KING ISLAND COUNCIL

Policy

RATES & CHARGES POLICY

Responsible Officer: FINANCE MANAGER

Date: 20 August 2024

Review Date: 31 July 2028

1. Purpose

This policy aims to ensure there is transparency in King Island Council's (Council) decision-making and is designed to explain to ratepayers how rates and charges revenue is raised in this municipality.

2. Background

Section 86B of the *Local Government Act 1993* (the Act) requires Council to adopt a Rates and Property Charges Policy and requires such policy to be reviewed each successive four-year period.

Rates are a form of taxation levied against land-owners and are a major source of revenue available to Council. As such, the total amount of rates paid may not directly relate to the services used by each ratepayer.

Part 9 of the Act provides numerous tools for Council to use when deciding its rating methodology. Each year Council make a rates resolution which includes policy decisions on how it will distribute the property tax burden across the community.

Revenue raised through the collection of rates and charges provides funding for the broad range of Council services and activities including:

- Aerodrome administration and management;
- Waste collection and disposal;
- Animal control;
- Local roads, footpaths and drainage;
- Maintenance of parks, playgrounds and sportsgrounds;
- Community safety initiatives including Emergency Management;
- Street lighting and cleaning;
- Operation of community halls and centres;
- Community services and programs;
- Community events;
- State government charges for a range of services including fire service and planning;
- Other works, programs and facilities; and
- Providing advocacy on behalf of residents to State and Federal Departments.

Supporting the provision of these services is a number of internal functions such as finance, administration, human resources, risk management, governance and information technology.

To fairly distribute the burden of the cost of these services across the community, Council considers capacity to pay, who benefits from the services, simplicity, long term sustainability and efficiency. Property values (set by the Valuer General) are critical in determining how

much each individual ratepayer contributes to the cost of delivering Council services and activities.

3. Scope

Definitions - Part 9 Section 86 of the Act comprises the definitions of key terms applicable to the rating processes of Local Government.

4. Policy

How are properties valued for the purpose of rates?
As a general principle and in the context of local government rates, property values are considered throughout Australia as a reasonable indication of a ratepayer's capacity to contribute to the cost of Council's services. Council believes that, for non-residential land, the use to which land is put should also be considered.

Under the Act, Local Government has the choice of three bases of property valuation:

- Land value;
- Capital value (land plus buildings); or
- Assessed annual value (AAV): defined as the estimated yearly value for which the property could be rented).

Council, along with most other Tasmanian councils, has chosen AAV as a valuation method.

AAV is independently determined and regularly reviewed by the Valuer-General. As it indicates a reasonably current measure of the potential revenue generating capacity of the property, AAV provides the balanced approach for determining a ratepayer's ability to contribute.

General rate
A general rate is set by Council every year. All properties are subject to rating except those specifically exempt under the Act.

Council sets a General Rate of 'cents in the dollar' each year, which is multiplied by a property AAV to calculate how much is required to pay as "rates" for Council Services.

General rates calculations each year often include increases based on Consumer Price Index (CPI) or the Council Cost Index (CCI) or any other increase set by Council. The CCI is set by the Local Government Association of Tasmania and provides an indication of the true cost of Council activities.

There is no GST payable on rates.

Minimum amount payable
Where a rating item does not have a fixed component, a minimum payable component may be specified in conjunction with a variable rate. The component is calculated as rate multiply AAV but, if the result is less than the minimum specified, the minimum applies.

This method only applies to the collection of the general rate and volunteer fire levies.

Service rates and charges
As detailed above, Council provides a wide range of services and these are funded predominantly through the general rate. However, Council also provides some specific services for which it is able to recover the cost separately, for example waste management.

Council has determined to charge a fixed rate to all ratepayers, excluding businesses who receive commercial collection, to recover garbage collection costs because these are distributed reasonably equally across all properties irrespective of size or value.

Exemption from rates
The Act exempts from rates any land or part of land owned and occupied exclusively for charitable purposes. In the instance of Church Properties (excluding commercial enterprises), it is Council's policy to grant exemption from general fund rates for lands owned by religious bodies and used exclusively for religious not-for-profit purposes.

Rates remissions
A remission for rates acts like a discount. Council can consider applications for remission of rates and charges under the discretionary provisions of Section 129 of the Act.

The State Revenue Office, on behalf of the State Government, funds rates remissions to eligible concession card holders who meet the criteria it sets. Remissions are available only on a ratepayer's principal place of residence. The amount of the remission is determined by the State Revenue Office each financial year.

