

Modern methods for improving the quality in land valuation training

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Key words: Knowledge Management, Land Valuation, Land Administration, Network-based Training, e-Learning

SUMMARY

One of the key elements of sustainable market economy is seen in the establishment of a transparent and efficient land market. Experience to date and former EU assessments (e.g. *ACE programme. P2128R- the development of land markets in Central and Eastern Europe, World Bank reviews*) show that these markets in the new EU members and acceding countries suffer significant impediments to development in terms of access to land information, the availability of financial instruments and the ability to secure credit. One of the core parts of these barriers is the lack or insufficient operation of land valuation resulting in difficulties in land registration, taxation, agricultural subsidies, sales and lending. In this respect the main shortage is due to the fact that the systems are dependent upon a limited pool of technical expertise to create and maintain the valuation rolls and to provide an effective support to the land market.

The enlargement of the European Union has brought new dimensions together with a number of challenges, opportunities and requirements for its new members to be integrated as partners in future cooperation on education and training initiatives at European level. Multimedia and Internet technologies are opening new pathways to lifelong learning in universities, schools and workplaces. Knowledge and the ability to create, access and use it effectively has long been a key driver of economic and social development. The Commission is giving a new impulse to e-Learning and knowledge society skills by providing financial support to innovative projects to encourage co-operation, networking and exchange of good practice at European level.

The Pilot Project RO/05/B/P/PP175018 - *Develop quality training approaches for property market valuation professionals for an effective property tax administration* under Community action programme on vocational training (Leonardo da Vinci – 2000-2006) aims to contribute to the acquisition of new skills and knowledge of a broad range of professionals involved in land valuation and to provide support towards an active participation in an information-driven society. The ultimate challenge is to share the best European practice by trans-national cooperation in order to increase the capacity of transitional economies towards mass valuation and *ad valorem* taxation system.

1. E.U. TARGETS AND INITIATIVES FOR BUILDING SKILLS AND TRANSFERING KNOWLEDGE

“A Europe of Knowledge is now widely recognised as an irreplaceable factor for social and human growth and as an indispensable component to consolidate and enrich the European citizenship, capable of giving its citizens the necessary competences to face the challenges of the new millennium, together with an awareness of shared values and belonging to a common social and cultural space²”. The Bologna Declaration is the cornerstone of EU policy in promoting the knowledge dissemination throughout Europe. In follow-up actions new milestones have been established to consolidate this strategic approach.

The Copenhagen Declaration, issued in 2002, strengthens previous European Commission stances on Europe's transition to a knowledge based economy and EU enlargement. The Declaration calls for increased VET cooperation among the candidate states, EFTA/EEA countries and social partners to facilitate labor mobility and access to lifelong learning. The ministers decided to cooperate on such areas as transparency and recognition of qualifications and competences, and quality assurance. The Copenhagen Declaration asked for the development of common European references, tools and principles, which can usefully support national policies and reforms, and contribute to developing mutual trust.

According to the Commission of the European Communities³ a comprehensive and coherent lifelong learning strategy for Europe should aim to:

- Guarantee universal and continuing access to learning for gaining and renewing the skills needed for sustained participation in the knowledge society;
- Visibly raise levels of investment in human resources in order to place priority on Europe's most important asset – its people;
- Develop effective teaching and learning methods and contexts for the continuum of lifelong and life wide learning;
- Significantly improve the ways in which learning participation and outcomes are understood and appreciated, particularly non-formal and informal learning;
- Ensure that everyone can easily access good quality information and advice about learning opportunities throughout Europe and throughout their lives;
- Provide lifelong learning opportunities as close to learners as possible, in their own communities and supported through ICT-based facilities wherever appropriate.

To meet this challenge the European Commission's Leonardo da Vinci Programme serves as a laboratory of innovation in the field of lifelong learning.

The programme promotes transnational projects based on co-operation between the various players in vocational training - training bodies, vocational schools, universities, businesses, chambers of commerce, etc. - in an effort to increase mobility, to foster innovation and to improve the quality of training.

² Joint declaration of the European Ministers of Education, Convened in Bologna on the 19th of June 1999

³ <http://europa.eu.int/comm/education/policies/lll/life/memoen.pdf>

2. QUALITY IN TRAINING OF LAND VALUERS BY TRANSNATIONAL PARTNERSHIP – THE PREMISYS FOR A FAIR TAXATION SYSTEM

2.1 Encountered problems

In the Central and Eastern European countries the need to improve the property tax system gains an increasing recognition. Governments are facing public demands and expectations for public sector revenues. The property tax is an annual tax imposed on real property usually by reference to an *ad valorem* tax base (calculated according to the value of property). The relevance of property taxes lies in their local importance and in their ability to allow local communities to provide for locally determined needs. The taxation system of a country is subservient to national social and economic aims but it should rely on specific knowledge of history and international experience. In Romania the Local Public Administration is that in charge to levy the property tax as a local tax and the main source of local revenues. The implementation of an effective property tax system faces technical difficulties that can restrict its progress. Such key factors include:

- The system is dependent upon a pool of technical expertise (of which there is a shortage) to create and maintain a valuation roll, and to establish and conduct the appeals process;
- Parts of the process can be time consuming and expensive for example compiling a comprehensive list of rateable properties, outsourcing services to the private sector, establishing administrative and infrastructure support (such as dedicated IT systems for both valuation and the financial accounting system), etc.
- There is a lack of unity in terms of the basis of assessment. In practice are used different basis of assessment for statutory valuations and for property tax valuations. The definitions are not clear neither the methodology used for assessing the market value. These lacks in definition could determine additional fiscal obligations to the taxpayers and could aim to fiscal evasion and to a decrease in the level of investments.
- The evaluation standards needed to define a core approach are not sufficiently known by the practitioners and they are not harmonised with the European standards.
- There is a lack of an effective educational system for property assessors at an professional recognisable international level and the profession of property assessor is still not clearly regulated and sound certified.

