



Policy No. 2013- 13

Rates & Charges Policy

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1. Policy Statement

Council rates are a form of property tax levied by Local Government as the primary source of funding for the many mandatory and discretionary services that are provided. Rates are administered in line with the *Local Government Act 1993* which allows some flexibility for each Council to make decisions that suits its local community.

As rates are a method of taxation, the total amount of rates paid may directly relate to the services used by each ratepayer.

Property values (set by the Valuer-General) play an important role in determining how much each individual ratepayer contributes to the cost of delivering Council services and activities.

All land within a Council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other prescribed land) is rateable. Council also raises revenue through fees and charges, which are set, giving consideration to the cost of the service provided and any equity issues.

2. Scope

This policy provides a high level framework within which Council will set rates and charges to be levied on properties within its municipal area. It is intended to inform the decision making process, however does not represent the making of specific decisions with respect to property rating. Such decisions will be made annually, or as required, in accordance with relevant legislative requirements.

3. Specific Legislative Requirements

The *Local Government Act 1993* requires Council's policy to take account of the following matters:

- (a) That rates constitute taxation for the purposes of the Local Government 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.

4. Policy Details

Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels to adequately resource and fulfil its roles and responsibilities. In determining rates for a financial year, Council gives primary consideration to:

- Council's Strategic Plan;
- The Local Government Act 1993;
- Long Term Financial and Asset Management Plans;
- The Annual Plan and Budget;
- Current economic climate external influences such as legislative reform, grant funding programs, inflation factors and interest rates;

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- Specific issues faced by this community, including:
 - the need to maintain and update its large road network and other essential infrastructure;
 - maintenance and improvement of community assets to enable the municipal area to be promoted as an attractive place to live, work, invest and visit;
- The impact of Rates & Charges on the community, including:
 - residential, commercial, industrial and primary producers
 - minimising the rate levels by adopting a 'user pay' principle where possible
 - new services being funded from new rates raised
 - government grant levels and the need to expend on specific areas
 - provision of concessions to those in the community unable to meet full cost of services.

Council raises revenue for governance and administration, which deliver goods and services to the community. These services are generally not provided by the private sector and may include, amongst others, road, recreation and stormwater infrastructure, waste management, planning, development and health regulatory and compliance activities, economic development and community services.

- 4.1 General rates will be levied on all rateable properties, regardless of the extent to which Council services are used by the owners or residents of those properties. This is consistent with the principle of rates being a form of taxation (as determined by *S86A(1) of the Local Government Act 1993*).
- 4.2 The primary basis for determining the level of general rates (and, where determined appropriate, other rates) levied on individual properties will be the assessed annual value (AAV) of each property. This is consistent with the value of land being an indicator of capacity to pay (as determined by *S86A(1) of the Local Government Act 1993*).
- 4.3 Council considers that the General Rate should comprise two parts:
 - (a) A fixed charge component - Council considers the imposition of a fixed charge is the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of Council's services and the development and maintenance of the Community's infrastructure; and
 - (b) A cents in the dollar of the Assessed Annual Value (AAV) – which is an indicator of the capacity to pay

The total revenue raised from the fixed charge component cannot exceed an amount equal to 50 per cent of the council's general rate for the year.

- 4.4 Council will levy one or more service rates for fire protection, with associated minimums. These will be levied in accordance with notifications provided by the State Fire Commission under relevant legislation.
- 4.5 Council will levy a service charge in respect of waste management for the making available of waste management services comprising waste disposal areas, waste transfer stations, domestic roadside bins, town door to door garbage and recycling collections and other related

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waste management facilities. This will be based on a fixed charge and will be varied according to use or non-use of land.

Differential Rating

4.6 Part 9 of the Local Government Act permits Council to apply differential variations to the General Rate to land in its municipal area based on different prescribed factors relating to land, including:

- 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.

A General Rate must be set every year under section 90 of the Local Government Act by 31st August each year.

(a) Council has decided to apply differential rates in its area according to the following land use categories as determined by the Valuer General and planning zones as determined by the municipal planning scheme:

- wind farm electricity generation – private purposes

Council recognises land used for wind farm electricity generation – private purposes as a separate rating category within its differential rating structure.

