

RATES AND CHARGES GUIDELINES

1. REFERENCES & RELATED DOCUMENTS

Rates and Charges Policy

2. RATIONALE / BACKGROUND

Council has adopted this policy setting out the objectives that it aspires to achieve within its area. Where Council commits to achieving standards or requirements that are not imposed upon it by statute, its commitment is to endeavour to achieve those standards or requirements within available resources.

Council must raise sufficient revenue from various sources to meet current and future spending needs, provide revenue stability and equality regarding intergenerational equity.

Each financial year, Council provides numerous services including but not limited to:

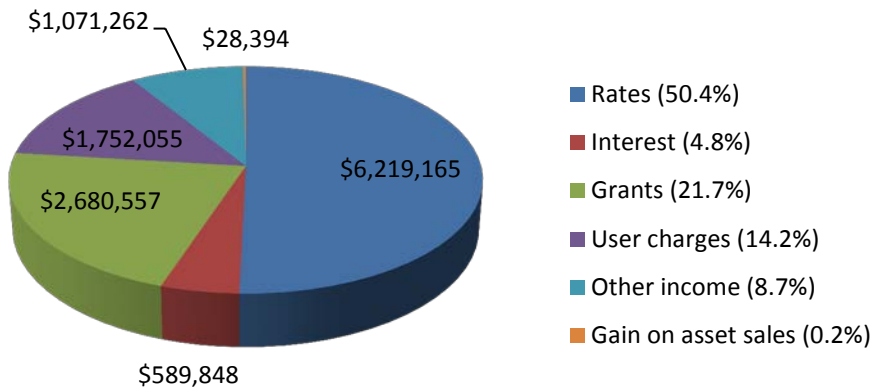
- Roads and bridges
- Street lighting
- Parks and reserves
- Tourism
- Youth activities
- Community services such as community grants and Australia Day celebrations
- Sporting facilities including various recreation grounds
- Emergency services (SES unit)
- Building, planning and environmental health services
- Animal control
- Waste services including garbage pickups, recycling and the Waste Transfer Station
- Cemeteries
- Public toilets
- Stormwater services
- Public halls such as Community Recreation Centre and Stanley Town Hall

In order to provide the services mentioned above, the Council generates income from a variety of sources each financial year. These are depicted in the graph below.

- Rates are Council's major source of revenue and are made up of general rate and service rates
- Interest revenue is earned on bank accounts and investments
- Grants are made up of financial assistance provided by the federal government as well as Roads to Recovery

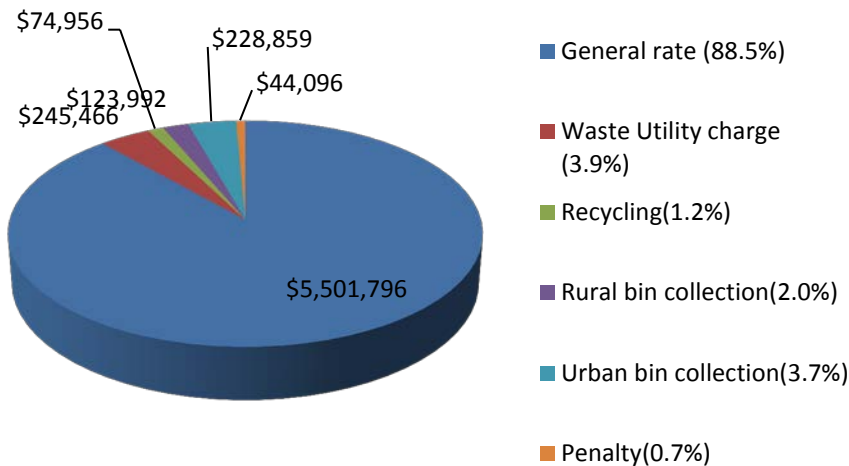
- User charges include Port Latta waste management charges, Development Application Fees, Pool attendances, and gravel sales to name a few.
- Other revenue consists of Resource Sharing Income from contracting out resources (both human and physical), contributions from state agencies for maintenance of specific roads networks, and dividends from TasWater to name a few.
- Gain on assets is the profit made on the sale of particular assets sold during any year.

Total Sources of Revenue



As stated above, 50.4% or \$6,219,165 of Council’s income was generated from rates. This total is then broken down into the general rate and various service rates. See below.

