

## 12.0 FINANCE & INFORMATION

### 12.1 RATES AND CHARGES POLICY

#### RECOMMENDATION

That the Sorell Council resolve in accordance with Section 86B of the Local Government Act 1993 to adopt the amended Rates and Charges Policy.

**TITLE:** Rates and Charges Policy

**RESPONSIBLE OFFICER:** Manager Finance & Information

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FIRST APPROVED BY COUNCIL ON: 10<sup>th</sup> July 2012

RESOLUTION NUMBER: 67/2012

AMENDED ON: **20<sup>th</sup> June 2017**

RESOLUTION NUMBER:

REVIEW DATE: June 2018

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## 1. Introduction

- 1.1. Rates are a major source of revenue for Local Government. Part 9 of the Local Government Act 1993 (“the Act”) provides numerous tools for Sorell Council (“Council”) to use when deciding its rating methodology. Each year Council makes a rates resolution which includes policy decisions on how it will distribute the property tax burden across the community.
- 1.2. This policy is made in conjunction with Council’s long term financial plan, long term asset management plan and strategic plan. This is to ensure there is sufficient revenue from rates and charges to meet the current cost of service provision to the community and in future planning.

## 2. Policy Statement

- 2.1. This Policy is designed to explain to ratepayers within the Sorell municipality, Councils policy that underpins its annual rates and charges.

- 2.2. This Policy is to communicate to ratepayers rates are a method of taxation and as such the total amount of rates paid may not directly relate to the services used by each ratepayer.
- 2.3. Sorell Council considers that the three most important principles with respect to developing a rating policy are the *benefit* principle, the *simplicity* principle and the *capacity to pay* principle.
- 2.4. Property values (set by the Valuer General) are critical in determining how much each individual ratepayer contributes to the cost of delivering Council services and activities.
- 2.5. All land within the Council area, except for land designated under the Act as exempt is rateable. Council also raises revenue through fees and charges, which are established based on the cost of the service provided.

### **3. Goal**

- 3.1. The goal of this policy is to communicate to all ratepayers and other stakeholders Council's long term strategic focus in determining rates to ensure ongoing sustainability and efficiency in the provisions of services to the Sorell Municipality.

### **4. Scope**

- 4.1. This Policy is intended to complement and be implemented in conjunction with;
  - Strategic Plan 2014-2018;
  - Long Term Financial Plan 2016-2036;
  - Asset Management Plans 2014-2033;
  - Charitable Remissions and Rebates Procedures;
  - Rates Remission Policy;
  - Rating Information for Public Policy; and

### **5. Definitions**

For the purposes of this Policy the following definitions apply:

- 5.1. Part 9, Section 86 of *the Act* comprises the definitions of key terms applicable to the rating processes of Local Government.

*Key terms are;*

**assessed annual value** means the assessed annual value as determined by the Valuer-General under the Valuation of Land Act 2001;

**capital value** means the capital value as determined by the Valuer-General under the Valuation of Land Act 2001;

**general rate** means a rate made under section 90;

**land** means a parcel of land which is shown as being separately valued in the valuation list prepared under the Valuation of Land Act 2001;

**land value** means the land value as determined by the Valuer General under the Valuation of Land Act 2001;

**notice of variation** means a notice referred to in section 108;

**occupier** means a person who has possession of land;

**owner of land** means a person whose name appears as the owner on a valuation roll prepared under the Valuation of Land Act 2001;

**rate** means a general rate, separate rate, construction rate and service rate

**ratepayer** means the person liable to pay rates in respect of land in accordance with this Part;

**rates notice** means –

(a) a supplementary notice under section 92; and

(b) a notice under section 122;

**separate rate** means a rate made under section 100;

**service charge** means a charge made under section 94;

**service rate** means a rate made under section 93;

**supplementary valuation** means a supplementary valuation made under the Valuation of Land Act 2001.

## 6. Council Services

- 6.1. The Council recognises the value of the services it provides is not communicated effectively to its community and that applies across local government as a sector. The Sorell Council delivers a wide range of services to the community and also fills the service gap left by Commonwealth and Tasmanian Governments with reference to the particular needs of the community.
- 6.2. To improve the understanding of ratepayers and other stakeholders of the services provided by Council the following is an outline of our services;
  - waste management, street lighting, roads, footpaths, bridges, public toilets, stormwater drainage,

- sports fields, sporting clubrooms, parks & reserves, playgrounds, health inspections, immunisations, community events, youth services, child care, and
- planning & development control, traffic control, environmental management and conservation.

Supporting the provision of these services is a number of internal functions such as finance, administration, human resources, risk management, governance and information technology.

6.3. Many of the services provided by the Council can be described as 'public goods' in that they provide benefits to the wider public and should be funded by the community as a whole. Public goods generally have one or more of the following characteristics:

- Benefits accrue to individuals or groups of people that cannot readily be identified;
- Additional users of the service have little or no effect on the cost of delivering the service;
- Consumption of the service by an individual benefits the community as a whole; and
- Individuals may value the provision of the service even if they do not use it themselves.

6.4. To fund these services, the Council can raise its revenue from the following sources:

- General Rates – a system of taxation based on the value of a property;
- Service Rates/Charges – a rate or charge associated with the provision of a specific service such as septic systems and waste collection;
- Statutory and User Charges – charges raised from the provision of services such as planning and building approvals, child care centres;
- Grants & Subsidies – funds provided by other levels of government (from their taxation revenues) that are either general purpose grants or grants provided specifically for the provision of services;
- Investment Income – the investment of temporarily surplus funds generates revenue; and
- Other Income – primarily made up of reimbursements and donations.

