

FACT SHEET

2022 Land Valuations - Impact on Rates



The NSW Valuer-General will shortly be issuing 2022 land valuation notices.

An increase in your land valuation (LV) does not necessarily mean that your rates will increase. The impact of the 2022 land valuations on your rates depends on how an individual land valuation changes when compared with the average valuation across a rating category (i.e. residential, farmland, business).

Generally, properties whose land valuation increase is lower than the average increase will see a reduction in rates. However, properties whose valuation increase is higher than the average for the rating category will see a rise in rates. The Land Valuation Changes FAQs sheet has further information.

Rates Calculator

Council's rates calculator provides an estimate of the impact of 2022 land valuations on your rates. The rates calculator uses your 2022/23 rates notice land rates amount and estimates your 2023/24 rates based on the 2022 land valuations. To provide a simple comparison, your 2023/24 rates estimate only allows for the 3.7% rate peg increase. Council has lodged a Special Rate Variation (SRV) application with IPART which, if approved, would increase land rates for the residential, farmland and business categories by 27.7%. IPART will make a decision of Council's SRV application in May 2023.

Two 2023/24 rates estimates are provided by the calculator:

- An estimate which only includes the 3.7% rate peg increase approved by IPART.
- An estimate which includes the proposed Special Rate Variation (SRV) increase of 27.7% (including 3.7% rate peg) for the residential, farmland and business categories. IPART will make a decision on Council's SRV application in May 2023.

The rates calculator cannot provide an estimate where the property is assessed as having more than one rating category (such as a ground floor business with a first story dwelling). Owners of mixed-use properties will need to contact Council's Revenue Team on (02) 6354 9999 for an estimate. The rates calculation is based on your land valuation only and does not include water, sewer and waste charges.

2022 Land Valuations - Impact on Rates for Each Quartile

Council has undertaken statistical analysis to estimate the impact on rates of the 2022 land valuations. 2022/23 rates data was sorted by 2019 land value amounts then split into 4 parts, with each equal part known as a quartile. The change in rates was then calculated for a property at the median 2019 land value (the median is the mid-point of each quartile).

The tables below estimate the change in rates from the 2022/23 year for median 2019 land valuations for each quartile. The estimated rates for 2023/24 include the 3.7% rate peg increase only.

For more information

Contact Council's Revenue Team on (02) 6354 9999



Try our online
Rates Calculator

www.council.lithgow.com.au/finance-rates/rates

Residential - Lithgow

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$65,700	\$702.45	\$115,000	\$717.88	\$15.43	2%
2	\$89,200	\$831.80	\$157,000	\$851.00	\$19.20	2%
3	\$108,000	\$935.29	\$187,000	\$935.29	\$10.79	1%
4	\$151,000	\$1,171.98	\$238,000	\$1,193.29	\$21.31	2%

Total Properties: 5,559 (1390 per quartile)

Average % LV Change – 2019 to 2022: +79.5%

Summary: some properties had decreases in value whilst other properties more than doubled in value. Generally, large increases in land value were consistent throughout the Lithgow residential sub-category, therefore no significant increase in rates is expected at the median land values.

Residential - Wallerawang

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$68,000	\$573.46	\$162,000	\$597.12	\$23.66	4%
2	\$83,000	\$634.47	\$175,000	\$620.33	-\$14.14	-2%
3	\$95,300	\$684.49	\$194,000	\$654.25	-\$30.44	-4%
4	\$121,000	\$789.02	\$286,000	\$818.50	\$29.48	4%

Total Properties: 836 (209 per quartile)

Average % LV Change – 2019 to 2022: +135.6%

Summary: the percentage change in value was more extreme (consistently over 130%) in Quartiles 1 and 4 which is expected to result in rating increases just above the rate peg. Conversely, there are estimated to be 2% to 4% decreases in rates at the median land values for the middle quartiles.

Farmland

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$260,000	\$1,024.72	\$386,000	\$976.07	-\$48.65	-5%
2	\$375,000	\$1,281.43	\$637,000	\$1,311.13	-\$29.70	2%
3	\$498,000	\$1,555.99	\$691,000	\$1,383.22	-\$172.77	-11%
4	\$809,000	\$2,250.20	\$1,520,000	\$2,489.85	\$239.65	11%

Total Properties: 1,180 (295 per quartile)

Average % LV Change – 2019 to 2022: +71%

Summary: there are widely dispersed land values in the Farmland rating category. There were lower increases in land value in Quartile 1 and 3 (often around 50%) and subsequently decreases in rates are estimated at the median land values for these quartiles. In many instances, there were increase of 100% and greater in Quartile 4 which is expected to result in rating increases more than 7% above the rate peg.

