

FREQUENTLY ASKED QUESTIONS - RATES

Why do we pay rates?

General rates are an important part of Council's ability to fund and deliver essential community infrastructure and services.

These services include:

- local road maintenance and construction
- asset maintenance
- family day care
- public libraries
- public sporting and recreation facilities such as swimming pools, ovals, parks, gardens, playground and public halls
- town planning and related services
- regulatory services such as, waste management and animal management
- economic development activity, tourism, community arts projects and events.

How are rates calculated?

Council categorises rateable land based on land use into twenty-two (22) rating categories using the differential rating categories.

General rates are determined by dividing the amount of revenue required from different categories of land by the total rateable value of land for each category.

The general rate is calculated on an individual property by multiplying the land valuation by the rate in the dollar using the respective differential rating category.

The minimum general rate applies when the resulting amount falls below the set minimum general rate for that category.

The value of your property, along with the main or primary land use, is the basis for the calculation of the general rate. The Department of Natural Resources, Mines and Energy (DNRME) sets the rateable valuation.

Additional information is provided in the Revenue Statement included in Council's 20/21 budget documents.

Financial year 20/21

When deciding the 20/21 rates, Council considered:

- community needs and asset maintenance requirements
- impacts of new land valuations provided by the State on current rating strategies
- continued implementation of rating reference group recommendations
- hardships brought on by COVID-19 and the current economic climate.

This resulted in:

- the reduction of the early payment discount from 15 to 10 percent
- reduction in minimum general rate amounts in each rating category (the rate in the dollar was reduced by five percent)
- increase of rating discount period from 30 days to 60 for the first rating period
- changed banding of residential categories to reduce pressure from large increases in valuation
- changes to various commercial category rating strategies
- \$400,000 COVID-19 Financial Relief Package
- general rates increased by 1.23% (average) across all rating categories.

For example when the above changes are applied, the minimum rate payable (before discount) has reduced in all categories. For example Category one residential land under \$70,000 has reduced from \$1,194 in FY19/20 to \$1,148 in FY20/21.

What is the Rating Reference Group?

Council established a Rating Reference Group (the group) in 2016.

The group consists of 10 members covering the primary production sector (banana, cane, grazing),

Chambers of Commerce, tourism sector, general members of the community (appointed by way of expression of interest) and an independent facilitator and technical specialist.

The overarching objective of the group was to provide recommendations regarding amendments to the differential rating structure that would achieve a fair and equitable outcome for all ratepayers.

The Group undertook an extensive review process to determine a rating structure that facilitated enhanced outcomes in relation to equity and fairness across and within each category.

The Group recommended the level of discount offered by Council (15% on general rates within 30 days) was outdated and too high and should be reduced from 15% to 10% given modern payment systems and debt recovery mechanisms, and the fact that higher discount is likely to place greater pressure on landholders with the least ability to pay.

Benchmarking suggest that 14% of Councils have no discount including Hinchinbrook, Douglas and Cairns.

- 12% have a 5% discount
- 2% have a 7.5% discount
- 53% have a 10% discount
- 2% have a 12% discount
- 18% have a 15% discount.

How does our asset base, population and location affect rates?

Our rate base is smaller when compared to other councils, which is why we pay more for services and infrastructure.

- The Cassowary Coast hosts approximately six people per/km².
- Cairns hosts 99 people per/km².
- Townsville hosts 52 people per/km².

The smaller the rate base the more you pay for services and infrastructure.

Cassowary Coast has approximately 15,678 assessments compared to 73,434 in Cairns, 83,649 in Townsville and 510,000 in Brisbane.

The larger and more sparsely populated the area, the more demand for infrastructure and services with less people to pay for it.

- Cassowary Coast covers 4,701km², is home to 29,794 people and maintains \$73,230 worth of assets per rateable property.
- Cairns covers 1,687km², is home to 166,862 people and maintains \$53,876 worth of assets per rateable property.
- Townsville covers 3,733km², is home to 195,032 people and maintains \$53,986 worth of assets per rateable property.