

FAQ: Valuations and Rent Setting for Shacks on Crown Land and in National Parks

This FAQ explains how valuations are carried out for Crown Leases on Crown Land and in National Parks and how market rent is determined under the *Crown Land Management Act 2009 (CLMA)*.

What is the purpose of these valuations?

The terms and conditions of your lease stipulate a rent review at intervals as fixed by the lease. Under section 34 of the *CLMA* the Minister for Climate, Environment and Water will fix the rent payable under a lease based on current market rent unless there are special circumstances justifying a lesser rent.

Valuations by a qualified valuer are being undertaken to determine market rent so that rents are fair, transparent and consistent with current market conditions.

How is market rent determined?

A qualified land valuer will undertake a valuation of the Crown's interest in your leased property to determine the current market rent for that land. In Australia a valuer is required to undertake the valuation and prepare a report using the International Valuation Standards 2025.

Market rent is generally calculated by determining the market value of the Crown's interest in the land and applying a market-based rate of return to that value.

What is the Crown's interest in the land?

The Crown's interest represents the value of the underlying land based on its permitted use (for example, *holiday accommodation*).

It does not include any buildings, improvements, landscaping or ancillary structures made or owned by the lessee. The term '*improvements*' is defined under Section 3 of the *CLMA*.

What is 'Market Value'?

The International Valuation Standards (IVS 2025) define market value as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

How do valuers determine market value?

Professional valuers select the most appropriate approach depending on the asset type, permitted use and available data. The three main approaches are:

1. Market Approach - compares the land to similar properties that have recently sold or been leased.
2. Income Approach - estimates value based on the income the land could generate, capitalised at a market rate of return.
3. Cost Approach - calculates value based on replacement costs, minus depreciation (used for unique sites).

Note: One or more approaches may be used and each approach includes different methods of applications. The approach and method will be determined by the valuer.

Who undertakes the valuations?

The Department Environment and Water (DEW) engages independent professional valuers accredited under the IVS. These valuers provided impartial assessments of the Crown's interest in the land, excluding any lessee-owned improvements.

When will valuations be completed?

- Valuations commenced in October 2025 and are expected to be completed by late November 2025.
- All valuations in 2025 will be conducted as desktop assessments only, meaning no site visits or physical inspections will take place.
- Once valuations are complete. Lessees will receive written notification of the new market rent payable from the end of the rent review period as stated in your lease.

What happens after I receive my valuation?

You'll receive written advice that includes:

- The effective date from for the new valuation and rent; and
- Information on rent or appeal rights if you disagree.

Any increase in rent will remain subject to existing rent caps in place until 30 June 2026.

What if I don't agree with the valuation or market rent?

The *CLMA* provides several avenues for review:

1. Request a Ministerial review:
 - You can apply in writing within 28 days of being notified of the current market rent.
 - The Minister will review the determination.
 - On receipt of an application, the Minister must -
 - a. Refer the application to the Valuer-General for a valuation review; or
 - b. Constitute a Ministerial review panel and refer the application to the panel for a valuation review.
2. If dissatisfied with the Minister's review outcome:
 - You may apply within 21 days of being notified of the review outcome for further review.
3. Apply to the South Australian Civil and Administrative Tribunal (SACAT)
 - If still dissatisfied, you can seek a formal review under Section 34 of the *South Australian Civil and Administrative Tribunal Act 2013*.

Do improvements to my shack affect the valuation or rent?

No.

The valuation reflects only the Crown's underlying land interest.

Any building or improvements made by the lessee are excluded from the valuation and rent calculation.

What if my lease is in a National Park?

The same valuation principles apply to leases in National Parks.

Where can I get more information or assistance?

For further information:

Email: dewshacks@sa.gov.au

Phone: 08 8372 7529