

Administration of Rates Policy

Policy – CP050

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1. The purpose of this policy is

To ensure the fair and consistent administration of municipal rates and charges while adhering to the requirements of the Local Government Act 1989.

2. Policy Statement

Council recognises that the Local Government Act 1989 provides the guidelines by which Victorian councils must abide by in administering rates and charges. However, the Act is applied broadly, enabling councils to customise their administrative processes based on best practice principles of the day.

3. Principles

Determining the Rateability of Land

All land is rateable unless it qualifies for one of the exemptions detailed under Section 154 Local Government Act 1989 Part 8. The exemption for land used exclusively for 'charitable purposes', however, is general in its description and therefore is open to interpretation.

The convention that shall be applied for assessing and maintaining rate exemptions is:

- Applications for rate exemptions will only be accepted by way of submitting a completed Non-Rateable Status application form and supporting documentation (where required)
- The effective date of an exemption will be the date Council receives the application form
- Where Council nominates a date the non-rateable status will cease, a new application will be required for an extension before that date
- Council may conduct site inspections without notice before or during a period of exemption
- Fraudulent or intentionally misleading information supplied to Council will result in the backdating of rates to the date the exemption commenced

- Failure to notify Council of a change in use of the property that would cause cessation of the exemption may result in the backdating of rates to 01 July of the current financial year
- Council will audit all non-rateable properties for ongoing compliance at least every two years and reserve the right to cease any exemption in the event of non-compliance

Application of Penalty Interest

How and when rates penalty interest is applied varies greatly among Victorian councils. Many ratepayers can potentially be penalised merely for oversights and situations outside of their control.

The convention that shall be applied for Rates Penalty Interest is:

- Interest on unpaid current rates, charges or levies will be applied after a 28 calendar-day grace period from the statutory Rates Full Payment due date
- Interest on unpaid 4th Instalments will be applied after a 14 calendar-day grace period from the statutory 4th Instalment due date
- A deferment of Rates Penalty Interest be applied for a maximum period of 90 days on compassionate grounds for those ratepayers who experience:
 - unexpected illness causing incapacitation, or
 - death of the ratepayer, or
 - death of a direct relative, or
 - unexpected crisis or trauma

A Statutory Declaration and completed Rates Penalty Interest Deferment Application form must be submitted before approval will be issued. A Death Certificate or the like can be submitted in place of a Statutory Declaration.

The above grace periods or deferments are not applicable in the instance Council evokes Sections 170, 171 or 171A Local Government Act Part 8.

Outstanding Rates Arrangements

Council acknowledges that at times ratepayers may not be able to pay their rates in full as per the prescribed statutory due dates. Therefore, customised payment arrangements can be negotiated to enable ratepayers to meet their financial obligations with Council in a timely manner.

The convention that shall be applied for Outstanding Rates Arrangements is:

- Ratepayers allowed to pay weekly, fortnightly, monthly or have predetermined 'sunset' dates by which significant payments are to be made
- Ratepayers allowed a 90 day period in which no payments are required upon presentation of a current Contract of Sale with a registered real estate agent. By the conclusion of this period the ratepayer must present confirmation of a sale detailing a formal settlement date. If a confirmed sale cannot be achieved, the ratepayer must enter into a payment arrangement until such time that a sale is made.
- Ratepayers must enter into arrangements no less than the minimum amounts detailed in the table below, otherwise they must apply for hardship (primary place of residence only).

The preferred method of entering into a formal payment agreement is to complete an Application for Outstanding Rates Arrangement form. Verbal agreements and written payment arrangements using other formats are also permitted, including emails.

Balance Outstanding	Minimum Arrangement
Up to \$1,300.00	\$25.00 per week
\$1,301.00 to \$2,500.00	\$50.00 per week
\$2,501.00 to \$3,750.00	\$75.00 per week
\$3,751.00 to \$4,750.00	\$100.00 per week
\$4,751.00 or greater	\$(Balance divided by 52) per week

All payment arrangements made direct with Council must be recorded with the debt collection agency for monitoring if an account has already been opened with the debt collection agency. If the debt has not already been referred to the debt collection agency, Council must conduct a monthly check to ensure arrangements have been adhered to. In the event an arrangement has been broken, the debt is to be referred to the debt collection agency in accordance with the Rate Debt Management Policy.

Waiver by Application – Financial Hardship

The use of fixed charges, such as a municipal charge, adversely impact properties with low valuations. Fixed charges, unlike rates, are not affected by valuations and therefore can be disproportionately high relative to a property's value. In this scenario, the total amount payable in rates and charges (over time) will exceed the Capital Improved Valuation of a low valuation property significantly quicker compared to a property with a higher valuation.

Properties with low valuations are typically unused or unusable, located in remote areas and have no desirability in the real estate market and are therefore difficult for owners to dispose of. The combination of these two factors can create financial hardship for the property owner if payment is enforced.

The convention that shall be applied for Rates Penalty Interest is:

- Owners of rateable land with a Capital Improved Valuation of no more than \$5000.00 may apply for a waiver of rates and charges by way of submitting an application on the prescribed form.
- Properties occupied by a third party have a choice in terms of their occupancy and therefore are ineligible for a waiver.
- Properties must be unoccupied, unused, feature no improvements and be land which the owner is not, or cannot, derive a benefit from.

4. Who is responsible for implementing this policy?

Revenue Coordinator
 Manager Corporate Administration

5. Definitions

Charitable purposes	Land being used exclusively under the sub-headings of; relief of poverty, advancement of education, advancement of religion or beneficial to the community.
Unexpected illness causing incapacitation	Unforeseeable medical condition of ratepayer or immediate family member where treatment of an illness prevented payment being made by the due date.
Unexpected crisis or trauma	Unforeseeable event such as, but not limited to, retrenchment of primary income earner, significant loss of property, separation from life partner, insolvency of debtor.
Direct relative	Means the spouse, domestic partner, son, daughter, mother, father, brother or sister as defined under Section 78 Local Government Act 1989 Part 4

6. Legislation and other references

6.1 Legislation

For further information related to this policy see:

- Section 154 Local Government Act 1989
- Section 167 Local Government Act 1989
- Section 171A Local Government Act 1989
- Section 172 Local Government Act 1989

6.2 Documents

This Policy is implemented in conjunction with the following documents:

- Non-Rateable Status Application Form
- Rates Penalty Interest Deferment Application Form
- Outstanding Rates Arrangement Form
- Rates Waiver Application Form

6.3 Risk Assessment Reference

Please tick the corporate risk(s) that this policy is addressing.

Risk Category		Risk Category	
Asset Management		Financial Sustainability	✓
Committees		Human Resource Management	
Compliance – Legal & Regulatory	✓	Leadership & Organisational Culture	
Contract Management		Occupational Health & Safety	
Contract Tendering & Procurement		Organisational Risk Management	
Corporate Governance	✓	Project Management	
Environmental Sustainability		Public Image and Reputation	✓