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L.N. 60 of 2023

**AGRICULTURAL LEASES (RELETTING) ACT
(CAP. 199)**

Valuation of Agricultural Land Regulations, 2023

IN EXERCISE of the powers conferred by article 19(1A) of the Agricultural Leases (Reletting) Act, the Minister responsible for justice, with the concurrence of the Minister responsible for agriculture, has made the following regulations:-

Citation, scope
and
commencement.

1. (1) The title of these regulations is the Valuation of Agricultural Land Regulations, 2023.

(2) The scope of these regulations is to establish a standard valuation method that shall be applied to all valuations of the open market value of agricultural land.

(3) These regulations shall come into force within two (2) months from their publication in the Gazette.

Interpretation.

2. (1) In these regulations, unless the context otherwise requires:

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"Act" means the Agricultural Leases (Reletting) Act;

"base value" means the value of one (1) tumolo of agricultural land as established by the Minister responsible for agriculture in accordance with regulation 4;

"total agronomical factors" means the sum of all land related agronomical factors as identified and calculated in accordance with Schedule I;

"tumolo" means a measure of land area equivalent to one thousand one hundred and twenty-four square meters (1124m²).

(2) Unless the context otherwise requires, words and phrases used in these regulations which are not defined herein shall have the same meaning as assigned to them in the Act.

Adoption of a
methodology.

3. (1) The methodology for the valuation of the open market value of agricultural land shall be calculated by applying the total agronomical factors resulting on the agricultural land being valued, to the base value of agricultural land as adjusted to reflect the actual size of the agricultural land being valued in accordance with

Schedule I.

(2) The total agronomical factors shall be assessed and determined in accordance with Schedule II.

(3) The base value of agricultural land shall be established in accordance with regulation 4.

4. (1) The Minister responsible for agriculture shall establish and publish by means of a Government notice in the Gazette the base value of one (1) tumolo of agricultural land.

Establishment
of the base
value of
agricultural
land.

(2) The base value of agricultural land shall be revised every five (5) years from the coming into force of these regulations and each revision shall be published by means of a Government notice in the Gazette.

(3) In establishing the base value of agricultural land, the income approach shall be adopted as established in the European Valuation Standards published from time to time by the European Group of Valuers' Associations in order to determine the open market valuation of agricultural land based on average net income yields resulting from data derived from the Farm Accountancy Data Network (FADN) established by Commission Implementing Regulation (EU) 2015/220 of 3 February 2015 laying down rules for the application of Council Regulation (EC) No 1217/2009 setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Union using the direct capitalisation method where the capitalisation rate shall be of three per cent (3%).

SCHEDULE I
(regulation 3)

Calculating the Fair Price of Agricultural Land

1. For the purposes of this Schedule, the following abbreviations shall refer to:

- a. AgrVal – Agronomic Value
- b. AgrValMax – Maximum Agronomic Value
- c. BVAL – Basic Value of Agricultural Land
- d. FPAL – Fair Price of Agricultural Land

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- e. ProVal – Protected Cropping Value
- f. ProValMax – Maximum Protected Cropping Value
- g. StrVal – Agricultural Structure Value
- h. SumAgr – Total Sum of Agronomic Factors of the Land
- i. SumPro - Protected Cropping Structure
- j. ValStr - Value of the Structure

The total agronomic factors to be assessed in accordance with these regulations shall be comprised of the total agronomic value, the total protected cropping value and the total agricultural structures as follows:

In determining the total agronomic factor, any enhancements or investments made by the lessee up to eight (8) years from the date of the assessment shall not be included in the assessment of the agronomic factors.

The fair price of agricultural land (FPAL) shall be calculated as follows:

$$\text{FPAL} = (\text{Area of land} \times (\text{BVAL}/1124)) + (\text{Area of land} \times (\text{AgrVal}/1124)) + (\text{Area land covered by Protected Cropping} \times (\text{ProVal}/1124)) + \text{StrVal}$$

(a) Calculating the Agronomic Value (AgrVal)

The Maximum Agronomic Value (AgrValMax) shall be set at seventy per cent (70%) of the Basic Value of Agricultural Land (BVAL). This is allocated to the agronomic aspects of the land and shall be assessed on the factors identified and listed in paragraph (a) of Schedule II.

The assessment shall be conducted by experts in the field who shall give a nominal value to each factor based on the guidance provided in Schedule II. The total sum of the agronomic factors of the land (SumAgr) allocated shall be included in the formula below to determine the Agronomic Value (AgrValue)

$$\text{AgrVal} = (\text{AgrValMax} \times \text{SumAgr})/100$$

(b) Calculating the Protected Cropping Value (ProVal)

The Maximum Protected Cropping Value (ProValMax) shall be set at thirty-five per cent (35%) of the Basic Value of Agricultural Land (BVAL). This coefficient is allocated to the state of the permanent structures that may be used to grow crops under these structures.

The assessment of the state of the Protected Cropping Structures shall be assessed on the factors identified and listed in paragraph (b) of Schedule II. The value allocated to the assessment of the Protected Cropping Structure (SumPro) shall be included in the formula below to determine the Protected Cropping Value (ProVal):

$$\text{ProVal} = (\text{ProValMax} \times \text{SumPro})/100$$

(c) Agricultural Structures

(i) Calculating the replacement cost of the agricultural stores present on the agricultural land with a footprint of 60m² or less (StrVal)

The calculation of the replacement cost of the agricultural store present on the agricultural land with a footprint of sixty square metres (60m²) or less shall be linked to the BVAL with a maximum allocation of seventy per cent (70%) of the BVAL. There shall be four (4) categories of agricultural stores in accordance with paragraph (c) of Schedule II. The highest allocation shall be allocated to agricultural stores having a footprint of more than forty square metres (40m²). The other allocations shall be calculated as per the formulas present in the table of paragraph (c) of Schedule II.