Business - Lithgow

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$66,846	\$1,843.82	\$78,327	\$1,796.38	-\$47.54	-3%
2	\$124,000	\$3,019.71	\$146,000	\$2,928.61	-\$91.10	-3%
3	\$205,000	\$4,686.20	\$244,000	\$4,568.24	-\$117.96	-2%
4	\$435,000	\$9,418.20	\$483,000	\$8,566.92	-\$851.28	-9%

Total Properties: 303 (76 per quartile)

Average % LV Change – 2019 to 2022: +27.2%

Summary: land value increases in the Lithgow business sub-category were inconsistent. A small number of properties had increases of 90% and greater. Many properties had land value increases of 20% or less. At the median land values for each quartile, it is expected that there will be a decrease in rates.

Business - Wallerawang

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$59,400	\$1,206.40	\$67,950	\$1,240.50	\$34.10	3%
2	\$144,000	\$2,257.29	\$165,600	\$2,324.92	\$67.63	3%
3	\$198,000	\$2,928.07	\$227,000	\$3,006.78	\$78.71	3%
4	\$392,000	\$5,337.90	\$552,000	\$6,615.97	\$1,278.07	24%

Total Properties: 42 (11 per quartile)

Average % LV Change – 2019 to 2022: +15.8%

Summary: there were some higher percentage changes in value (over 80%) in Quartile 4 which is expected to result in rating increases more than 20% above the rate peg. At the median land values for Quartiles 1 to 3, it is expected that rates would only increase by the rate peg.

Residential - Portland

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$43,900	\$468.69	\$85,400	\$469.49	\$0.80	0%
2	\$64,000	\$554.51	\$141,000	\$585.27	\$30.76	6%
3	\$72,100	\$589.10	\$159,000	\$622.75	\$33.65	6%
4	\$82,800	\$634.78	\$182,000	\$670.65	\$35.87	6%

Total Properties: 934 (233 per quartile)

Average % LV Change – 2019 to 2022: +112%

Summary: a small number of properties had decreases in value whilst most property valuations were close to, or more than, double in value. The increases in land value were higher in quartiles 2 to 4 which has resulted in anticipated increases in rates at 2.3% above the rate peg at the median land values for these quartiles.

Residential - Other

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$54,650	\$388.18	\$97,400	\$423.99	\$35.81	9%
2	\$200,000	\$783.75	\$296,000	\$782.22	-\$1.53	0%
3	\$302,000	\$1,061.34	\$428,000	\$1,020.33	-\$41.01	-4%
4	\$409,000	\$1,352.54	\$585,000	\$1,303.52	-\$49.02	-4%

Total Properties: 2,440 (610 per quartile)

Average % LV Change – 2019 to 2022: +56%

Summary: the percentage change in value was much higher (up to 500%) in Quartile 1 which is expected to result in rating increases more than 5% above the rate peg. There is no change to rates expected at the median land value for quartile 2 and decreases in rates are estimated at the median land values for quartiles 3 and 4.

Farmland - Intense

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$380,000	\$1,292.59	\$539,000	\$1,180.31	-\$112.28	-9%
2	\$508,000	\$1,578.31	\$873,000	\$1,626.17	\$47.86	3%
3	\$662,000	\$1,922.07	\$1,290,000	\$2,182.82	\$260.75	14%
4	\$1,140,000	\$1,900,000	\$1,900,000	\$2,997.11	\$8.05	0%

Total Properties: 95 (24 per quartile)

Average % LV Change – 2019 to 2022: +92%

Summary: there are widely dispersed land values in the Farmland – Intense rating sub-category. There were widely varying changes in land value in each of the four quartiles (from -24% to +115%).

Business - Other

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$10,600	\$345.62	\$16,500	\$362.11	\$16.49	5%
2	\$64,100	\$488.05	\$109,000	\$546.85	\$58.81	12%
3	\$236,000	\$945.70	\$392,000	\$1,112.09	\$166.39	18%
4	\$741,000	\$2,290.16	\$1,170,000	\$2,665.99	\$375.83	16%

Total Properties: 124 (31 per quartile)

Average % LV Change – 2019 to 2022: +46%

Summary: there are widely dispersed land values in the Business - Other rating sub-category. Land value increases were inconsistent. A small number of properties had decreases in value and others had increases of 100% and greater. At the median land values for each quartile, it is expected that there will be an increase in rates at 6% to 9% above the rate peg.

