A decision was made at the Supreme Court 47 on 5 March 1999, which provided an authoritative guide to the status of Plant and Machinery in relation to the assessment of Capital Improved Value.

In the case of *VicGrain Assets Pty Ltd versus Hindmarsh City Council & Others*, it was ruled that a weighbridge should properly be included as part of the freehold and may therefore be assessed in the Capital Improved Value (CIV). This decision now provides an authoritative precedent for valuers undertaking statutory valuations throughout the state.

The issue as to whether items of plant and machinery should or should not be included in the assessment of CIV has been an ongoing problem for valuers undertaking statutory valuations for many years. In recent years, this issue has become even more prominent because the vast majority of councils now levy rates based on CIV, and are therefore subject to greater scrutiny by ratepayers.

In the VicGrain decision, a weighbridge, used in the measuring of the quantity of grain in each delivery to the grain storage facility, was found to be essential to the operation of the facility. As Balmford, J. said:

“It cannot be imagined that, in construction of such a facility, the intention is that the weighbridge shall be any less permanent a structure than the sheds and silos. It is presumably an incident of its operation as a weighing device that the weighbridge must rest in the ground by its own weight rather than being attached to it. I am satisfied that the object and purpose of the placing of the weighbridge on the site is the better enjoyment of the freehold as a grain handling facility. Accordingly, I find that the weighbridges on the five sites are fixtures, and each is properly to be included in the valuation as part of the freehold, as was done by the council valuers.”

The Valuer-General has received legal opinion that this case provides a ‘level of comfort’ for valuers to assess plant and machinery as part of the CIV where, by investigation on a case by case basis, the valuer has considered the various items of plant and machinery to be a fixture and not just a chattel.

The opinion relies heavily on the various cases considered by Balmford, J. and provides a degree of guidance to valuers that in making a decision in this matter the valuer should have regard not only to the annexation or degree of annexation of the plant but also the purpose or intention of the plant to be annexed to the freehold.

The VicGrain case provides valuers with a ‘question’ which could be put when assessing the merits of including plant and machinery in the CIV in every assessment – “Was the purpose of placing the object on the land for the better enjoyment of the land, considering its stated purpose?” If the answer is yes, then that object should be assessed as part of the CIV.