(ii) Structures with a footprint exceeding sixty square metres (60m²) shall be subjected to a calculation of the replacement value of the structure (ValStr), using a cost approach as defined in the European Standard Valuations established from time to time and calculated as following:

$$\text{StrVal} = (\text{ValStr})/2$$

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SCHEDULE II
Agronomic Factors

(a) Assessment of Agronomic Factors of the Land

Parameter	Guidelines		Score value range	Assigned score	Justification for the assigned score
Parcel accessibility	0	Land with no vehicular access (only through a footpath of less than 3m wide)	0 / +10		
	5	Land with vehicular access of at least 3m wide in restricted periods of the year.			
	10	Land with unrestricted vehicular access of at least 3m wide.			
Access to new water	0	Land without direct access to new water.	0 / +10		
	5	Land without direct access but with new water accessible within a distance of 500m.			
	10	Land with direct access to new water.			
Access to electricity	0	Land with no direct access to electricity.	0 / +5		
	2.5	Land without direct access but with electricity accessible within a distance of 500m.			
	5	Land with direct access to electricity.			

Exposure to strong winds	0	Parcel is within the coastal zone as identified in the Coastal Zone and Marine Area Police.	0 / +10		
	5	Parcel is within a distance of 1km from the coastal zone as identified in the Coastal Zone and Marine Area Police.			
	10	Parcel is further than a distance of 1km from the coastal zone as identified in the Coastal Zone and Marine Area Police.			
Ease of use of agricultural machinery	0	Area of parcel is less than one (1) tumolo or less than 5m wide.	0 / +10		
	3	Area of parcel is more than one (1) tumolo but less than 5m wide.			
	6	Area of parcel is more than one (1) tumolo and more than 5m wide.			
	10	Area of parcel is more than three (3) tumoli and more than 5m wide.			
Slope	0	Land with a slope gradient of more than 10%	0 / +5		
	2.5	Land with a slope gradient of between 5% and 10%			
	5	Land with less than 5% slope gradient.			
Flooding	0	Risk of flooding in more than once in three (3) years.	0 / +5		
	2.5	Risk of flooding in more than once in three (3) years and once in nine (9) years.			
	5	No risk of flooding.			

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Presence of fixed elements of the landscape	0	Land with more than 25% protected landscape features u, jew >50% of the perimeter of the field has rubble walls.	0 / +10		
	5	Land with 5% to 25% protected landscape feature.			
	10	Land with less than 5% protected landscape feature and, or <50% of the perimeter of the field has rubble walls.			
Soil depth	0	Fields with soil depth of less than 30cm in depth	0 / +5		
	2.5	Fields with soil depth of more than 30cm but less than 50cm in depth			
	5	Fields with soil depth of more than 50cm depth			
Soil texture class	0	Soil Classified as "Clay, sand, silt."	0 / +5		
	2.5	Soil Classified as "Loamy sand, sandy loam, silt loam, sandy clay loam, silty clay loam, silty clay, sandy clay."			
	5	Soil Classified as "Loam, clay loam."			
Soil salinity	0	Soil salinity more than 4000uS/cm	0 / +5		
	2.5	Soil salinity > 2000uS/cm < 4000uS/cm			
	5	Soil salinity less than 2000uS/cm			

Presence of stones	0	Soil top layer (15cm from surface) containing more than 35% stones of > 6cm	0 / +5		
	2.5	Soil top layer (15cm from surface) containing between 5% and 35% stones of > 6cm			
	5	Soil top layer (15cm from surface) containing less than 5% stones of > 6cm			
Boundary walls	0	< 50% of the perimeter of the field has a boundary wall.	0 / +5		
	5	> 50% of the perimeter of the field has a boundary wall.			
Water storage infrastructure	0	No water storage (less than 1000m³) or access to groundwater.	0 / +10		
	3	Presence of water reservoir with more than 1000m³ with no access to ground water.			
	6	No water reservoir with more than 1000m³ with access to ground water.			
	10	Presence of water reservoir with more than 1000m³ with access to ground water.			
Total sum of agronomic factors of the land (SumAgr)					

(b) Assessment of Protected Cropping Structures

Protected Cropping Structure	0	No Protected Cropping Structure present	0/ +100
	0 - 25	Protected Cropping Structure present however greenhouse is in need of serious repair	
	25 - 75	Protected Cropping Structure present however structure is in need of repair	
	75 - 100	Protected Cropping Structure present and does not need any repairs.	

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(c) Calculating the replacement cost of the agricultural stores present on the agricultural land with a footprint of sixty square metres (60m²) or less.

< 15 sq. m	$((\text{BVAL} \times .70)/60) \times 15$
15 sq. m to 20 sq. m	$((\text{BVAL} \times .70)/60) \times 20$
20 sq. m to 40 sq. m	$((\text{BVAL} \times .70)/60) \times 40$
> 40 sq. m	$(\text{BVAL} \times .70)/60$