

State Land Tax and other property taxes

21 April 2015

**Presenter:** Greg Stevens, Manager Property Services

**Purpose and background**

1. The purpose of this report is to provide estimates and analysis of property based levies and taxes paid by land owners within the City of Melbourne.
2. A resolution in the 10 February 2015 Future Melbourne Committee requested the preparation of this report.

**Key issues**

3. The State Revenue Office (SRO) has been helpful and responsive to requests for information. It has provided a summary of the land tax assessments issued for properties situated in the City of Melbourne from 2009 to 2014. The 2015 data is not currently available from the SRO, therefore the Property Services branch has compiled an estimate of the total Land Tax attributable to properties within the City of Melbourne.
4. In 2014–15, of the State's totals, it is estimated that 16 per cent of Land Tax, 80 per cent of the Congestion Levy, and 6.6 per cent of the Fire Services Property Levy will be collected from properties within the City of Melbourne.
5. In 2013–14, 84.4 per cent of non-residential assessments and 23.6 per cent of residential assessments in the City of Melbourne were liable for Land Tax. The 2014-15 data at this level of granularity is not currently available.
6. As a result of the 2014 General Valuation, (rateable) Site Values in the City of Melbourne increased by 12.5 per cent. According to management's estimate, 2014–15 Land Tax revenue from properties within the City of Melbourne is expected to be \$280.2 million, an increase of 30.3 per cent from 2013–14.
7. Comparison of the historical rate in the dollar level of Melbourne City Council rates with Land Tax thresholds over the last 25 years is illustrated in table 1 of Property Tax Information (Attachment 2).
8. The tax rates used by the Victorian Government in the collection of Land Tax, the Congestion Levy and the Fire Services Property Levy are detailed in the tables contained in Attachment 2. Unlike Council's rate in the dollar and State levies, the Land Tax thresholds are only periodically adjusted and have remained unchanged since 2009.
9. Comparison of the shifts in annual yields (including budget and growth increases) in the State's Land Tax, Fire Services Property Levy and the Congestion Levy to the Melbourne City Council rates are tabled in Attachment 2. Over the last ten years, total Council rates collected have increased by 81 per cent, Land Tax by 124 per cent and the Congestion Levy by 541 per cent. The increase in the Congestion Levy is predominately due to a 40 per cent increase in the levy rate of 2013–14 and the expansion of the Congestion Levy boundary which came into effect on 1 January 2015.
10. The residential and non-residential revenue contribution to Council rates, Land Tax, Congestion Levy and Fire Services Property Levy made by property owners in the City of Melbourne is detailed in Attachment 2.

**Recommendation from management**

11. That the Future Melbourne Committee receives the officer's report on the Victorian Government property taxes including land tax, fire service property levy and congestion tax.

**Attachments:**

1. Supporting Attachment
2. Property Tax Information

**Supporting Attachment**

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**Legal**

1. There are no specific legal implications of the recommendation.

**Finance**

2. There are no specific financial implications of the recommendation.

**Conflict of interest**

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Stakeholder consultation**

4. Not applicable. The report is for information only.

**Relation to Council policy**

5. Not applicable. The report is for information only.

**Environmental sustainability**

6. Not applicable. The report is for information only.

# Property Tax Information

*A consolidation of property based taxes and rates, total State tax receipts and some analysis of the contribution by City of Melbourne land owners*

Property Services Branch  
March 2015

# PROPERTY SERVICES

**Table 1 - Historical City of Melbourne rate in the dollar and Land Tax thresholds.**

Year	Land Tax			Council Rates	
	Threshold value of landholdings	Threshold flat rate	Threshold percentage	Residential cents in dollar	Non Residential cents in dollar
2014-15	250,000	275	0.20%	4.05	4.59
2013-14	250,000	275	0.20%	4.06	4.77
2012-13	250,000	275	0.20%	3.91	4.60
2011-12	250,000	275	0.20%	4.45	5.25
2010-11	250,000	275	0.20%	4.37	5.16
2009-10	250,000	275	0.20%	4.72	5.54
2008-09	250,000	275	0.20%	4.58	5.38
2007-08	225,000	250	0.20%	5.30	6.17
2006-07	225,000	250	0.20%	5.13	5.98
2005-06	200,000	200	0.20%	5.15	6.00
2004-05	175,000	175	0.10%	5.00	5.82
2003-04	175,000	175	0.10%	5.77	6.54
2002-03	150,000	150	0.10%	5.66	6.41
2001-02	125,000	125	0.10%	6.56	8.10
2000-01	85,000	85	0.10%	6.40	7.90
1999-00	85,000	85	0.10%	7.00	8.20
1998-99	85,000	85	0.10%	7.70	9.00
1997-98	85,000	85	0.10%	7.70	9.80
1996-97	200,000	60	0.15%	7.70	10.40
1995-96	200,000	60	0.15%	12.98	12.98
1994-95	200,000	60	0.15%	15.78	16.89
1993-94	200,000	60	0.15%	6.88	7.44
1992-93	150,000	60	0.20%	6.88	7.44
1991-92	150,000	60	0.20%	9.67	10.34
1990-91	150,000	60	0.20%	9.30	9.93

