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Rating Valuations Rules 2008

Proposed New Rule 9 - Reporting Requirements for Nature of Sale

Submissions on behalf of The Law Association of New Zealand by the Property Law Committee

INTRODUCTION

The Law Association of New Zealand (The Law Association) is an independent membership organisation for the New Zealand legal profession with more than 11,000 members. The Law Association maintains expert law committees that support legal review and policy advocacy on important issues.

This submission is made by the Property Law Committee (the Committee / We) in response to the Land Information New Zealand (LINZ) request for comment on the proposed reporting requirements for sales under the Rating Valuations Rules 2008 set out in the consultation document dated 27 May 2026. We thank you for the opportunity to provide submissions.

SUBMISSIONS

1. **Purpose of the Changes**

    1.1. We support the objective of the production of rating valuations in a nationally consistent, impartial, independent and equitable way and in a timely manner. That relies on the quality of the information provided, of which lawyers and conveyancers are a key component, given they complete Notices of Change of Ownership providing that information.

    1.2. While we can comment on proposed new Rule 9 and Appendix I Table 28 of the Rating Valuations Rules 2008, meaningful consultation is difficult where the operative regulatory provisions have not been made available. Stakeholders cannot properly assess the practical compliance burden or legal effect of the proposed reporting obligations. We would welcome an opportunity to comment on the draft regulations before they are finalised.

2. **Reporting Sales**

    2.1. Rule 9.1 talks about “reporting a sale” when in fact what is being reported is a transfer of land rather than a sale, which is only one type of transaction referred to in the proposed Table 28. The language should be amended to reflect the nature of the transaction rather than referring solely to a sale. The relevant concept is the nature of the property transfer.

    2.2. The word “instrument” under our land titles system usually refers to a formal legal document recording a specific transaction affecting a property. Rather than an instrument type being a sale and purchase – it would be a transfer instrument for a sale and purchase in Table 28. A better descriptor would be "Transaction type" rather than "Instrument Type".

2.3. We query what the purpose is for the extensive additional types of transactions and how they impact on rating valuations, and what the purpose is of collecting that data for the purposes of the rating roll. Under the Privacy Act 2020, information should not be collected unnecessarily. Using the reference of "sales" in Rule 9, again is inconsistent with the types of transactions data is being collected on. It appears there would need to be consideration to explain the valuation purpose served by each additional data field and demonstrate why collection of the information is necessary and proportionate to that purpose.

3. Nature of Sale

3.1. Currently under s31 of the Local Government (Rating) Act 2002, owners of a rating unit are required on the sale or transfer of a rating unit to advise the name and address of the purchaser and in the case of a sale the sale price within 1 month of the transfer and acquirers also have an obligation. Solicitors and other authorised agents have an obligation under s31(4) to notify. There are also requirements to notify on the surrender or terminations of leases or licenses (s32) and on the transfer or assignment of a lease or licence (s33).

3.2. We note that under s52 of the Rating Valuations Act 1998 regulations may be passed under s52(e):

> *"specifying the matters on which any person is required to provide any information (including requiring any vendor to notify the Valuer-General of the sale price of any property) for the purposes of this Act."*

3.3. New regulations would need to be passed to cover the information sought in Table 28 and the "Nature of Sale" – which should be the "Nature of Property Transfer".

3.4. We note that there is no provision for the provision of information on the termination or surrender of leases or licenses or their surrender which is in ss32 and 33 of the Local Government (Rating) Act 2002, we recommend consideration be given to including equivalent reporting requirements for the termination or surrender of leases or licences.

3.5. Definitions of "open market", "off market" and "market valuation" should be provided to ensure accuracy. For instance, how old can a valuation be to still be accepted as a market valuation? Does it have to be a registered valuer or can an agent or other person provide a valuation? How would Public Works Act transactions be dealt with, whether negotiated or compulsorily acquired, and how would a transfer/vesting under legislation be treated? Road stoppings are sometimes done by Gazette notice also – so there may be confusion if a transaction can fall under more than one category. Furthermore, how would one treat a transfer of a property to a trust? Would this be correctly categorised as a non-market sale or a gift? Further guidance and definitions are required.

3.6. We are aware of non-market sales where no valuer produced market valuation is obtained but it is sold on rateable value or online valuation tools agreed between the parties. Should there be a separate category for that type of transaction?

