



Dear Pastoralist

PASTORAL LEASE RENT REVIEW CHANGES RESULTING FROM LAA AMENDMENTS

I am writing to inform you of the changes to the pastoral rent review process, resulting from recent amendments to the *Land Administration Act 1997* (LAA).

Below is some information to help you understand the new review process:

Why is the methodology for determining pastoral lease rent changing?

Under the previous section 123 of the LAA, the Valuer-General determined pastoral lease rent every five years. This is being replaced by a process where the Valuer-General will determine the rent for each lease every ten years. The first Valuer-General determination will be made in 2028.

The Minister for Lands will adjust the rent annually in accordance with Consumer Price Index (CPI) movements. The Perth All Groups CPI has been chosen as the most appropriate index to use as it is frequently updated and provides a broad reflection across the whole of WA of CPI. Pastoral lessees will be provided 6 months advance notice of changes to their rents.

The changes to the rent review methodology will improve transparency and reduce volatility for the pastoral industry.

How is pastoral lease rent determined?

The Valuer-General determines annual rent payable for a pastoral lease as the amount of ground rent (not including buildings and infrastructure) that the land in good condition might reasonably expect to realise for a long-term lease for pastoral purposes, under which all normal outgoings are paid by the pastoral lessee.

In determining pastoral lease rents, the Valuer-General will consult with the Pastoral Lands Board in relation to the economic state of the pastoral industry.

When will the rent rates come into effect?

The Minister for Lands will calculate and advise pastoral lessees of the new rent on or before **31 December 2023**. The new rent will apply from **1 July 2024**, providing 6 months advance notice of the new rent.

Please note you will still receive one more invoice under the current system, before the new rent is applied.

How will the first base annual rent be calculated?

The Minister for Lands will calculate a base annual rent before 31 December 2023 for each pastoral lease, to be CPI adjusted, as the lower of the following;

- i) the current rent for the pastoral lease; or
- ii) the average rent for that pastoral lease over the market rent determinations applying to it since 1999 (i.e. the years 1999, 2004, 2009, 2014 and 2019).

Following this, the base annual rent for the CPI calculation will be the current rent of the pastoral lease.

How will the changes impact rent reviews for permits issued by the PLB?

Permits containing a condition that rent will be payable for the permitted activity will be subject to annual CPI rent reviews under section 124 of the LAA, except in a market rent review year. Market rent reviews determined by the Valuer-General for permit rent occur at least once every 5 years.

Permit rent will be adjusted annually applying the rate of change in the Perth All Groups CPI over the preceding year. The determination day for a CPI review is 31 December each year and permit holders will be advised on or before this date of the new rent payable from the following 1 July.

No CPI adjustment is made to any permit rents in any year a market review of permit rent occurs.

Where can I find out more?

The Department of Planning, Lands and Heritage (DPLH) will be releasing more information on the rent review process over the coming months on its website at www.wa.gov.au/PLB-Documents or via the QR code below.

For information on market rent reviews by the Valuer-General please visit <https://www.landgate.wa.gov.au/valuations/valuations-for-rates-and-taxes/pastoral-leases/pastoral-lease-rent/>

If you have any questions, please contact DPLH at info@dplh.wa.gov.au or by phone on 08 6551 8002 and ask to speak to a representative from the Land Use Management Division.



Tim Shackleton
Chairperson
Pastoral Lands Board

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