

## POLICY NO LG40 RATES AND CHARGES POLICY

<b>DEPARTMENT:</b>	Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Manager Corporate Services
<b>LINK TO STRATEGIC PLAN:</b>	Maintain financial viability and accountability in budgeting and administration.
<b>STATUTORY AUTHORITY:</b>	Local Government Act 1993, Valuation of Land Act 2001
<b>OBJECTIVE:</b>	The purpose of this policy is to outline Council's approach towards rating its community and to ensure compliance with the requirements of Section 86 of the Local Government Act 1993 (the Act).
<b>POLICY INFORMATION:</b>	Adopted 25 June 2012 – Minute No 06/12.11.7.147 Amended 19 January 2015 – Minute No 01/15.11.7.011 Amended 15 April 2019 – Minute No 04/19.12.6.76 Amended 17 April 2023 – Minute No. 04/23.13.6.80

### POLICY

#### 1. LEGISLATIVE REQUIREMENTS

*Part 9 of the Local Government Act 1993* provides councils with the legislative power to raise rates and charges.

To provide services Council must consider the method by which it raises this revenue. Amendments to the Local Government Act in December 2011 have clarified that rates are a form of taxation.

#### 2. SCOPE

This policy covers:

- (a) Rating Strategy;
- (b) General Rates;
- (c) Valuations;
- (d) Service Rates and Charges;
- (e) Payment Options;
- (f) Objections to Rates Notices;
- (g) Rebates and Remissions;
- (h) Sale of Property if Rates Remain Unpaid; and
- (i) Supplementary Valuations

### 3. POLICY

#### **Rating Strategy**

Council ensures it only raises the revenue it needs and does so in the most efficient and equitable manner possible. Council must balance its service levels with the needs and expectations of the community and set appropriate levels of tax to adequately fulfil its role and responsibilities.

Council seeks to achieve equity across generations by ensuring that rates are set at a level that ensures each generation pays its way with respect to recurrent expenses being met from recurrent revenue (the full cost of the service it consumes).

Council will operate efficiently and maintain costs at a level relative to the services that it provides.

The following factors influence the level of rates and charges:

- Distribution and level of Commonwealth and State funding;
- Socio-economic profile of the area (capacity to pay);
- User-pays policies;
- Level and range of services including the level of regional responsibility; and
- Current economic environment.

In determining its rates each year Council considers the current economic climate and capacity to pay for services and where practicable minimise any increase in rates and charges by managing costs where possible throughout the annual budget deliberation process.

The aim of rates and charges decisions-making is to spread the burden fairly across the community with those that have the greatest capacity to pay paying more than those with a lesser capacity to pay by utilising the rating options available to Council within the Local Government Act 1993 Part 9.

When considering how the rate burden will be distributed, Council must balance capacity to pay with the benefit principle acknowledging there are some groups of the community that have more access to and benefit from specific services.

#### **Valuations**

The Office of the Valuer-General (VG) provides the statutory valuations to Council on a cyclical basis (usually each six (6) years). Council was last subject to a municipal wide revaluation with an effective date of 1 July 2018. (*Valuation of Land Act 2001, Part 4*)

Under the Act, Council is mandatorily required to use these 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 directly 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 the adjustment factors in determining the rates and charges.

## **General rates and valuation basis**

Council has three choices under the Act, *Part 9, Division 1, and Section 89A* for determining its rate charges:

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

Council have chosen to rate using the AAV (Assessed Annual Value), or the value of the rental potential of the property, 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 AAV represents an independent assessment of the rental value of a property or a 4 per cent minimum of the capital value (whichever is the greater).

Council has determined that a minimum rate is to apply 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, divided by the total combined AAV of all rateable properties in the municipality.

## **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 *Part 9 Division 2 General Rates, Section 90* of the Act at an appropriate level to recognise that each rateable property should bear a reasonable proportion of the total rates burden each year to enable Council to deliver appropriate services and infrastructure as determined in the Annual Plan and Budget.

The minimum rate should reflect that the cost of services needs to be spread equitably across all properties. Vacant land or lots with minimal build infrastructure are expected to contribute a reasonable proportion of rate revenue even when the AAV on these properties may be at a minimal level.

Council supports rating mechanisms that will stimulate residential development and allocate reasonable costs to property owners who choose to own but not develop vacant land.

## **Service Rates and Charges**

In addition to the general rate, Council may charge for other services under the benefit principle, in accordance with *Part 9, Division 3, Sections 93 and 94* of the Act.

