

LATROBE COUNCIL- RATES AND CHARGES POLICY 2017/18

Policy review date: 5th July, 2017 - Minute reference 15108

1. Purpose

Part 9 of the Local Government Act, 1993 (the Act) provides Council with the legislative power to raise rates and charges. Section 86B of the Act provides that each Council must adopt a rates and charges policy.

The purpose of Council's rates and charges policy is;

- to comply with the requirements of the Local Government Act, 1993; and
- to outline Council's approach to levying and collecting rates from its community.

2. Services funded by rates

Rate revenue is used by Council to provide a range of services to the community and includes local roads, bridges, footpaths, kerb and channel, stormwater, street lighting, parks and reserves, sporting facilities, environmental health, waste management, emergency management, special events, tourism, planning and development.

3. Strategic focus

Council is faced with balancing the needs and expectations of the community for services and infrastructure, setting appropriate service levels and setting rates and charges considering the current economic climate, the likely impact on the community and their capacity to pay.

The Council's major source of revenue is rates revenue, derived as a tax on land within the Council area. Rate levels are determined after consideration of expenditure priorities in relation to the strategic plan, ongoing service delivery requirement and community needs. The resources required to successfully achieve this outcome are documented in the Annual plan and budget report. The budget directly supports and reflects the delivery of the strategic plan.

There are a number of other Council strategies, plans and policies that guide Council's decision making. In determining its rating policy the Council has also considered the following;

- Asset management plans
- Long term financial plan
- Annual plan and budget report
- External influences such as legislative reform, grant funding programs, inflation factors and interest rates

4. Rating Principles

Council's rates and charges policy is based on the following principles;

- (a) Rates are a property based tax rather than a fee for service
- (b) The value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates
- (c) Consideration of the impact of rates and charges on various sectors in the community including residential, commercial, industrial and primary producers with a longer term aim to align sectors to a single general rate
- (d) New services to be funded to new rates raised

- (e) User pays principle to be used where practical
- (f) Consideration of the provision of concessions to manage significant and unreasonable fluctuations in rates

5. Rating Strategies

The following key strategies have been developed consistent with Council's rating principles;

- (a) Valuation methodology based on assessed annual value.
- (b) Differential rates for various land use categories
- (c) Incorporating a minimum charge as a component of the general rate
- (d) Levying of service charges and separate rates and charges
- (e) Application of rate rebates and remissions

5.1 Valuation Methodology

The Act provides that Councils may adopt one of three valuation methods to levy rates;

- *Land value* – which is the value of land excluding the value of buildings and other improvements
- *Capital value* – which is the value of the land and all improvements on the land, and
- *Assessed annual value* – which is the estimated yearly rental value of your property (net of GST, tax and Council rates) but is not to be 4% less of the capital value.

Council has adopted the assessed annual value as the basis for levying rates as it considers this method provides the fairest method of distributing the rate burden across all ratepayers as property rental value is a relatively good indicator of capacity to pay (or wealth).

The most recent general revaluation of the Municipality was undertaken by Valuelit Ptd Ltd on behalf of the Valuer General effective 1st July, 2015.

Assessed annual value adjustment factors are provided by the Valuer General biennially and are applied to existing valuations in between the revaluation cycle in an attempt to minimise large fluctuations in valuations that can occur following the completion of a general revaluation.

Supplementary valuation adjustments are provided on an ongoing basis when the status of a property changes, e.g. subdivision, construction of a dwelling.

5.2 General Rates

A general rate must be set every year under Section 90 of the Act by 31st August. Section 107 of the Act provides the ability to then vary the general rate (differential rate) on the following factors;

- the use or predominant use of the land
- the non-use of the land
- the locality of the land

- any planning zone
- any other prescribed factor

Latrobe Council will apply a differential rate according to land use categories as determined by the Valuer General;

- Commercial use
- Industrial use
- Primary production
- Public purpose
- Quarrying and mining
- Residential
- Sporting facility/recreation
- Vacant land

While every ratepayer in all land use categories benefits from the general amenity of the Council area, the aim of the differential rate is to collect rate revenue on an equitable basis in order that services to all ratepayers can be provided throughout the council area.

In an attempt to smooth and minimise shifts of the rate burden imposed by the 2014 revaluation for 2017/2018 rating year Council will continue to use differential rating and cap rate increases at 10%.

A General rate of 6.19 cents with the following general differential rates will apply for the 2017/2018 rating year.

Rate	Cents in \$
Commercial/Industrial/Public	6.320
Primary production	5.850
Public purpose/utility	6.320

5.3 Minimum General Rate

A minimum General rate provides a mechanism by which lower valued properties pay not less than a minimum amount. A minimum rate is imposed to ensure that all rateable properties make a base contribution towards the provision of basic services and infrastructure at a reasonable level.

The minimum rate applicable for 2017/2018 is \$273 with a variance to \$285 for primary production land use classification and \$517 for commercial and industrial land use classifications.

Section 89B (2) of the Local Government Act, 1993 mandates that the minimum rate must not apply to more than 35 per cent of properties.

Description	Total number of properties in category	Number of properties on minimum	%
General	5431	355	6.5
Primary Production	465	52	11.2
Commercial/industrial	199	9	4.5
Public inst./utility	53	16	30.2

5.4 Services Rates and Charges

5.4.1 Fire Levy

The Fire Service Act, 1979 requires Council to collect a fire service contribution payable to the State Government from all rateable properties within the municipality. Council receives a 4 per cent commission on revenue for collection of the contribution.

The rate for Latrobe and Port Sorell Volunteer Brigade rating districts is;

- 0.387 cents in the dollar of assessed annual value for each property

The rate for all other general land is;

- 0.379 cents in the dollar of assessed annual value.

