MINUTES OF THE SAMVAL WORKING GROUP MEETING

HELD ON 28 JULY 2016 AT 08:00

DELVILLE WOOD ROOM, MILITARY MUSEUM, SAXONWOLD

Present	**K Redman (Chairman)**	
	H Bornman	**A MacDonald**
	A Clay	**T Marshall**
	R Croll	**J Odendaal**
	V Duke	**J Ruddy**
	J Luckmann	**A van der Merwe**
	N Kramer	**A van Zyl**
Apologies:	**M Austin**	**H Hartman**
	J Botha	**A Kinghorn**
	A M de Bruyn	**A Macfarlane**
	E du Toit	**G Njowa**
In Attendance:	**R van der Berg**	**SAIMM**
	A Donnelly	**Scribe**

1. WELCOME

The Chairman welcomed everyone to the first meeting of 2016.

2. ACCEPTANCE OF PREVIOUS MINUTES

The minutes of the meeting held on 19 November 2015 were accepted as a true reflection of proceedings, subject to the following correction:

On ***Page 3, Agenda Item 6 – Feedback on the Property Valuators***, the meeting had moved from 03 December to 07 December 2015.

3. KEY ACTION ITEMS

Ms Redman confirmed that she had gone through all the responses received on the draft Code and these would be put on the website this week.

She advised that the issue of the Competition Commission would be discussed under a separate agenda item.

It was confirmed that the proposed meeting with the property valuators had taken place.

It was confirmed that the Code had been checked with regard to IMVAL references.

4. FORMALISE THE DEPUTY CHAIRPERSON/S

Ms Redman advised that in terms of the deputy chairpersons, this had not been formalised. It had previously been agreed that Godknows Njowa and Andrew "Rocky" Kinghorn would act as vice chairmen, but this had not been formalised. Ms Redman asked if all members agreed to this, and as there were no objections or volunteers, these appointments were formalised.

At a query from Mr Croll as to whether there was an official timeframe associated with the positions of chair or deputy chair, it was confirmed by Ms Marshall that according to the SSC terms of reference, no time specification for these positions within the working groups had ever seen specified.

After some discussion, it was proposed that this should be reviewed annually. If members did not volunteer or nominate new candidates, the present incumbents – if they were so willing - would automatically continue in their positions. If there were new volunteers or nominees, these would be voted for by the members of the working group. This proposal would also assist with continuity issues. It was proposed that this annual review would take place during the last meeting of the year, i.e. November.

Ms Marshall recommended that if the working groups were only going to hold two meetings a year, it would make sense for the period of office to be extended. Ms Redman recommended that in future there should be four SAMVAL working group meetings per annum, in line with the SSC.

It was agreed that, for this particular cycle, the office bearers should maintain their positions for an extended period of 18-24 months and thereafter there should be an annual review. All agreed.

5. IMVAL TEMPLATE

The Chairman reported that the IMVAL template had been finalised and sent out to all working group members. There were many similarities between the IMVAL template and the SAMVAL Code and these were now largely aligned.

The next step with IMVAL was that Version I had been released. This version would be maintained as such for a year, awaiting comments. After a year, and based on comments received, revisions would be made and Revision II would be released. There had been some debate as to whether it should be released or not, and it had been decided to proceed with the release. Ms Redman requested that any comments on this version should be sent to her to forward on to the chairperson of IMVAL for consideration.

ACTION: All members

Ms Redman advised that there had not been much progress with forming some international alliances. Mr Clay confirmed that, in context, there was still the problem that IMVAL did not have a regulatory home, other than in South Africa and Canada. It was difficult to make progress without having a process to link into the accounting standards and this was still a parked issue with no consensus on issues such as which metal prices to use, etc. He believed SAMVAL, as a leadership group, should drive this forward, as it was his view that it was currently not being driven by fresh views. The templates were done, but there was still much to be considered in terms of discipline, for example.

The SSC consultation paper should also be discussed, as 50% of the questions were related to evaluation. Ms Redman suggested that this be put on the agenda, as the deadline for comments was 12 August. Mr Dixon was organising the comments from the SSC. Various other organisations were co-ordinating their comments and it was important to ensure that this was not just a SAMREC response. Ms Redman suggested that a small working group should be formed to meet within the next two weeks to discuss this. The document was rather lengthy and she believed that certain areas should be targeted.

