

Notional Values

Concessional Property Values for Primary Production

Office of the
Valuer-General

What is a Notional Value?

The *Valuation of Land Act 1971* (the Act) allows the Valuer-General to determine Notional Valuations for site value and capital value in certain cases where the criteria for their determination has been met.

Notional Values are best described as concessional values that have regard to the actual use of the land, rather than the more valuable best potential use of the land that would otherwise be considered in determining the site value or capital value.

As a consequence a Notional Value will be less than the Market Value of the land.

There are two types of Notional Values, one for primary production and the other for residential.

Eligibility

Before the Valuer-General can determine Primary Production Notional Values for any land, three criteria need to be satisfied as follows:

1. The required ownership needs to be present
2. The land has to be used for the business of primary production
3. The value has to be enhanced by circumstances prescribed under the Act

For the purposes of the Act the required ownership is one where the owner:

- Has an estate of fee simple in the land; or
- Holds the land by virtue of a Crown lease, or an agreement to purchase from the Crown; or
- Is an occupier of the land by virtue of a shareholding in a relevant body corporate under the Act

In relation to the third criteria the value of the land must, in the opinion of the Valuer-General, be enhanced by one or more of the following circumstances:

- An existing division of the land; or
- A potential for division of the land; or
- A potential use of the land other than for the business of primary production

Business of Primary Production

The second criteria requires the land to be used for the business of primary production, but the owner does not need to be the primary producer, nor does the business of primary production have to be the predominant use of the land.

The primary production activities that can be considered are defined within the Act, but include such activities as the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming and forestry.

In deciding if the land is being used for the business of primary production the Valuer-General will have regard to a range of factors associated with the circumstances surrounding each case.

Some of the factors considered are:

- Continuity of an organised primary production operation along with reasonable size and scale normally expected for the primary production activity being undertaken
- Diligence and repetition of actions associated with primary production being undertaken on the land
- The primary production operations must have some significant commercial purposes or character, demonstrating a degree of sustainability or viability
- There is the intention to make a profit, despite not always realising a profit in any particular year

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How is a Primary Production Notional Value Determined?

Primary Production Notional Values are determined by disregarding the enhanced Value brought about by existing, or the potential for, subdivision of the land.

It will also disregard any enhanced value associated with a potential alternative use for the land other than for primary production, such as for commercial or industrial purposes. It will not disregard the value associated with an alternative use, if that use is being undertaken on the land.

Other than those matters that must be disregarded the approach for determining Primary Production Notional Values is no different to determining ordinary site values and capital values. The Valuer will have regard to such things as location, planning controls, the size and topography of the land, rainfall, the productive capacity of the land, the nature of the improvements and suitable market evidence.

The Process

The Primary Production Notional Value application form will require you to demonstrate that the land is being used for the business of primary and provide supporting evidence where possible. Depending on the circumstances this can include:

- An ABN;
- A share farm agreement;
- Receipt from sales of produce;
- Recent tax return stating owner/user of the land is a primary producer

Upon receipt of the application, the Valuer-General will seek assistance from a suitable qualified valuer to determine if all the criteria are present for Primary Production Notional Valuations to be determined.

The process may include an inspection of the land, further consultation with the owner and requests for additional supporting material if required.

The person making the request for Primary Production Notional values will be advised of the outcome in writing. If Notional Valuations are determined the correspondence will outline what the Notional Site Value and Notional Capital Value will be, and for which year they will come into effect. The letter will also outline the owner's obligation to inform the Valuer-General of changes in circumstances that may affect the eligibility for notional values to be applied.

How do I apply?

