QUESTION ON NOTICE

No. 886

asked on Wednesday, 6 June 2007

MS PALASZCZUK ASKED THE MINISTER FOR NATURAL RESOURCES AND WATER AND MINISTER ASSISTING THE PREMIER IN NORTH QUEENSLAND (MR WALLACE)—

QUESTION:

With reference to concerns raised occasionally about valuations with regard to their impact upon the local government's rates—

What tools are available to local governments to manage the impact of statutory valuations upon their rates?

ANSWER:

The Department of Natural Resources and Water is required to conduct statutory valuations under the *Valuation of Land Act 1944* for all local government areas not less than once every five years. It is important that the community understands that the Department is not responsible for calculating rates.

In relation to rates it is not the valuation that determines the amount of the rates that a property owner pays, but the 'rate' the council applies to the valuation. The level of this rate is decided by the council as a part of their annual budget process. An increase in valuation does not mean an increase in rates. This is a decision taken by individual councils.

Councils have various tools available to manage the impact of statutory valuations on rates. These include:

Differential general rates: This is where a council creates different categories of land which may be based on land use, access to, or consumption of council services, or even valuation bands. It is a matter to be decided by the council. Each of these categories may have a different rate applied to it to equitably share the revenue burden.

Averaging: Valuations may be averaged over the last two or three years and the rate levied against that averaged value.

Rate capping: A council can limit the increase in rates by specifying a percentage over the previous year's rates (a cap), above which rates will not rise.

Separate and special charges: Councils may levy a charge to fund specific services, facilities and activities and by doing so, reduce the impact of valuation based rates.

Concessions: Councils can decide to reduce the burden on some ratepayers such as pensioners or other persons in financial hardship. In addition, the Queensland Government provides a rate concession for eligible pensioners of 20% of the gross rates and charges up to a maximum of $180 per year.

All of these powers are available to be used by councils in combination or separately to minimise the impact of valuations on the amount of rates that a property owner pays.