



GTC-14 - RATES AND CHARGES

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*This Policy has been reclassified under GTC 12 – Policy Governance. A cover sheet with the new title and classification is provided. The content of the previous policy No.3 V.1A/B remains extant until review.

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• Introduction

Section 86B of the Local Government Act 1993 (the Act), as amended in December 2011, provides that a Council must adopt and implement a policy on the levying of rates and charges.

This document sets out the policy of George Town Council on the levying of rates on rateable property.

• Policy Statement

In order for George Town municipality to achieve the aims of its strategic plan, long-term asset management, and financial sustainability obligations, Council must raise revenue sufficient for the purpose of governance, administration and to provide for appropriate goods and services for the community.

Council's practices and decisions regarding rating are underpinned by:

- accountability, transparency and simplicity;
- efficiency, effectiveness and timeliness;
- equitable distribution of the rate responsibility across the community;
- consistency with Council's strategic, corporate and financial directions and budgetary requirements;
- compliance with the requirements and intent of relevant legislation and accepted professional conventions and ethics.

This Policy is designed to assist the community and ratepayers in understanding the basis of rates and the judgements that are being made by Council in the setting of rates and charges.

This Policy is available to the public via the Council website, or in paper form on payment of a reasonable charge.

• Statement of Principles

The Act empowers local government to levy rates and charges on land and provides some principles for consideration when developing rating policies. The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government, rather than a fee for service.

In developing this policy Council has also given consideration to the following principles that apply to the imposition of taxes on communities:

- sustainability (able to raise sufficient funds to meet current and future local government spending requirements);
- benefit (some services benefit the community as a whole);
- capacity to pay (in levying taxes the ability of the taxpayer to pay the tax must be taken into account);
- economic efficiency - if a tax is designed to change consumers behaviour and the behaviour changes, the tax is efficient (eg. tobacco taxes). If the tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour, a tax is inefficient;
- simplicity (the tax must be understandable, hard to avoid, easy to collect).

- **Statement of Principles (Cont.)**

To some extent these principles are in 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; and
- the effects of the tax on the community.

Services provided by Council

The Council's chief function is to provide services to the whole community. Some of the main activities are:

- Maintenance and upgrade of roads and associated infrastructure;
- Maintenance and development of parks and reserves;
- Capital works program for buildings and infrastructure;
- Storm water services;
- Refuse disposal – inert landfill and waste transfer stations;
- Swimming pool;
- Community services – community grants, event support and hosting of festivals, immunisations, youth activity and leadership programs;
- Community facilities – halls, indoor and outdoor sports and recreation areas;
- Regulatory services – building, health, and planning advice. Permits and inspections for food premises, fire hazards, road closures and nuisances;
- Information services – storm water location and plans, property information, rates and valuation enquiries;
- Animal control and registration;
- Community information and communication.

The above activities and infrastructure are available to all within the community. It is up to individual ratepayers whether they wish to avail themselves of these services, and facilities.

- **Link to Strategic Plan**

Council will consider the following when setting the rates and charges for a particular financial year:

- **George Town Council Community Strategic Plan 2020-2030**

Future direction 4 – Leadership and accountable governance

Culture of engagement and participation; planning and regulatory responsibilities; working relationships and collaborations; change management and accountability.

- **The Annual Plan and Budget for that year**

• Legislation

The following legislation should be considered in conjunction with this policy:

Local Government Act 1993, in particular:

“86A. 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 a service; and*
 - (b) *the value of rateable land is an indicator of the capacity of the ratepayer in respect of that land to pay rates.*
- (2) *Despite subsection (1), the exercise of a council's powers to make or vary rates cannot be challenged on the grounds that the principles referred to in that subsection have not been taken into account by the council.”*

• Definitions

Key terms applicable to the rating processes of Local Government and mentioned within this Policy are contained within Part 9, Section 86 of the Local Government Act 1993.

