

RATES IN HORNSBY SHIRE

How does Council calculate my rates?

Hornsby Council's rating structure consists of two parts, a **Base** amount (a flat amount common to all properties) and an **Ad Valorem** component (an amount calculated on the land value of your property). This system is used by many councils in NSW. This method means that your residential rate is calculated in two parts - the **Base** amount, which is the same for everyone plus an **Ad Valorem** amount, which is a rate per dollar of the Land Value.

The principle of the system is that there should be a fixed amount paid by everyone towards the provision of services, regardless of Land Value (the **Base** amount). In addition, it also provides for an amount that is proportionate to the level of Land Value (the **Ad Valorem** amount).

What is rate pegging?

The State Government sets a limit on the total amount of income that a council can raise from certain rates and charges. This is called the rate-peg percentage and it is specified by the Minister for Local Government. The Minister for Local Government allows a small increase in the rates for all NSW councils each year. This is announced around March/April of each year. For example the Minister for Local Government authorised Hornsby Council to increase its overall rates by a maximum 3.5% for the 2009/2010 financial year.

Because of rate pegging, Council's overall rates revenue cannot increase by more than the percentage increase approved by the Minister.

The State Government also specifies that the income received from the Base amount must not exceed 50% of the total rates income for a council.

Will my rates increase as a result of the Housing Strategy?

If land is rezoned under the Housing Strategy, Council can not increase its overall income from rates because of rate pegging. However, rates for individual properties may need to be adjusted depending on the value of the land.

Every three years the Valuer General's Office reviews the unimproved value for properties. Land values generally increase over time. The land value may increase if there is a higher demand for land in a particular area, or if planning controls have changed the development potential of the property.

The Valuer General's Office advises Council of the revised land values to allow adjustments in rates. However as indicated, rate pegging may result in a smaller rate increase (rather than a proportional increase) for a property within a precinct. Consequently, the timing and level of rate increase for a property affected by a rezoning proposal cannot be precisely estimated.

If you do not agree with the land value, you have 60 days to object to the Department of Lands. You can also appeal to the Land and Environment Court. A ratepayer may make a written application to Council for a postponement of rates, if they can not afford the increase. Council can determine to postpone the payment of the increase in rates attributable to the rezoning. Should the property be sold in the future, the value of the postponed rates would be paid to Council as part of the property transaction.

The subsequent construction of multi-unit dwellings within the precincts would result in an increase in the population of the Shire. To enable Council to continue to provide an appropriate level of services and facilities to a larger population, Council would at that stage be permitted to increase the total amount of income that it raises from rates. Council would do this by including the additional multi-unit dwellings as new rateable properties.