

RATES AND CHARGES POLICY



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Approved By: Council
Doc Controller: General Manager
File: 126

Document Code: DVC-POL-019
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1. PURPOSE

The purpose of this policy is to outline Derwent Valley Council's approach in determining and collecting Rates and Charges from its ratepayers.

This Policy will also ensure that the Council meets its legislative responsibilities under the provisions of the Local Government Act 1993 requiring the Council prepare and adopt a Rates and Charges Policy.

The Policy will be reviewed in accordance with the provisions of the Local Government Act 1993, or earlier as deemed necessary by the General Manager.

2. SCOPE

This policy covers:

- revenue raising powers under the provisions of the Local Government Act 1993;
- strategic focus;
- the valuation basis for rating purposes;
- the use of differential rates where appropriate;
- objections to rate notices;
- rebates, exemptions and remissions;
- postponement of rates;
- payment of rates;
- late payment of rates; and
- sale of property for unpaid rates.

3. LEGISLATION

- (a) *Local Government Act 1993*
- (b) *Fire Services Act 1979*
- (c) *Valuation of Land Act 2001*
- (d) *Local Government (Rates and Charges Remissions) Act 1991*

4. POLICY

1. Introduction

Council rates are a form of property tax that is the primary source of income for the delivery of local government services to the community. Rates are administered by the Council in line with the provisions of the *Local Government Act 1993*.

As rates are a method of taxation, the total amount of rates paid may not directly relate to the services used by each ratepayer.

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2. Legislative requirements

The rating and valuation methods available to Local Government is covered under Part 9 of the *Local Government Act 1993* and the *Valuation of Land Act 2001*.

The General Principles in relation to making or varying rates are outlined at Section 86 of the *Local Government Act 1993* and are as follows:

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.

Council will, as required not earlier than 1 June and not later than 31 August in any year determine its rates and charges to apply for the upcoming financial year.

3. Strategic Focus

Council balances its service levels, the needs and expectations of the community and setting appropriate tax levels to adequately resource and fulfill its roles and responsibilities. In determining rates for the financial year Council gives primary consideration to:

1. Strategic Plan
2. Long-Term Financial Strategy and Plan (FMSP)
3. Local Government Act 1993
4. Current Economic climate
5. Consumer Price Index changes
6. Local Government Cost Index; and
7. Likely impacts on the community.

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

4.4 Rates and Charges

Council has the option of choosing one of the following three bases to calculate its rates and charges:

1. Land Value
2. Capital Value; or

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3. Assessed annual value (AAV).

The 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.

4.4.1 General Rates

Council considers the imposition of a minimum general rate is a fair and equitable means of ensuring that all ratepayers contribute equally to the administration of the Council's services, development and maintenance of the Community's infrastructure.

Council adopts the AAV as determined and adjusted by the Valuer-General as the valuation method to be used in determining rates. The AAV represents an assessment for the rental value of a property or a 4% minimum of the capital value.

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:

1. Rates constitute a system of taxation and the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes;
2. Property value is a generally accepted indicator of wealth, and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

4.4.2 Waste Management Charges

- a. Annual service fees apply for the collection and disposal of garbage and recycling.
- b. Council may include an annual waste levy with the service fee to be included as part on the annual rating resolution.

4.4.3 Fire Protection Service Rate

Council is required by the provisions of the *Fire Services Act 1979* to collect a fire rate levy on behalf of the State Fire Commission. This levy is based on the cents in the AAV dollar, with a minimum fire levy charge.

4.4.4 Exemption

All Land defined under section 87(1) of the *Local Government Act 1993* is exempt (subject to application to Council) from general rates. These include a number of properties which are public, educational, religious or charitable in use and ownership and which are in part or in full exempt for the general rate.

Within this policy, this will be referred to as a charitable exemption.

If organisations are applying for a charitable exemption, they must meet the following criteria:

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- 1 The organisation must have an Australian Tax Office (ATO) certification that they are a charity with a Deductible Gift Recipient (DGR) status;
- 2 The property is owned and occupied exclusively for charitable purposes;
- 3 The charitable organisation is the owner of the property (lessees or tenants are not eligible for an exemption even if they are responsible for the payment of rates).

If all requirements are not met, the exemption will not apply.

The properties approved for a charitable exemption will also be exempt from the annual waste levy.

The properties approved to receive a charitable exemption will still be liable for other services rates, charges and fees, including any wheelie bins services.

Charitable exempt properties are generally public, educational, religious, or charitable in use and ownership.

The charitable exemption is only valid whilst the property is meeting all the eligibility criteria above.

It is the responsibility of the organisation receiving the charitable exemption to advise Council as soon as practicable, if the property is sold or if the purpose or use of the property changes.

If the entitlement for the charitable exemption ceases to apply during a financial year, Council will issue a revised Rates Notice to recover rates at a proportionate amount for the remainder of the year.

4.5 Adoption of Valuations

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.

Council has no role in the assessment of objections. 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.

4.6 Objections to Rates Notice

Council will consider any objections to a rate notice in accordance with Section 123 of the *Local Government Act 1993*. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

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4.7 Rebates, Postponement, Remissions & Concessions

4.7.1 Rebates

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

4.7.2 Remission and Postponement

An 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.