A remission is available to a person holding a:
- Pensioner Concession Card (PCC)
- Veterans Affairs Gold Card (TPP), or
- Health Care Card (HCC)

NOTE: Possession of an Australian Government Senior Health Card does not qualify the holder to a rate remission.

Payment of rates
Rates can be paid either in full or in four instalments in the year.

OPTION 1: PAYMENT IN FULL
If a ratepayer chooses to pay their rates in full, the due date for payment is on or before 5 September each year. It is the ratepayer's responsibility to ensure payment is made on or before this date.

OPTION 2: PAYMENT IN FOUR INSTALMENTS
If a ratepayer chooses to pay their rates by instalments, each instalment must be paid in full. Dates will be provided on the rates notice each year and in Council's notice in a local daily newspaper and the local weekly newspaper each year.
Any arrears from the prior year will be attached to the first instalment.

PAYMENT OPTIONS
Council will provide a range of suitable options for payment of rates. Ratepayers will be advised of the range of options on their rates notices and on Council's website.

Financial difficulty paying rates
Any ratepayer who experiences financial difficulty meeting any quarterly payment is encouraged to contact Council's Rates Officer to discuss alternative payment arrangements. Such enquiries are treated confidentially by Council.

Late payment of rates
In accordance with the provisions of the Act any rate instalment that has not been paid by its due date attracts a late payment penalty.

Penalty interest and overdue charges will apply to overdue rates and arrears. Details of these interest rates and charges will be provided on the rates notice each year and in Council's notice in a local daily newspaper and the local weekly newspaper each year.

Ratepayers may also incur legal and other costs involved in Council collecting overdue rates and charges.

A ratepayer who is having difficulty in paying rates should contact Council at the earliest opportunity to discuss alternative payment arrangements and reduce the risk that these additional costs will be added to their outstanding rates and charges.

While Council may be able to provide assistance through alternative payment arrangements, it is important to note that interest and penalties will still apply.
Sale of land for non-payment of rates

The Local Government Act 1993 allows a Council to sell any property where the rates have been in arrears for a period of three years or more. Before proceeding with this action, Council must:

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.

Objection rights
Section 123 of the Act provides information about the grounds on which an objection to rates may be made. For details of this ratepayers are encouraged to telephone Council on 03 6462 9000 or forward an objection in writing to General Manager, King Island Council, PO Box 147, Currie, TAS, 7256.

Council rates are regulated by the Local Government Act 1993. Council provides this policy to assist ratepayers to understand how it makes decisions related to rates under the Act. Therefore, a rate cannot be challenged on the basis that it did not comply 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 Officer.

RELATED DOCUMENTS

This policy is to be read in conjunction with the following documents:

Local Government Act 1993 (Tas)
Council's Fees and Charges (reviewed and set each year during budget deliberations)
King Island Council Debt Recovery Policy

4. Legislation, Terminology and References

Applicable legislation:

All laws in connection with Rates & Charges Policy including but not limited to:

- *Local Government Act 1993* (TAS)

Definitions	
Term	**Meaning**
Council	King Island Council
Councillor	An elected member of Council known as a Councillor or Alderman or otherwise meeting the definition of a 'councillor' as defined under section 3 of the *Local Government Act 1993* (TAS)
Employee	A person who carries out work for Council as an employee of Council.
General Manager	The general manager of Council as appointed under section 61 of the *Local Government Act 1993* (TAS).
Manager/Supervisor	A person at the Workplace who is appointed to a position that has management/supervisory responsibilities for others or their appropriately nominated or authorised delegate.
Other Persons at the Workplace	A person, other than a Councillor, who carries out work in any capacity for Council, including work as: (a) a contractor or subcontractor. (b) an employee of a contractor or subcontractor. (c) an employee of a labour hire company who has been assigned to work at Council. (d) an apprentice or trainee. (e) a student gaining work experience; or (f) a volunteer.
Policy	Rates & Charges Policy
Workplace	A place where work is carried out for Council.

History:

Any previous policies used by Council: Rates & Charges Policy Adopted 17 September 2019 – Res No: 228/19

POLICY VERSION AND REVISION INFORMATION

Title: Rates and Charges

Policy Maintained by: Finance Manager

Policy Commencement: 20 August 2024

Policy Review: 31 July 2028

Version No	Date	Resolution No	Responsible Officer
1.0	20.8.2024	216/24	Finance Manager