The minimum amount payable in respect of the fire contribution is \$39.

5.4.2 Waste Management Service Charge

A service charge in respect of all lands to which Council makes available a garbage removal and recycling service is;

- \$167 for one 240 litre mobile garbage bin and one recycling bin
- \$157 for one 140 litre mobile garbage bin and one recycling bin

5.5 Rate Remissions

5.5.1 Pensioner remissions

The Local Government (Rates and Charges Remissions) Act, 1991 provides that eligible pensioners as at 1 July each year are entitled to a State Government rate remission of 30 per cent. A maximum remission applies and this is reviewed each year. Eligible pensioners are also entitled to an additional remission of 20 per cent of the fire levy.

An eligible pensioner is a person who holds a;

- Pensioner Concession Card, or
- Veterans Affairs Gold Card, or
- Health Care Card (excludes Seniors Health Card).

Remission applications are verified and approved by the State Government each year and for previously eligible pensioners, the remission is deducted from the rates account prior to issue. New pensioners or any pensioner who believe they should be eligible for a rate remission are required to complete an application form with Council for verification.

- 5.5.2 Section 129 of the Act provides that a Council may remit part or all of rates payable by a ratepayer or class of ratepayers.

Conservation Covenant Remission

In 2001 Council introduced a rate remission for property owners who have placed a conservation covenant on their land title via the Private Forest Reserve Program. The covenants are in perpetuity and set out conditions for long-term management and land usage of the affected area.

A rate remission of \$5 per hectare per annum applies to that portion of land on which a conservation covenant has been placed, with a minimum per annum of \$50 to a maximum of \$500 per property.

Local Sporting Club remission

In 2005 Council introduced a rate remission for local sporting clubs which are not Council owned.

Each year a remission of 100 per cent of the general rate is applied to rate accounts for Thirlstane Golf Club, Latrobe Bowls Club, Port Sorell Bowls Club, Wesley Vale Football Club and Port Sorell Surf Club.

Licensed Jetty remission

Jetties are licensed with Department of Primary Industries, Water and Environment and in 2005 were subsequently valued by the Valuer General, making them rateable properties.

Each year Council remits 50 per cent of the general rate on licensed jetties.

General rate remission

Due to the impact of the general valuation and legislative changes in relation to the number of properties on a minimum rate, Council will continue to apply a remission to the general rate for 2017/2018 as follows;

- (i) Rates remission = $A - (B \times 1.10)$, where;
A = the general rate on the land calculated under Section 3 of Council's 2017/18 rates resolution
B = the net general rate levied for the 2016/17 financial year

In the event that the land was the subject of a supplementary valuation under the Valuation of Land Act, 2001 in the 2016/17 financial year, then B = the general rate that would have been levied on the land as if the supplementary valuation had applied for the full 2016/17 financial year.

- (ii) If the result of the calculation of 4 (i) is a negative amount, then no remission is allowable.
- (iii) The calculation of the remission is exclusive of the additional rates payable on the land arising from any supplementary valuation of that land taking effect during the 2017/18 financial year.

5.6 **Payment of Rates**

Rates and charges are payable by either;

- a) One sum due to be paid on or before 11th August, 2017 or
- b) By four equal instalments payable on or before 11th August, 2017, 31st October, 2017, 31st January, 2018 and 31st March, 2018.

If a ratepayer fails to pay any 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.

Payment Methods

- By mail to PO Box 63, Latrobe 7307
- In person at the Council offices, 170 Gilbert Street, Latrobe
- Direct debit
- Australia Post (at any post office or POSTbillpay phone and internet)
- By phone 1300 886 451
- Council internet site – www.latrobe.tas.gov.au
- BPay – telephone and internet banking

All rates and charges are GST exempt.

5.7 **Discount for early payment**

As provided by Section 130 of the Act, Council will offer an early payment discount for ratepayers when all rates and charges, including arrears are paid in full on or before the first instalment due date.

The rationale for the discount is that the benefits to the Council (being the earlier access to the funds and reduced processing costs of subsequent instalments) is greater than the cost of the discount.

The level of discount will be subject to annual review. For the 2017/2018 rating year a discount of 1.5 per cent will apply.

5.8 **Recovery of rates**

Council will issue a final notice if any instalments remain outstanding. A ratepayer who is having difficulty in paying rates should contact council at the earliest opportunity to arrange a payment schedule that is agreed upon by both the Council and the ratepayer. This is essential to avoid council taking legal action to recover the outstanding rates.

If a ratepayer does not pay the rates on his or her property a council may commence legal action against the ratepayer to recover the outstanding amount. If council takes such legal action the ratepayer may also be liable for the councils legal costs associated with the action.

If rates and charges are in arrears for three years or more, Section 137 of the Act provides that the Council may serve notice on the owner of its intention to do so and if payment of the outstanding amount is not received within 90 days the property may be sold by public auction.

5.9 **Objections**

Section 123 of the Act provides that a person may object to a rates notice on the ground that –

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

An objection must be in writing to the General Manager, and be made within 28 days after receipt of the rates notice. The General Manager may amend the rates notice if considered 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;

- a) fails to amend the rates notice within 30 days after lodging the objection; or
- b) refuses to amend the rates notice.

6. **DISCLAIMER**

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

If a ratepayer believes that the Council has failed to properly apply this policy they should advise the General Manager.

7. **AVAILABILITY OF POLICY**

This policy is available from the Council offices during ordinary working hours or is downloadable from Council's website www.latrobe.tas.gov.au

8. **REVIEW**

The Act provides that this policy must be reviewed by the end of each successive four year period after 31 August 2012 or when a council makes a significant change in how it applies rates and charges, whichever is the earlier.