## **Stormwater**

A Stormwater Service Charge covers maintenance & upgrade of connections, drainage, and storm water removal systems including from roads and funds programs to improve municipal storm water removal systems.

It may also cover flood mitigation works. A Stormwater Service Charge should fully recover the cost of service delivery.

Council will explore the introduction of a stormwater service charge in the time ahead to support the delivery of upgraded services in urban areas.

## **Waste Management**

Council provides an urban waste collection service and domestic recycling service. Levies apply for the Waste Collection and Recycling Collection based upon cost recovery of each function.

A charge per property for Infrastructure Services is applied to cover the operational expenditure of the service as well as an allowance for capital renewals.

## **Fire Service Levy**

Council is required by the provisions of the Fire Services Act 1979 to collect the Fire Service levy on behalf of the Tasmanian Fire Service. The value of this levy is determined by the Tasmanian Fire Service and is not influenced by the Council. This rate is set in accordance with the provisions of *Part 9, Division 93, Section 93* of the Act.

## **State Waste Landfill Levy**

Council charges a State Waste Landfill Levy to recover the cost of the landfill levy imposed on Council under the *Waste & Resource Recovery Act 2022*.

## **Payment Options**

Payment options are determined by the Council each year as part of the budget process.

Rates are levied in early July each year and Council and are payable by four equal instalments. The due date for instalments being:

- 1st Instalment – 31 August
- 2nd Instalment – 31 October
- 3rd Instalment – 31 January
- 4th Instalment – 30 April

A discount for early payment may be granted if payment is received in full by 31 August.

### **Penalty and Interest**

Council will apply penalty and interest charges in accordance with *Part 9, Division 9*, and *Section 128* of the Act where any rates and charges are not paid on or before the date on which the rates or instalments fall due.

### **Objections to Rate Notices**

Property owners have the ability to object to the statutory valuation provided by the Valuer General. *Valuation of Land Act 2001, Part 5 - Notices and objections*. This is administered by the Valuation Department

Council will consider any objections to rate notices in accordance with *Part 9, Division 9, Section 123* of the *Local Government Act 1993*.

### **Rebates and Remissions**

Any individual application for a rebate and/or remission from payment of rates is to be provided to Council in writing.

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.

In addition to exemption and/or remission provided in relation to the General Rate, Council will offer Churches a remission of 50% of the applicable service rates

A pensioner remission is available to property owners, through 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, health care and DVA card holders.

Ratepayers can apply for remission of Interest and Penalty charges upon written application to the General Manager for consideration

A remission for private land within the Break O'Day municipality that is subject of conversation covenants can apply for rate relief.

### **Sale of Property if Rates Remain Unpaid**

Under *Part 9, Division 11 Section 137 of the Act*, Council may sell any property where the rates have been in arrears for three or more years. Council is required to:

- Notify the owner of the land of its intention to sell the land;
- Provide the owner with details of the outstanding amounts; and

- 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.

### **Supplementary Valuations**

In certain circumstances, valuations must be determined between general revaluations. These are known as supplementary valuations and are required when the circumstances of a property changes which affects the property's value.

Some circumstances that may trigger a supplementary valuation are as follows:

- Construction of a new building(s) on the land;
- Extension to or renovation of existing building(s);
- Subdivision or consolidation of the land;
- Demolition of a building(s) on the land;
- Other improvements to the land such as out buildings, swimming pools etc;
- Change in the land's usage;
- Realignment of the property's boundary; and
- A property becomes rateable.

When any of the above situations arise, a supplementary valuation will be undertaken by the Valuer General. The supplementary valuations will bring the valuation of the property in line with the general valuation of other properties in the municipality. Values are assessed at the same date of the general valuation currently in use.

Where the Valuer-General has undertaken a supplementary valuation, the ratepayer will be issued with a supplementary rate notice. The notice will show the new adjusted valuations for the property and will include any adjustments to the rates and charges affected by the supplementary valuation for the current financial year.

Rates and charges adjustments of less than \$50 will not result in a supplementary rates and charges notice for the current financial year.

## **4. 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, or earlier in the event of major changes to legislation or related policies, procedures or if deemed necessary by the General Manager.

## **5. RELATED DOCUMENTS**

- Council's Strategic Plan
- Council's Long Term Financial Plan
- The Annual Plan & Budget for that Financial Year
- Rating Exemption and Remission Policy (LG11)
- Rates Hardship Policy (LG54)
- Conservation Covenant Support Policy (EP03)