



## Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013

Jerry Mateparae, Governor-General

### Order in Council

At Wellington this 23rd day of September 2013

Present:

Hon Bill English presiding in Council

Pursuant to section 71 of the Canterbury Earthquake Recovery Act 2011, His Excellency the Governor-General makes the following order, acting—

- (a) on the advice and with the consent of the Executive Council; and
- (b) on the recommendation of the relevant Minister following the Canterbury Earthquake Recovery Review Panel's review of a draft of the order.

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## Order

- 1 Title**  
This order is the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013.

## 2 Commencement

This order comes into force on the day after the date of its notification in the *Gazette*.

## 3 Interpretation

(1) In this order, unless the context otherwise requires,—

**Act** means the Rating Valuations Act 1998

**assigns**, in relation to insurance benefits, means any arrangement that effectively transfers insurance benefits with a sale or other disposition, whatever the legal form

**Canterbury earthquakes** has the same meaning as in the Canterbury Earthquake Recovery Act 2011

**DVR** means Christchurch City Council's district valuation roll

**earthquake damage** means physical loss of, or damage to, property that is a component of land or improvements in a rating unit and that has arisen from the Canterbury earthquakes

**insurance benefits** means any benefits in respect of earthquake damage that are payable, or to be provided, under—

- (a) a contract of insurance; or
- (b) the insurance provided under sections 18 to 20 of the Earthquake Commission Act 1993

**modified method**,—

- (a) in relation to the modified revaluation, means assessing values—
  - (i) from data about sales, including sales where insurance benefits have been assigned, and, if those data are not sufficient, from secondary evidence:
  - (ii) for each rating unit, excluding the effects on the value of that rating unit of earthquake damage to that rating unit:
- (b) in relation to modified roll maintenance, means assessing values—
  - (i) from data about comparable parcels of land from the DVR:
  - (ii) for each rating unit, excluding the effects on the value of that rating unit of earthquake damage to that rating unit:

- (c) in relation to the modified objections procedure, means assessing values,—
- (i) in the case of revaluation objections, from data about sales, including sales where insurance benefits have been assigned, and, if those data are not sufficient, from secondary evidence:
  - (ii) in the case of roll maintenance objections, from comparable parcels of land from the DVR:
  - (iii) for each rating unit, excluding the effects on the value of that rating unit of earthquake damage to that rating unit

**modified objections procedure** means processes under Part 4 of the Act, the regulations, and the rules

**modified revaluation** means the revaluation by the Christchurch City Council provided for in clause 5

**PGR values** has the same meaning as in clause 5 of the Canterbury Earthquake (Rating) Order 2012

**regulations** means the Rating Valuations Regulations 1998

**revaluation objections** means objections to values assessed in the modified revaluation

**roll maintenance** means processes carried out under sections 14 to 16 of the Act after the modified revaluation

**roll maintenance objections** means objections to values assessed in roll maintenance

**rules** means the Rating Valuations Rules 2008

**secondary evidence**—

- (a) means evidence other than data about sales that can be used in accordance with good valuation practice; and
- (b) includes asking prices, pending sales, inferences from rentals, and deductions due to market perceptions

**value** means any of land value, capital value, or the value of improvements.

- (2) Terms or expressions used but not defined in this order, but defined in the Act or the Canterbury Earthquake Recovery Act 2011, have the same meaning as in the Act or the Canterbury Earthquake Recovery Act 2011, as the case may be.
- (3) The modification of an enactment by this order does not affect the text of the enactment, but requires it to be read in relation

to Christchurch City Council as if it had been amended in the manner indicated in this order.

## **Part 1**

### **Modifications to Rating Valuations Act 1998**

#### **4 Modification of section 2 of Act**

- (1) While this order is in force, this clause modifies the meaning of certain terms defined in the Act.
- (2) For the purposes of the modified revaluation, the modified roll maintenance, and the modified objections procedure, where the terms capital value, improvements, land, land value, and value of improvements are applied for the purposes of this order, those terms must be read as if they permit the applicable modified method to be used.
- (3) Where the term general revaluation is applied for the purposes of this order, it must be read as if it referred to the modified revaluation.

