

Pastoral Annual Rent Process 2021

Office of the
Valuer-General

The Pastoral Land Management and Conservation Act 1989 (SA) regulates the management and conservation of pastoral land in South Australia

Background

Under Section 23 of the *Pastoral Land Management and Conservation Act 1989 (SA)* (PLMC Act) the rent payable to the Crown under a pastoral lease is determined by the Valuer-General in accordance with the requirements of the PLMC Act.

It is a requirement of the Valuer-General that the annual rent is determined at least once every five years. This process requires the Valuer-General to determine an Unimproved Value (UV) of the land and then fix the annual rent for the lease as a percentage of this value. This percentage represents the Valuer-General's opinion as to the appropriate rate of return (RoR) for the land, having regard to the predominant land use.

When that RoR is applied to the UV an annual rental figure is able to be calculated.

$$[UV \times \% RoR = \$ \text{annual rent}]$$

In determining the UV the Valuer-General is to have regard to the definition outlined within the *Valuation of Land Act 1971 (SA)* (VL Act), and as such have regard to all those considerations that can be expected in undertaking an unencumbered market value, but assuming certain improvements had not been made.

These considerations include, but are not limited to, the following –

- Sales evidence (which reflects the impact of any drought or other conditions), industry economics and other factors considered by the parties in the sale;

- Sustainable carrying capacities, land system productivity, location, access, rainfall reliability, water supply and environmental issues; and
- Trends in climate, meat, wool and the relativity with CPI (especially that reflecting meat based products) and relevant indexes.

Unimproved Value (UV)

The UV of the land means the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale, assuming that any improvements on the land (except, in the case of land not used for primary production, any site improvements), the benefit of which is unexhausted at the time of valuation, had not been made; for the purposes of this definition –

- Improvements means houses and buildings, fixtures and other building improvements of any kind whatsoever¹
- Site improvements means reclamation of land by draining or filling, and any retaining walls or other structures or works ancillary to that reclamation²

In determining the UV the Valuer-General also takes into account the following matters:

- The purpose, whether authorised under the lease or by the Pastoral Board of South Australia, for which the land is used and the inherent capacity of the land to be used for those purposes;
- Any prevailing climatic conditions currently affecting the productivity of the land;

¹ Including fences, bridges, roads, tanks, wells, dams, fruit trees, bushes, shrubs and other plants planted or sown, whether for trade or other purposes, draining of land, ringbarking, clearing of timber or scrub and any other actual improvements.

² Including the excavation, grading or levelling of land, the removal of rocks, stone, sand or soil, and the clearing of timber, scrub or other vegetation.

For more information, please contact the Office of the Valuer-General

www.valuergeneral.sa.gov.au
dti.OVGPastoralRentReview@sa.gov.au

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- The proximity and accessibility of markets and other facilities to the extent that they effect the profitability of the lessee's enterprise;
- The views as to land condition factors expressed by the regional landscape board within whose region the land is situated, which comprised consultation undertaken with SA Arid Lands, Murray lands and Riverland and Eyre Peninsula Landscape Boards; and
- The views of the Consultative Committee that was established by the Minister for the purposes of assisting in the determination of pastoral lease rents.

Rate of Return (RoR)

The RoR is determined by the Valuer-General and is based on their opinion as to what is appropriate for the land, taking into account the purpose for which the land is being used. The Valuer-General currently takes into consideration:

- Pastoral Purposes;
- Conservation Purposes;
- Tourism Purposes; and
- Heritage Purposes.

Right of Review (Section 53)

Section 53(1) of the PLMC Act sets out two formal avenues for a Lessee to have their Annual Rent reviewed if they are dissatisfied with the determination by the Valuer-General.

Within three (3) months of receiving a copy of the notice of determination, a Lessee may –

- Apply to the Valuer-General for a review of the determination; or
- Apply to the South Australian Civil and Administrative Tribunal (SACAT) for a review of the determination.

Resolving the matter informally

The Valuer-General must, on the written request of a Lessee who is dissatisfied with a determination of annual rent, endeavour to resolve the matter informally, regardless of whether the lessee has lodged an application for review under s 53(1) or not.

Review by the Valuer-General

If you wish to request the Valuer-General for a review, or to resolve the matter informally, please write or email the Valuer-General as follows.

A Request for a Review by the Valuer-General Must be Lodged Within Three (3) Months of Receiving the Notice of Determination

Request should:

- Be addressed to the 'Valuer-General';
- Include a contact name and details to allow follow up if required; and
- Include the address of the property and reasoning for the request for review.

Requests can be sent to:

E-mail: dti.OVGPastoralRentReview@sa.gov.au

Post: GPO Box 1354, Adelaide SA 5001

Review by SACAT

If you wish to request a review by SACAT you will need to contact the Tribunal directly and lodge the application within three (3) months of receiving the notice of determination. Details can be found on their webpage www.sacat.sa.gov.au.

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