

## S-F06 Rates and Charges Policy

<b>Purpose</b>	To provide an overview of the rating framework adopted by Council and to increase community awareness of Council's decision making in setting and collecting rates.	
<b>Department</b>	Finance	
<b>File No.</b>	FIN/0701 and FIN/1207	
<b>Council Meeting Date</b>	<b>26 June 2024</b>	
<b>Minute Number</b>	<b>130.06.2024</b>	
<b>Next Review Date</b>	Four (4) years from Council Resolution Date	
<b>Review History</b>	220.07.2012	26 July 2012
	169.07.2017	20 July 2017
	173.09.2020	22 September 2020
	153.08.2022	16 August 2022

### 1. Definitions

AAV – Assessed Annual Value

### 2. Objective

This policy is prepared in accordance with 86B (1) of the *Local Government Act TAS 1993* (the Act). The policy's objective is to reflect the fundamental principles that are set out in S.86A of the Act that:

- a) Rates are a tax; they are not a fee for service.
- b) The value of the land is an indicator of capacity to pay.

That Council through the application of this policy primarily levies rates based on property values with a contribution through fixed and service charges. This policy also outlines the Council's approach to the provision of remissions and management of rate debt.

### 3. Scope

This policy sets out Council's rates and charges (taxation) objectives in regard to:

- a) Statutory compliance; and
- b) Discretionary matters.

This document is a statement of policy and intent, it does not supersede or overrule the specific rating resolutions and policies that are determined by resolution of Council.

### 4. Policy

#### 4.1. Rating Objective

- 4.1.1. Rating Objective is to maintain an appropriate distribution of rates and charges consistent with the principles stated in this policy with the objectives of:

- a) Consistent and equitable treatment of all residents and ratepayers;
- b) Achieving an appropriate mix and distribution of taxation from
  - i. Rates based on property values, fixed and service charges and revenue from other sources; and
  - ii. Different sectors (including use of the land) within the municipal area.
- c) Using rate settings to support the achievement of strategic objectives.

#### 4.2. Key Principles

- 4.2.1. According to s.86A of the Act General Principles in relation to making or varying rates:

- (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 service; and*
  - (b) the value of rateable land is an indicator of the capacity of rate payers to pay rates.*

These principles have been taken into account in Flinders Council Rating Model (see 4.3).

- 4.2.2. Annual assessed value (AAV), potential rental value, as determined by the Valuer-General, will be used as the basis for determining rates within the Council area.
- 4.2.3. Flinders Council is committed to fairness and equity in the raising of rates revenue across all properties.
- 4.2.4. Flinders Council has a goal for financial sustainability. Within the Long-Term Financial Management Plan Council has predicated the likely impact on rates over the coming 10-year period. This will be reviewed annually. This refers to the overall rate revenue and not the individual properties which may be affected from time to time by movements in valuation.
- 4.2.5. 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.
- 4.2.6. A general rate will comprise a fixed component, which will apply equally to all rateable land, and a variable component (cents in the dollar) which will be based on the AAV of a rateable property.
- 4.2.7. The variable component of the general rate will have a differential rate applying to the use of the land, as determined by the Valuer General, and the location of the land being Flinders Island or Cape Barren Island and Bass Strait Islands.
- 4.2.8. Council may consider including a cap on the increase of the general rates that may apply to some or all rateable land in certain circumstance, for example municipal revaluations or changes in rating methodology. This will be done with consideration of any impact on other ratepayers.
- 4.2.9. Flinders Council will administer, on behalf of the State Revenue Office, concessions to eligible ratepayers.

4.2.10. Flinders Council will continue to accept the payment of rates in full or by two instalments on or before the due date shown on the rates notice.

4.2.11. Flinders Council will impose interest and penalties on overdue amounts in accordance with the Act.

4.2.12. Flinders Council may enforce the sale of land by public auction for non- payment of rates after three years, in accordance with the Act.

#### 4.3. Strategic Emphasis

One of Flinders Council's major sources of revenue is from rates. In setting rates for the financial year Flinders Council gives principal consideration to strategic guidelines, budget requirements and the probable impact on the community.

Flinders Council must provide a suitable level of service, taking into account its roles and responsibilities and the needs and expectations of the community.

The resources needed to provide this level of service are outlined in the Long Term Financial Management Plan and the annual budget, which are prepared in consultation with each of Flinders Council's service delivery departments.

External economic pressures impact on Flinders Council's finances and therefore put pressure on rates. Examples of these external forces are:

- increases in fuel and power costs;
- pressure on Council to minimise rate increases, taking into account the other large increases in costs to households, e.g., power & water; and
- Flinders Council Long Term Financial Management Plan indicates that to achieve sustainability, higher than usual rate increases will be required. This is subject to external funding being similar to what is expected currently. Long term financial plans and asset management plans are updated with relevant data and are reassessed and presented to Council on a regular basis.

#### 4.4. The Rates Model

##### *4.4.1. Differential General Rates*

The Act allows councils to set different rates based on the use, or non-use of the land and/or the locality or zoning of the land. Flinders Council applies differential rates on the predominant use and non-use of the land and location.

