committees in terms of how to deal with these.

Mr Duke raised the Oakbay issue. A complaint was put in and dealt with, but it was a case history/learning curve and should be discussed further by the people writing the Code. Dr Marshall advised that the case histories were discussed in the SAMVAL/SAMREC Advanced Course. Mr Croll suggested that the presentation be given to this Committee, as this Committee had substantial debate around these issues. There should be more transparency on what has been done, without giving all the details on how it was dealt with. Dr Marshall cautioned that there were constraints in terms of the Constitutions of SAImm and GSSA, as well as various other statutory bodies. Ms de Bruyn suggested that this could be done without mentioned names.

Mr Duke requested that some time be spent on the materiality and questioned how effective the Committees were in influencing of the behaviour; i.e. whether there were any visible results in terms of leadership or behaviour.

Mr Mullins suggested that there were two issues: how good the processes were that were currently in place and whether these should be revisited; and if there were any instances of complaints that had not been dealt with satisfactorily and needed to be brought up at SSC level.

Ms Redman advised that, when a complaint came in, the specific complaint was dealt with. Mr Duke asked how the Committee could influence people to avoid this happening again. Ms Redman responded that there had been significant training, which was ongoing. This aspect had been taken quite seriously in the last couple of years. Some discussion followed.

Dr Marshall reiterated that, at the end of each year, the SSC did a review of the incoming complaints. A list was compiled on the principles involved; both in the various complaints coming in and also via the Readers' Panel. That list was put onto the website and the possibility was that that list could be discussed at the various SAMVAL/SAMREC Committees.

Mr Duke advised that he would like to see a case history (without names). In his view, there had not been enough transparency. He was not criticising the process; but was raising a gap that he saw in the system.

Mr Duke requested a forum for learning for the people who were suggesting the guidance notes, in order to get one agreement. The idea was to seek alignment. He believed it should be discussed at Committee meetings and not via the Advanced courses. Mr Croll suggested that, at the end of each year, the complaints should be discussed at the SAMVAL meeting. Some debate followed on the Readers' Panel. Mr Duke advised that he would like to have an annual review on the effectiveness in seeing documents come through without complaints. Mr Mullins agreed that the procedure should be reviewed. Ms de Bruyn suggested taking the list of incidents on the website and discussing the relevant issues at SAMVAL. Mr Duke believed there should also be a review of some cases.

Ms Redman suggested that Mr Duke present a case study at the next SAMVAL meeting. Mr Bornman advised that the one issue was who the gatekeepers were for cases going to the Stock Exchange; if this were not done via the Readers' Panel. The second issue was whether the applications fell short. People could be told what to do and the identified gaps could be closed in the Codes; but who was applying those rules? Ms de Bruyn advised that the mandate for the Readers' Panel was to identify specific material issues that could result in direct or indirect questioning of the Competent Person in terms of the principles of the SAMCODES. This was not a tick-box process; it was to look at whether the document was SAMVAL-compliant. Mr Croll believed the matter needed a separate debate.

Dr Marshall advised that in her two years as Chair of the SSC, there was no complaint. Unless people complained, there was not much to be done. Mr Duke asked that a forum be set up to discuss these issues once a year.

Mr Mullins believed that Mr Duke had raised some very good points and that the matter should be debated in a number of different forums. In addition, there may also be some specific focus group. Mr Duke stressed that it was important for the Committee to measure the Code in terms of its effectiveness. Dr Marshall suggested that some of the principles put out in the annual SSC complaints could form the basis for discussions. This should be put on the agenda for the next meeting.

**Action: Camielah Jardine**

In addition, Mr Duke would do a case study and this should also be discussed. Mr Duke and Dr Marshall would meet to discuss this case study.

**Action: Vaughn Duke / Tania Marshall**

Mr Bornman believed that discussions should be held around the table to identify gaps in the current Code that allow people to do things that they should not be doing. Mr Duke asked if there was a completely different way to influence the student peer group to do things correctly. Courses did not cover everybody and he asked how SAMVAL could reach those who could not attend courses.

