# Regulatory Impact Statement: Improving the quality of property sales data to enhance rating valuations

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| **Decision sought** | Analysis produced to inform policy decisions on regulations to improve the availability of property sales data to enhance rating valuations. |
| **Agency responsible** | Land Information New Zealand |
| **Proposing Minister** | Minister for Land Information |
| **Date finalised** | 12 January 2026 |

The Minister for Land Information proposes to use the empowering provisions under the Rating Valuations Act 1998 to make it mandatory for vendors to provide property sales data to the Valuer-General and to implement and adjust fines.

## Summary: Problem definition and options

**What is the policy problem?**

The objective of the rating valuations system is for territorial authorities to implement their rating policies. To facilitate this, territorial authorities produce district valuation rolls (DVRs) that are based on nationally consistent impartial, independent, and equitable rating valuations.

A rating valuation is an assessment of a property's market value under the Rating Valuations Act 1998 (RVA). General revaluations are carried out by territorial authorities on all New Zealand properties every three years to update district valuation rolls and provide a fair and equitable basis for territorial authorities to set property rates. Territorial authorities often contract valuation service providers (VSPs) to carry out revaluations.

The Valuer-General must audit revaluations before territorial authorities can adopt the new rating valuations as the basis for setting rates. The quality of general valuations has been declining, reaching a low point in 2022 when 65 percent of revaluations did not meet the standard set by the Valuer-General on the first attempt. This puts pressure on the rating valuation system and risks public trust in territorial authorities.

Quotable Value Limited (QV) (largest VSP) indicated that missing or inaccurate sales data accounts for 25 percent of the problem for a failed revaluation audit by the Valuer-General. Property sales information is a key input into general revaluations because it is evidence of market value. If a complete set of property sales data is available, revaluations are more likely to pass their audit first time. Inadequate provision of property sales data would be most effectively addressed through amendment to regulations under the RVA to mandate the provision of specified property sales data and introduce an enforcement regime to incentivise compliance.

**What is the policy objective?**

The policy objective is to improve the quality of rating revaluations by improving the availability and quality of property sales data. This will be achieved by mandating the provision of property sales data, to be collected by the Valuer-General and provided to territorial authorities for rating revaluation purposes, and introducing monitoring and enforcement functions by the Valuer-General. A range of indicators have been identified that will be used to track the impact of the proposed changes in the system. These indicators will help measures success of the proposed changes.

**What policy options have been considered, including any alternatives to regulation?**

The proposal considers only regulatory interventions, as the Valuer-General's non-regulatory interventions over the past 10 years have lacked impact. LINZ considered three options:

1) **Status quo** – Solicitors and conveyancers have the ability to provide sale price and further property sales data using the Notice of Change of Ownership (NoC). However, there is non-compliance due to a lack of enforcement mechanism. Under the status quo, solicitor and conveyancer non-compliance is likely to either remain at the same level or continue to increase in line with anecdotal reports. Rating valuation quality continues to be impacted by inaccurate or missing property sales data, contributing to the decline in the quality of revaluations and the rate of failure to meet the Valuer-General's valuation standards, necessitating rework and placing additional burden on the rating valuations system.
2) **Amend the regulations under the Rating Valuations Act 1998** – The current regulations would be amended to mandate the provision of property sales data, specify the types of property sales data that must be provided, and provide for monitoring and enforcement by the Valuer-General. Option 2A and 2B provide options for the specification of types of property sales data that must be provided.
   a. **Provision of essential property sales data (preferred)** – This option involves the provision of essential property sales data, including sale price, agreement and settlement date, inclusive or exclusive of GST, land and buildings apportionment, and the nature of transaction.
   b. **Provision of full suite of property sales data** – This option is Option 2a plus the additional provision of pending sales and real estate agent details, both of which were not supported by solicitors and conveyancers or real estate agents.
3) **Amendment to the Local Government (Rating) Act 2002** (not included) – LINZ considered changes to the LGRA to address the policy problem. However, the LGRA is administered by the Department of Internal Affairs (DIA) who are not responsible for the wider valuation system. DIA have little incentive to prioritise the review of the LGRA over other legislative priorities.

**What consultation has been undertaken?**

LINZ consulted key stakeholder groups in the rating revaluation process. This included New Zealand's 67 territorial authorities, two VSPs, three professional legal bodies, and two real estate bodies. Targeted consultation ran for six weeks, commencing on 21 July 2025 and concluding on 29 August 2025. Of the 76 key stakeholder groups consulted, LINZ received verbal or written feedback (or both) from 25.

Submitters were unanimously supportive of the mandatory provision of sale price, agreement date, settlement date, sales price inclusive or exclusive of GST, and the nature of transaction. Submitters raised concerns with the collection of real estate agent details and pending sales.

Option 2a (preferred) involves the provision of essential property sales data and has been refined following targeted consultation and Option 2b is the full suite of property sales data. Option 2a does not include real estate agent details and pending sales, which are the two pieces of sales data submitters were opposed to. As such, stakeholders are supportive of the provision of essential property sales data (Option 2a).

**Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**

The preferred option aligns with the Minister's proposals in the Cabinet paper.

## Summary: Minister's preferred option

| Costs |
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| **Outline the key monetised and non-monetised costs, where those costs fall, and the nature of those impacts.**<br>**Compliance cost ($194,000–$583,000)** – Solicitors and conveyancers indicated that they are already providing the proposed property sales data (under Option 2a) into the NoC on a voluntary basis if it is readily available in the Sale and Purchase Agreement. QV indicated that for each NoC received, 20 percent are missing one or more piece of sales data. This cost then assumes that 20 percent of solicitors and conveyancers will take an additional five to 15 minutes to provide the mandated sales data.<br>**Implementation cost** – The implementation cost for LINZ will be met from the charges set for territorial authorities under the Rating Valuations (Local Authority Charges) Regulations 1999.<br>**Enforcement cost** – The enforcement cost for LINZ will be met from the charges set for territorial authorities under the Rating Valuations (Local Authority Charges) Regulations 1999. |
| **Benefits** |
| **Outline the key monetised and non-monetised benefits, where those benefits fall, and the nature of those impacts.**<br>**Valuation service providers ($637,000–$755,000)** – The benefit to VSPs considers the proportion that missing or inaccurate sales data contributes to a failed general revaluation is 25 percent, the cost to VSPs of a failed revaluation audit by the Valuer-General, administrative costs of following up missing or inaccurate sales data, and the average number of territorial authorities that fail their revaluation audit per year. Improved availability of accurate data in the system will provide efficiency benefits to the system and have flow on effects to other stakeholders involved in rating revaluations.<br>**Office of the Valuer-General ($2,000–$8,000)** – There is a benefit to the Office of the Valuer-General of time savings if territorial authorities are passing the general revaluation audit first-time because the Office of the Valuer-General will spend less time working with territorial authorities to bring their revaluation up to the appropriate level to pass audit.<br>**Territorial authorities (non-monetary)** – Territorial authorities will reduce their monitoring efforts but not remove them completely. This is because the name and address of the purchaser is required under the LGRA and is unable to be mandated through regulations under the RVA which means we are unable to monitor or enforce that information.<br>**Rate payers (non-monetary)** – This benefit assumes the mandating of sales data will provide for more equitable and accurate rate setting by territorial authorities, and greater trust in the rating revaluations system. |
| **Balance of benefits and costs** |
| **Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?**<br>LINZ has prepared a cost-benefit analysis of the proposal to amend the rating valuations regulations, using the Treasury's CBAx tool. The benefits of more timely rating revaluations outweigh the compliance cost for solicitors and conveyancers, based on a 10-year period and a 2 percent real discount rate.[1] The CBAx is based on quantitative evidence, as outlined above in the *costs* and *benefits* summaries.<br>The central case is based on 20 percent of solicitors and conveyancers taking an additional 7.5 minutes to provide the mandated sales data, the worst case is based on an |

[1] The real discount rate is an internal rate of return or the return at least as high as the Government can obtain from any other proposal of equal risk. The discounted value of net benefits is also known as the present value.

additional 15 minutes, and the best case is based on an additional 5 minutes. The central case is a positive benefit cost ratio of 5.4, based on $12.74 million in benefits divided by $2.35 million in compliance costs over 10-years. The worst case is a benefit cost ratio of 2.7, and the best case is a ratio of 10.8.

