

Valuer General's Policy

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Valuation of land or stratum located in more than one local government area

What

This policy guides valuers on the methods to use and factors to consider when valuing land for rating and taxing purposes, which is located in more than one local government area (district).

How

Under this policy, valuers must apportion the land value of land that is located partly within two or more districts.

Valuers must apply market evidence and do ongoing quality reviews to support valuations.

Valuers assess the value of the land only, without including the value of structures or other improvements on that land.

Why

This policy will ensure that the Valuer General's valuation of land located in more than one district is:

- consistent and accurate
- transparent
- in line with the *Valuation of Land Act 1916* (Valuation of Land Act).

Contents

1 Policy	1
1.1 Scope	1
1.2 Districts	1
1.3 Separate valuation not required	1
1.4 Land value is to be apportioned	1
1.5 Assumptions and considerations	2
1.6 Exception	2
2 References	4
2.1 Definitions	4
2.2 Laws and policies	6
3 Context	7
3.1 Role of the Valuer General	7
3.2 Background	7

1 Policy

1.1 Scope

Land located in more than one district

land value

This policy covers land that is located partly in two or more districts.

The land value is to be apportioned in accordance with section 28 of the *Valuation of Land Act 1916* (Valuation of Land Act).

The land value excludes any structures or improvements, but includes land improvements.

See section 6A of the Valuation of Land Act.

1.2 Districts

A district is a local government area proclaimed by the Governor of New South Wales in the NSW Government gazette.

Where local government boundaries change, this policy must apply to the new district once proclaimed.

1.3 Separate valuation not required

Where land that would normally be valued as one parcel is located in more than one district, it is to be valued as a single parcel.

1.4 Land value is to be apportioned

apportioned parcel

Where a parcel of land located in more than one district is valued as a single parcel, the land value must be apportioned.

The apportionment is to be made by dividing the land value for the whole parcel by the area of the parcel and then apportioning that value to each part, based on the area of the part.

Apportionments are to be rounded down to the next whole dollar.

1.5 Assumptions and considerations

Physical condition of land When determining the land value of any parcel, regard is had to the physical condition of the land and the manner in which the land and any other land may be used as at the date the valuation was made.

Valuation assumptions

fee simple in possession

highest and best use land

improvements

land improvements sale

unencumbered

In line with section 6A of the Valuation of Land Act, you must value the land at its highest and best use, while assuming:

- there is a sale
- the buyer and seller are hypothetical
- the title is unencumbered, and the valuation is of the full fee simple in possession
- the land is vacant and has no improvements other than land improvements
- there is no existing development consent for the land.

Valuation considerations

date the valuation was made

statutory restrictions

You must also consider and reflect in the valuation these other requirements of the Valuation of Land Act:

- the current use of the property if it differs from planning controls and would, if allowed, result in a higher land value (section 6A(2))
- all statutory restrictions on the land
- the valuation reflects a sale of the property at 1 July of the valuing year (section 14B)
- the property's physical condition, surroundings, zoning and allowable uses that applied on the date the valuation was made (section 14K).

1.6 Exception

mines and minerals

This policy does not apply to the valuation of mines or minerals. In accordance with the Valuation of Land Act the Valuer General may apportion the land value of such land (situated partly in one and partly in another district) as he or she may direct.

Valuation of land or stratum located in more than one local government area

The apportionment of land values of mines that are situated partly in one and partly in another district must be determined in accordance with the current Valuer General delegations.

2 References

2.1 Definitions

date the valuation was made	The actual date on which the valuer performs the valuation. The physical condition of the land and the manner in which it may be used on the date the valuation is made must be assumed to be the same as at 1 July. See section 14K of the Valuation of Land Act.
encumbrance	Any right to or interest in land by someone other than the owner, and that prevents the transfer of that land or lowers its value. It might include an easement, restrictive covenant, mortgage, or other restriction.
environmental planning instrument	A legal document that regulates land use and development, under State environmental planning policies and local environmental plans.
fee simple in possession	Absolute title to land, free of any other claims against the title, which one can sell or pass to another by will or inheritance.
highest and best use	Valuation concept that refers to the possible use of a property that would give the highest market value. The use must be lawful, physically possible and financially feasible.
improvement	Something that improves the value of the land. This is not defined in the Valuation of Land Act, and is different from the term 'land improvement' (below).
land improvement	Land improvements, such as draining, excavating, filling or clearing, are defined in section 4 of the Valuation of Land Act and included in the land value (below).
land value	Value of the land excluding any structures or improvements, but including land improvements. See section 6A of the Valuation of Land Act for a full explanation.
mines and minerals	Mine means all land, on or below the surface or partly on or below the surface used or held for any mining purpose including the extraction of minerals.

sale The transfer of property between parties. To use a sale as market evidence, it must have been:

- an arm's length transaction
- between a willing buyer and willing seller who both acted knowledgeably, prudently and without compulsion
- properly marketed.

statutory restrictions Statutory restrictions on the land may include environmental planning instruments and development control plans, as well as restrictions relating to the clearing of land, water and soil management or being included on the State Heritage Register.

unencumbered Unencumbered land is land without any encumbrances. An encumbrance is any right to or interest in land by someone other than the owner, and that prevents the transfer of that land or lowers its value. It might include an easement, restrictive covenant, mortgage, or other restriction.

2.2 Laws and policies

Governing NSW law	<i>Valuation of Land Act 1916</i> (Valuation of Land Act) Section 6A
Related Valuer General policy	Valuing separate parcels Valuation of heritage restricted land

3 Context

3.1 Role of the Valuer General

The Valuer General for NSW

In NSW, the *Valuation of Land Act 1916* establishes the Valuer General as the independent statutory authority responsible for ensuring the integrity of land valuations in NSW.

Valuation Services, Property NSW manages the valuation system on behalf of the Valuer General, outsourcing the majority of valuation services to private valuation firms.

The Valuer General is committed to an open and transparent valuation process that is easy for landholders to understand.

3.2 Background

Council amalgamations

In 2016 the NSW government commenced a review of local government districts. A number of new council areas have been proclaimed and a number of mergers have been proposed.

The government also announced that the structure for rates applied by a former council to rates levied for a parcel of land in a former area is to be applied by the new council to that parcel.

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