6.5. The Council and Local Government in general face the dual challenge of:

- Raising sufficient revenue to provide appropriate levels of goods and services to the community; and

- Equitably distributing the rate burden across the community taking into account the principles of taxation.

## **7. Rates in Sorell**

- 7.1. Council has chosen to raise part of its general rate as a fixed rate applicable to all ratepayers. As per Section 91 of the Act Councils has set a fixed general rate representing around 37% of the total 2018-2019 General Rate Revenue.
- 7.2. The remaining 63% of Council's General Rate Revenue is derived from having a variable rate calculated on a rate in the dollar applied to the Capital Value (CV) of the rateable property.
- 7.3. Capital value measures the value of the land and all capital improvements on the land, and although property valuation may not be a perfect indicator of absolute wealth, it is considered the best indicator of relative wealth. On this basis Council has approved capital valuation as its tool to calculate its variable rate.
- 7.4. Council has chosen to vary its variable rate in accordance with the Sec. 107 of the Act, in a combination of use or predominant use and locality. Differential rating is the applying of different rates in the dollar for different types of land use and/or location.
- 7.5. Annual service charges apply for the collection and disposal of garbage and recycling on a per waste bin basis.
- 7.6. The minimum waste management rates apply to all properties with a residential dwelling, business or industry regardless of whether the building is occupied or not. The rate may be remitted for businesses or industries that already have their own commercial waste and recycling service.
- 7.7. The minimum waste management service provided is an 80L garbage (weekly) and 140L recycling (fortnightly) kerbside collection service, with access to a pre-booked greenwaste (monthly) and hardwaste (quarterly). Other waste management services also include recycling centres and collection of waste from public bins situated in streets, parks and reserves. The waste management service rate is not charged to vacant land or land only containing farm buildings unless the property owner requests these services.
- 7.8. A property owner may make an application for a larger size garbage or recycling bin and the rates will be adjusted accordingly as per the rates charge specified in the rates resolution. If an application is received from a tenant the application must be signed by the property owner unless the tenant is the ratepayer.

- 7.9. A property owner may make an application for a garbage or recycling bin stabiliser. The annual charge for the stabiliser will be in accordance with the charge specified in the rates resolution. If an application is received from a tenant the application must be signed by the property owner unless the tenant is the ratepayer.
- 7.10. Annual service charges also apply for wastewater treatment systems if an individual contract has not been signed with an authorised maintenance contractor.
- 7.11. Council collects fire rate levies on behalf of the State Fire Commission based on a cents in the dollar applied to the Annual Assessed Value (AAV) of the rateable property, with a minimum fire levy charge.
- 7.12. There are a number of properties which are public, religious or charitable in use or ownership and which are in part or in full exempt of the general rate.
- 7.13. 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 Rates Notice until otherwise notified by Council.

## **8. Rebates and Remissions**

- 8.1. 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.
- 8.2. 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
- 8.3. A refund will be paid to an eligible person if Council is advised a concession applies and rates instalments have already been paid in full.

## **9. Payment of Rates**

- 9.1. Council rates are payable by four (4) approximately equal instalments, the first to be made on or before the 30th day following the date of issue of the relevant rates notice and the balance in three instalments shall be paid respectively by 17th of October 2018, 16th of January 2019 and 13th of March 2019.

- 9.2. Or, if, and only if, the Council and a ratepayer enter into a suitable agreement, by approximately equal regular instalments through a direct debit facility with a financial institution.
- 9.3. Any ratepayer who may, or is likely to, experience difficulty with meeting the standard quarterly payment should contact the Rates Department to discuss alternative payment arrangements. Such enquiries are treated confidentially by Council.

## **10. Late Payment of Rates**

- 10.1. 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.
- 10.2. A penalty of **8.5%** of the unpaid rate may be imposed on instalments not paid by the due date.
- 10.3. Daily interest at a rate set by Council's annual Rate Resolution will be applied in respect of the unpaid rate or instalment for the period during which it remains unpaid.
- 10.4. If a ratepayer incurs penalties and / or interest for the late payment of a rates instalment, they may apply in writing to the General Manager for remission of the penalties and interest, only if they have not been late in paying an instalment in the previous four years.

## **11. Recovery of Rates**

- 11.1. 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.
- 11.2. Rates, which remain in arrears for a period exceeding 30 days from the due date of an instalment, will be subject to recovery action.
- 11.3. Council will seek to recover a rate debt through legal Court proceedings if an amount remains overdue in excess of 90 days.
- 11.4. Prior to taking legal action Council will provide the ratepayers with a notice in writing of its intention to recover the outstanding debt through the Courts and provide 14 days for payment prior to lodging the outstanding debt with its solicitors.
- 11.5. Prior to taking legal action Council will take all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.

## **12. Objections to Rates Notice**

12.1. Council will consider any objections to rate notices in accordance with Section 123 of the Act.

## **13. Sale of Land for Non-Payment of Rates**

13.1. The Act 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;

- 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.

## **14. Educating for Awareness**

14.1. The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.

14.2. The Council will increase community awareness by:

- promoting the Council's initiatives and policies regarding rating methodology on the Council's website and at the Council's offices; and
- endorsement of this policy.

## **15. Relevant Legislation and Documents**

*Part 9, Local Government Act 1993*

*Valuation of Land Act 2001*

*Sorell Council Strategic Plan 2014-2018*

*Sorell Council Long Term Financial Plan 2016-2036*

## **16. Conclusion**

16.1. The Council will review this Policy each year as a part of its Annual Budget process.