

POLICY NO LG40 RATES AND CHARGES POLICY

DEPARTMENT:	Corporate Services
RESPONSIBLE OFFICER:	Manager Business Services
LINK TO STRATEGIC PLAN:	Maintain financial viability and accountability in budgeting and administration.
STATUTORY AUTHORITY:	Local Government Act 1993, Valuation of Land Act 2001
OBJECTIVE:	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).
POLICY INFORMATION:	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 Amended 16 June 2025 – Minute No. 06/25.13.5.615 Amended – 15 June 2026 – Minute No. 06/26.13.5.785

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 and Valuation Basis;
- (c) Differential Rating Structure;
- (d) Valuations, Revaluations and Rights of Objection;
- (e) Minimum General Rate;
- (f) Service Rates and Charges;
- (g) Payment Options;
- (h) Objections to Rate Notices;
- (i) Rebates and Remissions;
- (j) Sale of Property if Rates Remain Unpaid; and
- (k) 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, minimises any increase in rates and charges by managing costs throughout the annual budget deliberation process.

The aim of rates and charges decision-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 Part 9 of the Local Government Act 1993.

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, generally every six years. Council has recently been subject to a municipal-wide revaluation through the 2025/2026 revaluation process. (*Valuation of Land Act 2001, Part 4*).

A fresh municipal valuation has now been undertaken and is being applied to properties for the 2026/2027 financial year.

Under the Act, Council is required to use these valuations 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 has chosen to rate using AAV (Assessed Annual Value), or the rental value 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 and, therefore, the fairest method of distributing the rates burden 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 ratepayers contribute towards the provision of basic services at 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.

Differential rating structure

In addition to selecting Assessed Annual Value as the valuation basis, Council may apply differential general rates to different categories of land in accordance with Part 9 of the Local Government Act 1993. Differential rating enables Council to apply different cents in the dollar to classes of property where this is considered appropriate, having regard to the use of the land, capacity to pay, the level of benefit received from Council services, and the equitable distribution of the overall rates burden across the municipal area.

Council uses rating categories to group properties for differential rating purposes. These categories are informed by Valuer-General land use codes and are applied by Council as part of its broader rating strategy to better reflect differing land uses, infrastructure impacts, service demand, market behaviour and capacity to pay across the municipality.

For rating purposes, Council's differential categories are informed by the land use category applied to each property by the Office of the Valuer-General in the valuation list prepared under the Valuation of Land Act 2001. The Valuer-General determines the statutory valuation and records the predominant land use of each property. Council then applies those land use codes, together with any additional criteria set out in its annual Rates and Charges Resolution, to determine the rating category to be applied for the relevant financial year.

Council recognises Utilities as a separate rating category within its differential rating structure. Utility land has distinct characteristics when compared with other property groupings. It is typically associated with essential network infrastructure, constrained operational uses and long-term service delivery functions that support the broader community and local economy. Utilities are also characterised by commercial operating features, with services commonly provided to

customers on a user-pays basis linked to consumption. Council considers that separating Utilities into its own category provides a more transparent and appropriate basis for rating land used for these purposes and enables this class of property to be considered on its own merits within the overall rating framework.

Council also recognises Quarries as a separate rating category. Quarry and extractive industry land has a distinct operational and economic profile, including site-specific resource use, heavy vehicle movements, infrastructure impacts and commercial return characteristics that differ from other industrial or rural land uses. Council considers that separating Quarries into their own category supports a more balanced and proportionate rating outcome by recognising the particular nature, intensity and impact of extractive operations within the municipal area.

Council also recognises Forestry as a separate rating category. Forestry land has distinct land use characteristics, market drivers and valuation outcomes when compared with other forms of primary production. Separating Forestry into its own category enables Council to apply a differential rating approach that more appropriately reflects the nature and ownership patterns of large-scale land holdings, plantation forestry and timber production activities within the municipal area. It also recognises the particular infrastructure requirements, road network impacts, transport demands, land management considerations and broader operational characteristics associated with forestry activities, which distinguish them from other primary production uses.

Council also recognises the need for a distinct rating approach for properties predominantly used for short stay accommodation. Council has several properties within the rating system recorded under Valuer-General land use code R9 that are currently rated within the Residential category. Council intends to reallocate these properties into a newly created Short Stay Accommodation category. While short stay accommodation forms an important part of the local visitor economy, where a property is predominantly used in a commercial manner for visitor accommodation Council's position is that it should be treated accordingly within the rating framework. A specific cent in the dollar based on Assessed Annual Value will be applied proportionate to that commercial use. Council also recognises that a number of known short stay accommodation permit holders are currently recorded under land use code R7. Council will progressively review these properties using State Government validated data, Council permit records and an appropriate compliance review process and, where supported, seek to have those properties reclassified by the Valuer-General to land use code R9.

Council considers differential rating to be an important mechanism for achieving a more balanced and proportionate rating system across the municipal area. By distinguishing between different land uses and property characteristics, differential rating assists Council to distribute the rates burden in a way that more appropriately reflects capacity to pay, the nature and intensity of land use, and the broader policy objectives of Council. Break O'Day Council will continue to refine the use of differential categories as part of its commitment to maintaining a rating structure that is equitable, transparent and responsive to local conditions over time.

