

SUBJECT: <i>RATES & CHARGES POLICY</i>	FILE NO:	FIN/0701 FIN/1207
ADOPTED BY COUNCIL ON: 26 th July 2012	MINUTE NO:	220.07.2012
AMENDED BY COUNCIL ON:	MINUTE NO:	

1. INTRODUCTION

- 1.1 In Tasmania, Council rates are a form of property tax levied by Local Government as the primary source of funding for the many mandatory and discretionary services that are provided. Rates are administered in line with the *Local Government Act 1993* which allows some flexibility for each Council to make decisions that suit its local community.
- 1.2 As rates are a method of taxation, the total amount of rates paid may not directly relate to the services used by each ratepayer.
- 1.3 Property values (set by the Valuer-General) play an important role in determining how much each individual ratepayer contributes to the cost of delivering Council services and activities. The *Local Government Act 1993* expects that the higher the value of the property the higher the rates to be paid.
- 1.4 All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other prescribed land) is rateable. Council also raises revenue through fees and charges, which are set, giving consideration to the cost of the service provided and any equity issues.

2. OBJECTIVES

- 2.1 The objectives of this policy are to outline Council's approach to determining and collecting rates from its community.
- 2.2 This policy will meet the requirements of Section 86B of the *Local Government Act 1993*, which states each Council must prepare and adopt a Rates and Charges Policy.

3. SCOPE

3.1 This policy covers:

- The relationship between Council's strategic plans, its budget and rates structure
- Council's revenue raising powers
- Method used to value land
- Adoption of valuations
- Minimum rate
- Concessions

- Discounts
- Payment of rates
- Late payment of rates
- Recovery of Rates
- Sale of land for non-payment of rates
- Remission and postponement of rates
- Rebate of rates
- Disclaimer

4. PROCEDURE

Strategic Focus

4.1 Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels to adequately resource and fulfil its roles and responsibilities. In determining rates for the financial year Council gives primary consideration to:-

- Council's Strategic Plan,
- The *Local Government Act 1993*,
- Current economic climate, and
- Likely impacts on the community.

The resources required to successfully achieve this outcome are documented in the Annual Plan.

Rates – Flinders Council

- 4.2 Flinders Council considers the combined use of service charges and variable charges (rate in the AAV dollar) per rateable property provides the fairest and most equitable method of charging rates to our Community.
- 4.3 Council considers the imposition of a minimum general rate is the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of Council's services and the development and maintenance of the Community's infrastructure.
- 4.4 Council adopts the Assessed Annual Value (AAV) as determined by the Valuer-General as the valuation method to be used in determining rates. The AAV represents an assessment of the rental value of a property or a 4% minimum of the capital value.
- 4.5 An annual service charge for Waste Management applies to all land within the Municipal Area at a rate set by Council's annual Rates Resolution.
- 4.6 Council collects a fire service levy on behalf of the State Fire Commission based on the cents in the AAV dollar, with a minimum fire levy charge.
- 4.7 There are a number of properties which are public, educational, religious or charitable in use or ownership and properties as defined under the

Aboriginal Lands Act 1995 which are in part or in full exempt from the general rate.

- 4.8 Council considers that the AAV method of valuing land provides a fair method of distributing the rate burden across all ratepayers on the following basis:-
- Rates constitute a system of taxation and 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;
 - Property value is a generally accepted indicator of wealth, and the assessed annual value is reflective and a strong indicator of the overall market value of a property.

Adoption of Valuations

- 4.9 Council adopts the “AAV” as assessed by the Valuer-General as the valuation method to be used in determining rates. If a ratepayer is dissatisfied with the valuation made, the ratepayer may object to the Valuer-General in writing.
- 4.10 Council has no role in the assessment of objections to valuations. The lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

Objections to Rates Notice

- 4.11 Council will consider any objections to Rate Notices in accordance with Section 123 of the *Local Government Act 1993*.

Rate Concessions

- 4.12 The State Government, in providing equity across Tasmania, funds a range of concessions in relation to Council rates. The concessions are administered by various State Government agencies that determine eligibility and pay the concession directly to Council on behalf of the ratepayer. Concessions are available only on a ratepayer’s principal place of residence.
- 4.13 Ratepayers seeking a rate concession are not to withhold payment of rates pending assessment of an application by the State Government. Rates must be paid in accordance with the Rate Notice.
- 4.14 A refund will be paid to an eligible person if Council is advised a concession applies and rates instalments have already been paid.

Payment of Rates

- 4.15 Council rates are payable by two equal instalments in October and February. The total outstanding balance of rates may be paid in full at any time. Any arrears outstanding are payable with the first instalment.
- 4.16 Any ratepayer who may, or is likely to, experience difficulty with meeting an instalment payable, should contact the Rates Officer to discuss alternative payment arrangements. Such enquiries are treated confidentially by Council.
- 4.17 A discount at a rate set by Council's annual Rates Resolution applies for rates paid in full before or on the due date of the first instalment.