ACTION: Kelly Redman

It was agreed that this document would be circulated as soon as possible.

ACTION: Raymond v/d Berg

Mr Clay offered to put his version of the answers into an Excel spreadsheet. It was set up into three broad sections, all of which appear to have been heavily influenced by geologists. The overarch had not been included.

ACTION: Andy Clay

Mr Croll queried why SAMVAL had not been allowed to be part of this. Mr Clay responded that, from his perspective, this was being driven by Deloittes rather than a committee that represented the industry, due to the accounting implications. Mr Clay advised that he would prefer SAMVAL to prepare its own response. Ms Redman asked for volunteers to scrutinise the document and meet in two weeks' time and Messrs Croll and van der Merwe responded. In addition, Mr Croll agreed to find a document which he had previously prepared in this regard and would also look at the SSC document and offer his insight.

ACTION: Rob Croll & André v/d Merwe

Mr van der Berg was requested to set up a meeting in the week of 12 August in order to co-ordinate responses and make a submission.

ACTION: Raymond v/d Berg

Mr Clay believed that there should be a team working on the problem of identifying a global regulatory home for IMVAL, as well as some of the other parked issues, which included discount rates, commodity prices and exchange rates. Ms Redman queried whether this would necessitate a separate team, or whether it should be discussed by the whole group in a workshop. To this end, she recommended that this be tabled at the November meeting. Mr Clay responded that as this was a separate workshop, it should rather be done before the meeting. He offered to host this at the Deloitte offices and liaise with Godknows Njowa regarding a PowerPoint presentation. This presentation would be circulated for members to add input. Mr McDonald suggested that the workshop be used to discuss all parked issues, including discipline and registration. It was agreed that this workshop would be scheduled for October, with suggestions being presented for discussion at the November SAMVAL meeting.

ACTION: Raymond v/d Berg & Andy Clay

Mr Clay voiced his concerns around the scoping out of Oil and Gas under SAMOG, as it was almost impossible to do a market comparison of any oil and gas field. The reason for that was that, in the oil and gas world, the amount of public disclosure was very limited. When an oil or gas emission was made in the public domain, it was normally underpinned by a QER report. Mr Clay went into some detail on the process and Ms Redman responded that could be something to be pushed for in Revision II.

6. ISSUES WITH REGARD TO REGISTRATION

Ms Redman confirmed that a meeting had been held with SACPVP, who seemed quite receptive to having registered valuators. Formal letters had been drafted in order to get the process going. There were potential issues in getting registration, as the Property Valuators Act had certain criteria as to who could register as a property valuator; and unless they could provide a category where it was not a requirement to do exams, registration would not be possible. Part of the problem was that applicants would have had to either have passed the required exams, or worked as a junior to a property valuator. Having studied the website in detail, Ms Redman advised that she was not sure whether SACPVP would necessarily be the right option. One of her suggestions was to keep in contact with them, as they faced the same issues around the identification of work.

Ms Redman advised that there was a list of education programmes, as well as diploma courses. It was confirmed that they had no experience in mineral asset valuations; they were fundamentally property valuators, and their identification of work mining properties but not mineral properties. There were potential overlaps.

Ms Redman advised that she had had informal discussions with SACNASP and a formal meeting had been scheduled. In the past, the recommendation had been to push for registration via SACNASP. One of the issues was that SACNASP would not register a person whose core activity or qualification was not scientific, so there would still be an issue with people such as accountants and lawyers, even if this was in a special category. Ms Redman advised that this could be confirmed after her meeting with SACNASP, to be held at 10:00 on 04 August 2016 in Pretoria. Mr Clay also offered to attend this meeting.

ACTION: Kelly Redman & Andy Clay

Ms Redman expressed reservations about either of the two routes being successful and believed this was one of those issues that would have to be driven in order to come up with an alternative.

Some discussion followed on who would monitor the discipline. Both Ms Redman and Mr Clay believed that this should be the JSE. One of the issues was that the Readers' Panel mandate was not published on the website and was not a public document. Mr Duke suggested that this was an issue that the committee should discuss with the JSE in order to get clarity. He believed that even though the SSC had no mandate over the Readers' Panel, it did have peers in the workplace who should be held accountable and that there should be recourse. Ms Redman advised that there was an SSC process in place for reporting valuations that were not compliant.