The Council may provide a remission of all or part of any rates, charges, penalty or interest paid or payable under Section 129 the Local Government Act 1993.

Section 129 of the Local Government Act 1993, also allows organisations not eligible for a charitable exemption to apply to the Council for a remission of all or part of any rates paid or payable.

Consideration can be given to the granting of a remission of rates and charges for not-for-profit community organisations who provide benefits to the community. The facilities or services provided by these organisations should have a significant effect on the health and physical wellbeing of the community within the Derwent Valley area.

The following organisations may be eligible for a remission under Section 129 of the Local Government Act 1993:

1. Sporting clubs
2. Community halls
3. Service clubs
4. Community organisations

Applications for a remission are to be made in writing.

It is the responsibility of the organisation receiving the remission to advise Council as soon as practicable, if the property is sold, the lease/tenancy is not renewed or if the purpose or use of the property changes.

If the entitlement to the remission ceases to apply during the financial year, Council will issue a revised Rates Notice to recover rates at a proportionate amount for the remainder of the year.

For these remissions, organisations need to be a:

- A. Charitable organisation with an Australian Taxation Office (ATO) exemption; or
- B. A not-for-profit community based organisation.

Eligibility for this remission will be reviewed on a bi-annual basis.

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4.7.3 Concessions

The State Government, in providing equity across Tasmania, funds a range of concessions in relation to Council rates. These concessions are administered by various State Government agencies who 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.

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.

A refund will be paid to an eligible person if Council is advised a concession applies and rates instalments have already been paid.

4.7.4 Discounts

The Council does not provide payment discounts due to the additional cost imposed on those who are unable to take advantage of such a facility. The estimated cost of discount significantly exceeds the additional interest earning that would result from the take up of the discount.

4.8 Payment of Rates

Rates and charges are levied annually in July and Council have determined that they are payable by two (2) options:

1. In full by 31 August or 31 days after the issue of notice, whichever is the later.
2. In four (4) equal instalments in August, October, January and March unless otherwise indicated on the instalment notice.

The total outstanding balance of rates may be paid in full at any time. Any arrears outstanding from previous years are payable with the first instalment.

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 the Council.

The council provides a range of payment facilities that include the use of modern technologies and in person.

4.9 Alternative Rates Payment Arrangements

Council has stipulated that alternative payment arrangements will be made available to ratepayers in accordance with Council procedures.

Rates payments may be accepted in instalments of greater frequency than above, provided the total payment is received by the last instalment date.

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Requests for arrangements to pay rates other than as prescribed methods are required in writing and will be considered on individual merit by the Council. Provided the result is full payment of total rates outstanding at the end of the financial year in which the arrangement is made.

Requests for arrangements to pay rates other than as prescribed, which result in full payment of the total rates extending beyond the end of the financial year in which the arrangement is requested, may be considered by Council if the ratepayer can demonstrate extenuating circumstances and alternative arrangements cannot be put in place.

Alternative arrangements must be approved by the General Manager or his nominated officer.

4.10 Instalment Reminders/Letters

Instalment Reminder Notices or letters will be forwarded to all ratepayers prior to the due date of each instalment, detailing outstanding rates and charges, applicable interest and the amount of the instalment due for payment.

The non-receipt of an instalment reminder is not a valid reason or excuse for the non-payment of rates as stipulated on the annual rates notice.

4.11 Late Payment of Rates

Council has determined that interest for late payments will be imposed in accordance with the provisions of the *Local Government Act 1993* and relevant Council procedures.

4.12 Interest

Daily interest at a rate set by Council's Annual Rate Resolution will be applied to the unpaid rates or instalment for the period during which it remains unpaid.

In all cases interest at the rate prescribed under Council's Annual Rating Resolution will be charged on outstanding balances where extenuating circumstances are not received (notice of sale).

4.13 Where Arrangements Exist

The non-receipt of an instalment under an existing payment arrangement will result in recovery action proceeding without further notice to the ratepayer.

4.14 Where No Arrangement Exists

Should rates not be received by the Council equal to or at least the required amount of the first instalment by the due date, the full amount of rates becomes due within 21 days thereafter. Notification of this is to be included on the Annual Rates Notices.

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Recovery action will commence without further notice upon non-receipt of rates following the time frame specified in the annual & instalment notices unless alternative arrangements are made.

4.15 Recovery of Rates

Council's Rates Department will apply agreed debt management practices to Rate Debtors. This includes an ongoing review of rates in arrears and following a systematic debt recovery approach.

Rates which remain in arrears for a period exceeding 21 days from the due date of an instalment, will be subject to recovery action. This recovery action will be through a debt collection agency.

Upon lodgement with a debt collection agency the ratepayer will be advised in writing that debts may be collected through court proceedings if 14-day payment terms are not met or an arrangement with the debt collection agency is not made.

Prior to taking court action the Council will take all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt.

4.16 Sale of Land for Non-payment of Rates

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 (3) 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 extra ordinary circumstances, Council will enforce the sale of land for arrears of rates.

4.17 Disclaimer

This policy is a general statement of Council's intent it is not a statement of legislative compliance. The policy provisions do not provide a legal basis for a challenge or objection to any rating matters.

5. RELATED DOCUMENTS

DVC-PRO-019 Rates and Charges Procedure

DVC-PRO-019.1 Application for a payment arrangement form