## Implementation

**How will the proposal be implemented, who will implement it, and what are the risks?**

The Valuer-General will be responsible for the implementation and ongoing operation of the proposed arrangements. It is anticipated that existing staff will be able to support these changes with reasonably minimal impact on business as usual.

LINZ is developing a monitoring solution within baseline using existing tools (Power BI) and internal resource.

An implementation risk is that there may be more non-compliance than anticipated, resulting in the Valuer-General not having sufficient enforcement capacity. This risk will be partially mitigated by the changes freeing up Valuer-General resource that would otherwise have been needed to assess resubmissions of failed revaluations. The system will be monitored to keep track of non-compliance rates and allow the regulator to be proactive about addressing any system issues.

This risk is also partially mitigated by the proposal to specify the form in which solicitors and conveyancers working on vendors' behalf may provide the mandated sales data. This is necessary as part of an automated monitoring system and removes the need for resource intensive manual interventions.

## Limitations and Constraints on Analysis

The decline in rating valuation quality is a multifaceted issue, and a number of non-legislative methods have already been put in place as mitigations. The analysis in this document is focussed on addressing the specific issue of inconsistent provision of quality sales data through a change to regulations.

The data showing the decline in rating valuations that meet the minimum audit requirements first time is sourced from the Valuer-General, who is responsible for auditing the system. The Valuer-General and system stakeholders, including VSPs, report of a lack of high-quality data in the system and the impact this has on quality revaluations.

LINZ does not have direct access to sales data in order to assess the size of the issue of missing or incomplete sales data. However, QV, a state-owned enterprise which is New Zealand's largest provider of revaluation services, estimates that 20 percent of sales notifications are incomplete or incorrect and are either missing agreement and/or settlement dates or provide false sales prices. Territorial authorities are responsible for tracking compliance with the data provision requirement in section 31 of the LGRA. Through targeted consultation, territorial authorities gave an indication that between six and 40 percent of sales notifications received have missing or inaccurate sales data.

The analysis assumes that an increase in availability of high-quality data to the rating valuations system will go some way toward mitigating the decline in rating valuation. QV indicated that missing or inaccurate sales data accounts for 25 percent of the problem for a failed revaluation audit by the Valuer-General.



**I have read the Regulatory Impact Statement, and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Signature:**
**Keryn Lavery**
**Leader – Strategy and Policy**
**12/01/2026**

| Quality Assurance Statement | |
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| **Reviewing Agency:** Land Information New Zealand, Department of Internal Affairs | **QA rating:** Meets |
| **Panel Comment:**<br>The Quality Assurance Panel, with representatives from Land Information New Zealand and the Department of Internal Affairs, has reviewed the Regulatory Impact Statement (RIS) *Improving the Quality of Property Sales Data to enhance Rating Valuations* and considers that it **meets** the quality assurance (QA) criteria.<br>The Panel is of the view that the RIS is comprehensive and clearly written and contains all the necessary information. The RIS clearly defines a policy problem, the supporting evidence and analysis is robust, accurate and balanced, with a well-considered assessment of the cost and benefits of the preferred policy option.<br>The RIS shows evidence of efficient and effective consultation with stakeholders, key affected parties and relevant experts. The RIS demonstrates that the feedback from this consultation has been properly considered, and that the proposed policy option has taken account of this feedback. | |

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

1. The objective of the rating valuations system is for territorial authorities to implement their rating policies. To facilitate this, councils produce district valuation rolls (DVRs) that are based on nationally consistent impartial, independent, and equitable valuation.
2. Rating valuations are also used widely in the economy as a proxy for market value in areas such as finance, compensation, and selling prices.

**The rating valuations system facilitates the charging of rates by territorial authorities**

3. A rating valuation is an assessment of a property's value under the Rating Valuations Act 1998 (RVA). Each territorial authority must prepare and maintain a DVR, which is a public register of rating valuations in the district.
4. Fair and accurate DVRs are essential to maintaining public trust in the rating valuations system. The DVR is the basis for territorial authorities to set rates under the Local Government (Rating) Act 2002 (LGRA). In 2023/24, $8.7 billion of councils' total revenue was from rates.[2]
5. Revaluations are carried out on all New Zealand properties every three years to update DVRs and provide a fair and equitable basis for territorial authorities to set property rates. The Valuer-General audits territorial authorities' general revaluations to certify they meet the minimum standards prescribed in the Rating Valuations Rules 2008 (the Rules).
6. Territorial authorities often contract valuation service providers (VSPs) to carry out revaluations on their behalf. Quotable Value Limited (QV) holds 89 percent of territorial authority contracts, while Opteon and Lewis Right hold contracts for the other 11 percent.

**Property sales information is a key input into rating revaluations**

7. Rating valuations reflect the likely selling price of a property on the revaluation date. This value is estimated based on sales of similar properties within the district since the previous revaluation. This means it is important that values have access to complete and accurate sales information. If a complete set of property sales data is available, revaluations are more likely to pass their audit first time.
8. If the revaluation is not certified, the Valuer-General must notify the territorial authority of the reasons why and specify areas where the revaluation needs improvement.
9. Once certified, owners have 30 working days to object to their notified ratable value but have the responsibility to demonstrate that the value is incorrect.
10. If still not satisfied with the valuation following review, the owners can ask the Land Valuation Tribunal to hear their objection. It will determine the appropriate rating values based on the evidence submitted. Land Valuation Tribunal decisions can be appealed to the High Court, and from there the Court of Appeal.

**Key legislation**

*Rating Valuations Act 1998 (RVA)*

11. The purpose of the RVA is to:
    a. provide for the Valuer-General to be a statutory officer within Land Information New Zealand (LINZ)

[2] 2025. Insights into local government: 2024. Controller and Auditor-General. https://oag.parliament.nz/2025/local-govt/docs/local-govt.pdf

   b. introduce contestability to the rating valuations market by assigning to the Valuer-General a regulatory rather than a participatory role in the preparation of DVRs
   c. repeal the Valuation of Land Act 1951 and generally restate the law relating to the valuation of land for rating purposes.

12. The RVA allows for the Minister for Land Information to recommend to the Governor-General regulations specifying matters on which any person is required to provide any information for purposes of the Act, the creation of offence in respect of non-compliance, and data controls.

*Local Government (Rating) Act 2002 (LGRA)*

13. The purpose of the LGRA is to:
   a. promote the purpose of local government set out in the LGRA by:
      i. providing local authorities with flexible powers to set, assess, and collect rates to fund local government activities
      ii. ensuring that rates are set in accordance with decisions that are made in a transparent and consultative manner
      iii. providing for processes and information to enable ratepayers to identify and understand their liability for rates
   b. facilitate the administration of rates in a manner that supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.