In setting the differential rates Flinders Council takes into account:

- growth in properties of the same use; and
- the varying impact of a particular use, on core council services such as road maintenance, waste management and stormwater.

A ratepayer may object to a variation in a rate based on a particular use of land, if they believe the use of the land is not the use of land on which the variation is based, by following the processes outlined in S.109 of the Act. However, rates must continue to be paid in accordance with the rates notice until otherwise notified by the Council.

#### *4.4.2. Fixed General Rate*

According to the Act, Council may have a fixed component to the general rate that applies equally to all rateable properties within the municipal area and that the revenue from the fixed component cannot exceed 50% of the Council's general rate revenue. Consistent with the Act, a minimum rate is also not levied.

The application of a fixed charge recognises that all rateable properties should make a fixed contribution to the cost of Council's operations and services. The application of a fixed charge reduces the rates that are raised based on property values. Council recognises the regressive taxation effect of fixed charges and so limits the amount of rates raised through a fixed charge.

#### *4.4.3. Assessed Annual Value (AAV)*

After significant modelling and consideration of the key rating principles identified in 2.1, Council have determined that the most equitable model of rating for the Flinders municipal area is AAV plus a fixed component. Thereby all rateable land will be charged a fixed general charge and the other component of the general rate will be calculated based on a rate in the dollar of the AAV of each rateable land.

The rate in dollar charged will be the same for all rateable land, except where it has been varied by use as outlined in Differential General Rates above.

#### *4.4.4. Service Charges*

In addition to the general rate, Council may charge for other services under the benefit principle, in accordance with Part 9, Division 3, Section 93 and 94 of the Act.

#### **Waste Management**

A charge per property, varied based on land use, applies to cover the operational expenditure of the service, including management of the landfill site, transfer stations, resource recovery and provision for future rehabilitation. This also includes for the cost of the State Waste Landfill levy imposed on Council under the *Waste & Resource Recovery Act 2022*.

Council does not apply this charge to properties located on Cape Barren or Bass Strait Islands as the Council managed service is not readily available to these properties.

#### **Fire Service Levy**

Council is required by the provisions of the *Fire Services Act 1979* to collect the Fire Service levy on behalf of the Tasmanian Fire Service. The value of this levy is determined by the Tasmanian Fire Service and is not influenced by Council. This rate is set in accordance with the provisions of Part 9, Division 93, Section 93 of the Act.

#### *4.4.5. Ratepayer Concession*

An eligible ratepayer must hold a Pension Concession Card, Health Concession Card or a Department of Veteran's Affairs Card marked TPI Gold, in order to be entitled to a concession on Council rates, as provided by the Tasmanian State Government.

#### *4.4.6. Remissions*

At some stage Council may identify a need to apply a remission to a class of ratepayers. No such remissions are currently proposed.

#### *4.4.7. Payment of Rates*

Flinders Council rates are payable in full by the first instalment date or by two instalments on or before the due date shown on the rates notice. Further payment options are displayed on the rates notice.

Any ratepayer who is experiencing difficulty paying rates by the due dates should ring our Rates Officer on 03 6359 5005 to discuss alternative payment arrangements. These enquiries are treated confidentially.

#### *4.4.8. Late Payment of Rates*

Rates will be overdue if they have not been paid by the due date shown on the notice. After this date interest and penalties will be applied, according to S.128 of the Act.

#### *4.4.9. Recovery of Rates*

In accordance with thorough financial management and S.133 of the Act, the Council's Rates Officer will apply timely debt recovery practice in line with Council's Debt Collection Policy.

#### *4.4.10. Sale of Land for Non-Payment of Rates*

S.137 of the Act provides that a Council may sell any property where rates have been in arrears for three years or more. The General Manager will recommend to Council the sale of land by public auction.

#### *4.4.11. Other Charges*

From time to time it may be necessary for Council to develop new infrastructure or pay for a new or existing service not previously rated. Before applying this charge a level of community consultation will be applied by detailing why it is necessary to make this change.

#### *4.4.12. Failure to Comply*

The Act states that a rate cannot be challenged even if it is found not to comply with this policy and must be paid on the due date/s. Where a ratepayer believes that Flinders Council has failed to correctly apply this policy, it should raise the matter by contacting the Rates Officer on 03 6359 5005 to discuss the matter. If the ratepayer is still dissatisfied, they should write to the General Manager at PO Box 40, Whitemark 7255.

#### *4.4.13. Information*

The contact officer for further information at the Flinders Council is Council's Rates Officer 03 6359 5005. This policy will be made available as soon as practicable after its adoption, over the counter, electronically and on Flinders Council's website.

## **5. Legislation and Council Related Policies**

Annual Budget

Debt Collection Policy

*Fire Services Act 1979*

*Local Government Act 1993*

Local Government Regulations 2015

Long-Term Financial Management Plan

The Flinders Council Rates Resolution (adopted annually)

*Waste & Resource Recovery Act 2022*

## 6. Responsibility

The General Manager has delegated power under this policy to implement decisions of Council relating to rates and charges in accordance with s.22(1) of the *Local Government Act*.

The General Manager may sub-delegate such powers and functions in accordance with s.64(b) of the *Local Government Act*. This means that the General Manager or sub-delegate has the authority to make any decisions relating to rates and charges.

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