#### **5 Modification of section 9 of Act**

- (1) While this order is in force, this clause applies instead of section 9 of the Act.
- (2) The Christchurch City Council must revise its DVR by revaluing every rating unit within its district to ensure that the DVR represents values current as at the date of the revaluation.
- (3) The values must be assessed using the modified method.
- (4) The revaluation must be undertaken on the basis of values as at the date determined by the Christchurch City Council and advised to the Valuer-General.
- (5) The revaluation must comply with the rules.
- (6) Despite subclause (5), the Valuer-General may waive compliance with the rules if—
  - (a) compliance would not be practicable in the circumstances; or
  - (b) the costs of compliance would clearly outweigh the benefits.

**6 Modification of section 10 of Act**

While this order is in force, section 10 of the Act applies as if the Christchurch City Council were required to supply the prescribed information to the Valuer-General by 31 March 2014.

**7 Modification of section 14 of Act**

While this order is in force, section 14(2) of the Act applies as if the following were inserted after paragraph (a):

“(aa) must be assessed using the modified method; and”.

**8 Modification of section 16 of Act**

(1) While this order is in force, section 16(3) of the Act applies as if the following were inserted after paragraph (a):

“(aa) must be assessed using the modified method; and”.

(2) While this order is in force, for any financial year for which the Christchurch City Council has decided to apply option 2 in clause 6(3) of the Canterbury Earthquake (Rating) Order 2012, section 16(5) of the Act applies as if “financial year” were replaced by “month”.

**9 Modification of section 32 of Act**

While this order is in force, section 32 of the Act applies as if the following were inserted after subsection (2):

“(3) Despite subsection (1), no owner or ratepayer may object on the ground that any value has been assessed using the modified method.”

**10 Modification of section 33 of Act**

While this order is in force, section 33 of the Act applies as if the following were inserted after subsection (3):

“(4) Despite subsection (1), no person may object on the ground that any value has been assessed using the modified method.”

**11 Modification of section 41 of Act**

While this order is in force, section 41 of the Act applies as if the following were inserted after subsection (2):

“(2A) If relevant, the certified copy must contain information explaining how the modified method applies to assessing values.”

## **Part 2**

### **Modifications to Rating Valuations Regulations 1998**

#### **12 Modification of regulation 3 of regulations**

While this order is in force, regulation 3 of the regulations applies as if paragraph (e) were replaced by the following:

“(e) a guideline to the objection rights and procedures under sections 32 to 36 of the Act and these regulations, as modified by the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013:”.

#### **13 Modification of regulation 7 of regulations**

While this order is in force, regulation 7 of the regulations applies as if paragraph (c) were replaced by the following:

“(c) the reason for the objection, which must be a reason other than that the value was assessed in accordance with the modified method:”.

#### **14 Modification of regulation 10 of regulations**

(1) While this order is in force, regulation 10 of the regulations applies as if “timeframe” were replaced by “timeframe; or”.

(2) While this order is in force, regulation 10 of the regulations applies as if the following were inserted after paragraph (b):

“(c) the objection does not contain the information required by regulation 7(c).”

## **Part 3**

### **Modifications to Rating Valuations Rules 2008**

#### **15 Modification of rule 1 of rules**

While this order is in force, rule 1 of the rules applies as if the definitions of the terms sale price gross and sale price net were replaced by the following:

“**sale price gross** and **gross sale price** mean the total amount paid for a property, including land, improvements, and other items such as chattels, plant, machinery, shares, and assigned insurance benefits

“**sale price net** and **net sale price** mean the part of the price that is attributable to land, improvements, and assigned insurance benefits only. Items such as chattels, plant, machinery, and shares are excluded.”

**16 Modification of rule 2.2 of rules**

While this order is in force, rule 2.2 of the rules does not require information relating to earthquake damage to be recorded or maintained.

**17 Modification of rule 2.3 of rules**

While this order is in force, rule 2.3 of the rules does not require information relating to earthquake damage to be recorded or maintained.

**18 Modification of rule 2.4 of rules**

While this order is in force, rule 2.4 of the rules applies with the following modifications:

- (a) if the Valuer-General agrees, it is not necessary to make any change to a rating unit or create a rating unit because of earthquake damage:
- (b) the Valuer-General may agree under paragraph (a) in relation to a particular rating unit or a set of rating units.

