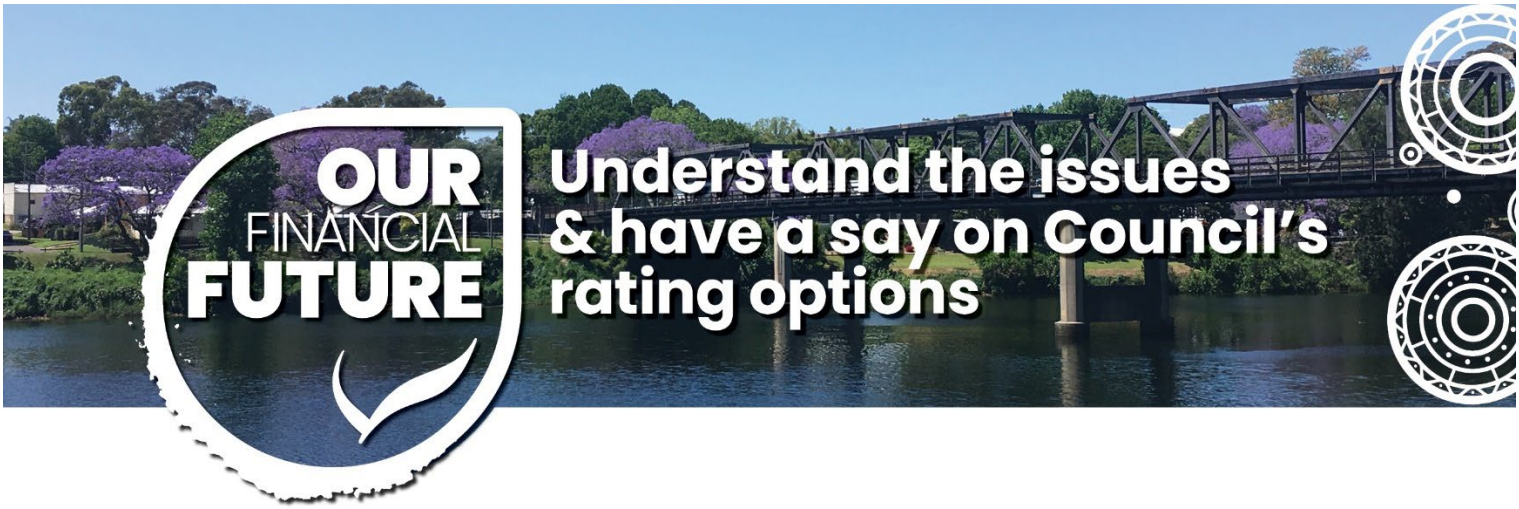


FACT SHEET 4 **Why rising property values impact your rates**

Every three years, the NSW Government Valuer General reviews all properties in the state. Earlier this year, ratepayers would have received a new valuation for their land in the Kempsey Shire. These notifications are sent to individual property owners and do not involve Council.

