

Our Ref DOIA 24-249

Your Ref OIA Request

12 April 2024

██████████
██████████@bigpond.net.au

Wellington Office

Radio New Zealand House
155 The Terrace

PO Box 5501

Wellington 6145

New Zealand

T 0800 665 463

F +64 4 472 2244

E customersupport@linz.govt.nz

W www.linz.govt.nz

Tēnā koe ██████████

Response to your official information request

Thank you for your official information request received on 26 March 2024. You have requested documentation relating to guidance or instructions given by, or under the authority of, the Valuer-General to valuation and property services companies such as QV, particularly in relation to Rule 2.4.1.2 of the currently operative "Rating Valuations Rules 2008".

Contextual Background

In accordance with the Rating Valuations Act 1998 (RVA), all Councils in New Zealand must complete a general revaluation of their district at least once every three years. Kaipara District Council completed its most recent triennial general revaluation with an effective date of 1 September 2023. The Valuer-General (VG) is required to audit and certify that every general revaluation meets the required standard before it can be implemented and used for rating purposes. Part of the standard VG audit process includes a review of rural/lifestyle properties rating unit compliance with the requirements of Rule 2.4 of the Rating Valuations Rules 2008 (RVR).

For the most part one title equates to one rating unit, however, there are some exceptions including where two or more titles owned by the same person or persons could constitute one rating unit if a substantial improvement straddles the boundary or where the property is used as one farming operation and it is likely to be sold as one farming operation. This requires valuer judgment as at the effective date of the revaluation and in the case of substantial improvement the rating unit decision turns on the value contribution of the straddling improvement; in the case of a farming operation the rating unit decision turns on whether the likely selling price of the individual titles, if hypothetically transacted in the market conditions of 1 September 2023, would be maximised by selling them separately or as one combined holding.

The RVA empowers the VG to make rules from time to time in relation to valuations and district valuation rolls, subject to completing appropriate consultation. As part of any new rule making process the VG produces a preliminary version that includes any proposed rule changes and this provides a basis for consultation with valuers and local authorities in accordance with S5 (3) (c) of the RVA. The terms “substantial improvement” as used in subclause (a) and “it is likely” as used in subclause (d) have been a part of all past and present versions of the rules, however, they have never been legally defined. The prevailing view is that as the rules relate to the assessment of property valuations then the terms need to be considered in the light of any resulting value implications. The definitions of Capital Value and Land Value in the RVA require valuers to determine the highest and best use (a term defined in the International Valuation Standards effective 31 January 2022) at each revaluation date or in other words the use that would produce the greatest value/selling price outcome.

The VG has produced a revaluation handbook which represents the regulatory view of the application of the terms when deciding on rating units and a copy of the parts relevant to your request are enclosed. The handbook does not represent mandatory requirements and instead provides guidance for valuers when applying the RVA and the Rules. The Council and their valuation service providers, Quotable Value (QV), should apply a consistent approach to determining rating units at each revaluation and there is an objection mechanism in the RVA to test the outcomes.

With respect to your observation that some neighbouring properties may have different rating unit treatment, it could be that QV have determined that these properties would likely sell as one farming operation therefore one rating unit rather than this decision being based primarily on the impact of substantial straddling improvements?

The process for determining what constitutes a rating unit on the district valuation roll is prescribed in S5B of the RVA and this represents the individual property to be valued. S5B of the RVA is different and more prescriptive than the wording used in S20 of the Local Government (Rating) Act 2002, which only applies to the subsequent rating treatment of rating units in common ownership rather than the initial valuation process. As a result, the RVR wording has to follow the more prescriptive rating unit criteria set out in the RVA.

The next general revaluation of the Kaipara District will take place in 2026 and the valuers will again be required to review the appropriate rating unit treatment of properties based on the prevailing market conditions at that time.

In response to your request please find enclosed the information requested comprising preliminary rule documents from the Office of the Valuer-General and marked up copies of relevant pages from the Rating Valuations Rules versions 1, 2 and 3 and the Rating revaluations handbook.

We are of the view that the withholding of the information is not outweighed by the public interest to make that information available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note, this response letter outlining our decision on your request, **with your personal details withheld**, and any attached documentation will be published on the Toitu Te Whenua Land Information New Zealand website. This is likely to be published around the end of May 2024.

I trust this letter is of assistance and provides the information sought.

Nāku noa, nā



Neill Sullivan
Valuer-General

Proactive release