**19 Modification of rule 2.9 of rules**

- (1) While this order is in force, rule 2.9 of the rules applies as if the statement required by paragraph (a) of that rule required the following to be included in every notice required by section 13 of the Act:

“Local authorities use information contained in the district valuation roll to set rates. This notice details information on your property that is contained in the Christchurch City Council’s district valuation roll. The Rating Valuations Act

1998 obliges councils to maintain the valuation rolls but allows them to choose their valuation service provider.

“The Valuer-General regulates the maintenance of the district valuation roll to ensure it meets the minimum standards set out in the Rating Valuations Act 1998, the Rating Valuations Regulations 1998, the Rating Valuations Rules 2008, and the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013.

“The values in this notice have been assessed according to special provisions in the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013, which sets out a modified method for rating valuations following the Canterbury earthquakes. The modified method is needed because it is not practically possible to assess the extent of physical earthquake damage to every rating unit in the city. The modified method involves assessing values—

- “(i) from data about sales, including sales where insurance benefits have been assigned and, if those data are not sufficient, from secondary evidence:
- “(ii) for each rating unit, excluding the effects on the value of that rating unit of physical earthquake damage to that rating unit.

“An owner or a ratepayer (if different) may object to any information contained in a notice of valuation within the time and in the manner specified in the Rating Valuations Regulations 1998 as modified by the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013.

“No objection can be made on the grounds that the modified method was used, but objections may be made on other grounds, including that values do not properly reflect market movements.

“If you object to a value, the council will review that value, and may also review any other value components (ie land value, value of improvements, or capital value).”

- (2) While this order is in force, rule 2.9 of the rules applies as if the statement required by paragraph (a) of that rule required the following to be included in every notice required by section 17 of the Act:

“Local authorities use information contained in the district valuation roll to set rates. This notice details information on your property that is contained in the Christchurch City Council’s district valuation roll. The Rating Valuations Act 1998 obliges councils to maintain the valuation rolls but allows them to choose their valuation service provider.

“The Valuer-General regulates the maintenance of the district valuation roll to ensure it meets the minimum standards set out in the Rating Valuations Act 1998, the Rating Valuations Regulations 1998, the Rating Valuations Rules 2008, and the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013.

“The values in this notice have been assessed according to special provisions in the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013, which sets out a modified method for rating valuations following the Canterbury earthquakes. The modified method is needed because it is not practically possible to assess the extent of physical earthquake damage to every rating unit in the city. The modified method involves assessing values—

- “(i) from data about comparable parcels of land from the district valuation roll:
- “(ii) for each rating unit, excluding the effects on the value of that rating unit of physical earthquake damage to that rating unit.

“An owner or a ratepayer (if different) may object to any information contained in a notice of valuation within the time and in the manner specified in the Rating Valuations Regulations 1998 as modified by the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2013.

“No objection can be made on the grounds that the modified method was used, but objections may be made on other grounds, including that values do not reflect the values of comparable parcels of land from the district valuation roll.

“If you object to a value, the council will review that value, and may also review any other value components (ie land value, value of improvements, or capital value).”

**20 Modification of rule 4 of rules**

While this order is in force, rule 4 of the rules applies as if the following were inserted after the heading to rule 4:

**“4.1A Alterations relating to PGR values until the close of 30 June 2014**

Until the close of 30 June 2014, alterations may be made to the DVR under s 14 of the RVA only as a result of one or more of the following circumstances:

- “(a) the rating unit has been created or abolished in accordance with rule 2.4:
- “(b) a subdivision, an amalgamation, or a resurvey of the land has occurred in relation to the rating unit:
- “(c) new work or building has been carried out in relation to the rating unit that has increased the value of improvements for the rating unit above that currently on the district valuation roll:
- “(d) changes have occurred in the provisions of an operative district plan in relation to the rating unit:
- “(e) the alteration is to correct an error in relation to the rating unit that existed in the district valuation roll before 4 September 2010:
- “(f) the alteration is to correct an omission from the district valuation roll:
- “(g) the alteration relates to individual buildings on the rating unit that have been totally demolished or that have been ordered to be demolished by the territorial authority, CERA, or the National Controller.

**“4.1B Application of rule 4.2 to PGR values and values assessed in modified revaluation**

- “(a) Rule 4.2 does not apply to PGR values.
- “(b) Rule 4.2 applies to values assessed in the modified revaluation from the date the values are included in the revised DVR under s 9 of the RVA.”

