



RATES AND CHARGES POLICY

POLICY TYPE	DOCUMENT CONTROLLER	RESPONSIBLE MANAGER	POLICY ADOPTED	REVIEW DUE
Council	General Manager	General Manager	26 June 2023	June 2024
PURPOSE	The purpose of this Policy is to outline the Council's approach to determining and collecting rates from its ratepayers.			
SCOPE	<p>This policy covers:</p> <ul style="list-style-type: none"> • revenue raising powers under the provisions of the <i>Local Government Act 1993</i>; • strategic focus; • the valuation basis for rating purposes; • the basis of differential rates; • setting of a fixed charge • rate capping; • objections to rate notices; • rebates and remissions; • payment of rates; • late payment of rates; • sale of property for unpaid rates; and • postponement of rates. 			
DEFINITIONS	N/A			
POLICY	<p>1. Introduction</p> <p>Council rates are a form of property tax and are the primary source of income for the delivery of local government services to the community. Rates are administered in line with the provisions of the <i>Local Government Act 1993</i>.</p> <p>2. Legislative Requirements</p> <p>The rating and valuation methods available to local government are covered under various pieces of legislation. In particular Part 9 of the <i>Local Government Act 1993</i> and the <i>Valuation of Land Act 2001</i> are the most relevant to Council in securing rate revenues.</p> <p>The General Principles in relation to making or varying rates are outlined at section 86A of the <i>Local Government Act 1993</i> as follows:</p> <p>(1) A council, in adopting policies and making decisions concerning the making or varying of rates, must take into account the principles that –</p> <p style="padding-left: 40px;">(a) rates constitute taxation for the purpose of local government, rather than a fee for a service; and</p> <p style="padding-left: 40px;">(b) the value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.</p>			

(2) *Despite subsection (1), the exercise of a council's powers to make or vary rates cannot be challenged on the grounds that the principles referred to in that subsection have not been taken into account by the council.*

Council will as required, not earlier than 1 June and not later than 31 August in any year, determine the Rates and Charges to apply for the financial year.

The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.

3. The value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.

Council is constantly faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax (rate) levels to adequately resource and fulfil its roles and responsibilities. In determining its rating policies Council gives consideration to the:

- Strategic Plan;
- Long Term Financial Strategy;
- *Local Government Act 1993*;
- Current economic climate;
- Consumer Price Index changes;
- Local Government Cost Index; and
- Likely impacts on the community.

4. Rates and Charges

(i) General rate basis

Council has three choices under the Act for determining its rate charges:

- Land Value;
- Capital Value; and
- Assessed Annual Value (AAV)

Similar to the vast majority of Tasmanian Councils, Council has determined that the use of AAV per rateable property provides the fairest and most equitable method for the levying of rates on the basis that the AAV represents an independent assessment of the notional rental value of a property or a 4 per cent minimum of the capital value (whichever is the greater). This is considered a reasonable estimate of the income generating capacity of a property, assuming a minimum 4% return.

(ii) Property Valuations

The Office of the Valuer-General provides the valuations to Council on a cyclical basis (usually each six (6) years). Council was last subject to a municipal wide revaluation with a values date of 1 July 2021 which became effective for rating

and taxing purposes from 1 July 2022. Under the *Act* Council is mandatorily required to use the valuations provided to it in setting its rates each year. Council has no role in determining the valuation of properties and all ratepayers are able to dispute their valuation direct with the Valuer General's Office. Council is also provided with adjustment factors for the various classes of property in the municipal area by the Valuer-General each two years. Council is required to consider these adjustment factors in determining the rates and charges to apply.

(iii) General Rate Settings

Council will set a General Rate consisting of two components –

- one which is based on the value of the rateable land (using AAV); and
- a fixed charge per property or tenancy.

(iv) Variation to the General Rate

Council has determined that the AAV component of the General Rate is to be varied for all land classed as being used for Residential purposes at a rate 25% below other land use categories.

(v) Rate Caps

Council will annually consider the use of rate capping to ensure that the increases applied to the various categories of ratepayers are appropriate.

Council will only apply rate capping if in its opinion it is justifiable in order to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to rapid changes in valuation and other factors beyond the ratepayer's control.

(vi) Service Rates and Charges

Waste Management

Waste Management Service Charges (WMSC) – Council provides a variety of waste and recycling services to the majority of properties. Waste Management Service charges include the Waste Management Service Charge and the Waste Management Levy Offset Service Charge - to offset a levy payable by the Council to the State Government under the *Waste and Resource Recovery Act 2022*.

