

Question on Notice
No. 479
Asked on Tuesday, 19 April 2005

MS MALE asked the Minister for Environment, Local Government, Planning and Women (MS DESLEY BOYLE)–

QUESTION:

With reference to the recent land valuations that were issued by the Department of Natural Resources and Mines and as I note that both of my local government areas have had significant increases–

Will she advise what effect land valuations have on council rates and what options local government councils have in relation to setting rates?

ANSWER:

I would like to make it clear that rates are primarily determined by councils according to what services they intend to provide and how much revenue they need to raise to pay for those services – not by property values.

There is therefore, no clear connection between valuations and the level of rates a person pays. While the unimproved value of land forms the basis upon which certain rates are calculated, an increase in the unimproved value of property does not automatically mean that rates must increase.

In urban areas the total amount of the rate notice is made up of various rates and charges. Generally half the rate notice is comprised of utility charges for water, sewerage and refuse collection as well as separate and special charges to collect amounts for various specific activities. These are all unrelated to the unimproved value of the land. The other half comprises the general rate which is based on valuation.

All local governments are required in accordance with the provisions of the *Local Government Act 1993* to levy either a general rate or differential general rate on all rateable land in the local government's area each year. It is the rate in the dollar decided by the local government and not the valuation which determines what a ratepayer pays through their rates. Having received the valuations local governments have many tools available to them to adjust this value by averaging, capping, creating differential categories or by using separate and special charges to fund the provision of specific services.