

1 PURPOSE

The purpose of this policy is to outline Council's approach to determining and collecting rates from the community.

2 OBJECTIVE

To provide transparency to the community about how Council makes decisions in relation to setting its annual rates and charges and how Council distributes the tax burden across the community.

3 SCOPE

This policy covers:-

- Rating Strategy
- Council's Revenue Raising Powers
- Property Valuation Base
- General Rates
- Minimum General Rate Payable
- Exemptions from General Rate
- Services Rates and Charges
- Remissions and Discounts
- Supplementary Valuations
- Payment of Rates
- Objection Rights

4 POLICY

4.1 Rating Strategy

Council ensures it only raises the revenue it needs, and does so in the most efficient and equitable manner possible. Council must balance its service levels with the needs and expectations of the community and set appropriate levels of tax to adequately fulfil its roles and responsibilities.

The aim of rates and charges decision-making is to spread the burden fairly across the community with those that have the greatest capacity to pay paying more than those with a lesser capacity to pay.

When considering how the rate burden will be distributed, Council must balance capacity to pay with the benefit principle acknowledging that there are some groups of the community that have more access to and benefit from specific services.

Rates and Charges Policy

Approved By: **Council**
Doc Controller: **Executive Manager**
Corporate Governance
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To achieve this balance Council has established a rating structure comprising of two key elements – general and service rates.

The general rates are levied based on the Annual Assessed Value (AAV) of properties determined by the Valuer General. Property values generally reflect the capacity of the ratepayer to pay.

The service rates are a user pays component and currently covers stormwater and waste management services. Services charges are designed to reflect payment based on access or usage of services provided by Council.

Rates per Capita

In determining its rates each Council gives consideration to the current economic climate and the capacity of the community to pay for services.

Burnie is a regional centre and Council provide a broad range of services relative to its population. As such, rates are currently higher than the state average. Council will actively work to close the “rates per capita” gap in Burnie against the state average while maintaining acceptable service levels.

In order to achieve the rating relief and maintain financial sustainability, Council will also work towards reducing costs through the continual review of its operations.

4.2 Council’s Revenue Raising Powers

The Local Government Act 1993 provides for a Council to raise revenue for the purposes of providing broad services to the community. The Act provides numerous tools for Councils to raise rates in a way that it deems most suitable for its own municipal area.

Every year Council makes a rates resolution at the time of adopting its Annual Plan and Budget Estimates outlining how the rates burden will be distributed across the community.

4.3 Property Valuation Base

The Valuer-General is required to establish and maintain the Valuation Roll and to revalue each valuation district within a seven-year period as detailed in the Valuations of Land Act 2001.

The revaluations program has been established and a six-year cycle has been agreed with one-third of Councils being revalued every two years.

The valuations undertaken by the Valuer-General are important for ratepayers because Council must by law use the valuation data in order to levy its rates. Property values are generally considered a reasonable proxy for assessing a ratepayer's capacity to pay.

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

- Land Value
- Capital Value; or
- Assessed annual value (AAV)

Council, along with most other Councils in Tasmania, use the AAV for calculating its rates and charges (with the exception of fixed charges). The AAV is the estimated rental value of the property or four percent of the capital value of the property (whichever is greater). AAV adjustment factors are issued by the Valuer General every two years in an attempt to ensure property assessments closely reflect changes in the property market.

4.4 General Rates

The general rate is calculated on a cent in the dollar amount, based on the AAV of a property. The general rate pays for general services including:-

- Sporting facilities and recreation grounds
- Roads, streets, kerb and channel, footpaths, street furniture, and street lighting
- Parks and reserves
- Public buildings including halls and amenities
- Burnie Aquatic Centre
- Environmental services, land use, building and development control, animal control and cemeteries
- Burnie Arts and Function Centre
- Burnie Regional Art Gallery
- Burnie Regional Museum
- Visitor Information Centre
- Tourism, Marketing and Events
- Youth Services
- Community and Economic Development

Variations to the General Rate

The aim of rates and charges decision-making is to spread the burden fairly across the community with those that have the greatest capacity to pay paying more than those with a lesser capacity to pay. A property's AAV is generally considered a reasonable proxy for assessing a ratepayer's capacity to pay.

In recognition that land use categories have varying capacity to pay and have a varying impact on the demand for Council services, the general rate payable is varied for those properties used for the following purposes:-

- Residential
- Primary production purposes
- Commercial properties in the Burnie CBD

The variation of the general rate for these ratepayers is to ensure there is no unfair shift in rate burden from one land use group to another. It also allows Council sufficient flexibility within the rating framework to assess capacity to pay by land use group and to ensure that the general rate payable by each land use group is affordable and in line with the level of service received.

