IPTI Xtracts

Property Tax and Assessment News from Around the World

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Tasmania Local Government Director releases analysis on council rates

Launceston ratepayers are paying $422 more for their rates since water and sewerage charges were removed from council rates notices.

An analysis of council rates in 2016-17 by Local Government director Alex Tay showed ratepayers were paying on average $1605 for their council rates in 2009-10 and $2027 in 2016-17.

Operating costs per property in Launceston rose by $627 over that time, from $2620 to $3135 – or 23.9 per cent.

Rates on average rose 3.4 per cent each year over the seven years.

Rates went up on average $457 in Devonport and $436 in Burnie over those seven years.

Hobart ratepayers paid the most on average for council rates in 2016-17 at $3239, followed by Burnie ratepayers ($2318) and Devonport ($2223).

Launceston ratepayers paid $2027.

Central Highlands residents paid the lowest out of all municipal ratepayers at $885 on average and Brighton ratepayers paid the second lowest rates on average at $1087.

Councils determine their rates based on property values determined by the state's Valuer-General.

This is determined by the property's capital value - the value of land, buildings and other assets - and the assessed annual value, which is the estimated rental value of the property on a particular year.

Hobart gets $78.2 million in rate revenue and Launceston $63.5 million.

This is tens of millions of dollars higher than the other councils.

According to the Tasmania Auditor-General's last report on the performance of the City of Launceston council, the council recorded an underlying surplus of $1.26 million in 2016-17.

This dip from the previous year's result of $2.29 million was due to a $1.5 million payment to TasWater as a result of a new combined sewerage and stormwater charge.

The council had an underlying deficit of $1.7 million in 2013-14. Borrowings have risen by $2 million to $12.1 million since that time.

Dubbo Regional Council to review developer contributions, value capture policy

The proposed 'developers' tax' will be reconsidered in six months when more research has been done.

Dubbo Regional Council is considering a new value capture policy.

It would make developers pay 20 per cent of any increased land value to council.

It would be applied to planning proposals – such as when land is rezoned – when more than 50 additional lots are created or a commercial zone is created. It will also be applied on development applications which are state significant or extractive industries.

Councillor John Ryan said there had been "a huge level of angst" about the policy and an "enormous amount of misinformation".

He hoped by taking the time to review the contributions developers already paid to council and how they compare to other Evocities, as well as undertaking more consultation with stakeholders it would bring the community along a new path with council.

"I think if this is done in a real spirit of cooperation and transparency with the housing industry, the developers and real estate agents and other interested stakeholders, I think at the end of the day we're more likely to come up with something that's not going to potentially catch anyone out or disadvantage anyone," he said.

While councillor Stephen Lawrence supported the review, he said he also would have voted in favour of the value capture policy as it stood.

Cr Lawrence said it was exactly the sort of policy council needed to adopt to deal with the "fiscal crunch", as well as the gigantic infrastructure backlog in the local government area.

Real Estate Institute of NSW Orana Division chair Adam Wells said the value capture tax would be a "burden" on Dubbo. It would remove the city's competitive edge in attracting investors, he said.

"While council looks back at development and sees strength and high activity, we encourage you to look forward to the end in the housing growth cycle and the economic impact of drought," Mr Wells said.

He also called for more consultation with stakeholders and for a business case to be developed.

The REI Orana chair said if the value capture tax had to be introduced it should be done on a staggered scale to ensure the market is not negatively affected.

The value capture policy will go before council again in February after the review.

Landgate job losses a threat to accuracy of WA property values and council rates

The State Government agency responsible for WA's property valuation system has lost a third of its valuers, sparking concerns about the accuracy of the coming gross rental valuation, which underpins local council rates notices.

Formerly known as the Valuer General's Office, Landgate's valuation services section is not part of the offering put on the selling block by the McGowan Government last week.

But like the rest of Landgate, it has had waves of redundancies and cutbacks as successive State governments pushed the agency on to a commercial footing ahead of a privatisation.

The section prepares the triennial gross rental valuation (GRV) on residential, commercial and industrial property in the metropolitan area, used by local councils as the basis of rates notices. It also prepares valuations for property owned by the State Government and advises other agencies on commercial leasing rates.

The last GRV calculation, which takes about two years to complete, was delivered last year. Work on the next, to be completed by 2020, is imminent.

Two years ago the section had almost 120 specialist valuers. It now has less than 80.

The number of administrative, support and middle-management staff has jumped 20 per cent, and some sections are now run by managers and senior supervisors with no direct valuation experience.

Sources told WestBusiness the section was so short of resources that staff asked for a one-year extension to the GRV deadline to ensure the accuracy of its work.

That request was denied.

The biggest cuts were among those conducting complex valuations of commercial and industrial properties, which generally pay higher rates than homeowners.

The City of Perth collects less than 20 per cent of its rates from its 12,000 residential properties. The rest comes from about 4200 business properties.

Over the past five years, valuation appeals have surged almost 50 per cent, according to Landgate annual reports. It is understood more than 500 appeals remain outstanding.

Sources close to the agency say a rise in successful appeals, particularly over complex commercial valuations, risks pushing the rates burden on to homeowners.

Despite current and former staff repeatedly raising concerns about the effect of the cut-backs, including directly to Lands Minister Rita Saffioti, she told WestBusiness she had no concerns the cuts were affecting the quality of work.

“Like much of the public sector, the team is undergoing change to provide a more efficient, but equally effective and reliable, service to the community,” she said.

Shadow planning minister Liza Harvey said she believed Ms Saffioti had failed to properly investigate the concerns of staff.

“The work of the Valuer General’s Office underpins the operations of all local governments as well as the residential and investment property sectors,” she said.

“The public and businesses must have confidence in it.”