

	COUNCIL POLICY	RPOLICY REVIEW
	C 007 – RATES POLICY	Policy to be reviewed as required but no later than June 2020
DATE APPROVED	RESOLUTION NUMBER	RESPONSIBLE OFFICER
27 June 2018	08/06.2018/C	General Manager

In December 2011, the Local Government Act 1993 (the Act) was amended to require Council's to implement a rates and charges policy to:

- Provide a clear foundation to guide Council's decision making process;
- For Council to meet it's obligations under the Act; and
- To ensure the community understands how rates and charges revenue is raised.

Council's rates and charges policy in relation to the making or varying of a rate must take into account the principles referred to in section 86A(1):

- Rates constitute taxation for the purpose of local government, rather than a fee for service; and
- The value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.

This policy introduces the basic elements of rating and valuation methods that Tasman Council intends to apply in exercising its powers, or performing its functions, under Part 9 of the *Local Government Act 1993* and the *Valuation of Land Act 2001*.

OBJECTIVE

Council provides a range of services for the benefit of the whole community. Rates are a major source of revenue that Council uses to fund the services, infrastructure or facilities utilised by ratepayers and visitors.

The services provided by Council include waste collection and recycling disposal, animal control, public amenities, street lighting including recreation grounds, town maintenance, repairs and upgrades of roads, bridges, footpaths, drainage, boat ramps and jetties, halls and public buildings, planning and development, parks and playgrounds, tourism and area promotion, State Emergency Service, General Practitioner living assistance and community development.

The amount of rates required each year is determined by evaluating Council's financial requirements to deliver and maintain the services required by the community. Grant programs, inflation and interest rates also influence the amount of rates required.

This policy is aimed at how Council applies its powers and performs its functions in accordance with Part 9 of the Act when levying and collecting rates from its community.

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.

SCOPE

This policy covers:

- Property valuation base
- Council's revenue raising powers
- Remissions
- Concessions
- Payment of rates
- Late payment of rates
- Recovery of rates
- Penalty and interest
- Sale of land for non-payment of rates

PROCEDURE

Under the Act, Local Government has the choice of three bases of property valuation:

- Land Value
- Capital Value
- Assessed Annual Value (AAV)

All properties within the Tasman Municipal area are valued by the Valuer General in accordance with the Valuation of Land Act 2001 to determine a property's land value, its capital value and its AAV.

The AAV of a property is the estimated yearly rental value of the property and the basis in which Council levies its rates.

General Rate – Section 90

Council adopts the 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. Council will levy a general rate on all rateable land whether or not it provides any services in respect of that land. A general rate is set by Council each year. It is calculated by multiplying AAV by a rate set by Council.

Fixed Rate – Section 91

Council adopts a fixed rate, a flat charge that forms part of the general rate. Where a Council service provides benefits evenly across all ratepayers, the Act allows Council to levy a fixed rate equally to all properties to a maximum of 50% of the total general rate.

In addition to the variable portion of the general rate, Council has assigned a single fixed rate across all property types. This is used as a fixed component and leveller for the general rate.

Service Rates and Charges – Section 93 & 94

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. An annual service rate for the collection of rubbish and recycling applies to all rateable residential properties where Council can make available the service within the municipal area at a rate set by Council's annual Rates Resolution.

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.

RATES CONCESSION

The State Revenue Office on behalf of the State Government funds rates concessions to eligible concession card holders. Concessions are available only to a ratepayer's principal place of residence.

In order to be entitled to a concession on Council rates, an eligible ratepayer must meet the criteria set by the State Revenue Office and hold a:

- Pension Concession Card;
- Health Concession Card; or a
- Department of Veteran's Affairs Card marked TPI Gold.

RATE REMISSION AND POSTPONEMENT OF RATES – SECTION 129

Section 129 of the Act gives Council the power to grant remissions to all or part of any rates payable by a ratepayer. Application for remission must be submitted to Council in writing. Application for remission of rates and charges will be considered under the discretionary provisions of Section 129 of the Act.

PAYMENT OF RATES – SECTION 124

Council rates are payable by four instalments in August, October, January and March as specified on the annual rates notice. The total outstanding balance of rates may be paid in full at any time, any arrears outstanding are payable with the first instalment.

Council will provide for a range of payment methods, for example through BPay, Internet, phone, mail, direct debit and in person.

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.

LATE PAYMENT OF RATES – SECTION 128

Daily interest is applied in respect of the unpaid rate or instalment for the period during which it is unpaid. Interest is calculated in accordance with Section 128 of the Act.

PENALTY AND INTEREST

As provided by section 128 of the Act, if any rate or instalment is not paid on or before the due date, Council will charge daily interest in accordance with the following formula as per section 128(2) of the act;

$$P = \frac{LTB + 6\%}{365}$$

where –

P is the prescribed percentage;

LTB is the official ten-year long term bond rate as determined by the Reserve Bank as at the close of business on the last day of business preceding 1 March.

RECOVERY OF RATES – SECTION 133

Any ratepayer who is experiencing difficulty with meeting the standard payment arrangements is invited to contact Council to discuss alternative payment arrangements.

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.

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.

Council will seek to recover a rate debt through Council's debt collection agency if an amount remains overdue after the final instalment date.

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.

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 – SECTION 137

The Local Government Act 1993 provides that a Council may sell any property where rates and charges are in arrears for three years or more. Council has the power under section 137 of the Act to sell the property to recover the outstanding debt. If payment is not received within 90 days of Council serving notice of its intention to sell, the property may be sold by public auction.

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

Decisions to sell property to recover outstanding rates and charges will be made by Council at an ordinary Council meeting after considering all of the relevant facts and circumstances.

OBJECTION RIGHTS – SECTION 123

Section 123 of the Act allows a person to object to a rates notice, on the grounds that:

- The land specified in the rates notice is exempt from the payment of those rates; or
- The amount of those rates is not correctly calculated having regard to the relevant factors; or
- The basis on which those rates are calculated does not apply; or
- He or she is not liable for the payment of the rates specified in the rates notice; or
- He or she is not liable to pay those rates for the period specified in the rates notice.

An objection must be made within 28 days in writing and addressed to the General Manager. The General Manager may amend the rates notice if considered appropriate or refuse to amend the notice.

A person may appeal to the Magistrates Court (Administrative Appeals Division) for a review if the General Manager fails to amend the rates notice within 20 days after lodging the objection or refuses to amend the notice.

DISCLAIMER

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

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.

GUIDELINES

Rates constitute taxation for the purposes of Council, rather than a fee for service. The value of rateable land is an indicator of the capacity of ratepayers to pay rates. There is a commitment to the broad principle of fairness and equity in the distribution of rates across all ratepayers.

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.

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

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. 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.

The fire service levy that Council collects on behalf of the State Fire Commission is based on the cents in the AAV dollar.

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.

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. Council will impose late payment penalties strictly in accordance with the *Local Government Act 1993*.

Council may enforce the sale of land for non-payment of rates in accordance with the *Local Government Act 1993*.

Council advises that a rate cannot be challenged on the basis of noncompliance with this policy and rates must be paid in accordance with the required payment provisions.

POLICY REVIEW

Council in accordance with section 86B(4) must review its rates and charges policy by the end of each successive four year period after 31 August 2012 or when council makes a significant change in how it applies rates and charges, whichever is earlier.