**21 Modification of rule 5.1 of rules**

While this order is in force, rule 5.1 of the rules applies as if “by 1 December of the year prior to the effective date of valuation” were deleted.

**22 Modification of rule 5.5.1 of rules**

While this order is in force, rule 5.5.1 of the rules applies as if it were replaced by the following:

**“5.5.1 Statistical rules for modified revaluation**

- “(a) The proposed values, when compared to sales coded as 1 under Appendix G.4, must satisfy the following statistical rules where appropriate:
- “(i) coefficient of dispersion, which must be equal to or less than 12:
  - “(ii) median value price ratio, which must be within the range 0.9 to 1.1:
  - “(iii) price related differential, which must be within the range 0.98 and 1.03.
- “(b) A comparison of average value changes between sold and un-sold properties must be equal to or less than 5%.”

**23 Modification of rule 5.6 of rules**

While this order is in force, rules 5.6.1 and 5.6.2 of the rules apply as if they were replaced by the following:

**“5.6.1 Properties that have been sold or leased**

When setting the revaluation basis, the valuer must be able to demonstrate that a sufficient number of sold or leased properties have been inspected for the purposes of the modified revaluation. A territorial authority must keep a record of—

- “(a) all sold or leased properties inspected; and
- “(b) the adjustments made to current values to reflect the condition of the property at the date of sale or lease; and
- “(c) a record of the percentage change to current roll values for those sales and leases that were used to determine the basis.

**“5.6.2 General property inspections**

The valuer must undertake sufficient property inspections for the purposes of the modified revaluation.”

**24 Modification of rule 6 of rules**

While this order is in force, nothing in rule 6 applies to objections to which regulation 10(c) of the Rating Valuations Regulations 1998 applies.

**25 Modification of Appendix G.4 of rules**

While this order is in force, Appendix G.4 applies as if it were replaced by the following:

**“G.4 Price/value relationship coding**

“(a) The relationship between the rating unit’s net sale price and its capital value,—

“(i) where the sale type code is P, must be coded as 2:

“(ii) in all other cases, must be determined using the flow chart below.

“(b) The valuation service provider, in assessing whether insurance benefits are included in the net sale price as part of answering the questions in the box numbered 2 in the flow chart below,—

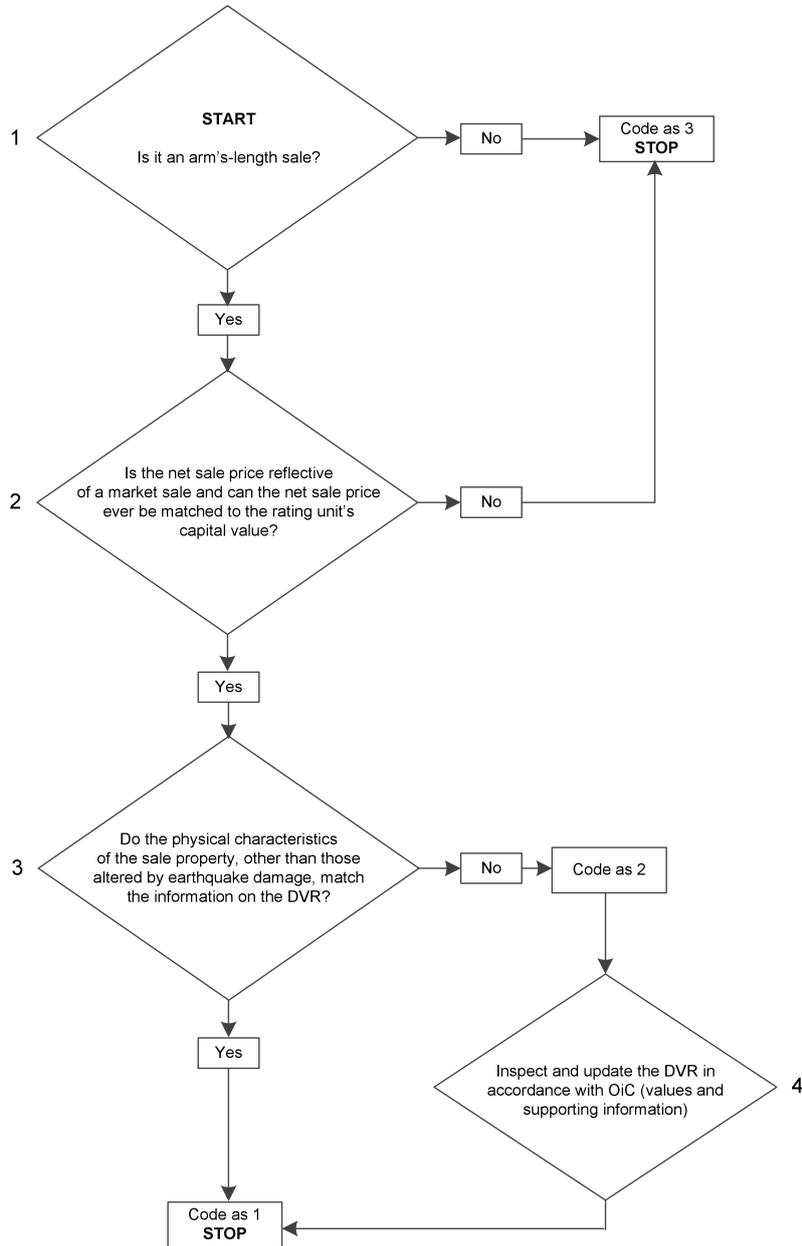
“(i) may make inferences from data about sales:

“(ii) must take reasonable steps to validate the basis on which such inferences are made by further analysis and inquiry:

“(iii) need do no more analysis or inquiry than would be done in an unmodified valuation in establishing how items such as chattels, plant, machinery, or shares are included in a sale price.

“

Canterbury Earthquake (Rating  
Valuations Act—Christchurch City  
Council) Order 2013



## Part 4

### Miscellaneous provisions

#### 26 Revocation

The Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2011 (SR 2011/216) is revoked.

#### 27 Revocation of this order

This order is revoked on the expiry of the Canterbury Earthquake Recovery Act 2011.

Rebecca Kitteridge,  
Clerk of the Executive Council.

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### Explanatory note

*This note is not part of the order, but is intended to indicate its general effect.*

This order, which comes into force on the day after the date of its notification in the *Gazette*, replaces the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2011 (the **2011 Order**). The 2011 Order—

- deferred the next Christchurch City general revaluation to 1 December 2013;
- limited roll maintenance;
- prohibited ratepayers from obtaining new valuations.

The effect of the earlier deferral by an order in 2010 and the 2011 Order is that Christchurch is still using values from 2007. Since then, there have been some significant changes in property values across the city. These changes are large enough to justify a revaluation to keep the district valuation roll up to date. It is not practical to conduct a general revaluation as provided for in the Rating Valuations Act 1998 because there are tens of thousands of remaining damaged residential properties that would need to be inspected.

This order provides for a revaluation for Christchurch City to be carried out on a modified basis as follows:

- properties are valued without reflecting earthquake damage to the properties:
- values are assessed by reference to market sales, which include those where insurance and EQC entitlements have been assigned.

*Clause 1* is the Title clause.

*Clause 2* provides that the order comes into force on the day after the date of its notification in the *Gazette*.

*Clause 3* defines certain terms used in this order.

## **Part 1**

### **Modifications to Rating Valuations Act 1998**

*Clause 4* modifies certain defined terms in section 2 in order to permit the modified method to be applied for the purposes of revaluations, roll maintenance, and the objections procedure.

*Clause 5* modifies section 9, which requires territorial authorities to carry out a general revaluation every 3 years. The modified section provides for the next revaluation to be carried out by Christchurch City Council using the modified method specified in this order.

*Clause 6* modifies section 10, which requires territorial authorities to supply specified valuation information to the Valuer-General. The modified section gives Christchurch City Council until the close of 31 March 2014 to supply the information.

*Clause 7* modifies section 14, which enables a territorial authority to make alterations to its current district valuation roll in order to readjust and correct valuations and entries and bring them up to date. The modified section requires Christchurch City Council to use the modified method if it chooses to exercise this power.

*Clause 8* modifies section 16, which enables an owner of, or a ratepayer for (if different), a rating unit to request a territorial authority to make a new valuation of the unit for the purpose of the district valuation roll. The modified section requires any new valuation to be assessed using the modified method.