*Other key instruments and guidelines*

14. The RVA gives the Valuer-General the power to issue rules. The Rules prescribe the requirements that territorial authorities must meet when revaluing their DVR and recording and updating rating information in the DVR and supporting registers.
15. The Rating Valuations Regulations 1998 set out the procedures that property owners can take to object to their rating valuation when the territorial authority issues a revaluation notice.
16. The Rating Valuations (Local Authority Charges) Regulations 1999 provide for the Valuer-General to charge territorial authorities for the costs to set standards and undertake rating valuations audits.
17. The Rating Revaluations Handbook issued by the Valuer-Geneal helps territorial authorities and VSPs provide assurance to the Valuer-General that their revaluation meets the minimum compliance standards for certification.

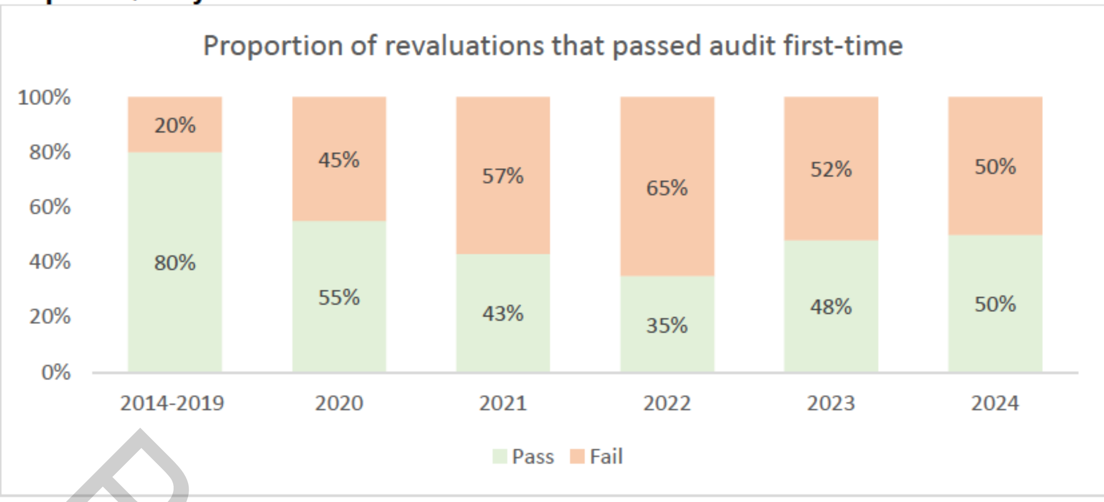
**The quality of revaluations has been declining, and recent changes in the audit process have served to highlight the issue**

18. A 2021 assessment of the rating valuations regulatory system found that, while the system fulfils its purpose, there is evidence that there are performance issues that may affect its long-term viability.[3] Furthermore, Graph 1 shows the percentage of revaluations that failed certification on the first attempt (2014-2024).



[3] (2021). Rating Valuations Regulatory Systems Assessment. Toitū Te Whenua Land Information New Zealand. https://www.linz.govt.nz/resources/research/rating-valuations-regulatory-system-assessment

**Graph 1: Quality of revaluations 2014-2024***




*Prior to 2020, the Valuer-General provided highly detailed feedback on revaluations so they could be brought up to standard within the 15-day audit window where possible. Changes to the Valuer-General's approach from 2020 have required VSPs to take more responsibility for their own quality control, and failure rates are more closely reflective of the true scale of the issue. Non-legislative steps taken by the Valuer-General (see Table 1) to improve practice may be a contributing factor to the improvement from 2022.

19. This negatively impacts the valuation system by:
    a. increasing the time and resources required for revaluation auditing by the Valuer-General, leading to decreasing performance and efficiency within the system when time and resources are not available for other tasks
    b. increasing costs for territorial authorities, and delays in other processes within the system
    c. decreasing public confidence in the valuation system due to delays in finalising revaluations
    d. increased risk that revaluations will not be completed in time to allow territorial authorities to use the DVR to strike rates. If they fail to do so by the end of the financial year prior to the year that rates are set, their rating valuations become unlawful and cannot be used to calculate rates.

**Revaluation quality is a complex issue with a number of contributing factors**

20. The number of audit failures has been a growing issue, and addressing the provision of property sales data is an independent step LINZ can take to address this.

*Low quality property sales data*

21. Property sales information is a key input into general revaluations because it provides evidence of market value. If a complete set of property sales data is available for territorial authorities and their contracted VSP, revaluations are more likely to pass their audit first time.
22. Section 31 of the LGRA requires the owner of a rating unit to notify the relevant territorial authority of the sale or transfer of that rating unit (or part of a rating unit). It also requires the sales price to be notified, although there is no vehicle for enforcement of these requirements. The Notice of Change of Ownership (NoC) is the mechanism by which a sale or transfer of a rating unit is notified to a territorial authority through Landonline when making a property transfer.
23. The prime market evidence upon which all general revaluations are assessed and justified is open market sales of properties since the previous revaluation. Comprehensive notification of all sales, including accurate price information, is essential

to achieving credible outcomes, especially in the case of rural properties or property types that are only rarely sold.

24. There is growing non-compliance in the system and supply of property sales data. The legal requirement to provide information paired with the lack of enforcement leaves a gap in vital information for VSPs when they are commissioned to do the revaluation. QV is New Zealand's largest provider of general revaluation services holding 89 percent of territorial authority contracts. QV estimate that for each NoC received from LINZ, 20 percent are missing one or more piece of sales data. To get this vital information, the VSPs are often required to chase up each individual sale to source the information required.

**If no action is taken, revaluation quality will continue to decline**

25. If no action is taken to improve the quality of property sales data, it is expected that revaluation quality will continue to decline, and system outcomes will worsen. Although the Valuer-General has taken some operational measures to try address the decline (see Table 1), these will not be sufficient to improve system outcomes. The complexity of revaluation is expected to increase as new factors in the property market emerge and are required to be taken into account in valuations (e.g., licences or consents that impact value). The market is also likely to remain dynamic due to the uncertainty of factors such as net migration levels, interest rates and the effects of climate change.
26. Continuing the status quo would have negative consequences for the accuracy and function of the rating valuations system, which would impact property owners and territorial authorities. This would likely require additional resource for the Valuer-General to bring rating revaluations up to standard and VSPs to accurately value properties and have flow-on effects on secondary users of the rating valuations system including banks, insurance providers, and the private property market.
27. In the short-term, revaluation quality issues place further pressure on VSPs to absorb the financial impact. QV reports that the average cost, absorbed by them, of each failed audit by the Valuer-General is [redacted]. In the long-term, the financial and operational impacts are likely to compound to the point where a VSP could exit the market.
28. Any VSP exiting the market or failing to finalise revaluations could compromise the rating valuations system. This would ultimately determine the credibility of the local government funding regime.

**Possible operational interventions to address the decline in revaluation quality**

29. In response to declining revaluation quality, the Valuer-General has a review of the Rules underway and is implementing operational changes. Table 1 provides an overview of interventions to address the decline.

**Table 1: Operational interventions by the Valuer-General to address the decline in revaluation quality**

| Issue | Operational intervention |
|---|---|
| Little incentive for VSPs to improve valuation quality | • Splitting the overall quality control audit score into urban and rural categories.<br>• Annual revaluation-debrief meetings<br>• More detailed audit letters to territorial authorities<br>• Annual presentations at Taituarā (formerly Society of Local Government Managers) |
| Declining institutional | • Update the Rules to require the use of valuers with local knowledge |

| | |
|---|---|
| knowledge and experience | • Workshops with VSPs<br>• Annual rural rating valuations workshops with QV |
| Valuation is becoming more complex | • Update the Rules to improve property data requirements and set standards for the DVR<br>• Rating valuations workshops with VSPs<br>• Annual rural rating valuations workshops with QV<br>• Annual presentation at rating practitioners' conferences |
| Lack of resources to do valuations | • Update the Rules to review revaluation timeframes<br>• Graduate workshops at the Auckland revaluation launch |

30. The Rules were set in 2008. A review of the Rules is underway and expected to be completed by the end of 2026. The review aims to better use digital technology in the rating valuations system, improve rating valuations processes, and make them more user-friendly. However, none of the proposed changes will address the issue of low-quality property sales data.