These impediments to a sound functioning of the taxation system could affect the tax payers and lead to :

- Unfair taxes
- Tax dodging
- A decrease of investments.

2.2 A Solution – Building skills and transferring knowledge to land valuers

The scope of the Project “Develop quality training approaches for property market valuation professionals for an effective property tax administration” financed by the European Commission in the framework of Leonardo da Vinci Programme is to come up with an effective solution. The same time, the Project to be implemented along 2 years period (Nov.2005-Oct.2007), directly suits the new policy framework set by Copenhagen Declaration.

The proposal came as a response to problems identified in a study⁴ of valuers’ education and training in Romania, undertaken as part of the World Bank/Romanian Government Land Registration and Cadastre Project in 2001. The report showed that there were serious weaknesses in the training of land valuers so that those training in Romania were not receiving the level of education generally accepted as the international standard. It identified the consequences of this in areas such as taxation, banking and the efficiency of the land market and made recommendations as to how these might be remedied.

In this respect the *Regional Training Center for Local Public Administration Bucharest as Project Promoter* together with *ANEVAR – Romanian National Association of Valuers and Technical Civil University Bucharest - Faculty of Geodesy* established a reliable partnership based on complementary competencies in order to enable the project to bring the best outcomes the Romanian specific needs.

Project’s European dimension is provided through a team of 6 partners bringing complementary range of expertise and having international references that represent 4 countries, as follows: National Professional Associations (*ANEVAR* of Romania), Universities (*Oxford Brookes University* of U.K., *West University of Hungary* and *Technical Civil University Bucharest* of Romania), Training Centers (*CVT Agricultural Training Center* of Greece and *Regional Training Center for Local Public Administration Bucharest* of Romania).

Based on a multi-player partnership a particular emphasis is paid to quality assurance in developing training tools, instruments, good practice and models and as well in establishing quality indicators based on the international practice and interactive self evaluation approach. Considering the development of training products in the European model of land/real estate valuation occupational standard, all the project outputs are developed in line with this standards in order to be recognized and disseminated within the professional community in the partners’ countries and even broader.

⁴ The survey was conducted by a group of foreign and local consultants of *Kampsax Geoplan*- Denmark

The challenge is to reach the next main outcomes:

- To undertake a review on the existing situation in 4 European countries in terms education in land property valuation in order to identify the lacks, specific requirements, best practices and potential capacities in developing modern educational approaches;
- To draft a handbook on the effective training on property valuation procedures and standards for the purpose of land taxation (based on the comparison of the experience in the partner countries);
- To develop appropriate learning schemes to facilitate access to learning for land administration managers, land valuation officers, recent graduates seeking for a profession and unemployed graduates seeking for reconversion in line with the European requirements;
- To provide a collection of study cases of best practice comprising the experience in 4 European countries;
- To convert in digital form the information contained in the handbook and the collection of best practice to be disseminated by Internet.
- To organise pilot training courses for trainees and trainers working in the field of land valuation and land taxation for the Local Government based on the products developed under the project.
- To establish Centres of Excellence for training in land valuation in partners' countries for vocational education and for continuous training
- To accredit training courses by each national authority in the partners' countries (i.e. in Romania the authority is *Romanian Council for Occupational Standards and Accreditation*) based on a training curricula to be developed in line with European Occupational Standards .

The project targets directly the development of practices in order to facilitate access to training for people disadvantaged on the labour market and to enable a fair transfer of knowledge towards less economically developed areas where training resources are poorer. It is expected that the Project will positively impact on the competitiveness and on the entrepreneurship in the field of land valuation throughout 4 European countries. Consequently, enterprises, both in the large-, medium- and small-scale business will benefit.

For Romania, that is engaged in the application of real property restitution laws (where *ad valorem* compensations have to be determined) and considering both the requirements for a fair taxation of real property and as well the need for an effective and transparent land market, the establishment of a high professional body of land valuers IS A MUST.

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BIOGRAPHICAL NOTES

Virgil Pamfil is Deputy Director of Regional Training Centre for Local Public Administration Bucharest. He was for 6 years (1997-2003) the Head of Cadastre and Land Registration Project, aiming to modernise the land registration system in Romania. Registered as licensed land valuer, trainer and project manager he has got valuable experience in land administration. Between 1994-1996 he was a member of the UN/ECE Task Force for Land Administration Guidelines.. His current position and his experience have enabled him to develop learning programs and knowledge management.

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