If you believe that you may be entitled to the benefit of a Notional Value, you can apply by:

1. Completing the Primary Production Notional Value application form.



Forms are available at
www.valuergeneral.sa.gov.au

2. Send the completed form to the Office of the Valuer-General.



- In person at Ground Floor, 101 Grenfell Street, Adelaide
- By post GPO Box 1354 Adelaide, SA 5001
- Via email to OVGobjections@sa.gov.au

Further Information

For further information please refer to the Valuer-General's Policy – VGP 2019 10 Notional Values, available at www.valuergeneral.sa.gov.au

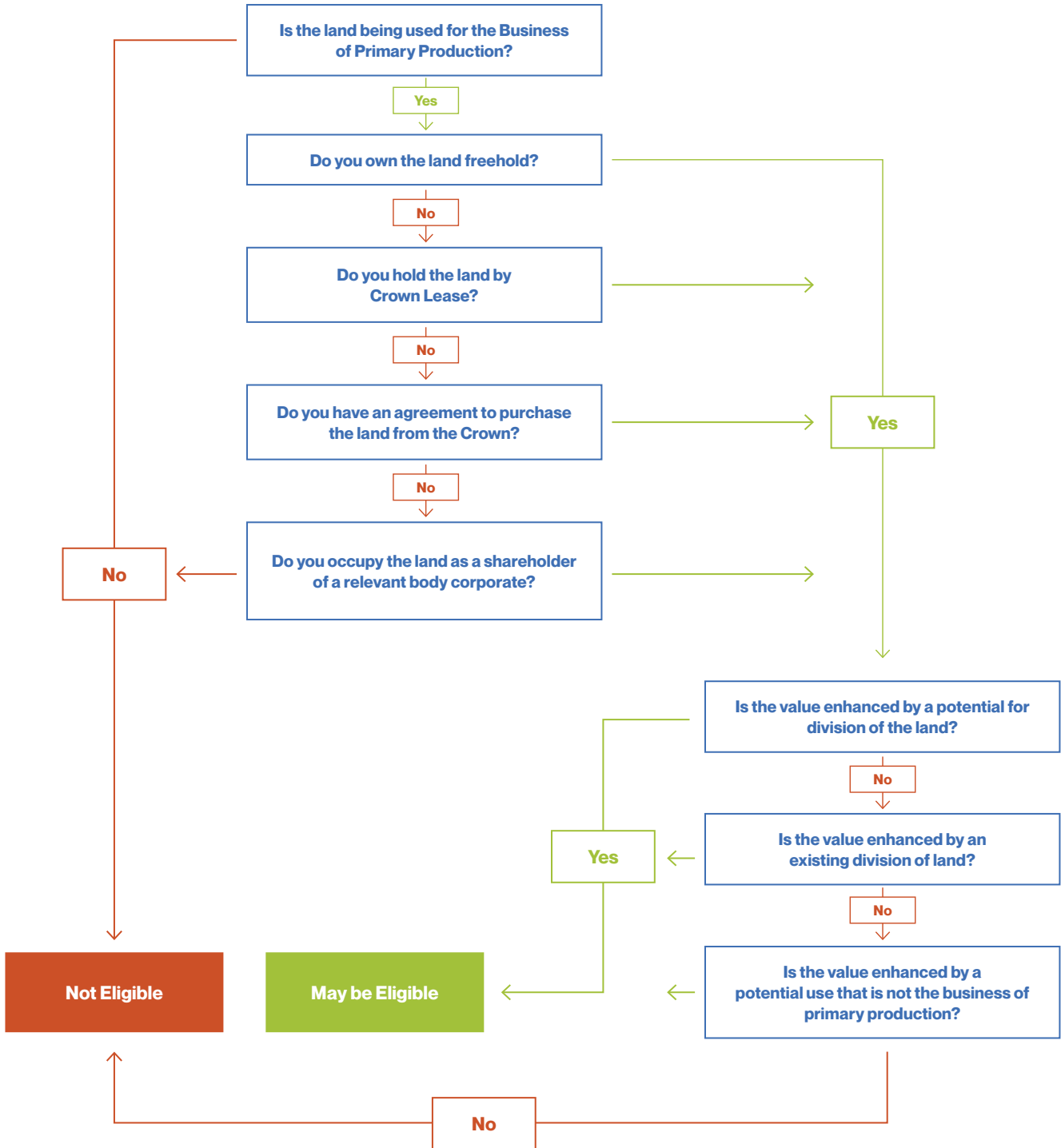
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Primary Production Notional Value Eligibility



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