

VALUATION OF LAND AMENDMENT (NO. 2) BILL

EXPLANATORY NOTE

THIS Bill amends the Valuation of Land Act 1951. It is in the same terms as the Valuation of Land Amendment Bill as reported from the Lands and Agriculture Committee during the 1969 Session of Parliament but was allowed to lapse.

Clause 1 relates to the Short Title and commencement. The Act is to come into force on 1 April 1971.

Clause 2 substitutes a new definition of "improvements" in section 2 of the principal Act. The principal change in the definition is to exclude work done on or for the benefit of the land which does not result in structural improvements on the land, that is, the definition will exclude what are commonly known as "invisible improvements". For this purpose, the definition excludes the following:

- (a) The draining, excavation, filling, or reclamation of the land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, or reclamation.
- (b) The grading or levelling of the land or the removal of rocks, stone, sand, or soil.
- (c) The removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation.
- (d) The alteration of soil fertility or of the structure of the soil.
- (e) The arresting or elimination of erosion or flooding.

Clause 3 substitutes the term "land value" for "unimproved value". It is in the same terms as the present definition of "unimproved value", but its effect will be altered by reason of the new definition of "improvements".

Clause 4 repeals section 17 of the principal Act. That section, which applies only to boroughs, provides that the Governor-General may, by Order in Council, direct or authorise the Valuer-General to make a revaluation of either the unimproved value or of the improvements in cases where the unimproved value system of rating is in force. This section is not used in practice.

Clause 5 transfers to section 28 (1) of the principal Act provisions relating to the inclusion on the valuation roll of the value of trees and the value of minerals. These provisions at present appear as a proviso to the definition of the term "land" in section 2 of the principal Act, but, as they apply only with respect to the valuation roll for rating purposes supplied to local authorities rating on the unimproved value (to be known in future as land value) or on the capital value, it is more appropriate that they should appear in section 28, which is the section relating to the compilation of that roll.

The only change in effect is that in the case of a local authority rating on the land value system, fruit trees, vines, berryfruit bushes, and live hedges will not form part of the land value and will not be rateable.

Clause 6 re-enacts in an amended form section 41 of the principal Act relating to the making of a new valuation at the request of the owner. The principal changes in the new section 41 are—

- (a) Application for a new valuation may be made by any person, not necessarily the owner. Such an application will be a request to the Valuer-General to make the valuation instead of requiring him to do so, and the Valuer-General may decline to make the valuation, unless he is satisfied that a refusal to do so would inconvenience the applicant.
- (b) A new valuation will be either a valuation of the capital value, land value, and value of improvements, or the capital value, unimproved value, and value of improvements, notwithstanding that rolls prepared or revised after the commencement of the Act will not show the unimproved value or the value of improvements.
- (c) Provisions appear in *subsections (7) and (8)* relating to the valuation of various interests in the land where there are more interests than one and a new valuation of any of those interests is applied for under this section. These provisions correspond to similar provisions in section 45 of the principal Act, which is proposed to be repealed by *clause 7* of the Bill.

Clause 7 repeals section 45 of the principal Act relating to the estimating of various interests in land where there are more interests therein and more owners than one.

The repeal of this section is consequential on the provisions of the new section 41, substituted by *clause 6* of this Bill.

Clause 8 provides for consequential amendments and savings.

The clause provides that all references in other enactments to unimproved value or to the unimproved value rating system will after the commencement of the Act be read as references to land value or, as the case may be, to the land value rating system, and corresponding references are to be construed accordingly. The clause provides for a general phasing in of the new provisions as the various district valuation rolls are revised, normally at 5-yearly intervals.

Rolls current at the commencement of the Act which show unimproved values and special rateable values and rates-postponement values related to unimproved values will continue in force until they are revised under the principal Act on the basis of the new definitions in the Bill.

Provision is also made for the retention in particular cases of the existing definitions of “improvements” and “unimproved value” where the change would affect existing rights and interests and it would be inappropriate for those terms to have the new meanings defined in the Bill.

The alteration of the existing definitions of “improvements” and “unimproved value” and the substitution of references to land value for references to unimproved value in other enactments is not to affect the rights of the parties under existing leases, licences, deeds, contracts, or other documents which are to continue to have effect as if the alteration had not been made.

Hon. Mr MacIntyre

VALUATION OF LAND AMENDMENT (NO. 2)

ANALYSIS

Title	5. Inclusion of value of trees and minerals on district valuation roll
1. Short Title and commencement	6. New valuation on request
2. Meaning of "improvements"	7. Repealing provisions as to estimating various interests in land
3. Meaning of "land value"	8. Consequential amendments and savings
4. Repealing provisions as to revaluation of unimproved values in boroughs	Schedule

A BILL INTITULED

An Act to amend the Valuation of Land Act 1951

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same,
5 as follows:

1. Short Title and commencement—(1) This Act may be cited as the Valuation of Land Amendment Act (No. 2) 1970, and shall be read together with and deemed part of the Valuation of Land Act 1951* (hereinafter referred to as the
10 principal Act).