Waste Management Service Charges (WMSC) are applied to all land or tenancy which Council supplies or makes available a kerbside collection service. Excluding non-used land or land owned by the Crown to which Council does not supply a kerbside collection service.

For all land which is predominately used for any purpose other than residential or primary production to which Council supplies and makes available a kerbside collection service the service charge is varied to 3 x the general WMSC.

The WMSC is set annually by Council and applied as follows to each land use category. Application of the WMSC generally reflects the level of service provided to each category.

General residential		number of tenancy x the applicable WMSC
Primary Production (where a service is available)		1 x the WMSC
Primary Production (where service is not available)		no charge
Primary Production (without dwelling)		no charge
Vacant land		no WMSC
All other land use categories		3 x the WMSC

- Predominately used for residential or primary production purposes – number of tenancies x the applicable WMSC
- Predominately used for commercial or industrial purposes– 3 x the WMSC

Exempt properties:

- Non-used land or land owned by the Crown – no WMSC

Fire Protection

Fire Protection Service Rate - Council is required by the provisions of the *Fire Services Act 1979* to collect fire service contributions on behalf of the State Fire Commission. The amount of this rate and the minimum charge which is to apply is determined independent of Council by the State Fire Commission.

5. Objections to Rate Notices

Council will consider any objections to rate notices in accordance with section 123 of the *Local Government Act 1993*.

6. Rebates and Remissions

Any individual application for a rebate and/or remission from payment of rates is to be provided to Council in writing and is to comply with the adopted policies from time to time in operation.

Council will annually consider whether to provide any rebate or remission to not-for-profit community organisations where they own or are responsible for the payment of rates. Any not-for-profit organisation that wishes to be considered for either a rebate or remission is required to make a formal application for Council to consider.

Council may also from time to time determine to provide a remission to a ratepayer, group of ratepayers or a class of ratepayers where it has determined that special circumstances exist.

Pensioner Rate Remissions are provided to eligible concession card holders pre-approved by the State Revenue Office. Concessions are only available on a ratepayer's principal residence at an amount predetermined by the State Government. Ratepayers seeking a rate concession are not to withhold payment pending assessment by the State Revenue Office of their eligibility. In circumstance where a concession is approved after payment has been received a refund will be provided to the ratepayer.

7. Payment of Rates

Rates are due and payable in full by 31 August each year. However, ratepayers can elect to pay their rates in four equal instalments on 31 August, 31 October, 28 February and 30 April each year.

Ratepayers who have difficulty in paying their rates either in full or by the instalment due dates are encouraged to contact Council's Rates Office to make an alternative payment plan. Such enquiries are treated confidentially by Council.

Instalment payments must be made on or before the due date as failure to do so will result in the full outstanding amount becoming due and payable immediately.

8. Late Payment of Rates

Council has determined that penalties will apply for late payment of any rate or instalment which remains outstanding on the due date. The penalty percentage rate is determined by Council each year in line with the provisions of the *Local Government Act 1993*.

Rates which remain unpaid for a period exceeding 30 days from the due date of an instalment will be subject to recovery action through either a recognised Debt Collection Agency and/or Magistrates Court. Prior to initiating recovery action Council will provide the ratepayer with 14 days notice in writing advising of its intention to commence legal action.

	<p>9. Sale of Property if Rates Remain Unpaid The <i>Local Government Act 1993</i> provides that a Council may sell any property where the rates have been in arrears for a period of three (3) years or more. Council is required to:</p> <ul style="list-style-type: none"> (a) notify the owner of the land of its intention to sell the land; (b) provide the owner with details of the outstanding amounts; and (c) advise the owner of its intention to sell the land if payment of the outstanding amount is not received within 90 days. Except in extraordinary circumstances, Council will enforce the sale of land for arrears of rates. <p>10. Postponement of Rates An application for a postponement of payment of rates on the grounds of hardship must be made in writing addressed to the General Manager.</p>		
LEGISLATION AND RELATED DOCUMENTS	<i>Local Government Act 1993</i> <i>Fire Services Act 1979</i> <i>Valuation of Land Act 2001</i> Financial Hardship Assistance Policy		
ATTACHMENTS (IF APPLICABLE)	N/A		
STRATEGIC REFERENCE	5.5.3 – Ensure revenue modelling meets Council's funding requirements to provide equitable pricing relevant to services delivered		
MINUTE REFERENCE	22/119		
OFFICE USE ONLY	Update Register Y	Training/Communication	Y
	Advise Document Controller Y	Advise HR / MCO	Y
	Management Sign Off:  Date: 26 June 2023		