Total Rates and Charges



To provide services, Council must consider the method by which it raises this rates revenue. Amendments to the Local Government Act state that rates are a form of taxation.

The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government purposes.

In developing this policy, Council has also given consideration to the following five principles that apply to the imposition of taxes on communities:

- Equity (taxpayers with the same income pay the same tax “[horizontal equity]”, or wealthier taxpayers pay more [“vertical equity”])
- Benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- Ability to pay (in levying taxes, the ability of the taxpayer to pay the tax must be taken into account)
- Efficiency (if a tax is designed to change consumers behaviour, and the behaviour changes the tax is efficient, if the tax is designed to be neutral in its effects on taxpayers and it changes taxpayers behaviour a tax is inefficient).
- Simplicity (the tax must be understandable, hard to avoid, easy to collect).

The principle of “benefit” above supports the philosophy that rates should not be regarded as a user pays system and it should be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent these principles are in conflict with each other in practice. Councils must therefore strike a balance between:

- The application of the principles
- The policy objectives of taxation
- The need to raise revenue

General rates and valuation basis

Council sets the general rate under section 90 of the Act. The valuation basis is the AAV (Assessed Annual Value), or the value of the rental potential of the property. Every 2 years this value is adjusted to reflect property sales prices, and is referred to as the AAV (Adjusted Assessed Annual Value).

Council have chosen to rate using the AAV, as the valuation basis. Council has adopted this valuation basis as it considers this method of valuation to be the best available to Council as prescribed in the Act, therefore the fairest method of distributing the rate responsibly across all property owners.

The Council is required to adopt the valuations provided by Council’s valuer, the Tasmanian Valuer General (VG).

Property owners have the ability to object to the valuation provided by the VG. This is administered by the Valuation Department.

A minimum rate is set each year to ensure that all customers contribute towards the provision of basic services as a reasonable level.

The method Council uses to calculate the cent in the dollar for the general rate is the total revenue required from the general rate ie \$5,501,796, divided by the total combined AAV, of all properties in the municipality (information supplied by the VG):

Total combined AAV of all properties rated in Circular Head: \$84,967,358
(provided by VG)

Total amount of money required to be raised: \$ 6,446,333

Cent in the dollar: 7.5

Service rates

In addition to the general rate, Council rates for other services under the benefit principle.

Council sets the recycling and garbage collection rates under sections 93 & 94 of the Act. These rates are based upon cost recovery of each function.

Council sets the waste utility charge under sections 93 & 94 of the Act. This rate is based upon operational expenditure for the function as well as an allowance for capital renewals.

Council sets the Stormwater charge under Section 93 (e) & 94 of the act based on the AAV. This charge is applied to any property connected to the Storm Water service as identified from Council's Mapping service. There is no minimum rate for this charge.

The Council collects the Fire Service levy on behalf of the Tasmanian Fire Service. The value of this levy is not influenced by the Council. This rate is set under section 93 of the Act.

An example of a typical 4 bedroom, 2 bathroom residential property

Land Value	Capital Value	AAV	Adjustment Factor	Adjusted AAV
\$84,000	\$381,000	\$15,240	1.00	\$16,000

General Rate 7.5868 cents x \$16,000 (AAAV) = \$1,213.89

Fire Levy 0.371681 cents x \$16,000 (AAAV) = \$ 59.47

Stormwater Smithton 0.509968 x \$16,000 (AAAV) = \$ 81.59

Rating Item	Rating Option	Calculated
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General	Urban Residential	\$1,213.89
Waste	Urban Collection	\$ 132.00
Waste	Utility Charge	\$ 68.00
Recycling	Urban	\$ 68.00
Fire Levy	Urban	\$ 59.47
Stormwater	Smithton	\$ 81.59
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TOTAL RATES		\$1,622.95

Payment options

Options available for payment include: in full by end of August to receive a 4% discount, or by 3 instalments at the end of August, November and February. Alternatively a direct debit or special arrangement can be made.

Payment methods

- In person at Council offices with cash, credit card (MasterCard or VISA) or EFTPOS
- By mail to Circular Head Council, PO Box 348 SMITHTON 7330
- By phone – 6452 4800
- Or via BPay through various financial institutions
- Centrepay (Centrelink direct debit system)

Pension remission

A pension remission is available to property owners, through the Council by meeting the State Government criteria for eligibility. Council provides the property owner with the remission and a claim is sought from the State Government. This is generally available to pension and health care card holders.