4.5 Minimum General Rate Payable

Council imposes a minimum amount payable on the general rate as a means of ensuring that all ratepayers contribute towards the provision of basic services at a reasonable level.

4.6 Exemption from General Rate

All land defined under Section 87(1) of the Local Government Act 1993 is exempt from general rates.

In relation to charitable purpose as mentioned in Section 87(1)(d) an exemption will be granted if land or part of the land is owned and occupied by a non-government organisation exclusively for: -

- i) the relief of poverty; or
- ii) the advancement of religion; or
- iii) the advancement of education; or
- iv) community welfare; or
- v) is registered as a "Deductible Gift Recipient" by the Commonwealth Government.

Church owned manses are included in the definition of the "advancement of religion"

4.7 Service Rates and Charges

Service charges are designed to reflect payment based on access or usage of services provided by Council. The charges are set to recover the cost of the specific service/s provided. Council levies service charges for the following services:-

Stormwater - Covers maintenance and upgrade of connections, drainage, and storm water removal systems including from roads and funds programs to improve municipal storm water removal systems.

Waste management - Covers waste collection including recycling, and running the waste management centre. The waste charge is split into two components being the kerbside collection charge and the municipal waste charge.

The kerbside collection charge is set to cover the cost of kerbside collections and is payable by all ratepayers falling within Council's kerbside collection areas.

The municipal waste charge is set to cover the costs of all other municipal waste services including maintaining litterbins in the municipality, some costs associated with the Waste Management Centre and the provision of waste vouchers to all ratepayers. The municipal charge is paid by all ratepayers within the municipality.

Fire levy - This charge is collected on behalf of the state fire commission for fire protection services.

4.8 Remissions and Discounts

General Remissions

A ratepayer, under Section 129 of the Act may apply to the Council for remission of all or part of any rates paid or payable by the ratepayer or any penalty imposed or interest charged. In accordance with the Act Council, by absolute majority, may grant a remission of all or part of any rates, penalty or interest paid or payable by the ratepayer.

An application must be made in writing and lodged with the General Manager. The General Manager is to keep a record of the details of any remission granted by Council under in accordance with the Act.

A ratepayer suffering financial hardship may apply to the General Manager for a freeze on interest penalties. To be eligible, ratepayers must satisfy the General Manager that the remission should be granted on the basis of financial hardship, and that the property is the ratepayer's principle place of residence. In addition the ratepayer must enter into and maintain a suitable formal payment arrangement.

Council has developed a Financial Hardship Assistance Policy CP-CBS-SG-049 which outlines Council's assessment process for applications for relief due to financial hardship.

Stormwater Service Charge Remissions

Owners of properties with no ability to connect to the stormwater system may make an application to Council for a remission of the storm water service charge.

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An application must be made in writing and lodged with the General Manager. Application forms are available online or from the Customer Service Centre at 80 Wilson Street, Burnie.

Each application will be assessed on a case by case basis and a remission will be granted if the General Manager is satisfied that one of the following criteria are met:-

- The property discharges to a waterway not under Council management and there is no alternative drainage system available
- Property discharges to a soakage pit on the property and there is no alternative drainage system available
- The property discharges to ground or offsite by over land flow and there is no alternative drainage system available
- The property discharges to roadside table drain that only incorporates cross road drainage and there is no alternative drainage system available.

Kerbside Collection Charge Remissions

A remission of the kerbside collection for waste and/or kerbside collection for recycling may be approved where collection is impractical due to limited presentation space at kerbside or insufficient storage space within the property.

An application must be made in writing and lodged with the General Manager. Application forms are available online or from the Customer Service Centre at 80 Wilson Street, Burnie.

Each application will be assessed on a case by case basis and reviewed annually. To be eligible for a remission the following conditions must be met:-

- The property must be used for a residential purpose.
- All owners within the property have provided written confirmation to accept responsibility for managing the disposal of refuse and recycling arising from the property in an approved manner (normally, this would be provided via a body corporate).
- The cost of managing waste and recycling will be borne by the property owner/s and a demonstrated suitable commercial arrangement is in place between the body corporate and a waste service provider.

Discount for Early Payment

Council provides a discount of 2.5% of the total current rates and charges if rates including arrears are paid in full by the 31 October each year.

Rate Rebate – Conservation Covenants

A rate rebate is to be provided to ratepayers that have registered Conservation Covenants within the municipality of Burnie under the Private Land Conservation Program.

The rebate is set at \$5 per hectare per annum with a minimum of \$50 and a maximum of \$500.

Pensioner Assistance

Pensioners eligible for assistance under the Local Government (Rates and Charges Remission) Act 1991 may receive a rebate of rates and charges on their principal place of residence up to a maximum amount in any given year.