*Clause 9* modifies section 32, which enables an owner or ratepayer (if different) to object to any information contained in a notice of valuation or to any other decision required to be notified to the owner or ratepayer under section 13 or 17. The modified section prevents an objection on the ground that values have been assessed using the modified method.

*Clause 10* modifies section 33, which enables an owner of, or ratepayer for (if different), a rating unit appearing on a district valuation roll to object to any other valuation entered on that roll in a general revaluation. The modified section prevents an objection on the ground that values have been assessed using the modified method.

*Clause 11* modifies section 41, which requires a territorial authority to supply a certified copy of any entry in its district valuation roll to any person who requests it and pays the prescribed fee. The modified section requires Christchurch City Council to include in the certified copy information explaining how the modified method is used to assess values (if relevant).

## **Part 2**

### **Modifications to Rating Valuations Regulations 1998**

*Clause 12* modifies regulation 3, which requires a notice of valuation to contain a guideline to the objection rights and procedures under sections 32 to 36 of the Rating Valuations Act 1998 and the regulations. The modified regulation requires this requirement to be read subject any modifications made by this order.

*Clause 13* modifies regulation 7, which requires that an objection contain the reason for objecting. The modified regulation provides that the reason cannot be that the modified method was used to assess the value in any case.

*Clause 14* modifies regulation 10, which enables a local authority to refuse to consider an objection in certain cases. The modified regulation provides that Christchurch City Council may refuse to consider an objection if reasons were not provided in accordance with regulation 7(c) (as provided in *clause 13*).

### **Part 3**

## **Modifications to Rating Valuations Rules 2008**

*Clause 15* modifies rule 1, which defines certain terms. The modified rule ensures that insurance benefits are included in the terms sale price gross, gross sale price, sale price net, and net sale price.

*Clause 16* modifies rule 2.2, which requires a territorial authority to maintain specified supporting information for every rating unit within the district. The modified rule provides that Christchurch City Council need not maintain or record information relating to earthquake damage.

*Clause 17* modifies rule 2.3, which specifies information to be recorded by valuation service providers for all rating units where capital value or annual value is maintained. The modified rule provides that valuation service providers need not maintain or record information relating to earthquake damage.

*Clause 18* modifies rule 2.4, which relates to rating units. The modified rule enables the Valuer-General to agree not to change a rating unit or create one because of earthquake damage.

*Clause 19* modifies rule 2.9, which specifies the content of valuation notices. Replacement statements are provided for use by Christchurch City Council.

*Clause 20* modifies rule 4, which sets out rules applying to alterations to the current district valuation roll under section 14 of the Act. This clause inserts *new rules 4.1A and 4.1B*, which limit the circumstances in which Christchurch City Council may alter its current roll.

*Clause 21* modifies rule 5.1, which requires a territorial authority to notify the effective date of valuation and the proposed implementation date for any general revaluation to the Valuer-General by 1 December of the year prior to the effective date of valuation. The modified rule removes the time limit from that requirement.

*Clause 22* modifies rule 5.5.1, which sets out statistical rules for revaluations. This clause modifies those rules for the purposes of the modified revaluation.

*Clause 23* modifies rule 5.6 by replacing rules 5.6.1 and 5.6.2, which provide for inspections of properties that have been sold or leased and for general property inspections. This clause modifies the requirements for the purposes of the modified revaluation.

*Clause 24* modifies rule 6, which sets out rules about objections and requires a territorial authority to keep records about objections. The modified rule provides that rule 6 does not apply to an objection if the reason for the objection is that the value concerned was assessed using the modified method.

*Clause 25* replaces Appendix G.4 of the rules and sets out a flow chart of price/value relationship codes, which identify those sales that can be used in assessing values.

#### **Part 4**

#### **Miscellaneous provisions**

*Clause 26* revokes the Canterbury Earthquake (Rating Valuations Act—Christchurch City Council) Order 2011.

*Clause 27* revokes this order on the expiry of the Canterbury Earthquake Recovery Act 2011.

This Order in Council is made under the Canterbury Earthquake Recovery Act 2011 and its effect is temporary.

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Issued under the authority of the Legislation Act 2012.  
Date of notification in *Gazette*: 26 September 2013.  
This order is administered by Land Information New Zealand.

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