

Glamorgan Spring Bay Council
Questions and Answers

Q: Why has Council decided to change the rate model?

A: Glamorgan Spring Bay is one of only a small number of councils in Tasmania currently using the Average Area Rating (AAR) model for residential properties.

Under this model a fixed rate is set for each township within Glamorgan Spring Bay municipality. This means every residential property in the same town pays the same amount in general rates, regardless of property value, or an individual's capacity to pay.

In recent years, the variation in property valuations has grown dramatically, which means this model is no longer fair or equitable.

GSBC's rates are among the lowest in Tasmania, particularly for higher value properties.

Assessed Annual Valuation (AAV) better reflects the ongoing growth and diversity of property valuation within a region, which allows for rates income to keep up with demand for services.

Council have included a fixed general rate of \$300 plus a general rate based on AAV. This means that all ratepayers make the same baseline contribution to Council's core services. By doing this it also means that the general rates are less reliant on AAV, which keeps the AAV rate lower.

Q: I live in GSBC, will my rates go up?

A: Your general rates will be calculated based on the independent valuation of your property by the Valuer-General.

It is estimated that for more than 60 per cent of residents, rates will go down or increase by less than \$3.85 per week.

A smaller number of ratepayers with high value properties over \$750,000 will experience higher increases, however they will still be in line with similar valued properties in neighbouring municipalities.

Q: I own a business in GSBC, will my rates increase?

A: The current rating model for commercial and industrial properties is already based on AAV.

Council has introduced a \$300 fixed component to the General Rate of that applies equally to all rateable properties.

This has allowed Council to reduce the reliance on the AAV rates and the rate for Commercial and Industrial will slightly decrease for 2021/22. However the change in rates for individual properties does vary depending on the property valuation. Some will decrease and some will increase.

The cap that previously applied to Commercial and Industrial Properties has been removed, which means that some properties that previously hit the cap may see an increase as they will now be charged the full rates for Commercial and Industrial Properties.

Q: I have a vacant block in GSBC, what does this mean for me?

A: As with non-vacant residential property, the change will vary depending on the valuation of the land.

It is estimated that more than 60 per cent of ratepayers will see a decrease in rates, with a further 21 per cent experiencing an increase of less than \$3.85 per week.

Q: What if I disagree with the valuation of my property?

A: Valuations are determined independently by the Valuer-General.

Council has no role in the assessment of objections to valuations. The lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the rates notice until otherwise notified by Council.

Q: Why is this happening now?

A: It is Council's goal to manage its operations in a financially sustainable manner now and into the future.

While COVID-19 did not impact Glamorgan Spring Bay Council as much as larger metropolitan councils, the fact that Council did not increase rates last financial year has had a compounding effect.

This has combined with the shortfalls of the old AAR system, along with the development of Asset Management Plans which have identified infrastructure renewal backlogs.

At its Ordinary Council Meeting held on the 23 March 2021, Glamorgan Spring Bay Council responded to the State Government's Performance Improvement Direction and adopted its Long Term Financial Management Plan 2021-31. This Plan informs the community about Council's financial position and explains how the Council intends to put itself on a sustainable footing.

If Council does not adhere to the Long Term Financial Management Plan 2021-31, it will not be financially sustainable due to compounding deficits.

While difficult to estimate the financial impacts of COVID-19, which are ongoing, the plan forecasts a recovery to a financially sustainable position over the next four years.

Q: Why didn't the Council consult with the community about this significant change?

A: The Long Term Financial Plan is a public document that clearly sets out the Council's financial position.

Council has made no secret of the fact that financial reform is needed to ensure the municipality's long term sustainability and to meet the needs and expectations of the community.

Council considered a range of different options and determined that changing the rate model to AAV was the fairest and most equitable outcome for the municipality.

Q: Where is my rates money going?

A: GSBC is operating under a 10-year Strategic Plan that was developed in close collaboration with the community.

Key challenges and opportunities identified through this process included:

- Developing and maintaining infrastructure and services (e.g. roads, bridges, water and health) for high visitor numbers on a low ratepayer base.
- Maintaining vibrant, flourishing residential communities including families and young people.

Council is committed to remaining focused on what is most important to the region and ratepayers and to invest limited resources where they will have the greatest possible positive impact.

Q: When will the change be made?

A: The change to AAV will be reflected in the rates for the coming financial year 2021-22. Rates notices will be sent to ratepayers in the coming weeks.

Q: What if I can't pay my rates?

A: GSBC offers financial hardship assistance for individuals experiencing genuine and serious financial hardship. The council also offers rates emissions for concession card holders, as well as community groups.

Q: Is this rate increase needed to pay for the Tassal pipeline?

A: No. Borrowings are just one aspect of the Council's financial position. GSBC is changing the rates model because rates income has not kept pace with the growth of the region or demand for services. Residential rates are currently well below those charged in neighboring municipalities.

Q: I am a pensioner, and my rates have increased significantly. How am I going to pay my bill?

A: GSBC offers financial hardship assistance for individuals experiencing genuine and serious financial hardship. The council also offers rates remissions for eligible concession card holders.