## What is the policy problem or opportunity?

31. Property sales data is a key input to general revaluations because it provides evidence of market value. If a complete set of property sales data is available, revaluations are more likely to pass their audit by the Valuer-General first time.
32. Property sales data is provided voluntarily by solicitors and conveyancers as part of the NoC process when property ownership is transferred following a sale. Property sales data can be entered into the NoC and transfers to territorial authorities (or their VSP) as part of the rating valuation process.
33. There is non-compliance in the system of the supply of property sales data. QV estimate that for each NoC received from LINZ, 20 percent are missing one or more piece of sales data. The lack of enforcement and legal requirements to provide data leaves a gap in vital information for VSPs during revaluations. In addition, LINZ estimates that sales data is not provided using the NoC for around 10 percent or 12,000 property transactions per year.
34. Enforcing the collection of property sales data with the purpose of improving rating revaluations requires amendment to primary or secondary legislation, as it cannot be addressed through operational changes.
35. The collection of this data will lead to an improvement in first-time revaluation accuracy and improve efficiency of the rating valuations system, including rates setting by territorial authorities.

## What objectives are sought in relation to the policy problem?

36. The overall objective sought is to partially address the decline in revaluation quality by improving the availability and quality of property sales data in the system.
37. This is broken down into two supporting objectives:
    a. Decrease the rate of missing or inaccurate property sales data in the system
    b. Ensure that valuers have the data required to accurately calculate rating valuations.
38. There are no trade-offs between the two supporting objectives; they will work together to address the overall objective.
39. Enforcement of the provision of additional sales data would mean that territorial authorities and VSPs would have a reduced burden to source missing sales data and

territorial authorities would have the appropriate tools to pass the Valuer-General's audit on the first attempt.

## What consultation has been undertaken?

40. LINZ undertook targeted consultation with key stakeholder groups in the rating revaluations process.[4] This included New Zealand's 67 territorial authorities, two VSPs (QV and Opteon), three professional legal bodies (New Zealand Society of Conveyancers, New Zealand Law Society, Law Association of New Zealand), and two real estate bodies (Real Estate Institute of New Zealand (REINZ) and PGG Wrightson Real Estate).
41. Targeted consultation ran for six weeks, commencing on 21 July 2025 and concluding on 29 August 2025.
42. LINZ first held a series of personalised meetings with key stakeholder groups to discuss the proposals. The purpose was to introduce the proposals prior to sharing the consultation document and answering any questions that arose as a result.
43. Key stakeholder groups were then sent the consultation document via email, along with a separate document of specific questions tailored to each key stakeholder group to facilitate the collection of quality feedback. The consultation document set out two proposals:
    a. **Proposal 1**: **Introduce regulations to require the supply of property sales data to support for ratings valuations system**
        - 1A. Sale price – The price for which a property sold
        - 1B. Agreement date – The date on which the sale and purchase agreement was fully executed
        - 1C. Settlement date – The date on which the property was conveyed to the new owner
        - 1D. Sales price inclusive or exclusive of GST
        - 1E. Agreed land and buildings apportionment – Amount of the sale price apportioned in the sale to the real property in the transaction
        - 1F. Nature of transaction – A classification of the nature of the transaction
        - 1G. Real estate agent details – Name and contact details of the vendors real estate agent
        - 1H. Pending sales – Sales data submitted at the time the sale becomes unconditional, rather than waiting until the sale has settled
    **b. Proposal 2**: **Introduce monitoring and enforcement by the Valuer-General**
        - 2A. Property sales data to be provided to the Valuer-General
        - 2B. Property sales data to be provided within prescribed timeframes
        - 2C. The Valuer-General to be able to impose financial penalties for non-compliance
44. The options include progressing all aspects of property sales data consulted on, and a refined set based on feedback received from stakeholders during targeted consultation. See Table 3 under Section 2: Assessing options for detailed definitions and explanations of each of the proposals above.

[4] In a small number of cases, members of the public may act as their own conveyancer and notify the sale or transfer of a rating unit. LINZ considered this and determined low risk to not reaching these individuals and if consultation with the public was undertaken, it would be unlikely that these individuals would be reached.

45. Of the 76 key stakeholders consulted, LINZ received either verbal or written feedback (or both) from 25. Table 2 provides an outline of the groups contacted against the responses received.

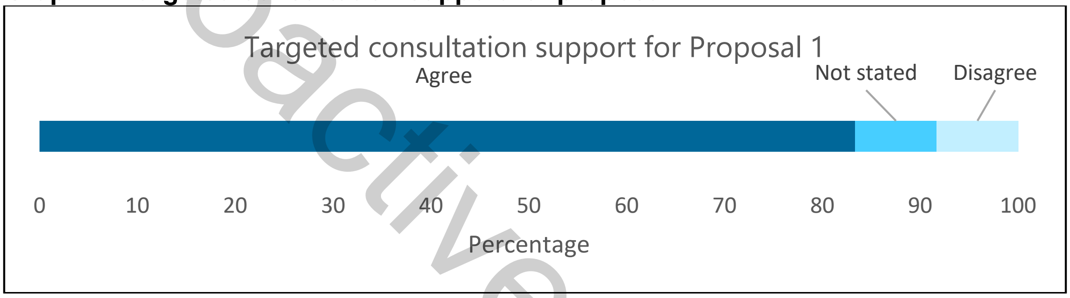
**Table 2: Breakdown of key stakeholder groups contacted, and responses received**

| Sector | Groups contacted | Responses received |
|---|---|---|
| Territorial authority | 67 | 16 |
| Legal/conveyancing | 3 | 5[5] |
| Valuation | 2 | 2 |
| Real estate | 2 | 2 |
| **Total** | **74** | **25** |

**Feedback from targeted consultation: Proposal 1**

46. Of the groups whose feedback was collected either via email or face-to-face, the majority were in favour of Proposal 1. Feedback generally supported the statement that Proposal 1 would help improve the performance of the rating valuation system, although a small number of respondents did not believe that the proposed changes would have a significant impact.

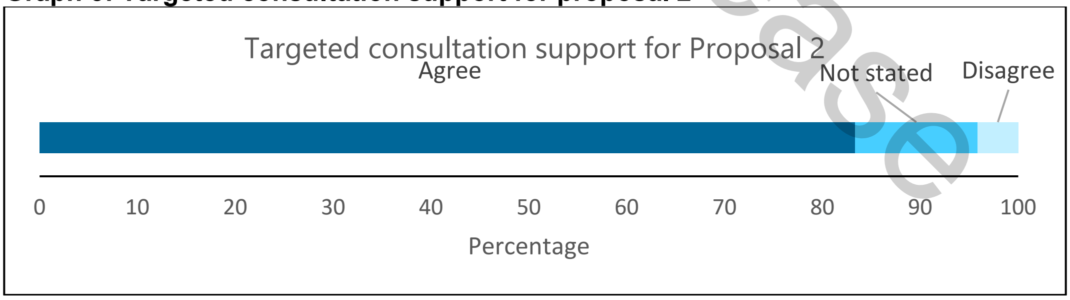
**Graph 2: Targeted consultation support for proposal 1**




**Feedback from targeted consultation: Proposal 2**

47. Of the groups whose feedback was collected either via email or face-to-face, the majority were in favour of Proposal 2. The key concern from stakeholders was that the proposed changes would affect the timeliness of the data being provided to councils. LINZ clarified with groups that the proposed changes would not impact the current dataflow arrangements, which nullifies this concern.