Business - Portland

Quartile	Median 2019 LV	2022/23 Rates	2022 LV	2023/24 Rates	Increase \$	Increase %
1	\$16,054	\$670.73	\$20,056	\$629.86	-\$40.87	-6%
2	\$29,300	\$837.54	\$36,600	\$748.61	-\$88.93	-11%
3	\$50,600	\$1,105.78	\$63,300	\$957.15	-\$148.63	-13%
4	\$142,000	\$2,256.83	\$177,000	\$1,756.41	-\$500.42	-22%

Total Properties: 44 (11 per quartile)

Average % LV Change – 2019 to 2022: +81%

Summary: a small number of properties had increases of 100% and greater. Most properties had land value increases of less than 25%. At the median land values for each quartile, it is expected that there will be a decrease in rates.

FACT SHEET

Frequently asked questions



What is land value?

Land value is based on the assumption that the land is vacant, which means it excludes any structures (e.g. house, sheds, other buildings etc.). It is the market value of the land, based upon its highest and best permitted use under current land use zoning and planning restrictions.

The land value is taken as if it was sold on 1 July of the valuing year – in this case, the market value of your land if it had been sold on 1 July 2022.

Who determines land values?

Land values are determined by the NSW Government, through the Valuer General's office.

The Valuer General is an independent statutory officer appointed by the Governor of NSW to oversee the valuation system for NSW. The office is responsible for providing fair and consistent land values in NSW, in line with the Valuation of *Land Act 1916*.

Council has no role in determining land values.

How are land values determined?

Land values reflect the property market conditions, the physical condition of the land, and the zoning and permitted use of the land.

Land values do not include structures.

They do include improvements like drainage, excavation, filling and clearing.

Valuers use a mass valuation process for most land in NSW, which means they:

- Group similar properties that are expected to experience similar changes in value.
- Value a representative property from each group at 1 July each year.
- Calculate how much that land's value has changed in the past year.
- Apply this change to all properties in that group, to calculate their new values.

Property sales are the most important factor valuers consider when valuing land. They analyse sales of both vacant land and improved properties, and adjust for the added value of any improvements.

They also consider things like:

- most valuable use.
- zoning and heritage restrictions.
- location and views.
- size, shape and features.
- nearby development and infrastructure.

Go to www.valuergeneral.nsw.gov.au for more information on land values.

Can I lodge an objection to my new land valuation?

Yes you can. You need to lodge your objection directly with the Valuer General of NSW's office.

You have 60 days from the date you are notified of the new valuation, and this date is on the front of the 'Notice of Valuation' you receive from them.

You can lodge online or via post, and you must provide evidence to support your objection. Information about lodging an objection is available at:

www.valuergeneral.nsw.gov.au/land_values/what_if_you_have_concerns

What do land valuations have to do with my rates?

Land values are the main factor all NSW Councils use to calculate rates for residents. New land values are given to Council by the Valuer General NSW, every 3 years.

Lithgow City Council calculates rates based on the land value of your property (known as an ad valorem rate) to which a base amount is added.

More information on rates and charges can be found

on Council's website: council.lithgow.com/finance-rates/rates/

If my land value has increased, does it mean my rates will go up?

Not necessarily, it depends on how an individual land valuation changes when compared with the average valuation across a rating category (i.e. residential, farmland, business).

Generally, properties for which the land valuation increase is lower than the average increase will have a reduction in rates. However, properties for which the valuation increase is higher than the average for the rating category will have a rise in rates.

Does Council get more money when land valuations increase across the local government area?

No, Council does not receive any extra income when land valuations change.

Council's total income cannot exceed the annual percentage increase set by the Independent Pricing and Regulatory Tribunal (IPART), known as the rate peg. If total valuations increase in the city, then the rates based on land value (ad valorem rate) must decrease to keep Council's total pool of rates at the rate peg limit.

What is the 'rate peg'?

Each year IPART approves a maximum percentage increase in the total income a council can receive from rates, thereby limiting the amount of income a council can raise via general rates. The rate peg generally reflects increases in local government costs due to inflation.

Does my rates notice include other charges?

Yes, Dependent on the services provided. These may include Water & Sewerage Charges, Stormwater, Domestic Waste Service Charges. These charges are not effected by land revaluations.

Can Council choose to ignore the new land valuations and keep rates the same for every property?

No, Council is legally required to use the new land values supplied by the Valuer General NSW as the basis of rates.



Try our online
Rates Calculator

www.council.lithgow.com/finance-rates/rates