

API AGM 2020 MOTIONS

This Information Paper seeks to support API members in their AGM2020 Motion Voting decisions, to provide detail on our History and real time data analysis to support the positive and important strategic rationale.

API Professional Membership History

The API has had a long history of adapting and evolving to the needs of its members. The view that we are a membership organisation just for valuers was abandoned back in 1998 with the move from the name from the Australian Institute of Valuers and Land Economists to the Australian Property Institute.

The API Board Strategy (and National Councils before them) for many years, has been to support, develop and grow the important, highly valued and sought after skillsets and analytical experience of our national cohort. We must be future focussed and play a valued position in the emerging careers across the Australian property sector which has 1.43 million FTE employees.

We value highly our diverse range of members, the volunteers on our Committees and Working Groups, our financial services, insurance and banking sector colleagues, event speakers and advisers. Additionally, we acknowledge the cohort of professionals who rely upon on our members for their expertise and property insights to assist their work and who are part of our ecosystem, some as members, some who may wish to join.

Constitution

For over 30 years, the API has long been committed to being the home of the property professional and to providing a genuine home to all professionals working within the property industry. This has been undertaken in various ways over time, with varying levels of success. Analysis of a range of other member organisations in the space indicates that there is no one single organisation that provides individual membership and education to property professionals.

Our API Constitution contains clear statements in our **Objects (Cl. 2) and our Vision and Purpose Statement (Schedule 1)** that we remain focussed on property professionals, including Valuers and our P&M Valuer cohort. There is no intention to stray from this focus.

In our Constitution (cl 5.1(f), (as in many Association Constitutions) the Board is authorised to create new membership categories. For example, the new 'Connect' category (a general membership category only) which was introduced in late 2018 is not listed in the Constitution.

In its most simplistic form, the purpose of the AGM Motion 1 is to grant voting rights to our Professional membership categories, PMAPI and MAPI, in recognition of the professionalism, qualifications and ongoing education and professional development that will continue to be built on.

This proposition acknowledges professional membership for peers of comparable standing, qualifications and competency with a shared passion for property. This is in contrast to our Connect offering, which provides a less demanding membership path without voting entitlements and CPD training requirements.

There is no proposal to alter voting rights - only to ensure all professional members are able to vote and participate in Board membership.

This is not a new approach. It is simply the correct ratification of the existing environment and clear transparent communication of that.

In January 1988, the then President spoke of the reasoning behind broadening the membership base and said “*The reason for broadening the membership base is to bring people who have completed valuation courses approved by the Institute and who are engaged in an acceptable discipline of real estate but not involved in valuations.*”

In 1998, the President observed the growth of the property advisory area to sit side by side with valuation and said we need to market to the new areas of business and “*the opportunity exists to promote Institute members to the community, business and government as professional property experts*”.

See more from scanned pages from our old journals: https://www.api.org.au/wp-content/uploads/2020/05/Newspaper-Articles-API_200520.pdf

Membership Composition

Our Members operate across the property profession and, as the future of work evolves, we have experienced, and will continue to see, shifts in the sector and career paths in response.

Our current membership data shows a membership of 8025. We have been open in our communications with members that we remain cautious looking at old data, due to outdated systems in place and process changes over time. Through the implementation of our new CRM, we continue to work to cleanse this data. Our data doesn't currently show reliable specific sector breakdown. **Looking at the APIV data - 3250 individual and 460 corporate members. We know this is correct.** In fact, we have received approval for a refund of some \$30K from the Professional Standards Councils for historical overpayment for APIV fees that were based on older duplicate and triplicate data.

In our 2021 APIV Limited Liability Scheme renewal project which is in its early phases of consultation with the PSC, we have plans to expand to incorporate protections for our P&M Valuers.

No changes are proposed to existing standards and credentialing of our CPV and RPV categories.

Of our Associate Members (AAPI), **not all hold ONLY CPV certification.** The remainder hold a variable of other certifications or non-property valuer certifications or do not practice valuation. This demonstrates that whilst valuation may have been their initial entry point, they have entered into additional areas of the property sector. Thus, the raw numbers of RPV/CPV misrepresents what is actually happening amongst the membership.

We are finding that over time these members leave the API as the cost of maintaining the valuer certification and having to undertake CPD points, does not represent value for money, nor rational sense. Exit interviews indicate they would like to stay associated with the API and would do so if a professional membership and a well-developed, relevant professional development programme made available.

This is further supported by the data on the RPV/CPV categories which shows that there has been a decline in member numbers in these valuer categories between April 2018 to 1 April 2020. Despite an influx of 668 new RPV/CPV members over the past two years, the gross number is in decline and when you factor in new members masking exiting members, the actual factual decline is 834 valuer members in two years.

This outflow of members of the API is not ideal, and which without positive action to sustain membership numbers (at a time when younger professionals are less willing to commit to 'joining'

any organisation), would inevitably result in future Boards having to choose between increases in membership fees or reductions in the scope of API activity or service levels.