**Graph 3: Targeted consultation support for proposal 2**




**Concern with the collection of real estate agent details and pending sales**

48. Submitters were unanimously supportive of the mandatory provision of sale price, agreement date, settlement date, sales price inclusive or exclusive of GST, land and buildings apportionment, and the nature of transaction.

49. Submitters raised concerns with the collection of real estate agent details and pending sales.

[5] Includes two individuals that the New Zealand Law Society recommended LINZ meet with, a property lawyer and a rural property lawyer.

*Real estate agent details*

50. The proposal in the consultation document was to enforce the mandatory provision of real estate agent details, if there was one used in the sale. This would allow VSPs to easily contact real estate agents, if required.
51. VSPs and territorial authorities were supportive of the collection of real estate agent details. Professional legal bodies could see the utility of collecting the data but were concerned about possible impacts for solicitors and conveyancers under the Privacy Act 2020.
52. REINZ was strongly opposed to the collection of real estate agent details. They expressed the concern that "being contacted by VSPs to better understand transaction details will be contentious and expose agencies to litigation risk". LINZ clarified that real estate agents could not be compelled to provide information to VSPs.

*Pending sales*

53. The proposal in the consultation document was for notification of pending sales data to be submitted at the time the sale becomes unconditional for property sales that have a settlement date longer than 6 weeks. This is beneficial because sometimes property sales settlement dates are long and run outside the three-year revaluation period.
54. VSPs and territorial authorities were supportive of the collection of pending sales.
55. Professional legal bodies and REINZ were not supportive of the collection of pending sales. Professional legal bodies express that the collection of pending sales is a deviation from the current process they follow to notify sales information, which increases compliance cost. REINZ did not see the benefit of mandating pending sales and noted that clients frequently require this information to be protected to reduce commercial risk.

# Section 2: Assessing options to address the policy problem

## What criteria will be used to compare options to the status quo?

56. The following criteria will be used to compare options to the status quo:

| | |
|---|---|
| **Effectiveness** | Level of impact that the intervention will have on the quality and reliability of property sales data |
| **Efficiency** | Reduction in the amount of time spent collecting and analysing property sales data, and minimising the level of rework required due to missing data |
| **Impact on stakeholders** | The intervention minimises the negative impacts on stakeholders |
| **Implementation cost** | The collection and enforcement of property sales data can be operationalised and maintained in an efficient way |

57. As at least one piece of property sales data is not provided in an estimated 20 percent of NoC transactions by solicitors and conveyancers, the effectiveness of the options will be dependent on an appropriate enforcement provision. Monitoring the provision of property sales data will be necessary for enforcement.
58. The options throughout this Regulatory Impact Assessment have been analysed using the following key:

| Key for qualitative judgement | |
|---|---|
| ++ | Much better than doing nothing/the status quo/counterfactual |
| + | Better than doing nothing/the status quo/counterfactual |
| +/- | A mixture of positive and negative effects |
| 0 | About the same as doing nothing/the status quo/counterfactual |
| - | Worse than doing nothing/the status quo/counterfactual |
| -- | Much worse than doing nothing/the status quo/counterfactual |

59. The table below provides the property sales data consulted on to support a robust and accurate rating valuation system. The green rows represent Option 2a and Option 2b is the green and red rows.

**Table 3: Property sales data**

| Information | Definition | Explanation |
|---|---|---|
| **Sales price** | The price for which a property sold. | Property sellers are required by the LGRA to provide sales price to councils. Requiring sellers to provide the sale price to the Valuer-General under the RVA will enable the Valuer-General to take enforcement if the sale price is not provided. |

| Information | Definition | Explanation |
|---|---|---|
| **Agreement date** | The date on which the sale and purchase agreement was fully executed. | The sale price reflects the state of the market on the agreement date. Comparing the sale price and agreement data allows the contextualisation of the sale price in the market at the time the price was agreed. |
| **Settlement date** | The date on which the property was conveyed to the new owner. | The settlement date indicates when ownership of the property was officially transferred and is required for the correct attribution of valuation notices. |
| **Sales price inclusive or exclusive of GST** | Whether the sales price includes GST. | |
| **Agreed land and buildings apportionment** | Amount of the sales price apportioned in the agreement of sale to the real property in the transaction (the land, buildings and fixtures). | The sales price can include several components. Only the land and building components, excluding GST, should be used for revaluations. ALBA generally relates to large rural sales, such as dairy farms. |
| **Nature of transaction** | The nature of transaction indicates the type of transaction the property transfer is (e.g., an arms-length sale and the sale price is representative of the market). | If the nature of transaction is unknown or unclear, either more information must be sought by the valuer to understand the effect of the circumstances of the sale on the sale price or the sale should not be included in the revaluation process. Knowing the nature of transaction can speed up valuation and contributes to the accuracy of revaluations. |
| **Real estate agent details** | Name and contact details of the vendors real estate agent. | Allows valuers to easily contact real estate agents if needed. Real estate agents can provide valuers with further information about a sale where the price seems unusual or there are other outstanding factors. |
| **Pending sales** | Sales data submitted at the time the sale becomes unconditional, rather than waiting until the sale has settled (for certain property types only). | Would allow the inclusion in revaluations of sales where prices have been agreed (and are therefore reflective of the property market during the three-year revaluation period) but have not yet settled. |

## What scope will options be considered within?

60. The analysis in this Regulatory Imapct Assessment was limited to addressing the issue of lack of quality property sales data in the rating valuations system with an enforcement mechanism. The decline in rating revaluation quality is a multifaceted issue. There is a spectrum of tools for addressing the issue, ranging from non-legislative changes to a full review of system settings and legislation.
61. There are two key factors impacting the quality of property sales data: missing or inaccurate sales price and lack of specific additional data. Only options that address both factors will be considered. The two factors are interrelated, and it is considered that the benefit of only addressing one of the two will not provide sufficient benefit to justify the changes.

**Other options considered**

*Amendment to the Local Government (Rating) Act 2002*

62. LINZ considered changes to the LGRA to address the policy problem. However, the LGRA is administered by the Department of Internal Affairs (DIA) who are not responsible for the wider valuation system. DIA have little incentive to prioritise the review of the regulatory settings of the LGRA over other legislative priorities.
63. Section 31 of the LGRA primarily exists to ensure that each councils rating information data base is kept current with correct ratepayer detailed following a change of ownership. The only information that is currently legally required is the purchasers name, address and sales price.
64. Section 31 of the LGRA could be amended to include additional provisions to improve the quality of property sales data in the system. For this, the compliance burden would sit with territorial authorities to enforce, as providing additional power to the Valuer-General to support the valuation system does not sit within the purpose of the LGRA.
65. This option was not considered as feasible.

**Relevant experience from other countries**

*Australia*

66. Australian jurisdictions have similar rating valuations systems to New Zealand. A comparison of Victoria, Queensland, and New South Wales provided as Appendix 1 shows the similar information is collected by each for the purposes of undertaking revaluations.

*Ireland*

67. Ireland was considered for, but not included in, the comparison. In Ireland, homeowners self-assess the value of their home for property tax purposes.

