



Glamorgan Spring Bay Council

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# Rates and Charges Policy

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Version 4

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## Document Control

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Contents

1 Introduction ..... 4

1.1 Purpose..... 4

1.2 Scope ..... 4

1.3 Definitions ..... 4

1.4 Related Policies and Legislation ..... 4

1.5 Policy Review and Update Cycle..... 4

2 Policy ..... 5

2.1 Rating Objective ..... 5

2.2 Key Principles..... 5

2.3 Strategic Emphasis ..... 6

2.4 The Rates Model..... 7

3 Implementation.....10

# 1 Introduction

This policy is prepared in accordance with 86B (1) of the Local Government Act 1993 (the Act) and provides an overview of the rating framework that Council has adopted.

The Policy reflects the fundamental principles that are set out in the S.86A of the Act, 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 ratepayers to pay rates.

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

## 1.1 Purpose

Increase community awareness of Council's decision making in setting and collecting rates.

## 1.2 Scope

This policy sets out Council's rates and charges (taxation) objectives in regards 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.

## 1.3 Definitions

<b>AAV</b>	Assessed Annual Value
<b>Rateable property</b>	A rateable property is a property of which has been provided with an Assessed Annual Value by the Office of the Valuer General (this includes non-vacant premises, tenancies, flat, unit, apartment, single stratum section or portion of land set aside for separate occupation).

## 1.4 Related Policies and Legislation

This policy relates to and depends on other Council policies, as well as legislation, including:

- The Glamorgan Spring Bay Council Rates Resolution (adopted annually)
- Local Government Act 1993
- Local Government Regulations 2015
- Financial Hardship Assistance Policy
- Annual Budget
- Long Term Financial Management Plan

## 1.5 Policy Review and Update Cycle

Council will review and amend this Policy in compliance with Section 86B of the Act, including by the end of each successive 4-year period, or earlier in the event of major changes to legislation or related policies, procedures or if deemed necessary by the General Manager.

## 2 Policy

### 2.1 Rating Objective

To maintain an appropriate distribution of rates and charges consistent with the principle 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.

### 2.2 Key Principles

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

*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 ratepayers to pay rates.*

These principles have been taken into account in Glamorgan Spring Bay Council's Rating Model.

2. AAV is the estimated gross annual rental value of the property. The AAV takes into account the economic circumstances of each property, including the location of the property and the predominant use of the property. On this basis Council has approved AAV as the valuation approach to calculate its variable rate. Under the Act, Council is mandatorily required to use these valuations in setting its rates each year.
3. Council has no role in determining valuations or assessing 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. Glamorgan Spring Bay Council is committed to fairness and equity in the raising of rates revenue across all properties.
5. Glamorgan Spring Bay 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.
6. A general rate will comprise a fixed component, which will apply equally to all rateable land, and variable component (cents in the dollar) which will be based on the AAV of a rateable property.

7. The variable component of the general rate will have a differential rate applying to commercial, industrial, and non-use commercial land.
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 change in rating methodology. This will be done with consideration of any impact on other ratepayers.
9. Glamorgan Spring Bay Council will administer, on behalf of the State Revenue Office, concessions to eligible ratepayers.
10. Glamorgan Spring Bay Council will continue to accept the payment of rates in full or by four instalments on or before the due date shown on the rates notice.
11. Glamorgan Spring Bay Council will impose interest on overdue amounts in accordance with the Act and in accordance with the Rate Resolution set each year.
12. Glamorgan Spring Bay Council may enforce the sale of land by public auction for non-payment of rates after three years, in accordance with the Act.

## 2.3 Strategic Emphasis

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

Glamorgan Spring Bay 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 Long Term Financial Management Plan and the annual budget, which is prepared in consultation with each of Glamorgan Spring Bay Council's service delivery departments.

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

- a reduction in funds to Council via grants from State & Federal governments or TasWater dividends;
- 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.
- Glamorgan Spring Bay Council Long Term Financial Management Plan indicates that to operate sustainably, rate increases will be in the order of 3.0% - 4.5% during most of the 10-year plan. This is subject to external funding being similar to what is expected currently and limited change to levels of service. Long term financial plans and asset management plans are updated yearly with relevant data and are reassessed and presented to Council on a yearly basis.

## 2.4 The Rates Model

### **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. Glamorgan Spring Bay Council applies differential rates on the predominant use and non-use of the land.

In setting the differential rates Glamorgan Spring Bay Council takes into account:

- growth in properties of the same use and
- the varying impact of a particular use, such as commercial, on core council services such as road maintenance 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 Section 109 of the Act. However, rates must continue to be paid in accordance with the rates notice until otherwise notified by the Council.

### **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.

### **MINIMUM RATE**

According to the Act, Council may impose a minimum to the general rate to properties within the Council area and that where that rate is varied the minimum must not apply to more than 35% of properties. A minimum rate is set so that all rateable properties make a minimum contribution to the costs of:

- The provision of the physical infrastructure that is available for use by all ratepayers;
- Services provided that are available for use by all ratepayers e.g halls and walkways;
- The fulfillment of Council's administrative responsibilities.

### **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 Glamorgan Spring Bay 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 (Commercial and Industrial use and non-use of land).