(2) This Act shall come into force on the 1st day of April 1971.

*1957 Reprint, Vol. 16, p. 349

Amendments: 1964, No. 116; 1965, No. 64; 1967, No. 121; 1968, No. 114

2. Meaning of “improvements”—Section 2 of the principal Act is hereby amended by repealing the definition of the term “improvements”, and substituting the following definition:

“‘Improvements’, in relation to any land, means all work done or material used at any time on or for the benefit of the land by the expenditure of capital or labour by any owner or occupier thereof in so far as the effect of the work done or material used is to increase the value of the land and the benefit thereof is unexhausted at the time of valuation; but, except in the case of land owned or occupied by the Crown or by a statutory public body, does not include work done or material used on or for the benefit of the land by the Crown or by any statutory public body, except so far as the same has been paid for by way of direct contribution:

“Provided that work done or material used on or for the benefit of the land by the expenditure of capital or labour by any owner or occupier thereof in the provision of roads or streets, or in the provision of water, drainage, or other amenities in connection with the subdivision of the land for building purposes shall not be deemed to be improvements on that land or any other land:

“Provided also that work done on or for the benefit of the land by any owner or occupier thereof in—

“(a) The draining, excavation, filling, or reclamation of the land, or the making of retaining walls or other works appurtenant to that draining, excavation, filling, or reclamation; or

“(b) The grading or levelling of the land or the removal of rocks, stone, sand, or soil therefrom; or

“(c) The removal or destruction of vegetation, or the effecting of any change in the nature or character of the vegetation; or

“(d) The alteration of soil fertility or of the structure of the soil; or

“(e) The arresting or elimination of erosion or flooding—

shall not be deemed to be improvements on that land or on any other land:”.

3. Meaning of "land value"—(1) Section 2 of the principal Act is hereby further amended by inserting, after the definition of the term "land", the following definition:

5 "Land value', in relation to any land, means the sum
which the owner's estate or interest therein, if
unencumbered by any mortgage or other charge
thereon, might be expected to realise at the time of
valuation if offered for sale on such reasonable terms
and conditions as a bona fide seller might be
10 expected to impose, and if no improvements (as
hereinbefore defined) had been made on the said
land:".

(2) Section 2 of the principal Act is hereby further amended by repealing the definition of the term "unimproved value".

(3) The principal Act is hereby further amended in the manner indicated in the Schedule to this Act.

4. Repealing provisions as to revaluation of unimproved values in boroughs—The principal Act is hereby further amended by repealing section 17.

5. Inclusion of value of trees and minerals on district valuation roll—(1) Section 28 of the principal Act is hereby amended by adding to subsection (1) (as substituted by section 5 of the Valuation of Land Amendment Act 1965) the following proviso:

25 "Provided that—

30 "(a) The value of any trees (other than fruit trees or live hedges) shall not be included in any valuation appearing in a valuation roll compiled as aforesaid from the district valuation roll, and the value of any fruit trees, vines, berryfruit bushes, and live hedges shall not be included in the land value of any such valuation:".

35 "(b) The value of any minerals (as defined in the Rating Act 1967) shall not be included in any valuation roll compiled as aforesaid from the district valuation roll, unless the owner or occupier of the land is receiving a benefit from the sale or use or working or extraction of those minerals."

(2) The principal Act is hereby further amended—

(a) By repealing the proviso to the definition of the term “land” in section 2 (which proviso was substituted by section 2 (1) of the Valuation of Land Amendment Act 1967):

5

(b) By repealing the second proviso to section 13.

(3) Section 2 of the Valuation of Land Amendment Act 1967 is hereby consequentially repealed.

6. New valuation on request—The principal Act is hereby further amended by repealing section 41, and substituting the following section:

10

“41. (1) Any person may, by notice in the prescribed form and on payment of the prescribed fee, request the Valuer-General to make a new valuation of any land or of any estate or interest in any land. The notice shall state whether the new valuation is to show—

15

“(a) The capital value, the land value, and the value of improvements; or

“(b) The capital value, the unimproved value, and the value of improvements.

20

“(2) Except where paragraph (b) of subsection (1) or subsection (4) of this section applies or the new valuation is required for the purposes of section 11 of this Act, the Valuer-General may decline to make the valuation unless he is satisfied that a refusal would inconvenience the applicant.