• Scope of Policy

This Policy covers:

- The relationship between Council's strategic plan, budget and rates structure
- Council's revenue raising powers
- Valuation methodology
- General rate
- Minimum rate
- Variations to the general rate and minimum amount
- Averaged area rate
- Service rates and charges
- Payment of rates
- Rate Concessions
- Objections to rates notices
- Remission of rates

• Application of Policy - Council

The Rates and Charges Policy applies to Councillors in setting rates for the community.

• Application of Policy - Valuation Methodology

Council has the choice of three bases for the value of land within the Act:

- Land value;
- Capital value;

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- Assessed annual value (AAV). **Application of Policy - Valuation Methodology (Cont.)**

Council considers all of these bases in the adoption of valuations of land within the municipality. Current base used for valuations of land is Capital Value.

This review is conducted to:

- Reduce and smooth impact of revaluation changes, and
- Adopt methods in line with Tasmanian Government rating review recommendations.

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- **Application of Policy - Rating System**

General rate

In accordance with Section 90 of the Act, each year Council sets one general rate for all rateable property (including tenements) within the municipality. There are a number of properties which are public, educational, religious or charitable in use or ownership and which are part or in full exempt from the general rate.

Minimum rate

Section 90 of the Act also allows Council to set a minimum amount payable for all rateable property.

Council sets a minimum rate to ensure that all ratepayers make a reasonable base contribution to services and infrastructure provided for the whole community, including recreational and community engagement facilities.

Variations to the general rate, and minimum amount

Council can then vary the general rate, and minimum, under Section 107 of the Act according to any, or all, of the following:

- Use or predominant use of land;
- Non-use of land;
- Locality of land;
- Planning zones;
- Any other prescribed factor.

Council currently varies the general rate by land use, and the George Town Council Interim Planning Scheme 2013.

While all residents benefit from Council's total infrastructure and service provision, the aim of varying rates is to collect revenue in order that services to all ratepayers can be provided throughout the municipality.

In the George Town municipality, a differential rate is applied to land predominantly used for the following purposes:

- Commercial;
- Industrial activity – and varied according to zones within the Planning Scheme.

This sector will contribute a higher rate than properties on the general rate, as:

- Commercial and industrial properties pay rates from pre-tax revenue;
- Commercial and industrial properties have a greater impact on core Council infrastructure.

- **Application of Policy - Rating System (Cont.)**

Averaged area rate

Under Part 9 - Division 6a of the Act, Council can make an Averaged Area Rate for residential purposes, on the same day it makes a general rate.

Council has considered Section 86A of the Act in its adoption of Average Area Rates (AAR) for properties used for residential purposes within the municipality.

Council considers that the AAR provides the means of ensuring all residential ratepayers within a location contribute equally to the delivery, maintenance, renewal, upgrade and administration of Council's existing and additional infrastructure, and services.

In making an Averaged Area Rate, Council must consider the following:

- locality to which the Averaged Area Rate relates;
- categories of rateable land;
- whether the Averaged Area Rate is limited to a range of values of land.

In the George Town municipality, the AAR has been applied to land used or predominantly used for residential purposes in the following locations

Beechford
Bellingham
George Town
Hillwood
Lefroy
Low Head
Lulworth
Mount Direction
Pipers Brook
Pipers River
Weymouth

The AAR is determined by ascertaining the total revenue that would ordinarily be collected at the rate in the dollar set by Council annually on the basis of the sum of all relevant amounts of individual properties in a locality, and dividing the revenue by the total number of properties in each locality

- **Application of Policy - Service Rates & Charges**

The Fire Protection Rate is levied on behalf of the State Government to contribute towards the funding of the Fire Commission. The Fire Protection Rate is determined by the Fire Commission.

Waste Management charges apply in respect of all land to which council supplies waste management services - including garbage and recycling collection.

