33 Goldie Street
PO Box 348
SMITHTON TAS 7330
council@circularhead.tas.gov.au
(03) 6452 4800
www.circularhead.tas.gov.au

RATES AND CHARGES POLICY

PURPOSE

The purpose of this policy is to outline Council's approach towards rating its community and to meet the requirements of Section 86 of the *Local Government Act 1993* (the Act).

SCOPE

This policy is to provide transparency to the community about how the Council makes decisions in relation to setting its annual rates and charges.

This policy covers:

- Rating Strategy
- General Rates
- Valuations
- Service Rates and Charges
- Payment Options
- Objections to Rates Notices
- Rebates and Remissions
- Sale of Property if Rates Remain Unpaid; and
- Supplementary Valuations

POLICY

Council must raise sufficient revenue from various sources to meet current and future spending needs, provide revenue stability and equality regarding intergenerational equity.

Each financial year, Council provides numerous services including but not limited to:

- Roads and bridges
- Street lighting
- Parks and reserves
- Tourism
- Youth activities
- Community services such as community grants
- Sporting facilities including various recreation grounds
- Emergency services
- Building, planning and environmental health services
- Animal control
- Waste services including garbage pickups, recycling and the Waste Transfer Station
- Cemeteries
- Public toilets

- Stormwater services
- Public halls such as Community Recreation Centre and Stanley Town Hall

To provide the services mentioned above, the Council generates income from a variety of sources each financial year.

- Rates are Council's major source of revenue and are made up of general rate and service rates,
- Interest revenue is earned on bank accounts and investments,
- Grants are made up of financial assistance provided by the federal government as well as Capital Grants,
- User charges include waste management charges, Development Application Fees and rate certificate fees,
- Other revenue consists of contributions from state agencies for maintenance of specific roads networks, and dividends from TasWater to name a few, and
- Gain on assets is the profit made on the sale of assets sold during any year.

To provide services, Council must consider the method by which it raises this rates revenue. Amendments to the Local Government Act state that rates are a form of taxation.

The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government purposes.

In developing this policy, Council has also considered the following five principles that apply to the imposition of taxes on communities:

- Equity (taxpayers with the same income pay the same tax "[horizontal equity]", or wealthier taxpayers pay more ["vertical equity"])
- Benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- Ability to pay (in levying taxes, the ability of the taxpayer to pay the tax must be considered)
- Efficiency (if a tax is designed to change consumers behaviour, and the behaviour changes the tax is efficient, if the tax is designed to be neutral in its effects on taxpayers and it changes taxpayer's behaviour a tax is inefficient).
- Simplicity (the tax must be understandable, hard to avoid, easy to collect).

The principle of "benefit" above supports the philosophy that rates should not be regarded as a user pays system and it should be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent these principles conflict with each other in practice. Councils must therefore strike a balance between:

- The application of the principles
- The policy objectives of taxation
- The need to raise revenue.

General rates and valuation basis

Council sets the general rate in accordance with section 90 of the *Local Government Act 1993*. The valuation basis adopted is the Assessed Annual Value (AAV), being the assessed rental value of a property. This value is adjusted biennially to reflect movements in property values and is referred to as the Adjusted Assessed Annual Value (AAAV).

Council has adopted this valuation basis as it considers this method of valuation to be the best available to Council as prescribed in the Act, therefore the fairest method of distributing the rate responsibly across all property owners.

In recognition of the environmental and resource impacts on Council including, but not limited to, the maintenance of the road network, infrastructure, and service provision, Council undertakes an annual review and determination of differential general rates.

Part 9 of the *Local Government Act 1993* (Tas) allows Council to levy differential variations to its general rate (apply different cents in the dollar) on land in its municipal area based on different rating categories and prescribed factors relating to land, including the use or predominant use of land, the non-use of the land, the locality of the land and any planning zone.

These categories and factors are informed by the Office of the Valuer-General's Land Use Codes, which are ascribed to land in the Valuer-General's valuation roll prepared for the Circular Head municipal area. The Valuer-General determines the statutory valuation and the use or predominant use for each property, which Council applies to determine the general rate to be levied that year.

Council believes its adoption of a differential rating system contributes to the equitable distribution of the rates burden amongst property owners. In deciding to impose differential rates and the amount of each differential, Councils considers the use and characteristics of land, capacity to pay rates, impacts on Council -provided infrastructure arising out of the use of the land, demands on and benefits received from Council-provided services arising out of the use of the land, economic activity (including the ability of the owner to earn income from the land) and Council's strategic objectives.