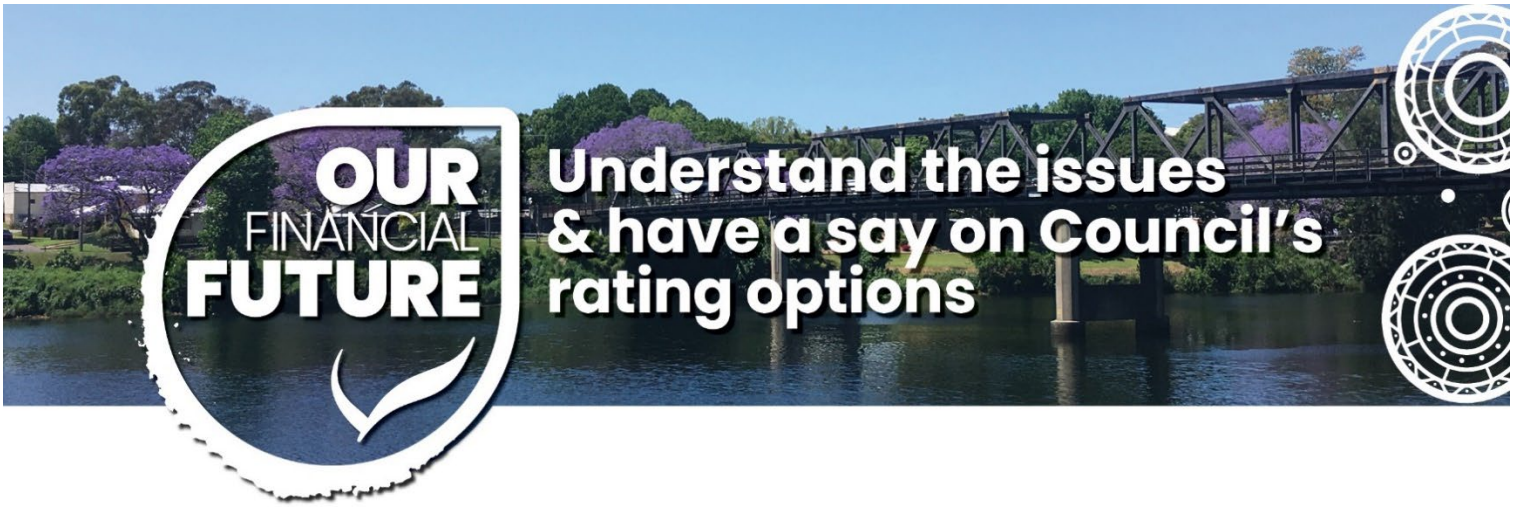
The Valuer General uses a mass valuation approach, in line with the Valuation of Land Act 1916. Using the Act, the Valuer must assume the land is vacant and value it on its highest permitted use. This means the type of property, its condition or any alterations you have done don't come into the process of valuing the land.

The mass valuation approach uses seven key steps:

1. Group similar properties, which are known as components.
2. Select primary and reference benchmarks according to each property grouping representing the higher and lower values across that grouping.
3. Analyse a broad range of sales evidence, which includes vacant land and improved properties.
4. Value the primary benchmark considering factors such as the lands most valuable use; zoning, heritage restrictions or constraints; size, shape and features; location and views; nearby development and infrastructure.
5. Value the reference benchmarks to quality check the groupings are correct.
6. Apply the component factor or the mass valuation to that grouping, which determines each individual property valuation.
7. Check for quality to ensure accuracy and consistency.

Valuer General Report

The market trend between general valuation years 2019 to 2022 shows an overall increase of 83.03% despite the impacts of bushfire, COVID–19 and 2021 floods. This trend is substantially led by the residential market, followed by industrial, rural and commercial. Coast side localities across all markets within Kempsey LGA experienced the highest increases.
The NSW Valuer General, Valuation Report for Kempsey local government area (November 2022) KEMPSEY FINAL REPORT (nsw.gov.au)



Your Council rates are calculated as a percentage of land value, which means rates have increased for many property owners based on this latest valuation, while for others it has decreased. Land value is also used to calculate land tax where it applies.

More information about the Valuer General's process and the specific valuations for our Local government Area is available from
https://www.valuergeneral.nsw.gov.au/land_values/where_can_you_learn_more_about_your_land_value

Increased land values and Council's rate income

An increase in land valuations does not mean Council generate more income from rates. The regulations set by the NSW Government determine the income Council can collect via general rates (excluding water, sewer and waste charges).

The 2023-24 financial year rate increases were capped at 3.7%, this means that even considering the increased land valuations, Council are only allowed to generate an additional 3.7% income from general fund (property) rates in total. That 3.7% increase means less than $850,000 in additional rates were charged across all rateable properties in the Shire.

Even in a year where land valuations change, Council does not receive any extra income when property values increase, it just changes how the total general rates income Council can collect is distributed across all ratepayers.

For some ratepayers the revaluation meant they were billed a bigger proportion of the $847,000 of Council's allowable rate increases. Other ratepayers that had limited change in the value of their property may have seen the charge for general rates remain the same or even decrease in 2023-24.

The amount Council collects in general rates is subject to an external audit and compliance report.

The only way for Council to grow rate income without a Special Rate Variation is through population growth and subsequent development. Any future impacts from population growth are estimated in multiple land use plans such as the Local Growth Management Strategy. Those estimates are then factored into Council's Long Term Financial Plan.