Late Payment of Rates

- 4.18 Council has determined that penalties for late payments will be imposed in accordance with the provisions of the *Local Government Act 1993* and relevant Council procedures.
- 4.19 A penalty at a rate set by Council's annual Rates Resolution may be imposed on instalments not paid by or on the due date.
- 4.20 Daily interest at a rate set by Council's annual Rates Resolution may be applied in respect of the unpaid rate or instalment for the period during which it remains unpaid.

Recovery of Rates

- 4.21 In accordance with sound financial management principles, Council's Rates Department will apply prudent debt management practices to Rate Debtors. This includes an ongoing review of rates in arrears and following a systematic debt recovery approach in line with Council's Debt Collection Policy.
- 4.22 Rates, which remain in arrears for a period exceeding 21 days from the due date of an instalment, will be subject to a reminder notice.
- 4.23 Council will seek to recover a rate debt through Council's debt collection agency if an amount remains overdue after the final instalment date.
- 4.24 Prior to taking legal action Council will provide the ratepayer with a notice in writing of its intention to recover the outstanding debt through legal action and provide 14 days for payment prior to lodging the outstanding debt with its debt collection agency.
- 4.25 Prior to taking legal action Council will take all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.

Sale of Land for Non-payment of Rates

4.26 *The Local Government Act 1993* provides that a Council may sell any property where the rates have been in arrears for a period of three years or more. Council is required to among other things:-

- 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.
- d) In the event the owner cannot be contacted follow the procedure as outlined within the Act.

Remission and Postponement of Rates

4.27 Application for remission of rates and charges or postponement of rates will be considered under the discretionary provisions of Section 129 of the *Local Government Act 1993*.

Rebate of Rates

4.28 Council has determined that rebates of rates will be only granted when the applicant satisfies the requirements for mandatory rebates under applicable Sections of the *Local Government Act 1993*.

Disclaimer

4.29 A rate cannot be challenged on the basis of noncompliance with this policy and must be paid in accordance with the required payment provisions.

4.30 Where a ratepayer believes that Council has failed to properly apply this policy, it should raise the matter with Council. In the first instance contact should be made with the Rates Officer.

5. GUIDELINES

5.1 Rates constitute taxation for the purposes of Council, rather than a fee for service.

5.2 The value of rateable land is an indicator of the capacity of ratepayers to pay rates.

5.3 There is a commitment to the broad principle of fairness and equity in the distribution of rates across all ratepayers.

5.4 Assessed Annual Value (The valuation of the rental potential of the property) as determined by the Valuer-General each year, is used as the basis for valuing land within the Council area.

5.5 A general rate, a service charge, and a minimum rate will be applied as a means of raising taxation revenue within the community.

- 5.6 Eligible Pensioner ratepayers are entitled to a remission of rates, subject to a range of criteria. This remission does not apply to holders of the Commonwealth Seniors Health Cards.
- 5.7 An annual service charge for Waste Management applies to all land within the Municipal Area at a rate set by Council's annual Rates Resolution.
- 5.8 The fire service levy that Council collects on behalf of the State Fire Commission is based on the cents in the AAV dollar.
- 5.9 Council will apply rebates in accordance with the *Local Government Act 1993*. Council will adhere to the Act in granting full or part exemption for general rates for properties which may include public, educational, religious, aboriginal, cultural or charitable in use and ownership.
- 5.10 Council will continue to accept the payment of rates in full or by two instalments. Council will consider other payment arrangements with ratepayers when requested.
- 5.11 Council will impose late payment penalties strictly in accordance with the *Local Government Act 1993*.
- 5.12 Council may enforce the sale of land for non-payment of rates in accordance with the *Local Government Act 1993*.
- 5.13 Council advises that a rate cannot be challenged on the basis of non-compliance with this policy and rates must be paid in accordance with the required payment provisions.

6. COMMUNICATION

- 6.1 All Councillors and employees will be briefed on this policy as part of the induction program and on an on-going basis.

7. RELATED LEGISLATION

- 7.1 The rating and valuation methods available to local government are covered under various pieces of legislation. In particular Part 9 of the *Local Government Act 1993* and the *Valuation of Land Act 2001* are the most relevant.
- 7.2 The sections within the *Local Government Act 1993* related to the Rates and Charges Policy are detailed below:-

86A. General principles in relation to making or varying rates

- (1) *A council, in adopting policies and making decisions concerning the making or varying of rates, must take into account the principles that -*
 - (a) *rates constitute taxation for the purposes of local government, rather than a fee for a service; and*

(b) the value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.

(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.

8. DEFINITIONS

8.1 Part 9, Section 86, of the *Local Government Act 1993* comprises the definition of key terms applicable to the rating processes of Local Government.

9. RELATED DOCUMENTS

- 9.1 Flinders Council Strategic Plan
- 9.2 *Local Government Act 1993*
- 9.3 *Valuation of Land Act 2001*
- 9.4 *Fire Service Act 1979*
- 9.5 *Aboriginal Lands Act 1995*

10. RESPONSIBILITIES

10.1 The Rates and Charges Policy applies to Councillors in setting annual rates and charges for the community.