3.7. Should a mortgagee sale include a sale by a liquidator or a receiver which has warranties deleted and is sold on an "as is where is" basis?

3.8. There are also transfers required when converting cross lease and unit title properties to freehold properties, or collapse of existing ownership structures – how would these be categorised? Further consideration is required.

3.9. The proposed categories do not appear to address transfers of parts of properties undertaken for remediation, redevelopment, or restructuring purposes. Clarification should be provided as to how these transactions should be categorised.

3.10. Clarification is required regarding the categorisation of court-ordered sales, including charging order sales and rating sales.

3.11. Clarification is also required regarding the categorisation of transfers arising from the winding up of incorporated societies and transfers to successor charitable entities.

3.12. The rationale for distinguishing certain Māori land transactions from others is unclear. We recommend having a clear explanation for the policy basis for the distinction and consideration of whether a broader transaction category would provide more complete and consistent reporting.

3.13. We note s153 of the Land Transfer Act 2017 prohibits notice of a trust being entered on the register – has this been considered?

3.14. How will transactions covering multiple properties be dealt with? Vendors and purchasers readily sell multiple properties under one agreement so consideration should be given to such transactions. We therefore recommend publication of guidance and recommendations on apportionment requirements where one contract covers multiple properties and allocation of the purchase price is not available at settlement, and particularly where provisional allocations are acceptable when a final allocation is not available.

3.15. The proposed categories (in its current form) require practitioners to make evaluative judgments about the nature of transactions. In many cases the categorisation may not be clear from the transfer instrument itself and may require additional enquiries of clients, increasing compliance costs and creating a risk of inconsistent reporting. Accordingly, further consideration should be given to the scope and operation of the proposed categories. Furthermore, once categories are finalised, we recommend publishing detailed guidance and examples. Practitioners should not be exposed to penalties where information is supplied in good faith based on the information provided by their clients available at the time of reporting, as they are usually only the conduit of information.

4. Proposed Regulations

4.1. While we note we do not have the text of the proposed regulations as they have not been provided, how will practitioners deal with sale contract prices changing by negotiation after agreement but before settlement, and then what date should be used for the sale price?

4.2. If purchase price allocations have not been provided to practitioners, how can they accurately report this information when allocations may not be determined until after settlement?

4.3. It seems there will need to be an obligation on clients to provide information to lawyers so that the information provided by practitioners can be as accurate as possible in completing the notices of change. Consequently, we would recommend a certification or qualification for practitioners to tick that says the information is true and correct to the best of their knowledge, but limited to the information provided by their clients as practitioners should not incur liability where they have acted in good faith and relied on information provided by their clients.

5. Summary of recommendations

5.1. The Committee therefore recommends:

5.1.1. The terminology be amended from "sale" to "transfer" or "property transfer" where appropriate.

5.1.2. Draft regulations be released for further consultation.

5.1.3. Detailed definitions and examples be provided for each reporting category.

5.1.4. LINZ undertake further assessment of practitioner compliance costs.

5.1.5. A qualification/protection be adopted for practitioners where information is supplied in good faith.

5.1.6. Guidance be issued regarding multi-property transactions and post-settlement purchase price allocation.

CONCLUSION

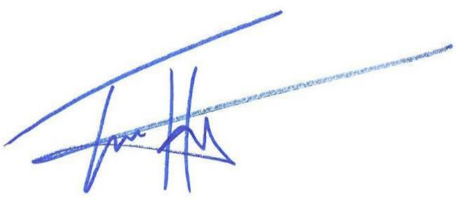
The Committee would like to thank the Valuer General and Land Information New Zealand for the opportunity to provide this feedback to assist with the improvement of the Rating Roll and valuations more generally in relation to the provision of accurate and up to date valuation information.

Should clarification be required in relation to any matters raised, please contact Gandhya Senanayake, The Law Association's Committee Executive at Gandhya.Senanayake@tlanz.nz.

ACKNOWLEDGMENTS

The Committee acknowledges the contributions to the submissions by the following member: Joanna Pidgeon.

Ngā mihi



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The views represented in this submission are not necessarily representative of the views of all The Law Association members but are those of individual The Law Association members or The Law Association committees who have responded to the consultation.