## What options are being considered?

### Option 1 – Status Quo

68. Sales analysis by VSPs to support rating valuations is based on sales price, which is mandatory to provide under the LGRA, and property data that is provided on a voluntary basis through NoC form. There is no enforcement mechanism for the provision of sales price or the further voluntary data.
69. Solicitor and conveyancer non-compliance is likely to either remain at the same level or continue to increase in line with anecdotal reports. Rating valuation quality continues to be impacted by inaccurate or missing property sales data, contributing to the decline in quality of revaluations and the rate of failure to meet the Valuer-General's valuation standards, necessitating rework and placing an additional burden on the rating valuations system.

### Option 2 – Amend the existing regulations under the Rating Valuations Act 1998

70. Section 52(1) of the RVA allows for the Minister for Land Information to recommend to the Governor-General regulations:
    a. 52(1)(e) specifying matters on which any person is required to provide any information for purposes of the Act, including requiring any vendor to notify the Valuer-General of the sale price of any property.
    b. 52(1)(g) creating offences in respect of contravention of or non-compliance with regulations under the RVA and the imposition of penalties not exceeding $5,000.
    c. 52(1)(h) providing for other matters that are necessary for giving full effect to the Act and its administration.
71. The current regulations would be amended to:
    a. **Make the provision of property sales data mandatory** – Require solicitors and conveyancers to provide specific property sales information to the Office of the Valuer-General.
    b. **Specify the types of property sales data that must be provided** – Allow the Valuer-General to require the provision of property sales data in addition to the sales price.
    c. **Specify the form in which data must be provided by conveyancers using Landonline** – Conveyancers using Landonline will be required to use the NOC for submitting data.
    d. **Allow for monitoring and enforcement** – Make it an offence to not provide the information in a timely manner.
72. This will bring the supply of data to the rating valuation system to sit within system legislation and under the oversight of the Valuer-General. The proposed regulatory amendments would require for property sales data to be provided into the rating valuations system and provide for an enforcement mechanism of the provision of the data. The provision for the supply of sales price data in section 31 of the LGRA will remain.
73. LINZ estimates that sales data is not provided using the NoC for around 10 percent, or 12,000, property transactions per year. Mandating sales data should address this to an extent but would still allow for sales data to be provided outside of the NoC process. Specifying the form in which data must be provided by solicitors and conveyancers already using Landonline will ensure efficient monitoring and administration for LINZ and a consistent format for providing data to territorial authorities.
74. A small percentage of transactions are completed entirely outside of the Landonline system by members of the public who can continue to use 'manual' processes. As the number of manual transactions is very low, we do not have concerns about manually monitoring these transactions.
75. While the proposed enforcement approach would promote voluntary compliance, the regulations would give the Valuer-General the power to take steps to obtain this information, including imposing a penalty for non-compliance, and/or referring the matter to a professional body. This is expected to increase the supply of complete and accurate property sales data to the valuation system.

**Option 2A – Provision of essential property sales data**

76. Option 2A involves the provision of essential property sales data. The green rows in Table 3 provide further information on this property sales data. This sales data is necessary to support a robust and accurate rating valuations system, while balancing both compliance and implementation costs.

**Option 2B – Provision of full suite of property sales data**

77. Option 2B involves the provision of essential property sales data and additional sales data, that being real estate agent's details and notification of pending sales. The green and red rows in Table 3 provide further information on this property sales data.
78. Outcomes from consultation found that some of the initially proposed property sales data was not feasible to include in regulations because it would impose an unjust compliance burden on stakeholders and unfeasible implementation costs for the regulator.

**How do the options compare to the status quo/counterfactual?**

| | Option 1 – Status Quo | Option 2A – Provision of essential property sales data | Option 2B – Provision of full suite of property sales data |
|---|---|---|---|
| **Effectiveness** | -<br>If nothing is done, the quality of data available for rating revaluations continues to decrease. | ++<br>This option will both produce more accurate property sales data, with fewer missing values, and increase the amount of information available to valuers when assessing a property's rating valuation.<br>The regulator is investigating the feasibility of operationally addressing pending sales and real estate agent details.<br>Regulations are more straightforward to implement than primary legislation, allowing increased flexibility to respond to future requirements. | ++<br>This option will both produce more accurate property sales data, with fewer missing values, and increase the amount of information available to valuers when assessing a property's rating valuation.<br>Regulations are more straightforward to implement than primary legislation, allowing increased flexibility to respond to future requirements. |
| **Efficiency** | 0 | ++<br>Making it mandatory for solicitors and conveyancers to provide property sales data through regulations will ensure that the level of rework by VSPs would reduce. This, in-turn, will improve the efficiency of the rating valuation process because less time will be spent on analysing property sales data. This option also provides little deviation from solicitors and conveyancers current practice when providing mandated and voluntary sales data through the NoC. | +<br>Making it mandatory for solicitors and conveyancers to provide property sales data through regulations will ensure that the level of rework by VSPs would reduce. This, in-turn, will improve the efficiency of the rating valuation process because less time will be spent on analysing property sales data. However, mandating the collection of pending sales will reduce efficiencies for solicitors and conveyancing professionals by changing the process in which they provide mandated property sales data. |
| **Imapct on stakeholders** | - | + | +/- |

| | | | |
|---|---|---|---|
| | If nothing is done, the work of stakeholders such as the Valuer-General and VSPs will continue to be negatively impacted. | This option will have a minor negative impact on solicitors and conveyancers who are not already providing the data on a voluntary basis as they will need to change their processes to supply this data.<br>This option will have positive impact on other stakeholders (territorial authorities, VSPs, property owners) due to the increase of accuracy of rating valuations and data in the system. | The inclusion of pending sales would create a need for solicitors and conveyances to access the NoC much earlier in the conveyancing process. This would impose an undue compliance burden.<br>This option would have a substantial positive impact on other stakeholders (territorial authorities, VSPs, property owners) due to the increase of accuracy of rating valuations and data in the system. |
| **Implementation cost** | 0 | 0<br>The NoC already provides for the collection of some types of the proposed property sales data (see Table 3). The NoC can be upgraded to collect new types of data during schedule upgrades of the Landonline system and without additional cost.<br>Additionally, there are stronger incentives to undertake compliance for the regulator than for territorial authorities. | --<br>The NoC already provides for the collection of some types of the proposed property sales data (see Table 3). The NoC can be upgraded to collect new types of data during schedule upgrades of the Landonline system and without additional cost.<br>The inclusion of pending sales would create a need for the NoC to be accessed by solicitors and conveyancers much earlier in the process. The NoC would need to be rebuilt to account for this change.<br>Additionally, there are stronger incentives to undertake compliance for the regulator than for territorial authorities. |
| **Overall assessment** | -2 | 5 | 1 |

### What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

79. **Option 2A – Provision of essential property sales data** is most likely to achieve the policy objective to partially address the decline in rating revaluation quality by improving the availability and quality of property sales data in the system and enforcing compliance. This option can be implemented in a timely manner.
80. The non-regulatory option for implementation is encompassed in the status quo. However, the increasing non-compliance in the system by solicitors and conveyancers in the provision of property sales data needs to be addressed through an enforceable mechanism to ensure the changes are most effective. Amending the existing regulations under the RVA will both produce more accurate sales data with fewer missing values and increase the amount of information available to VSPs when assessing a property's rating valuation. Providing for an enforcement mechanism that can be utilised by the Valuer-General will ensure compliance with the system increases.
81. Mandating the provision of property sales data through regulations would ensure the level of rework required would reduce. This will improve the efficiency of the rating revaluation process because less time will be spent by VSPs and territorial authorities filling in gaps in property sales data, and the Office of the Valuer-General can focus on monitoring rather than evaluation rework resulting from a failed audit.
82. Solicitors and conveyancers will need to supply the property sales data into the Landonline NoC system. However, the proposed property sales data is, in the majority of cases, readily available as part of the sale and purchase agreement. Although there is a minor compliance cost for solicitors and conveyancers, there are substantial positive impacts for stakeholder groups (including rate payers) due to an increase in the accuracy of rating valuations.
83. The identified costs and benefits of the preferred option have been analysed using the Treasury's cost benefits analysis tool, CBAx. The analysis has been outlined in the below section *What are the marginal costs and benefits of the preferred option.*

### Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

84. The preferred option aligns with the Minister's proposals in the Cabinet paper.

### What are the marginal costs and benefits of the preferred option in the Cabinet paper?

| **Estimated annual marginal costs and benefits (no discount rate applied)**[6] | | | | |
|---|---|---|---|---|
| **Affected groups** | **Nature** | **Assumption** | **Impact** | **Evidence Certainty** |
| **Additional costs of the preferred option compared to taking no action** | | | | |
| Solicitors and conveyancers | Ongoing | Assumes that solicitors and conveyancers will take an additional 3.75 to 15 minutes | $146,000 – $583,000 | Medium |

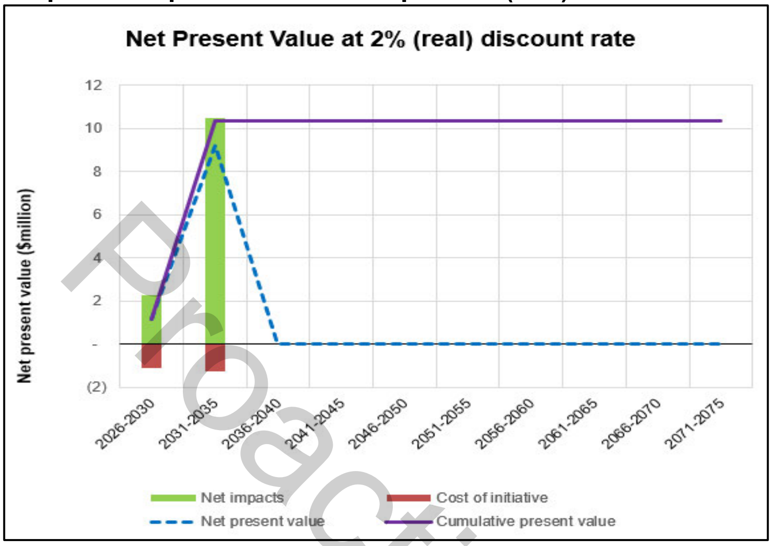
[6] This table reflects the range of costs and benefits set out in the LINZ cost-benefit analysis, with additional broader benefits for valuation service providers and the Office of the Valuer-General

| | | | | |
|---|---|---|---|---|
| | | to provide mandated sales data. | | |
| **Total monetised costs** | | | **$146,000 – $583,000** | **Medium** |
| **Additional benefits of the preferred option compared to taking no action** | | | | |
| Valuation service providers | Ongoing | Assumes missing or incorrect sales data accounts for 25 percent of the cost of a delayed revaluation. | [ s 9(2)(b)(ii) ] [redacted] | High |
| Office of the Valuer-General | Ongoing | Assumes the Office of the Valuer-General will have time savings from reduced failed revaluation audits. | Medium | Medium |
| Territorial authorities | Ongoing | Assumes territorial authorities will reduce monitoring efforts. | Medium | Low |
| Rate payers | Ongoing | Assumes that the mandate of sales data will provide for more equitable and accurate rate setting by territorial authorities. | High | Medium |
| **Total monetised benefits** | | | [ s 9(2)(b)(ii) ] [redacted] | |
| **Non-monetised benefits** | | | **High** | **Medium** |

Figures above rounded to the nearest $1,000.

85. The marginal costs and benefits of the preferred option outlined in the table above are per year costs and benefits.
86. LINZ has prepared a cost-benefit analysis of the proposal to amend the regulations, using the Treasury's CBAx tool. The costs and benefits have been assumed using a 10-year period. The benefits of more timely rating revaluations outweigh the compliance cost for solicitors and conveyancers, based on a 10-year period and a 2 percent real discount rate. The discount rate is based on the Treasury guidance that a 2 percent discount rate be used in cost benefit analysis for the public sector. This is an internal rate of return, or the return at least as high as the Government can obtain from any other proposal of equal risk. The discounted value of net benefits is also known as the present value. The CBAx is based on quantitative evidence from VSPs and qualitative evidence from 13 territorial authorities.
87. The central case, which is based on 20 percent of solicitors and conveyancers taking an additional 7.5 minutes to provide the mandated sales data, is a positive benefit cost ratio of 5.4, based on $12.74 million in benefits divided by $2.35 million in compliance costs over 10 years. The worst case is a benefit cost ratio of 2.7, which is based on solicitors and conveyancers taking an additional 15 minutes, and the best case, which is based on solicitors and conveyancers taking an additional 3.75 minutes, is a ratio of 10.8.
88. Graph 4 presents the net present value of the central case over 10 years (i.e., 2027 to 2036).

**Graph 4: Net present value at 2 percent (real) discount rate**




89. The key assumptions underlying the marginal costs and benefits of the preferred option in the Cabinet paper are outlined in the 'assumption' column in the table above and have been further explained below.

**Key assumptions underlying the additional costs of the preferred option**

90. Through targeted consultation, solicitors and conveyancers indicated that in the majority of cases they are already providing the property sales data into NoC on a voluntary basis. This is because the information is readily available in the sale and purchase agreement. Therefore, the compliance cost for solicitors and conveyancers is based on the compliance of those who are not doing this. As detailed in paragraph 23, QV indicated that for each NoC received, 20 percent are missing one or more piece of sales data. LINZ have assumed that solicitors and conveyancers will take an additional 3.75 to 15 minutes to provide the mandated data into the NoC.
91. The implementation cost for LINZ will be met from the rating valuations charges set for territorial authorities under the Rating Valuations (Local Authority Charges) Regulations 1999.
92. There is no enforcement cost for LINZ as this work will be done by the Office of the Valuer-General using the cost savings from spending less time bringing failed general revaluations up to audit standard.

**Key assumptions underlying the additional benefits of the preferred option**

93. Benefit to VSPs:
    a. QV indicated that a single failed audit by the Valuer-General costs them on average [redacted]. This cost is absorbed by the VSP (rather than passing it onto the relevant territorial authority). QV attributes 25 percent of this cost to missing or incorrect sales data.
    b. Between 2022 and 2024, an average of 12 territorial authorities failed their revaluation audit per year. The additional benefits to VSPs assumes that territorial authorities will pass the revaluation audit by the Valuer-General first-time following the implementation of the proposals.

c. QV indicated that the administrative cost of following up missing or incorrect sales data with solicitors to complete the dataset for a revaluation costs them [ s 9(2)(b)(ii) ] [redacted] per annum.

d. QV estimate an additional cost of [ s 9(2)(b)(ii) ] [redacted] per annum of researching sales prior to and during the revaluation process.

94. This will also result in a non-monetary benefit for the Office of the Valuer-General of time savings (which can be repurposed to actions such as education) because if territorial authorities are passing the revaluation audit first-time, the Office of the Valuer-General will spend less time will be spent working with territorial authorities who have failed their audit to bring it to the appropriate level. The Office of the Valuer-General anecdotally reported that the time it takes them to bring a failed revaluation up to standard can range between 100 and 400 hours per territorial authority.

