

Valuer General

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

Guidance Note

February 2024



Acknowledgement of Country

The office of the Valuer General and Valuation NSW acknowledges that we stand on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past and present through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally, and economically.

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More information

Enquiries relating to this guidance note should be addressed to the office of the Valuer General via email to valuergeneral@dpie.nsw.gov.au.

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Introduction

1.1 Purpose

This document is intended to provide guidance to 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).

This guidance note 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* (the Act).

1.2 Background

In NSW, the Act establishes the Valuer General as the independent statutory officer responsible for ensuring the integrity of land valuations in NSW.

Valuation NSW carry out functions on behalf of the Valuer General under formal delegations. Some valuation services may also be contracted out to private valuation firms. All valuation services are subject to a rigorous quality assurance process prior to issue to landholders.

Recommended Approach

1.3 Scope

1.3.1 Land located in more than one district

This guidance note 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 Act.

The land value excludes any structures or improvements but includes land improvements. See section 6A of the Act.

1.4 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 guidance note must apply to the new district from the time it is proclaimed.

1.5 Separate valuation not required

1.5.1 Separate valuations

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.

1.6 Land value is to be apportioned

1.6.1 Land values to be apportioned

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 whole 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.

1.7 Assumptions and considerations

1.7.1 Physical condition of land

When determining the land value of any parcel, regard 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.

1.7.2 Valuation assumptions

In line with section 6A of the 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.

1.7.3 Valuation considerations

You must also consider and reflect in the valuation these other requirements of the 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).

1.8 Exception

1.8.1 Mines and minerals

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

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.

References

Definitions

Term	Meaning
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 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 Act and is different from the term 'land improvement' (below).
Land improvement	Land improvements may include draining, excavating, filling or clearing, and are defined in section 4 of the 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 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.

Term	Meaning
Sale	<p>The transfer of property between parties. To use a sale as market evidence, it must have been:</p> <ul style="list-style-type: none"> • an arm's length transaction • between a willing buyer and willing seller who both acted knowledgeably, prudently and without compulsion • properly marketed.
Statutory restrictions	<p>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.</p>
Unencumbered	<p>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.</p>

Related documents and legislation

- [Valuation of Land Act 1916 – Section 6A](#)
- [Valuing separate parcels guidance note](#)
- [Valuation of heritage restricted land guidance note](#)