



RATES AND CHARGES POLICY

TITLE:	Rates and Charges Policy
RESPONSIBLE OFFICER:	Manager Finance
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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* (Tas) (“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 contribution 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 how Council underpins its annual rates and charges.
- 2.2 This policy is to communicate to ratepayers that 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 Property values (set by the Office of the Valuer-General) are critical in determining how much each individual ratepayer contributes to the cost of delivering Council services and activities.

2.4 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. OBJECTIVE

3.1 The purpose 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 provision of services to the Sorell municipality.

4. LEGISLATION AND REFERENCES

4.1 This policy is intended to complement and be implemented in conjunction with:

- Part 9 of the *Local Government Act 1993* (Tas);
- *Valuation of Land Act 2001* (Tas);
- *Fire Service Act 1979* (Tas);
- Sorell Council Strategic Plan 2019-2029;
- Sorell Council Long Term Financial Plan 2016-2036;
- Sorell Council Asset Management Plans 2014-2033;
- Sorell Council Rates Resolution 2021-2022;
- Sorell Council Charitable Remissions and Rebates Procedure; and
- Sorell Council Financial Hardship Assistance Policy.

5. DEFINITIONS

5.1 Part 9, Section 86 of the Act comprises the definitions of key terms applicable to the rating processes of local government. The key terms of the Act, which are applicable to this policy are summarised below:

- **Assessed annual value (AAV)** 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 of the Act.
- **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 of the Act.
- **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 of the Act.
- **Rates notice** means –
 - (a) a supplementary notice under section 92 of the Act; and
 - (b) a notice under section 122 of the Act.
- **Separate rate** means a rate made under section 100 of the Act.
- **Service charge** means a charge made under section 94 of the Act.
- **Service rate** means a rate made under section 93 of the Act.
- **Supplementary valuation** means a supplementary valuation made under the *Valuation of Land Act 2001*.

6. COUNCIL SERVICES

- 6.1 Council delivers a wide range of services to the community inclusive of some Commonwealth and Tasmanian Government service gaps (where sustainable).
- 6.2 The following is an outline of Council services, to improve ratepayers and other stakeholders understanding of the services provided by Council:
- Infrastructure services, including asset management of street lighting, roads, footpaths, bridges, stormwater, waste infrastructure, buildings and land improvement assets.
 - Animal management, including dog registration and dog control.
 - Environmental management, including fire hazard management, environmental protection and aerated waste water treatment system servicing and monitoring.
 - Health services, including food business control and other regulatory health controls.
 - Development services, including engineering inspections, traffic control, town planning and

- development control, and building and plumbing applications and inspections.
- Community facilities, including provision of sports fields, sporting clubrooms, community halls, parks & reserves, playgrounds and support / advocacy for community events and youth services.

Council has a number of internal functions, which support the provision of these services, including customer service and administration, finance, information technology, human resources, communications, risk management and governance.

6.3 To fund these services, 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 goods and services, such as; animal management; environmental and health control; engineering development; building and plumbing applications and inspections; town planning and development fees; and the usage of parks and reserves, sporting facilities and community halls.
- Grants and 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 upgraded and new assets.
- Investment income – the investment of temporarily surplus funds generates revenue.
- Other Income – primarily made up of reimbursements and donations.

Council and local government in general, face the dual challenge of raising sufficient revenue to provide appropriate and sustainable levels of goods and services to the community whilst equitably distributing the rate distribution 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 2021-2022 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 Assessed Annual Value (AAV) of the rateable property.
- 7.3 AAV is the estimated gross annual rental value of the property. The AAV takes into account the economic circumstances of each property, including the location of the property and the predominant use of the property. On this basis Council has approved AAV as the valuation approach to calculate its variable rate.
- 7.4 Council has chosen to vary its variable rate in accordance with Section 107 of the Act, according to the subcategory of use or predominant use of the land, set out as uses of land in the most recent

Land Use Codes provided by the Valuer-General.

- 7.5 Commencing 2021-2022, in addition to using AAV as the valuation basis, Council is reducing the number of rate categories from 20 to 4.
- 7.6 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 green waste (monthly) and hard waste (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 Council's 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 Council's 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 AAV of the rateable property, with a minimum fire levy charge. The fire levies will be in accordance with the charge specified in Council's Rates Resolution.
- 7.12 There are properties owned and occupied exclusively for charitable purposes which are in part or in full exempt of the general and other rates. The exemption will be applied in accordance with Council's Charitable Remissions and Rebates Procedure.
- 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 rates 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 There are three methods for paying Council rates:

- Council rates are paid in full on or before the 60th day following the date of issue of the relevant rates notice.
- Council rates are paid by four (4) approximately equal instalments. The first rates instalment is to be made on or before the 30th day following the date of issue of the relevant rates notice. The balance is to be paid respectively in three instalments, by 13 October 2021, 12 January 2022 and 9 March 2022.
- Council rates are paid by approximately equal regular instalments through a direct debit facility with an approved financial institution. This direct debit payment method is only available if Council and a ratepayer enter into a suitable agreement.

9.2 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard quarterly payment should contact the Rates Division of Council's Finance Department to discuss alternative payment arrangements. Enquiries are treated confidentially by Council. If an alternative payment arrangement is agreed with Council, section 10 of this Policy (Late Payment of Rates) will apply to payments under that payment arrangement.

9.3 Any ratepayer who is experiencing genuine and serious financial hardship can apply for an appropriate level of rates relief in accordance with the Council's Financial Hardship Assistance Policy.

10. LATE PAYMENT OF RATES

10.1 Council has determined that interest and penalties for late payments will be imposed in accordance with the provisions of the Act and relevant Council procedures.

10.2 In the event that any rates or charges payable to Council are not paid by the due date, a penalty

of 8.50% of the unpaid rate or instalment will be charged.

- 10.3 In the event that any rates or charges payable to Council are not paid by the due date, interest of 3.00% per annum calculated on a daily basis, will be charged on the unpaid rate or instalment for the period during which it is unpaid.
- 10.4 If a ratepayer incurs penalty and /or interest for the late payment of a rates instalment, they may apply in writing to the General Manager for remission of the penalty and interest. A remission will only be approved if the ratepayer has not been late in paying an instalment in the previous 4 years or the ratepayer qualifies for a remission under Council's Finance Hardship Assistance Policy.

11. RECOVERY OF RATES

- 11.1 The Rates Division of Council's Finance 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 past the paid in full due date or the instalment due date, will be subject to recovery action.
- 11.3 Council can seek to recover a rate debt through the courts in accordance with section 133(3) of the Act.
- 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.
- 11.6 If Council take legal action against a ratepayer, the ratepayer may be liable for the legal costs associated with the action.

12. OBJECTIONS TO RATES NOTICE

- 12.1 Council will consider any objections to a rates notice in accordance with Section 123 of the Act.

13. SALE OF LAND FOR NON-PAYMENT OF RATES

- 13.1 Division 11 of Part 9 of 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 Council recognises that the success and credibility of this policy will largely depend upon how effectively it is communicated throughout the organisation and the community.

14.2 Council will increase community awareness by;

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

Robert Higgins
GENERAL MANAGER