25

“(3) Where a new valuation of the unimproved value is to be made, then, for the purposes of that valuation, the terms ‘unimproved value’, ‘improvements’, and ‘value of improvements’ shall bear the meanings they had in section 2 of this Act immediately before the commencement of this section. Except as provided in subsection (4) of this section, the district valuation roll shall not be amended pursuant to the result of any such new valuation.

30

“(4) Where the applicant is the owner of the land and in his notice requests that a new valuation be made of the capital value, the land value, and the value of improvements, and also that the district valuation roll be amended pursuant to the result of the new valuation, the new valuation shall thereupon be made to preserve uniformity with existing roll values of comparable parcels of land.

35

40

“(5) The person giving the notice as aforesaid, or the Valuer-General, or, when the district valuation roll is to be amended pursuant to subsection (4) of this section, any local authority affected by the amendment of the roll shall, within
5 such time after the making of the new valuation under this section as the Valuer-General notifies, have the right to object to the new valuation:

“Provided that where the district valuation roll is to be amended pursuant to the result of the new valuation, no objec-
10 tion shall be upheld except to the extent that the objector proves that the new valuation does not preserve uniformity with existing roll values of comparable parcels of land.

“(6) For the purposes of paragraph (b) of section 29 of this Act, any new valuation made under this section where the
15 district valuation roll is required to be amended pursuant to the result thereof, or to any new valuation made by the Administrative Division of the Supreme Court on objection from the new valuation, shall be deemed to be entered in and to appear on the district valuation roll on the thirty-first day
20 of March on or next succeeding the date on which the notice requiring the new valuation to be made is duly given, whether the new valuation has been actually made and entered on the roll on or before that date or is not made until after that date.

“(7) Where there are more interests in the land than one
25 and a valuation is required pursuant to a notice given under this section of any interest in the land, the valuation of the interest requiring to be valued shall be of such amount as, when added to a valuation made as at the same date of the remaining interests, will be equal to the value of the land, as
30 if it were held by a single owner in fee simple and free from any lease or encumbrance.

“(8) Where there are more interests in the land than one, no objection to the valuation of any interest made pursuant to a notice given under this section shall be upheld except to the
35 extent that the objector proves that the valuation of the interest objected to, together with a valuation of the remaining interests in the land that preserve uniformity with the valuation objected to, does not represent the value of the land as at the date of valuation, as if the land were held by a single
40 owner in fee simple and free from any lease or encumbrance.”

7. Repealing provisions as to estimating various interests in land—The principal Act is hereby further amended by repealing section 45.

8. Consequential amendments and savings—(1) Subject to this section, every reference to unimproved value or to the unimproved value rating system in any enactment not amended by the foregoing provisions of this Act or in any regulation, rule, or Order in Council, in force at the commencement of this Act, shall after the commencement of this Act be read as a reference to land value or, as the case may be, to the land value rating system, and corresponding references shall be construed accordingly. 5

(2) Notwithstanding anything in subsection (1) of this section,— 10

(a) Every district valuation roll prepared under section 8 of the principal Act which is in force immediately before the commencement of this Act and continues in force after the commencement of this Act shall continue in force, and may be amended from time to time under the provisions of the principal Act, as if sections 2 and 3 of this Act had not been enacted, until the roll is revised under section 10 of the principal Act: 15 20

(b) Until a district roll that continues in force under paragraph (a) of this subsection is revised under section 10 of the principal Act,—

(i) Every valuation roll compiled from the district valuation roll pursuant to section 28 of the principal Act and in force immediately before the commencement of this Act shall continue in force; and 25

(ii) A valuation roll may be compiled and supplied to the local authority pursuant to section 28 of the principal Act; and 30

(iii) A new valuation roll may be made and alterations may be made in existing rolls pursuant to paragraph (d) of section 29 of the principal Act,—

as if sections 2 and 3 of this Act had not been enacted: 35

(c) Until a district valuation roll that continues in force pursuant to paragraph (a) of this subsection is revised under section 10 of the principal Act,—

(i) Every valuation roll of a special-purpose authority within the meaning of the Rating Act 1967 which is compiled from the district valuation roll pursuant to any enactment and is in force immediately before the commencement of this Act shall continue in force; and 40

(ii) A valuation roll of any such special-purpose authority may be compiled from that district valuation roll pursuant to any enactment; and

5 (iii) Alterations may be made in any such valuation roll,—
as if sections 2 and 3 of this Act had not been enacted:

10 (d) Where the system of rating on the unimproved value is in force in the district of any local authority immediately before the commencement of this Act, then, unless that system of rating is sooner changed under the provisions of the Rating Act 1967, the system of rating on the unimproved value shall continue in force in that district, as if sections 2 and 3 of this Act had not been enacted, until the district valuation roll that is in force at the commencement of this Act is revised under section 10 of the principal Act.