This policy sets out Council's position and intent in relation to its rating structure. It does not replace or override the specific rating methodologies, differential rates, minimum rates, service rates, service charges or annual charges formally adopted by Council through its annual Rates and Charges Resolution. In accordance with section 86A of the Local Government Act 1993, Council recognises that rates are a tax and not a fee for service, and that the value of land is an indicator of capacity to pay.

The following table provides a guide to the principal differential rating categories adopted by Council and their alignment with the relevant Valuer-General land use codes.

Table 1: Council Differential Rating Categories and Valuer-General Land Use Code Alignment

Council rating category	General description	VG land use category link
Residential	Land used predominantly for residential purposes, including standard housing and associated residential uses.	R1, R10, R2, R3, R30, R31, R32, R4, R5, R7, S0, S02, S1, S11, S12, S3, S31, S4, S41 and S42.
Commercial	Land used predominantly for business, retail, office, accommodation, hospitality or other commercial activity.	C0, C1, C10, C12, C13, C14, C15, C18, C181, C19, C2, C20, C21, C22, C30, C33, C34, C40, C43, C50, C51, C52, C53, C54, C55, C71, C80, C81 and V2.
Industrial	Land used predominantly for industrial, manufacturing, warehousing, storage or similar purposes.	I0, I1, I10, I11, I110, I111, I112, I13, I14, I15, I16, I17 and V3.
Primary Production	Land used predominantly for farming, grazing, cropping or other primary production purposes.	L101, L102, L111, L122, L15, L151, L152, L154, L155, L222, L232, L242, L4 and L43.
Forestry	Land used predominantly for forestry, plantation forestry, timber production or related forestry activities.	L3, L31, L311, L312, L32, L33 and L332.
Utilities	Land used for essential utility infrastructure and associated operational purposes.	P11 and P13
Quarries / Extractive Industries	Land used predominantly for quarrying, extraction, processing or related resource-based activity.	Q1, Q11, Q2, Q22 and Q3.
Short Stay Accommodation	Properties recorded under VG land use code R9 and predominantly used in a commercial manner for visitor accommodation or short stay letting, to be transitioned from the Residential category into Council's Short Stay Accommodation category.	R9

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 or ageing infrastructure are expected to contribute a reasonable proportion of rate revenue even when the AAV on these properties may be at a minimal level.

Minimum general rates recognise that each rateable property receives the benefit of Council's broader municipal services, infrastructure and governance functions, regardless of the individual valuation of that property. These include services and assets such as local roads, waste management systems, community facilities, public amenities, emergency management support, regulatory functions, parks and reserves, and the administrative framework required to support local government operations. A minimum rate assists in ensuring that all properties make a reasonable baseline contribution toward these shared municipal costs.

Following a municipal revaluation, Council has recalibrated minimum rates across its rating categories to ensure that changes in valuation levels are reflected in a balanced and proportionate way for properties that remain minimum bound. This recognises that valuation growth does not occur uniformly across all land use categories and that, without recalibration, minimum rated properties in some categories may not appropriately reflect the relative movement in underlying values. Recalibrating category based minimum rates assists Council to maintain equity within the rating structure and to ensure that minimum-bound properties continue to contribute at a level that is broadly consistent with Council's differential rating framework following revaluation.

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.

Waste Management

Council provides a domestic waste and recycling collection service to properties in the designated collection area. Levies apply for the waste recycling collection based upon cost recovery of each function.

Properties with occupancy located within the designated waste collection service area will be subject to a charge for the provision of waste and recycling bins as part of the waste collection service. This charge is implemented to support the efficient and sustainable management of waste in accordance with the Council's operational objectives.

An Infrastructure Waste Charge is applied to all properties to support the ongoing delivery of waste management services. This charge contributes to the costs of waste infrastructure, service delivery and compliance with the state landfill levy as required under the *Waste & Resource Recovery Act 2022*.

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.

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 are payable by four equal instalments. The due dates for instalments are:

- 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.

Valuations, Revaluations and Rights of Objection

Property valuations used for rating purposes are determined by the Valuer-General under the *Valuation of Land Act 2001*. Council is required to use these statutory valuations when setting and levying rates and charges and does not determine the valuation of individual properties. Property owners who wish to object to their valuation may do so in accordance with Part 5 of the *Valuation of Land Act 2001*. Objections to statutory valuations are administered by the Valuation Department and are considered by the Valuer-General, not Council.

Objections to Rate Notices

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

Rebates and Remissions

An application for a rebate and/or remission from payment of rates must be in accordance with the provisions of the following policies of Council:

- 1) Rating Exemption and Remission Policy (LG11)
- 2) Conservation Covenant Support Policy (EP03)

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.

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 change in a way that 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 outbuildings, swimming pools, etc.;
- Change in the land or properties 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 valuation will bring the valuation of the property into line with the general valuation of other properties in the municipality. Values are assessed at the same date as 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 or procedures, or if deemed necessary by the General Manager.

5. RELATED DOCUMENTS

- 1) Council Strategic Plan
- 2) Council Long Term Financial Plan
- 3) Council Annual Plan & Budget for that Financial Year
- 4) Rating Exemption and Remission Policy (LG11)
- 5) Rates Hardship Policy (LG54)
- 6) Conservation Covenant Support Policy (EP03)