95. The proposal includes the Valuer-General establishing a monitoring and enforcement function within LINZ. It is assumed that territorial authorities will reduce their monitoring efforts but not remove them completely. This is because the name and address of the purchaser is required under the LGRA, but is unable to be mandated through regulations under the RVA because it is not required for rating valuation purposes.

# Section 3: Delivering an option

## How will the proposal be implemented?

96. Stewardship of the rating valuations system sits with LINZ and the Valuer-General. As the business owner, the Valuer-General will be responsible for the implementation and ongoing operation of the proposed arrangements. The Valuer-General has been consulted and provided input throughout the development of the preferred option.
97. It is anticipated that existing staff will be able to support these changes with reasonably minimal impact on business as usual.

**Implementation of the preferred option**

98. Implementation will involve front-end changes to NoC, and a monitoring solution to enable compliance and enforcement.
99. In the three months prior to the regulations coming into force the Valuer-General will notify affected parties and release education on new requirements for them under the regulations.
100. The costs associated with this will be met within baselines.

*Front-end changes to NoC and monitoring solution*

101. The NoC provides for the voluntary provision of the property sales data proposed to be mandated in the preferred option. LINZ digital architects will make front-end changes to the NoC to provide for mandating the collection of this data.
102. A monitoring solution will be used to monitor the provision of mandatory property sales data following the regulations coming into force. In the current state, territorial authorities receive the NoC data at the end of each day. Once the regulations come into force, the Valuer-General will also receive this data. The data will then be coded in a database and LINZ will use a tool called PowerBI to produce output reports which give an indication of missing or inaccurate property sales data. The Valuer-General will use these output reports to identify non-compliance.
103. The Valuer-General will release advice and education for solicitors and conveyancers around the changes, and how to comply with them. This advice and education will also be available for vendors who do not use solicitors or conveyancers for transactions. The Office of the Valuer-General will also offer support for individuals who require it.

*Back-end changes to NoC and the establishment of a monitoring solution*

104. The current state of the NoC is scheduled for an upgrade under the Landonline work programme. As part of this scheduled upgrade, the NoC will be recoded to ensure that solicitors and conveyancers using the system cannot submit a NoC report without the mandatory data fields being completed.

**Stakeholder involvement in implementation and ongoing relationships**

105. LINZ and the Valuer-General have strong relationships with territorial authorities and VSPs through ongoing business as usual work and other regulatory amendment programmes. LINZ consulted all 67 territorial authorities and two VSPs during targeted consultation. Their consultation responses informed the development of the preferred option.
106. Specific groups of solicitors and conveyancers were consulted: the New Zealand Society of Conveyancers, the New Zealand Law Society, and the Law Association of New Zealand.
107. LINZ also consulted the Real Estate Institute of New Zealand and will engage with the Department of Internal Affairs as the primary regulatory authority for territorial authorities.

108. LINZ will continue to engage with these stakeholders throughout the implementation of the regulations and following implementation. This will be achieved through regular meetings with groups that are already set up and education sessions.

**Notification of responsibilities and assistance with compliance**

109. In the majority of cases, compliance will be the responsibility of solicitors and conveyancers. Solicitors and conveyancers will be informed of the changing requirements ahead of the regulations coming into force, so that they can be comfortable with the requirements. The interface and user experience of Landonline for inputting this data will be designed so that it is easy to comply with the new requirements.

110. A communications plan is being developed to support the amendment of the regulations and implementation of the changes, which will follow similar lines to LINZ's previously successful rollout of the NoC. LINZ will work with legal professional bodies to keep their members informed, initially to allow the opportunity to provide feedback and once implemented to support education and awareness.

111. The proposed compliance and enforcement regime is intended to incentivise compliance. In the current state, there is no mechanism for enforcement of the LGRA. Introducing the ability for the Valuer-General to enforce the provision of mandated property sales data will provide an incentive for vendors, or solicitors and conveyancers acting on their behalf, to comply with the regulations.

**Implementation risks**

112. An implementation risk is that there may be more non-compliance than anticipated, resulting in the system being overwhelmed. This risk will be partially mitigated by the changes freeing up Valuer-General resource that would otherwise have been needed to assess resubmissions of failed revaluations. LINZ is preparing a compliance policy which will direct effort towards the most important data which will further mitigate this risk.

113. During targeted consultation territorial authorities and VSPs indicated that between 6 and 40 percent of NoC forms received have missing or inaccurate sales data. The system will be monitored to keep track of non-compliance rates and allow the regulator to be proactive about addressing any system issues, for example directing educative efforts towards the council areas with the highest rates of non-compliance.

114. LINZ has performed a Privacy Impact Assessment to ensure the property sales data is treated appropriately and only requested where necessary. A copy of this can be provided upon request.

## How will the proposal be monitored, evaluated, and reviewed?

115. Appendix 2 contains indicators that will be used to track the impact of the proposed changes in the system. A combination of these indicators will be used to monitor the impact of the changes.

116. The Valuer-General will use the monitoring function to assess and minimise potential non-compliance. An automated process in the final state will advise where property sales data is missing or incomplete. This function will provide assurance that the proposal is reducing non-compliance in the system and increasing the availability of quality property sales data to support a robust rating revaluation system.

117. The Valuation Programme Oversight Monthly Steering Group within LINZ will be responsible for evaluating whether the proposal is functioning adequately and meeting its intended purpose.

# Appendix 1: Comparison of the proposal with Australian jurisdictions

| New Zealand (proposed) | Australia | | |
|---|---|---|---|
| | **Victoria** | **New South Wales** | **Queensland** |
| **Sales price** | Yes | Yes | Yes |
| **Date of agreement** | Yes | Yes | Yes |
| **Date of settlement** | Yes – recorded as the date of possession/transfer | No | Yes |
| **Agreed land and buildings apportionment** | Yes – any additional considerations or conditions attached to the sale, such as inclusions or exclusions of certain fixtures or fittings | No | Yes – included in a section requiring property details such as chattels, current land use, land/water allocation |
| **GST inclusive/exclusive** | Yes | Yes | Yes |
| Data collected in overseas jurisdictions (but not in New Zealand) | Terms sales – determines when the transferee becomes liable (if at all) for land tax | Property type – residential, commercial, industrial or rural | Date of possession – which is usually the same as the settlement date |

# Appendix 2: Indicators to track the impact of the proposal

| Indicator | Who collects it | Type | What we would expect to see if the changes are having effect |
|---|---|---|---|
| Rate of revaluations that fail to reach compliance standards first time. | Valuer-General | Quantitative | A decrease in the rate of revaluations that fail to reach compliance standards first time. |
| Percentage of objections to rating valuations that are settled within plus or minus 30 percent of the original rating valuation. | Valuer-General | Quantitative | A higher percentage of objections to rating valuations that are settled within plus or minus 30 percent of the original rating valuation. |
| Feedback from stakeholders on how the system is working. | Valuer-General | Qualitative | Feedback indicating that there is less missing or incomplete data in the system, that valuers have the information they need to produce high-quality valuations, that stakeholders feel the changes have been beneficial. |
| Statements from auditors on their experiences of auditing. | Valuer-General | Qualitative | Feedback indicating that the audit process has been more straightforward, there have been fewer issues with the revaluation results, the quality of revaluations has been higher. |
| Time taken to complete revaluation work (initial revaluation and total time taken). | VSPs | Quantitative | A decrease in time taken to complete initial revaluation work, and a decrease in total time required for a revaluation. |
| Property sales counts. | Real Estate Institute of New Zealand | Quantitative | Similar numbers of sales in the REINZ data as there were NoCs processed by LINZ, indicating that most sales are being captured. |