(3) Where—

20 (a) Pursuant to the Rating Act 1967 (as amended by subsection (1) of this section) the system of rating in the district of any local authority is changed from the capital value rating system or the annual value rating system to the land value rating system; and

25 (b) The district valuation roll for the district, or for the area of which the district forms part, which is in force on the date on which that change in the system of rating comes into effect is one that has continued in force pursuant to paragraph (a) of subsection (2) of this section, and has not been revised under section 10 of the principal Act before the date on which

30 the change in the rating system comes into effect,—
the unimproved value system of rating shall be in force in that district, as if sections 2 and 3 of this Act and subsection (1) of this section had not been enacted, until the date on which
35 a revision of that district valuation roll under section 10 of the principal Act comes into force or, where that date is not the date of the commencement of a rating period, the expiration of the rating period that is current on the date on which that revision comes into force.

(4) Notwithstanding anything in section 2 or section 3 of this Act or in subsection (1) of this section, Part IV of the Land and Income Tax Act 1954 (which relates to land tax) shall, after the commencement of this Act, continue to have effect as if the terms “improvements” and “unimproved value” continued to have the meanings they had for the purposes of that Part before the commencement of this Act, as if sections 2 and 3 of this Act and subsection (1) of this section had not been enacted. 5

(5) Notwithstanding anything in section 2 of this Act or the repeal by section 7 of this Act of section 45 of the principal Act, section 27 of the Maori Reserved Land Act 1955 shall, after the commencement of this Act, continue to have effect as if the terms “improvements” and “value of improvements” continued to have the meanings they had in section 2 of the principal Act before the commencement of this Act and as if section 45 of this Act had continued in force. 10 15

(6) Where the Governor-General considers it expedient that for the purposes of any enactment not amended by this Act and not referred to in the foregoing provisions of this section the terms “improvements”, “unimproved value”, and “value of improvements”, or any of those terms, should after the commencement of this Act continue to have the meanings they had under section 2 of the principal Act before the commencement of this Act, he may by Order in Council declare accordingly, and every such order shall have effect according to its tenor as from the commencement of this Act. 20 25

(7) Nothing in section 2 or section 3 of this Act or in subsection (1) of this section shall affect the rights of the parties under any lease, licence, deed, contract, or other document in force at the commencement of this Act, and every such lease, licence, deed, contract, or other document shall continue to have effect after the commencement of this Act as if the said sections 2 and 3 and the said subsection (1) had not been enacted. 30 35

SCHEDULE

Section 3 (3)

AMENDMENTS OF PRINCIPAL ACT CONSEQUENTIAL ON SUBSTITUTION
OF TERM "LAND VALUE" FOR TERM "UNIMPROVED VALUE"

Section Amended	Amendment
Section 8	By omitting from paragraph (e) the words "unimproved value", and substituting the words "land value".
Section 11	By omitting the words "unimproved values", and substituting the words "land values".
Section 22	By omitting the words "unimproved values", and substituting the words "land values".
Section 25B (as substituted by section 3 of the Valuation of Land Amendment Act 1967)	By omitting from paragraph (a) of subsection (1) and also from subsection (3) the words "unimproved value", and substituting in each case the words "land value".
Section 25c (as inserted by section 4 of the Valuation of Land Amendment Act 1970)	By omitting from <u>paragraph (a) of subsection (1)</u> and also from <u>subsection (3)</u> the words "unimproved value" wherever they occur, and substituting in each case the words "land value".
Section 25D (as inserted by section 5 of the Valuation of Land Amendment Act 1970)	By omitting from <u>paragraph (a) of subsection (1)</u> and also from <u>subsection (3)</u> the words "unimproved value" wherever they occur, and substituting in each case the words "land value".
Section 25E (as inserted by section 6 of the Valuation of Land Amendment Act 1970)	By omitting from <u>paragraph (a) of subsection (1)</u> and also from <u>subsection (3)</u> the words "unimproved value" wherever they occur, and substituting in each case the words "land value".
Section 28	By omitting from subsection (1) of section 28 (as substituted by section 5 of the Valuation of Land Amendment Act 1965) the words "unimproved value", and substituting the words "land value".
Section 37	By omitting the words "unimproved value" wherever they occur, and substituting in each case the words "land value".
Section 43	By omitting the words "unimproved value", where they first occur, and substituting the words "land value".
Section 47A (as inserted by section 8 of the Valuation of Land Amendment Act 1965)	By omitting from subsection (1) the words "unimproved values", and substituting the words "land values".