Mr Macfarlane reported that he had reason to refer to the Guidance Notes on Clause 25 of the SAMVAL 2008 Code on weighting of the valuation process. He was told that it was on the website, but this was not the case. He had a copy on his file and could refer to that. It raised the point that the Guidance Notes should be available. Ms Redman responded that the SAMVAL Code was on the website. Mr Macfarlane reiterated that guidance on Clause 26 was not on the website (old Code). He believed it should be in the new Code, under "weighting of values". If Guidance Notes were being put out on a range of topics, the document makes them mandatory. Ms Redman responded that there would be sessions to introduce the guidelines. It was planned to have a summary of Guidance Notes in the Companion Volume. It was suggested that the Guidance Notes should be put on the website and this was agreed. The Guidance Notes and Code were interlinked and understanding should be facilitated. Ms Redman reiterated that, once the Guidance Notes were produced, a decision could be made as to whether there should be a fundamental change.

Mr Mullins was concerned about the cost of education and training. This was such a pillar of the effectiveness of the Code and SAMVAL was currently only reaching the people who could afford the courses and workshops. He queried how to get around this in order to reach a broader audience in terms of education and training. Mr Croll believed that the more experienced people could add value. Mr Macdonald added that there was significant work going on in SAIMM regarding technologies for webinars, where not everybody had to be in the room. People would still pay, but they not have to pay travel costs to get to the venue. Mr Mullins countered that it was still important to have the one-on-one contact. Mr Bornman advised that feedback from the floor was just as important as the actual lecture itself. Mr Mullins agreed that interaction and feedback was necessary in order to get to grip with the issues. Mr Kinghorn added that if the aim was to educate, there was an option of creating an extra portal for these courses. There had to be a methodology to allow people to attend courses. Ms Redman suggested that this issue would require more thought. The question was raised as to what extent final year students were trained in SAMVAL/SAMREC as part of their final year course. Mr Mullins responded that it was very *ad hoc*. Ms Redman added that the training was mostly aimed at post graduates. It was suggested that universities should be approached to determine at what level SAMVAL could become involved. Dr Marshall reported that there had been an attempt to put together a series of audio-visual programmes, based at junior level, in order to explain the Code. No funds could be raised to do that.

- 8.2 Mr Njowa advised that, from an IMVAL point of view, assistance might be required from the Committee in respect of workshops. Mr Mullins agreed to add this into the forward training programmes wherever possible.

Ms Redman advised that the IMVAL template had been circulated to all members on the SAMVAL list and also to the SSC Committee.

## 9. DATE OF NEXT MEETING

Ms Redman thanked all members for their participation and advised that the next meeting would be held on 30 August 2018.

### SUMMARY OF KEY ACTION ITEMS

**1. Hannes Bornman/Camielah Jardine/All members**

A reminder is to be sent to all members regarding the parked issue document via Camielah Jardine. Members to review and submit their comments to Camielah by no later than end June.

**2. Andy Macdonald**

Andy Macdonald to circulate the list of historical parked issues to all members via Camielah Jardine and liaise with Rob Croll, Hannes Bornman and Vaughn Duke to put together a starting document for consideration.

**3. Matt Mullins**

Set up meeting with Kelly Redman and Annelie de Bruyn to discuss suggestions on registration issues.

**4. Camielah Jardine**

The topic of modifying factors (governmental) to be kept on the agenda.

**5. Kelly Redman / Matt Mullins**

Funding for session to showcase SAMVAL, IMVAL, etc. to be raised under the budget session at SSC.

**6. Andy Macdonald / Hannes Bornman / Camielah Jardine**

Parked issue document to be circulated via Camielah Jardine and comments to be returned within 2-3 weeks.

**7. Matt Mullins / Rob Croll**

Matt Mullins to set up meeting to discuss registration issues and Rob Croll to join discussions.

**8. Kelly Redman**

Kelly Redman to relook at numbers and send out next version of Real vs Constant Money document to all members for comment.

**9. Camielah Jardine**

Camielah Jardine to add the principles put out in the annual SSC complaints on the agenda for the next meeting.

**10. Vaughn Duke / Tania Marshall**

Vaughn Duke to do a case study and meet with Tania Marshall to discuss.