Mr Croll suggested that there were two separate issues. One was the question of the quality and robustness of the evaluation review carried out by the readers' panel, which was not seen by the SSC until after publication, i.e. whether the process was opaque or not opaque. It was vital to understand what the roles are, who is responsible, and how far the roles and responsibilities go. A suggestion was that SAMVAL could put forward a list of people who it considered appropriate to act on a readers' panel on valuations specifically. Ms Redman responded that this had been done per the SSC mandate, so it was acknowledged that those people were peers.

Mr Duke believed that if an individual did something that was out of line, he should explain his actions openly to a panel of his peers, not in a clandestine manner to some other panel. He expressed his desire to be part of a body of professionals that had a bit of muscle and would ask for accountability, irrespective of the legislation. He queried the transparency of the current SSC process and to what extent people were accountable to their peers.

Ms Redman reiterated that there was a process in place and she outlined the steps of the process followed by the SSC to address complaints. Mr Duke suggested that the process should be revisited as to its effectiveness and what served as a deterrent. Ms Marshall informed the meeting that over the past four or five years, there had been three complaints.

Ms Redman believed that there was not a problem with the process, but that formal complaints should be put in writing, as this was the only way they would be addressed. Mr Duke commented that the decisions made at the Complaints Committee should be made public to the greater peer group as a deterrent. Ms Marshall advised that processes were being put in place and a full report would be given at the November SSC meeting. Thereafter, it would be put on the relevant websites.

Following a lengthy discussion, Mr Duke requested that the SAMVAL working group should receive informative feedback from the SSC and that the topic of peer review should be kept as an agenda item for future meetings.

ACTION: Raymond v/d Berg

7. POSSIBLE ASSOCIATION FOR MINERAL ECONOMICS

Ms Redman advised that she had been approached by Craig Hutton and a meeting was planned for 04 August 2016 to discuss the various options of a potential association. Ms Redman requested any members who wished to join this discussion to advise her via e-mail. The idea was to discuss a mineral economics association and to establish if there was enough interest. There was already a division under the SAIMM, with a committee constituted largely of university professors. Although the initial meeting would be quite small, Ms Redman believed it would be beneficial having this committee as part of that.

8. GENERAL

Mr Croll requested that the topic of the Readers' Panel should be made a formal agenda item for discussion at the next meeting. Ms de Bruyn and Ms Marshall would be requested to give feedback.

ACTION: Raymond v/d Berg

Mr McDonald asked whether the Companion Volume Conference had delivered on its goal of providing guidance on the correct implementation of the SAMVAL Code. He suggested that the quality of papers should be discussed, as well as whether there was a need for follow up. Ms Redman agreed that there should be constant follow up. Mr van der Berg advised that some of the reviews suggested that not enough time was spent on best practices. People found the conference very informative, but expected more elaboration on changes that were made. Some of the presentations were considered "entry level" and they would have liked more presentations on practices that would have been beneficial to the project. In addition, some people would have preferred to see more case studies. Ms Redman pointed out that it was difficult to get papers for such conferences and SAMVAL had only had on session. Mr McDonald believed the comments provided pointers as to what was required.

Ms Redman reminded the meeting of the Valuators' Colloquium in 2017 and that she would be inviting members to submit papers for that.

9. DATE OF NEXT MEETING

The next SAMVAL Working Group meeting was scheduled to take place on 24 November 2016 and details of the October brainstorming workshop would be circulated to all members.

ACTION: Andy Clay

The Chairman thanked all for their participation.

SUMMARY OF KEY ACTION ITEMS
All members
Provide K Redman with comments and feedback on IMVAL Version 1
Kelly Redman
Arrange working group to discuss SSC consultation paper
Raymond van der Berg
Circulate SSC consultation paper to all members
Andy Clay
Prepare and circulate Excel spreadsheet with answers
Rob Croll and André van der Merwe
Scrutinise SSC document and look up information previously submitted
Raymond van der Berg
Set up meeting to co-ordinate responses and make submission
Raymond van der Berg and Andy Clay
Schedule and arrange workshop to discussion IMVAL
Kelly Redman and Andy Clay
Attend meeting at SACNASP re registration
Raymond van der Berg
Put topic of “peer review” on agenda for November meeting
Raymond van der Berg
Put topic of “readers’ panel” on agenda for November meeting
Andy Clay
Circulate details of October workshop