Offering a membership category that enables remaining a member of the API (MAPI) and pursue qualifications that are relevant to their current area of practice, offers relevance for these professionals and allows the API to retain our highly valued professional cohort.

We have been discussing the MAPI professional membership category with the Board, State and YPP Committees since October 2019, included information in reporting and received much quality input to its design.

We believe that our growth in non-valuer categories must be targeted, relevant and high quality. We can best achieve this by providing a professional membership (not Connect) to non valuer members. Cross fertilisation of ideas and knowledge of professionals from diverse property sectors supports a growth mindset. Additionally, the right to participate and provide valuable input to the governance framework of the API (by participating in voting and an opportunity through our yearly election process, board membership) will greatly enhance the ecosystem that is the API for its future.

We see, with the increasing use of tech in valuation, the valuer role as a trusted, professional, highly credentialled adviser. Our expanded approach to memberships and certifications more easily builds pathways for our members to be retrained quickly in the face of change to their practice.

Adapting to change and best practice

Professional Membership organisations in Australia are adapting to the need to adjust member pathways as the fourth and fifth industrial revolutions impact our workforce. New jobs are emerging regularly and the professionals entering these exciting new careers are seeking connections with other nimble professionals. **To quote Des Solly the 1998 API President “The world today is one of relentless change and as a result becoming very complex. It is a world of consumerism where it is essential for survival that we all aspire to world’s best practice in meeting the demands of clients”**

The Royal Australian College for General Practitioners recently completed a mapping exercise that resulted in 38 member pathways. The Institute of Architects is proposing a Constitutional change to “establish a contemporary, flexible membership framework with the detail of membership classes, previously included in the constitution to be included in a new regulation.”

The Board of the Governance Institute of Australia has the power to determine the various classes or categories of membership of the Company and the requirements for admission as a Member in a particular class (6.2(d) and 6.2(e) of its Constitution).

The AICD membership classes are determined from time to time by the Directors (clause 2.1 of its Constitution).

A responsible Board will always look at the sustainability of membership and adapt. With an average of 33% ¹of graduates of the API accredited degrees becoming valuers, we need to provide alternate professional membership pathways to match where these young professionals work. For example, property analysis, property finance, asset management, funds management. One of the biggest challenges for membership organisations is managing the generational spans across the workforce, to provide personalised, intuitive membership structures to link career pathways and aspirations.

Lowering Educational Standards

¹ Data from Universities via University roundtables February and March 2020

There are no plans to lower standards for any category of membership. We have been very clear on this fact in all our communications to date.

The number of members holding our additional certifications, that were first developed in 2011 and 2012, remains low. This is because we have not always clearly articulated the value proposition and aligned high value and relevant education programmes. That is what the API is doing now with the educational pathway review. A large majority of our property professionals do not have a membership home (developers, funds managers, analysts) and those with homes (lawyers, engineers, architects) seek membership to learn more about their clients and thus improve their services.

Our Education focus to date has been to unpack all our certifications in order to clearly understand existing and possible future membership pathways and we continue to evolve our thinking and working documents in this regard. **There has been a concerted effort to unpack the pathways to all property sector specialisations, our categories and certifications (for eg. P&M, Govt, Finance, etc..) as there exists a combination of API accredited degree, partially qualifying degrees, a US course and grandfathering of membership in many cases over time.**

This makes it hard to attract new members to any category and the API will continue to settle clearly articulated pathways across all property sectors.

This position is supported by the fact that curriculum reference groups have been created to better understand and support professional development, competency validation and career needs and pathways for all our members, including Government, P&M, Finance and Infrastructure-orientated valuers. We have already established reference groups for member consultation for the Government and P&M specialist valuers and more are planned.

There is no proposal to reduce the work experience time for either RPV or CPV.

Motion 2 -Board Eligibility

The Board has determined that implementing this Motion will achieve strong corporate governance, ensure ongoing Board turnover and opportunity for new directors, and ultimately provide API Members with greater decision making regarding the election of directors.

The Board of API has discussed various options for the tenure of directors. Some of the options canvassed by the directors included matters such as increasing the length of terms; Increasing/decreasing the maximum number of terms; and changing the period of time before a director is eligible for re-election after serving their maximum term.

The Board concluded that the most transparent method in reviewing the tenure of directors, was to change the period of time before a director is eligible for re-election, rather than the length of a term or maximum number of terms. **This option allows Members to maintain the greatest degree of control in who is elected to the Board, and how long they sit on the Board.**

This ensures ongoing Board turnover and strong corporate governance. API trusts that its Members are best placed and will continue to make the best decisions for the organisation as to who they wish to have represent them on the Board in our yearly Election cycle.

Many membership organisations have gaps of 2-years or less before a director is eligible for re-election. For example, the Governance Institute of Australia Ltd Constitution specifies that directors

can serve a maximum term of 6 years and must then wait 12 months before being able to serve a further term.