



## **Important information about Council Rates 2009 – 2010 Revaluation of the City**

If you are a property owner, you will have received from the Valuer-General a Valuation Notice, which sets out the new valuations for your property. The purpose of this letter is to assist you to understand how your valuation affects your rates.

In accordance with the Valuation of Land Act 2001 which requires properties to be revalued at least every seven years, the Valuer-General has re-valued all properties in the Hobart City municipal area. This revaluation will be used for Council rating purposes for the 2009/2010 financial year.

The value, which is directly relevant to your rates, is the Assessed Annual Value (AAV).

Some believe the expected increase in property values will result in a windfall rating profit for Council. This is not the case. The total of all AAVs in the municipal area is divided into the rating income required by Council (as determined by the budget), to obtain a Rate-in-the-Dollar.

The Rate-in-the-Dollar is then multiplied by the AAV for your property to calculate the total rates charge on your property. Although the AAVs will have increased when compared with last year, the Rate-in-the-Dollar will decrease.

However, consistent with real estate market trends the revaluation process will cause a change in the distribution of ratable values between different locations within the municipal area. That is, values in some areas will have increased by more than they have in other areas.

Subject to finalisation of the Council's budget, which will take into account the removal of costs associated with the loss of water and sewerage, but also seeking to maintain and improve current service levels, the variation in values brought about by the revaluation will mean that rates for properties in 80 per cent of the municipal area will decrease compared to the current 08/09 year, while for the remaining 20 per cent, rates will increase. This arises due to the redistributive effects of the revaluation and the large increases in valuations for some. An example of how a revaluation can redistribute the rate burden is shown on the reverse side of this notice.

Enquiries regarding your property valuation should be directed to the Office of the Valuer General on 6233 3715. Your valuation notice advises of your rights of objection and should you believe you have grounds for disputing any or all of your property values, you should follow the procedure outlined in that notice.

A separate account for water and sewerage will be issued by the new Water Authority.

If however, you have any general enquiries regarding your rates notice, our Rates Office staff will be pleased to assist and can be contacted on 6238 2787 or 6238 2833

Further information relating to the 2009 revaluation and the effects of water and sewerage reform will be enclosed with your rates notice in July.

Nick Heath  
General Manager

Example showing how a revaluation can redistribute the rate burden:

Imagine the Hobart City Council area consists of 3 properties only. They have an equal AAV of 10,000 and thus bear an equal share (one third or 33.3%) of the total rate burden – assume this to be \$5000 and so each property pays \$1666.66 in rates.

A revaluation occurs and values for each of the properties increase by different amounts:

- Property A by 25% thus new AAV is \$12,500 being 25% of total AAV
- Property B by 50% thus new AAV is \$15,000 being 30% of total AAV
- Property C by 125% thus new AAV is \$22,500 being 45% of total AAV.

Property A now pays \$1250 in rates, Property B \$1500 and Property C \$2250. Total rates remain at \$5000. However, a redistribution of the rate burden has occurred - Properties A and B pay less rates (even though their valuations increased) and Property C pays more rates. This demonstrates that the increase in your valuation, of itself, does not determine the change in the rates you pay. What is important, is the change in your valuation, relative to the changes in valuations to other properties.



**TO THE RESIDENT/RATEPAYER**