Kerbside waste collection charges for garbage and recycling collection are charged to all residential and general rates properties where there is a current dwelling. Commercial/industrial premises may elect to have kerbside waste collection at the current charge. Vacant properties, properties without an approved dwelling are not entitled to kerbside collection. Council (through the General Manager) may require or permit kerbside waste collection in special circumstances or for specific applications.

- **Application of Policy - Objections to Rates Notice**

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

- **Application of Policy - Rate Concessions**

- Concessions are administered by various State Government agencies that determine eligibility and pay the concession directly to Council on behalf of the ratepayers. A reduction on local government rates and charges (capped at a maximum amount each year) is available to a person who on July 1 each year holds a: DHS or DVA Pensioner Concession Card
- DHS Health Care Card
- Repatriation Health Card - For All Conditions (Gold Card) for War Widows/ers and TPI veterans.
- Application for a rate concession is to be made through the Council.

Application for a rate concession is to be made through the Council. Application forms and instructions are available in person at the Council office or via the Council website.

The card holder must occupy the property as their principal place of residence and be legally responsible for the rates on that property at the commencement of the financial year. A limit of one concession per year per pensioner household applies.

Ratepayers must not withhold payment of rates pending the outcome of an assessment of an application by the State Government.

- **Application of Policy - Payment of Rates**

1. Timing of payment

Council allows rates to be paid in four instalments, with payments due as follows:

- 31st August;
- 31st October;
- 31st January;
- 31st March.

2. Difficulty in Paying

If any ratepayer may, or is likely to, experience difficulty in making the standard payment schedule, then they should contact the Rates Department at the Council office to make an arrangement (penalty and interest will apply). Such enquiries are treated confidentially by Council.

, Those experiencing financial hardship may lodge an application to assistance in line with Council's Financial Hardship Policy-GTC-P8. Applications for consideration under this policy can be found on Council's website.

(Note: If a ratepayer does not pay the rates on his or her property and does not have an agreed payment arrangement in place, Council may commence legal action to recover the outstanding amount. If Council takes such action the ratepayer will also be liable for legal costs associated with the action).

- **Application of Policy - Payment of Rates**

3. Methods of payment

- In person at Council office;
- By post - cheque or money order;
- By telephone;
- By direct debit;
- Centrepay (Centrelink direct debit system);
- At Service Tasmania offices;
- Council's internet site: www.georgetown.tas.gov.au;
- BPay;
- POSTbillpay (Australia Post).

4. Late payment of rates

If rates are not paid by the required instalment dates, or by the lump sum payment due date, they will incur penalty and interest, in accordance with Section 128 of the Act.

- Council charges a penalty of the unpaid rate or instalment at a rate of 5% (maximum rate is 10% under the Act).
- Council charges interest in respect of the unpaid rate or instalment for the period during which it is unpaid, on a daily basis, in accordance with the Act.

When a payment is made for rates, Council applies the money received in accordance with Section 131 of the Act, as follows:

- First - 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;
- Second - in discharging any liability for interest;
- Third - in payment of any penalty;
- Fourth - in discharging liabilities for rates in the order of which those liabilities arose.

5. Non-Payment of rates

Section 137 of the Local Government Act 1993 provides that a Council may sell any property to recover outstanding rates where the rates have been outstanding for three years, or more. 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 owners 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.

- **Application of Policy - Remission of Rates**

In accordance with Section 129 of the Local Government Act 1993, Council will consider any application for the remission of all or part of any rates paid or payable by the ratepayer or any penalty imposed or interest charged under Section 128.

- **Implementation of Policy**

This policy will become effective upon approval by Council. It will be reviewed by the end of each successive 4-year period, as a minimum, after 31 August 2026.

- **Audience**

Management and staff are to be familiar with and competent in the application of Council's Rates and Charges Policy within their areas of responsibility.

- **Responsibility**

Responsibility for the operation of this policy rests with the General Manager.

- **Disclaimer**

In accordance with Section 86B(6) of the Local Government Act 1993 "A rate, averaged area rate or charge is not invalid by reason only that it does not conform to the council's rates and charges policy."