Council's rationale for varying the general rate for land used for wind farm electricity generation – private purposes is founded upon the adoption and consideration of the Payment in Lieu of Rates ("PILOR") methodology. The adoption of the PILOR methodology enables Council to consider the potential capacity of an owner of land used for a wind farm operation to contribute and pay a component of overall rating revenue for the municipality. Council considers the PILOR methodology to provide an appropriate basis and rationale that properly considers a ratepayer's capacity to contribute to rates, noting that rates constitute taxation for the purposes of local government (rather than a fee for a service).

Adopting this methodology as its rationale to justify its differential rate, the Council has conservatively predicted a significant income can be generated by land used for wind farm operations, based on the designated average capacity of the wind farms, calculated per megawatt hour.

Council considers that this capacity to pay, having regard to the principles of rating in section 86A of the Local Government Act 1993, permits of it, in the case of land used for wind farm electricity generation – private purposes, to vary the general rate to 99.00 cents in the dollar.

(b) Council may consider that it is appropriate to differentially rate land as part of its broader rating strategy and policy objectives, including because of (for example) the use of the land, the characteristics of land, the capacity to pay rates of a ratepayer or a class of ratepayer,

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the level of use of and benefit received from Council-provided services and infrastructure, and the equitable distribution of the burden of rates across Council's municipal area.

- (c) Council's differential rates are based on, and informed by, the land use codes ascribed to land based on its use or predominant use, which are prepared and ascribed by the Valuer-General in its valuation roll held under the Valuation of Land Act 2001.

Adoption of Valuations

- 4.7 Council adopts the "AAV" as assessed by the Valuer-General as the valuation method to be used in determining rates. If a ratepayer is dissatisfied with the valuation made, the ratepayer may object to the Valuer-General in writing.
- 4.8 Council has no role in the assessment of 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.

Rate Concessions

- 4.9 The State Government, in providing equity across Tasmania, funds a range of concessions in relation to Council rates. The concessions are administered by various State Government agencies that determine eligibility and pay the concession directly to Council on behalf of the ratepayer. Concessions are available only on a ratepayer's principle place of residence.
- 4.10 Ratepayers seeking a rate concession are not to withhold payment of rates pending assessment of an application by the State Government. Rates must be paid in accordance with the Rate Notice.
- 4.11 A refund will be paid to an eligible person if Council is advised a concession applies and rate instalments have already been paid.

An eligible person is a ratepayer who holds a Pensioner Concession Card, DVA Gold Card or Government Health Care Card is entitled to a remission of rates subject to a range of criteria. This remission does not apply to holders of Commonwealth Seniors Health Cards.

Payment of Rates

- 4.12 Council rates are payable by four equal instalments. The total outstanding balance of rates may be paid in full at any time. Any arrears outstanding are payable with the first instalment.
- 4.13 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard quarterly payment should contact the Rates Department to discuss alternative payment arrangements.

Late Payment of Rates

- 4.14 Council has determined that penalties for late payments will be imposed in accordance with provisions of the *Local Government Act 1993*.

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- 4.15 A penalty of 10% of the unpaid instalment may be imposed on instalments not paid by the due date.

Recovery of Rates

- 4.16 In accordance with sound financial management principles, Council's Rates Department will apply prudent debt management practices to Rate Debtors. This includes an ongoing review of rates in arrears and following a systematic debt recovery approach.
- 4.17 Rates, which remain in arrears for a period exceeding 30 days from the due date of the instalment, will be subject to recovery action.
- 4.18 Prior to taking legal action, Council will provide the ratepayers with a notice in writing of its intention to recover the outstanding debt through the Courts and provide 14 days for payment prior to lodging the outstanding debt with its solicitors.

Sale of Land for Non-payment of Rates

- 4.19 The *Local Government Act 1993* provides that a Council may sell any property where the rates have been in arrears for a period of 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 the 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.

Remission of Rates

- 4.20 Application for remissions of rates and charges will be considered under the discretionary provisions of *Section 129 of the Local Government Act 1993*.

Objections to Rate Notice

- 4.21 *Section 123 of the Local Government Act 1993* sets out the grounds on which a person may object to a rates notice.

5. Review of Policy

- 5.1 Reviewed, at a minimum, on a four yearly basis.

6. Disclaimer

- 6.1 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.

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- 6.2 Where a ratepayer believes that the 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 Department.

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