### **WASTE COLLECTION SERVICE CHARGE**

Glamorgan Spring Bay Council sets an annual service charge for waste management for each financial year for each non-vacant rateable property to which a regular garbage and recycling removal service is supplied by the Council. This provides a property with 1 x garbage & 1 x recycling bin or 1 x Waste Transfer Station voucher. A property owner may make an application for additional services to their property and the rates will be adjusted accordingly, as per the rate charge as specified in the rates resolution. If an application is received from a tenant, the application must be approved by the landowner, unless the tenant is the ratepayer.

#### **WASTE BASE LEVY CHARGE**

Glamorgan Spring Bay Council sets an annual service charge for managing four waste transfer stations throughout the municipal area and for carting recycling and collected waste to Hobart. This charge applies for each financial year for rateable property within the municipal area.

#### **SWANWICK WASTEWATER SYSTEM CHARGE**

Glamorgan Spring Bay Council sets an annual service charge to recover the ongoing costs of system maintenance and infrastructure renewal requirements for the Swanwick Wastewater System. All properties serviced by this system are subject to payment of this rate whether currently connected or not, as the system was built to provide benefit to a discrete number of properties which share the system maintenance and infrastructure renewal burdens and benefits.

## **2.5 PAYMENT OF RATES**

Glamorgan Spring Bay Council rates are payable in full by the first instalment date or by four instalments on or before the due date shown on the rates notice. 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 6256 4777 to discuss alternative payment arrangements. These enquiries are treated confidentially.

#### **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 will be applied, according to Section 128 of the Act.

#### **RECOVERY OF RATES**

In accordance with thorough financial management and Section 133 of the Act, the Council's Rates Officer will apply timely debt recovery practice. This includes that where rates are two instalments overdue, the ratepayer will be subject to recovery action.

#### **SALE OF LAND FOR NON-PAYMENT OF RATES**

Section 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.

#### **FINANCIAL HARDSHIP**

Council have introduced a policy for Financial Hardship. Details of the policy and how to apply can be found on Council's website.

#### **SUPPLEMENTARY ADJUSTMENTS**



In certain circumstances, valuations must be determined between general revaluations. These are known as supplementary valuations and are required when the circumstances of a property changes which affects the property's value.

Some circumstances that may trigger a supplementary valuation are as follows:

- Construction of a new building(s) on the land;
- Extension to or renovation of existing building(s);
- Subdivision or consolidation of the land;
- Demolition of a building(s) on the land;
- Other improvements to the land such as out buildings, swimming pools etc;
- Change in the land's usage;
- Realignment of the property's boundary; and
- A property becomes rateable.

When any of the above situations arise, a supplementary valuation will be undertaken by the Valuer General. The supplementary valuations will bring the valuation of the property in line with the general valuation of other properties in the municipality. Values are assessed at the same date of the general valuation currently in use.

Where the Valuer-General has undertaken a supplementary valuation, the ratepayer will be issued with a supplementary rate notice. The notice will show the new adjusted valuations for the property and will include any adjustments to the rates and charges affected by the supplementary valuation for the current financial year. Rates and charges increase due to this supplementary valuation of less than \$20 will not result in a supplementary rates and charges notice for the current financial year.

#### **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.

## **2.6 REBATES AND REMISSIONS**

Under Section 87 of the Act, Council is required to grant a rebate of the General Rate to specific properties that are owned for specific purposes outlined in the Act. Applications for the rebate of rates under Section 87 of the Act must be made in writing and include appropriate documentation to support the application.

#### **RATEPAYER CONCESSION**

The State Government's pensioner rates remission provides a remission for Council rates. Eligibility of a pensioner remission is determined by the State Government Department of Treasury and Finance. Application or enquiries can be made to Council to confirm eligibility.

#### **CHURCHES**

Churches and Rectories are not to be charged service or general rates, but vacant land and properties used for private use (such as a rental property or business) are to be fully rated.

#### **CHARITABLE ORGANISATIONS**

Confirmed charitable organisations who apply and who have provided the necessary documentation, may be eligible for a rebate equal to 100% of their general rate when assessed by the following:

- Council requires a written request for consideration of a remission of the general rate under Sections 87(1)(d), 88 and 97 of the Act. The written request must be supported by

a statutory declaration (available from Council) and a copy of the Australian Taxation Office (ATO) tax concession status. The written request needs to be completed on a per annum basis and submitted to the Rates Division of Council's Finance Department.

#### **COMMUNITY ORGANISATIONS**

Community organisations that do not qualify under existing rebate or remission categories may apply in writing for consideration of a 50% remission of the general rate. Such applications will be assessed at the discretion of the General Manager, and determinations will be made on a case-by-case basis. The written request needs to be completed on a per annum basis and submitted to the Rates Division of Council's Finance Department.

#### **REMISSIONS**

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

#### **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 Glamorgan Spring Bay Council has failed to correctly apply this policy, it should raise the matter by contacting the Rates Officer on 03 6256 4782 to discuss the matter. If the ratepayer is still dissatisfied, they should write to the General Manager at PO Box 6, Triabunna 7190.

#### **INFORMATION**

The contact officer for further information at the Glamorgan Spring Bay Council is Council's Rates Officer 03 6256 4782. This policy will be made available as soon as practicable after its adoption, over the counter, electronically and on Glamorgan Spring Bay Council's website.

## **3 Implementation**

Implementation of this Policy rests with the General Manager and Director Corporate and Communications.