The Act defines the holder of any of these three card types to be an eligible pensioner for rates remission purposes:-

- Pensioner Concession Card,
- Health Care Card; or a
- Repatriation Health Card

The card must have a date of grant on or prior to 1 July of the year to which the rate remission relates. The possession of an Australian Government Seniors Health Card does not qualify the holder for a rates remission.

The applicant must be liable to pay the rates on the property that they occupy as their principal place of residence. In the case of joint ownership, at least one of the owners must meet the eligibility criteria. There is a limit of one remission per year per pensioner household.

Any pensioner who has not previously received a remission must complete an application form. Application forms are available from the Customer Service Centre at 80 Wilson Street, Burnie.

Eligibility of a pensioner remission is determined by the State Government - Department of Treasury and Finance and Centrelink records.

4.9 Supplementary Valuations

In certain circumstances, valuations must be determined between general revaluations. These are known as supplementary valuations and are required when the circumstances of a property changes which affects the property's value.

Some circumstances that may trigger a supplementary valuation are as follows:

- Construction of a new building(s) on the land,
- Extension to or renovation of existing building(s),
- Subdivision or consolidation of the land,
- Demolition of a building(s) on the land,
- Other improvements to the land such as out buildings, swimming pools etc,
- Change in the land's usage,
- Realignment of the properties boundary,
- Property becomes rateable.

When any of the above situations arise, a supplementary valuation will be undertaken by the Valuer General. The supplementary valuations will bring the valuation of the property in line with the general valuation of other properties in the municipality. Values are assessed at the same date of the general valuation currently in use.

Where the Valuer-General has undertaken a supplementary valuation, the ratepayer will be issued with a supplementary rates notice. The notice will show the new adjusted valuations for the property and will include any adjustments to the rates and charges affected by the supplementary valuation for the current financial year. Rates and charges adjustments of less than \$50 will not result in a supplementary rates and charges notice for the current financial year.

4.10 Payment of Rates

Rates are levied in early July each year and Council and are payable by four equal instalments. The due date for instalments being:

- 1st Instalment – 30 November
- 2nd Instalment – 31 January
- 3rd Instalment – 31 March
- 4th Instalment – 31 May

A discount for early payment is granted if payment is received in full by 31 October.

Difficulty in paying

A ratepayer who is having difficulty in paying their rates by the due date should contact Council at the earliest opportunity to arrange a payment schedule that is agreeable to Council and the ratepayer. Interest penalties will be payable on amounts not paid by the above instalment due dates.

Council has developed a Financial Hardship Assistance Policy CP-CBS-SG-049 to provide assistance to those ratepayers who and having difficulty meeting their rates obligations.

If a ratepayer does not pay the rates on his or her property and does not have an agreed payment arrangement in place, Council may commence legal action to recover the outstanding amount. If Council takes such action the ratepayer will also be liable for legal costs associated with the action.

If a ratepayer has not made a satisfactory arrangement to pay their outstanding rates and have rates and charges outstanding in excess of 3 years, action may be taken to sell the property in accordance with the Local Government Act to recover the amount owed.

Interest Penalties

If rates are not paid by the due date, daily interest will be charged in accordance with Section 128 of the Local Government Act 1993.

The charged will be calculated in accordance with the following formula:

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

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.

4.11 Objection Rights

If a ratepayer believes that they have been rated incorrectly, an objection can be made on the following grounds:-

- 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.

Objections should be made in writing to the General Manager within 28 days of the rates notice being issued. The General Manager may amend the rates notice as he considers appropriate or refuse to amend the rates 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 30 days after lodging the objection; or refuses to amend the rates notice.

5 LEGISLATION

Local Government Act 1993

6 RELATED DOCUMENTS

Financial Management Strategy 2030 (2020) CD-CBS-FIN-001
Financial Hardship Assistance Policy CP-CBS-SG-049



COUNCIL POLICY

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Policy Endorsement	
Responsibility:	<p>It is the responsibility of the General Manager to ensure Council's compliance with this policy.</p> <p>It is the responsibility of the Executive Manager Corporate Finance to administer and review this policy as required.</p> <p>It is the responsibility of the Governance Unit to maintain this policy within the Policy Register.</p>
Minute Reference:	AO143-20
Council Meeting Date:	16 June 2020
Strategic Plan Reference:	Strategy 7.1.1 Formulate policy that is equitable, inclusive and responsive to current needs, and ensure decision-making is informed and accountable.
Previous Policies Replaced:	This policy replaces the previous Rates and Charges Policy version 9.0 dated 25 June 2019, Item Number AO184-19
Date of Commencement:	17 June 2020
Publication of policy:	Members of the public may inspect this policy at the City Offices, or access it on Council's website (www.burnie.net)