Source: State Revenue Office; City of Melbourne; Australasian Legal Information Institute

# PROPERTY SERVICES

**Table 2 – Historical Congestion Levy rates**

Year	Congestion Levy	
	Category 1 Levy Area Rate	Category 2 Levy Area Rate
2014-15	\$1,340.00	\$950.00
2013-14	\$1,300.00	
2012-13	\$930.00	
2011-12	\$910.00	
2010-11	\$880.00	
2009-10	\$860.00	
2008-09	\$850.00	
2007-08	\$820.00	
2006-07	\$800.00	
2005-06	\$400.00	

Source: State Revenue Office

**Table 3 - Fire Service Property Levy Fixed Charges and Rates**

Fire Service Property Levy Fixed Charges and Rates		
	2014-15	2013-14
MFB area variable rates (cents per \$1,000 of capital improved value)		
<b>Property Sector</b>		
Residential (including vacant residential land)	6.5	6.9
Commercial	55	60.7
Industrial	85.9	95
Primary production	15.4	17.3
Public benefit	6.5	6.9
Vacant (excluding vacant residential)	6.5	6.9
<b>Fixed Charge</b>		
Residential	\$102	\$100
Non Residential	\$205	\$200

Source: State Revenue Office

# PROPERTY SERVICES

**Table 4 – 10 year comparison of annual yields**

Year	Valuation Base Year	Congestion Levy	Land tax	Fire Services Property Levy	State wide Council Rates	CoM Council General Rates
		\$M	\$M	\$M	\$M	\$M
2014-15	2014	122.3	1750.9	606.5	4553.1	226.5
2013-14	2012	83.9	1658.7	630.6	4320.2	213.7
2012-13	2012	48.2	1589.2		3971.0	201.3
2011-12	2010	46.1	1401.4		3481.7	197.4
2010-11	2010	44.1	1397.7		3363.6 (est)	187.6
2009-10	2008	47.2	1177.7		3245.4	177.4
2008-09	2008	44.1	1237.6		2975.6	166.9
2007-08	2006	40.2	865.4		2879.8	154.3
2006-07	2006	37.8	989.1		2516	135.3
2005-06	2004	19.1	780.1		2177.7	125.0

Year	Valuation Base Year	Congestion Levy	Land tax	Fire Services Property Levy	State wide Council Rates	CoM Council General Rates		
		% change	% change	% change	% change	% change	= Budget	+ Growth
2014-15	2014	45.8	5.6	-3.8	5.4	6.0	3.6	2.4
2013-14	2012	74.1	4.4		8.8	6.2	3.8	2.5
2012-13	2012	4.6	13.4		14.1	2.0	0.0	2.0
2011-12	2010	4.5	0.3		3.5	5.2	1.7	3.6
2010-11	2010	-6.6	18.7		3.6	5.7	1.9	3.8
2009-10	2008	7.0	-4.8		9.1	6.3	3.0	3.3
2008-09	2008	9.7	43.0		3.3	8.2	3.5	4.7
2007-08	2006	6.3	-12.5		14.5	14.0	3.2	10.8
2006-07	2006	97.9	26.8		15.5	8.2	3.8	4.4
2005-06	2004							

**Source:** State Revenue Office; City of Melbourne, Municipal Association of Victoria; Department of Treasury and Finance.

**NOTE:** Year to Year include the following components;

**Congestion Levy** – increase in geographic area of tax application and tax rates

**Land Tax** – biennial general valuation increase

**Council Rates** – Rate increases and supplementary rate growth

# PROPERTY SERVICES

**Tables 5 – Contribution to state wide property taxes by City of Melbourne ratepayers**

2013-14 Tax levied	State wide \$M	City of Melbourne \$M	Contribution %
Fire Services Property Levy	630.6	40.0	6.3%
Congestion Levy	83.9	83.9	100.0%
Land Tax	1658.7	215.0	13.0%
Council Rates	4320.2	213.7	4.9%

**Source:** State Revenue Office; City of Melbourne; Department of Treasury and Finance

**Tables 6 – Contribution to City of Melbourne property taxes by property type**

2013-14 Tax levied	CoM Total \$M	Non Residential		Residential	
		Total \$M	Contribution %	Total \$M	Contribution %
Fire Services Property Levy	40.0	31.9	79.7%	8.1	20.3%
Congestion Levy	83.9	75.7	90.2%	8.2	9.8%
Land Tax	215.0	197.0	91.6%	18.0	8.4%
Council Rates	213.7	146.1	68.4%	67.6	31.6%

**Source:** State Revenue Office; City of Melbourne