

	COUNCIL POLICY	POLICY REVIEW
	C 007 – RATES AND CHARGES POLICY	October 2020
DATE APPROVED	RESOLUTION NUMBER	RESPONSIBLE OFFICER
27 June 2018	26/10.2020/C	General Manager

1.0 POLICY STATEMENT

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*.

2.0 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 Medical 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.

3.0 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

4.0 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. Council has no involvement in setting this 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 on or before the 1st July each year.

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 as at 1 July, hold a:

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

OBJECTION RIGHTS – SECTION 123

Pursuant to Section 123 of the Act, a person may object to a rates notice, 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.

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.

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. Instalment reminder notices are issued for the second, third and fourth instalments.

If a ratepayer fails to pay an instalment within 21 days of the date on which the rates are due, the council may require the ratepayer to pay the full amount owing for the financial year.

Once two instalments are overdue and total over \$50.00 Council will commence debt recovery action by sending an owner a 14 day final notice.

Council will provide for a range of payment methods, for example through BPay, BPoint, Australia Post Billpay, over the phone with credit card, Cheque, Direct Debit and in person at the Council Office with cash and Eftpos facilities.

Any ratepayer who may, or is likely to, experience difficulty with meeting an instalment payable, should contact the Rates Office to discuss alternative payment arrangements. Such

enquiries are treated confidentially by Council. Payment arrangements are to be made in writing by e-mail or completing Council's Application for Payment Arrangement Form.

LATE PAYMENT OF RATES – SECTION 128

Where rates remain unpaid after the instalment due date Council will charge daily interest in respect of the unpaid rate or instalment for the period during which it is unpaid.

APPLICATION OF INTEREST

Interest is to apply to all properties where the rates instalment is overdue in accordance with section 128 of the Act.

Interest is applied on the outstanding balance daily.

Where a direct debit payment arrangement is made and the full amount of rates is paid within the financial year the arrangement is made, no interest will be charged.

Any ratepayer that has a Direct Debit agreement to make regular payments, and subsequently defaults on a payment, will be charged daily interest on any rates arrears from the date of the default.

Interest will be charged on all accounts that have a component of the previous year's rates outstanding. This interest will apply to the total amount outstanding (including the current year's rates). An agreement to pay by instalments can be made through the Direct Debit system.

A remission of interest, either in whole or in part, may be granted if the interest was incurred:

- as a result of an error by Council, or
- due to extraordinary or compassionate grounds, being serious illness or accident of ratepayer or immediate family at the instalment due date or death of immediate family member at the time of the instalment due date.

CALCULATION OF INTEREST – SECTION 128

If any rates or instalments are not paid on or before the date they fall due Council will charge daily interest 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

A remission of interest, either in whole or in part, may be granted if the interest was incurred:

As a result of an error by Council, or

Due to extraordinary or compassionate grounds, being seriously illness or accident of ratepayer of immediate family as the instalment due date or death of a ratepayer or immediate family member at the time of the instalment due date.

PAYMENT ARRANGEMENTS

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact Council to discuss alternative payment arrangements. Requests should be made in writing or an 'Application for Payment Arrangement' form is to be completed and approved by the Rates Officer. Any requests to amend the signed agreement are to be in writing within 14 days' notice. Interest will continue to be charged on all outstanding rates.

When a payment arrangement in the first instance is defaulted, the ratepayer is to be notified and arrangements for payment to occur. If a second default on a payment arrangement is to occur, the payment arrangement is terminated and the ratepayer is to be notified in writing of the termination. Council may instigate recovery proceedings in accordance with the Act.

Where a direct debit payment arrangement is made and the full amount of rates is paid within the financial year the arrangement is made, no interest will be charged. If the direct debit arrangement is to include brought forward arrears, interest accrued on those arrears apply. If for any reason the direct debit is dishonoured by the bank the ratepayer will incur any bank dishonour fees.

When a direct debit is returned or dishonoured in the first instance, the ratepayer is to be notified and arrangements for either a redraw of the amount or payment by cash is to occur. If a second return or dishonour occurs, the direct debit arrangement is terminated in accordance with the Direct Debit service agreement, and the ratepayer is to be notified in writing of the termination within a few days after. The Council may instigate recovery proceedings if the rates remain unpaid and no suitable arrangement to pay is made and agreed on.

Notes should be kept on all overdue accounts detailing any conversations held with the customer regarding overdue rates amounts, payment arrangement and letters/emails sent and any recovery action taken.

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. See Council Policy "Remission of Rates".

APPLICATION OF MONEY – SECTION 131

Any amount received or recovered by a council in respect of rates is to be applied as follows:

1. In payment of any costs awarded to, or recoverable by, the council in any court proceedings undertaken by the council for the recovery of the rates;
2. In discharging any liability for interest;
3. In payment of any penalty;
4. In discharging liabilities for rates in the order in which those liabilities arose.

RECOVERY OF RATES – SECTION 133

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

Rates, which remain in arrears for a period exceeding 21 days from the due date of an instalment, will be issued a 14 day Final Notice. This letter will notify the ratepayer of Council's intention to recover the outstanding debt via a debt collection agency or a court of competent jurisdiction, should the arrears remain unpaid by the date, specified in the 14 day Final Notice.

Failing to adhere to an alternative payment arrangement made with Council may result in the remaining arrears being collected via Council's 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.

The account holder is required to pay all associated costs in relation to the recovery of the debt.

RECOVERY FROM CERTAIN PERSONS – SECTION 134

A council may recover rates from any of the following persons:

- (a) The ratepayer or owner of the land;
- (b) The occupier of the land, with his or her agreement;
- (c) The ratepayer or owner of the land at the time the rates were made.

RENT UNDER LEASES, FOR UNPAID RATES – SECTION 135 & 136

Council, by notice in writing, may require a tenant to pay their rent directly to Council in satisfaction of their rent payments.

SALE OF LAND FOR UNPAID RATES – SECTION 137

If any rates have been outstanding for 3 years or more, the General Manager may recommend to Council the sale of land by public auction for unpaid rates. The Act 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;
- 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; and

- 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.

5.0 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 Office.

6.0 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 property 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 State Government 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 in accordance with section 87.

Council will continue to accept the payment of rates in full or by four 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*.

7.0 ROLES & RESPONSIBILITIES

Tasman Council has an obligation to continually reduce outstanding debts exposure. It is the responsibility of the General Manager, Corporate Services Manager and Rates Officer to ensure that this policy is adhered to.

8.0 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.

This policy was approved at the ordinary Council meeting held on 28 October 2020, resolution number 26/10.2020/C.



Kim Hossack
General Manager

Policy Approved – April 2012
Policy reviewed – June 2018
Policy reviewed – October 2020
Policy to be reviewed – October 2022

Disclaimer

That this policy be read in conjunction with any or all other Council and/or Management Policies