

POLICY NO LG40 RATES AND CHARGES POLICY

DEPARTMENT:	Corporate Services
RESPONSIBLE OFFICER:	Manager Corporate Services
LINK TO STRATEGIC PLAN:	Maintain financial viability and accountability in budgeting and administration.
STATUTORY AUTHORITY:	Local Government Act 1993
OBJECTIVE:	<p>This policy defines Council's commitment to levying rates and charges in an equitable manner and provides clear principles and direction at a strategic level to guide Council's decision making process in making rates and charges. It informs the annual decision making process of Council but does not represent the making of specific decisions on rates and charges levied each year under Part 9 of the <i>Local Government Act 1993</i>.</p> <p>This policy provides the community and ratepayers with the underlying principles Council uses in determining rates and charges, taking into account the varying nature of properties, the relative capacity to pay within the community, and Council's obligations under section 86B of the <i>Local Government Act 1993</i>.</p>
POLICY INFORMATION:	Adopted 25 June 2012 – Minute No 06/12.11.7.147 Amended 19 January 2015 – Minute No 01/15.11.7.011

POLICY

1. STRATEGIC REQUIREMENTS

Council will consider the following when setting the rates and charges for a particular financial year:

- Council's Strategic Plan
- Council's Long Term Financial Plan
- The Annual Plan & Budget for that year
- Current economic climate and external influences such as legislative reform, grant funding programs, inflation factors and interest rates, as well as local economic issues affecting the municipality as a whole or individual industries or sectors.

2. LEGISLATIVE REQUIREMENTS

When setting the rates and charges for each year, Council also takes into account the principles outlined in section 86A of the *Local Government Act 1993* that:

- (a) Rates constitute taxation for the purposes of local government, rather than a fee for a service; and
- (b) The value of ratable land is an indicator of the capacity of the ratepayer, in respect of that land, to pay rates

3. COUNCIL'S REVENUE RAISING POWERS

As an overriding principle, general rates will be levied on all land within the municipality regardless of service provided in accordance with the legislated principle that rates constitute taxation for the purposes of the Act. However section 87 of the *Local Government Act 1993* provides for exemptions to this principle and Council's "Rating Exemptions and Remissions Policy" outlines the criteria set by Council in accordance with this section.

4. VALUES TO BE USED A BASIS OF RATES

The *Local Government Act 1993* outlines that Council can use any one (1) of the three (3) valuations provided under the Valuation of *Land Act 2001*, as the basis of its rates. These are:

- Land Value
- Capital Value
- Assessed Annual Value (AAV) or any portion of the AAV as determined by the Valuer General under section 11(3) (c) of the *Valuation of Land Act 2001*.

Council will use the AAV (including the adjusted AAV) as the primary basis for levying rates. Council believes this is the fairest method of distributing the rate burden across all ratepayers and it is consistent with the value of land being an indicator of capacity to pay (as provided by S86A(1) of the *Local Government Act 1993*).

Rates are adjusted throughout each financial year under section 89 of the *Local Government Act 1993*, using supplementary valuations issued by the Valuer General (eg for new dwelling, subdivisions, etc) and these change the total valuation of the municipality.

The state government has recommended Councils move from AAV to Capital Value as the basis of rating, preferably by 1 July 2016, but this has not been mandated. It is particularly encouraged to make the transition in conjunction with a municipal revaluation and Council should consider this, prior to the next revaluation.

5. GENERAL RATE

Council will levy a general rate on all ratable property. This rate will be determined in accordance with the requirements of the Annual Plan and Budget each year and will recover the cost of services for which specific users cannot readily be identified, or for which a regime of full cost recovery through user charges is not appropriate or has not been established by Council.

6. MINIMUM GENERAL RATE

A minimum general rate provides a mechanism by which lower valued properties pay not less than a minimum amount, and it can only apply if there has been no fixed charge applied. The minimum rate must not apply to more than 35% of properties.

Council will apply a minimum general rate in accordance with section 90 of the Act at an appropriate level to recognise that each ratable property should bear a reasonable portion of the total rates burden each year to enable Council to deliver appropriate services and infrastructure as determined in the Annual Plan and Budget.

7. SERVICE RATES AND CHARGES

Council will levy service rates and charges as required for the purposes of fire protection and waste management in accordance with the Act. These rates and/or charges will apply to all ratable properties at an appropriate level to recognise that each ratable property should bear a reasonable portion of the cost of the service provided.

The service rate and associated minimums for fire protection will be levied in accordance with notifications provided by the State Fire Commission under relevant legislation.

Service charges for waste management will be levied on a fixed amount for each property recognising that waste management services, comprising waste disposal areas, waste transfer stations and related waste management facilities, are available to all land within the municipal area and therefore all ratepayers should contribute to the cost of this service. These charges will also recognise where mobile garbage bin services are provided and the level of that service. Council may consider varying the level of these charges where land is vacant or where Council determines a level of community benefit.

8. SEPARATE RATES AND CHARGES

Where Council has identified, for the purpose of planning, carrying out, making available, maintaining or improving anything that in Council's opinion is, or is intended to be, of particular benefit to specific land or a class of land, or the owners of that land, Council may make a separate rate or charge in respect of that land, as per Section 100 of the Act.

9. DISCOUNTS AND REBATES

Council may provide a discount on rates and charges where these are paid in full by the date determined for the payment of the first quarterly rates installment.

Council may apply rebates to general rates payable in respect to specific properties and/or classes of ratepayers where Council determines there is social, economic, or equity benefit to the community in providing such rebates. While Council may provide rate rebates to various classes of ratepayers from time to time, Council is committed to the principle that social welfare responsibilities lie with State and Federal Governments.

10. PENALTY AND INTEREST

Council will apply penalty and interest charges in accordance with S128 of the Act where any rates and charges are not paid on or before the date on which the rates or installments fall due.

11. MONITORING AND REVIEW

Council will review and amend this Policy in compliance with Section 86B of the Act, including by the end of each successive 4-year period after 31 August 2012, or earlier in the event of major changes to legislation or related policies, procedures or if deemed necessary by the General Manager.