Pursuant to section 107 of the *Local Government Act 1993*, Council levies differentially varied general rates in the following circumstances:

- for land used for forestry purposes within the municipality, classified under Land Use Codes of L3, L31, L33, L311, L312, L331 and L332 as determined by the Office of the Valuer-General;
- for land used for mining manufacturing purposes, classified under Land Use Code of I11 as determined by the Office of the Valuer-General;

- for vacant land within the Urban area, classified under Land Use Code of V1 as determined by the Office of the Valuer-General; and
- for land used for quarrying purposes within the municipality, classified under Land Use Code of Q2 as determined by the Office of the Valuer-General, with a capital value over $1.0 million.

A minimum rate is set each year to ensure that all customers contribute towards the provision of basic services at a reasonable level.

- for land used for sawmill purposes, ascribed a I13 classification under the Land Use Codes, vary the minimum annually.
- for land used for manufacturing food processing purposes, ascribed a I110 classification under the Land Use Codes, with a capital value over $2 million, vary the minimum annually.

The Council is required to adopt the valuations provided by Council's valuer, the Tasmanian Valuer General (VG).

The method Council uses to calculate the cent in the dollar for the general rate is the total revenue required from the general rate ie $10,787,040, divided by the total combined AAV, of all properties in the municipality (information supplied by the VG):

Total combined AAV of all properties rated in Circular Head: $177,985,646
(provided by the Valuer General)

Total amount of money required to be raised: $ 10,786,586

Cent in the dollar: 5.954531

(Minimum rates amounts, exempt properties and partially exempt properties will affect the above calculations).

Service rates

In addition to the general rate, Council rates for other services under the benefit principle.

Council sets the recycling and garbage collection rates under sections 93 & 94 of the Act. These rates are based upon cost recovery of each function. Where a dwelling or place of business exist on a property and the property is within a collection route, one service will be charged regardless of usage of the service.

Council sets the Transfer Station Contribution under sections 93 & 94 of the Act. This rate is based upon operational expenditure for the function as well as an allowance for capital renewals or improvements. This charge is levied to all properties within the Municipality regardless of improvements, other than those exempt as per section 93 of the Act.

Council is required to collect a Statewide Waste Levy to on behalf of the State Government. This dollar per ton is determined by the State Government depending on waste tonnage for the

previous year and is levied to all land. This levy will be incorporated within the General Waste Collection (urban and rural collections) and Transfer Station Contribution Levies.

Council sets a charge on all rateable land to which it supplies or makes available a FOGO collection service utilising a FOGO collection bin, to cover Council's costs of providing the FOGO service. This service charge is imposed pursuant to section 94 of the Act.

Council sets the Stormwater charge under Section 93 (e) & 94 of the Act based on the AAV. This charge is applied to any property connected or able to connect to the Storm Water service as identified from Council's Mapping service. There is no minimum rate for this charge. Stormwater charges are set to cover the costs for the service.

The Council collects the Fire Service levy on behalf of the Tasmanian Fire Service. The value of this levy is not influenced by the Council. This rate is set under section 93 of the Act.

Payment options

Options available for payment include in full by end of August or by 3 instalments at the end of August, November and February. Alternatively, a direct debit or special arrangement can be made.

Payment methods

- In person at Council offices with cash, cheque, credit card (MasterCard or VISA) or EFTPOS
- By mail to Circular Head Council, PO Box 348 Smithton 7330
- By phone – 6452 4800
- By Direct Debit
- Or via BPay through various financial institutions
- Centrepay (Centrelink direct debit system)

Objections to Rate Notices

Property owners have the ability to object to the valuation provided by the Valuer General. This is administered by the Valuation Department.

Council will consider any objections to rate notices in accordance with Section 123 of *the Local Government Act 1993*

Rebates and Remissions

Any individual application for a rebate and/or remission from payment of rates is to be provided to Council in writing.

A pensioner remission is available to property owners, through Council by meeting the State Government criteria for eligibility. Council provides the property owner with the remission, and a claim is sought from the State Government. This is generally available to pension, health care and DVA card holders.

Overdue Rates

In accordance with Council's Debt Recovery Policy, where any instalment is overdue after 14 days, a reminder notice will be issued with a payment period of 14 days, advising that a penalty and/or legal action will be taken without further notice unless a special arrangement has been entered into and signed, or payment received by the date specified.

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Sale of Property if Rates Remain Unpaid

Under section 137 of the Act, Council may sell any property where the rates have been in arrears for three or more years. 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.

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:

(a) Construction of a new building(s) on the land;

(b) Extension to or renovation of existing building(s);

(c) Subdivision or consolidation of the land;

(d) Demolition of a building(s) on the land;

(e) Other improvements to the land such as out buildings, swimming pools etc.;

(f) Change in the land's usage;

(g) Realignment of the property's boundary; and

(h) 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 rate 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.

LEGISLATIVE REQUIREMENTS

Sections 86,90,93 & 94 of the Local Government Act 1993

RELATED GUIDELINES AND PROCEDURES

Debt Recovery Policy and Guidelines