

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 1st 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 Council Waste Management Charges

All properties that have access to a kerbside bin collection are to be levied a Waste Management Charge, including vacant land. This is a compulsory charge.

The convention that shall be applied for Waste Management Charges is:

- Any property that is host to structural improvement will be charged for kerbside bin collection unless they have obtained approval from Council to opt out (business properties only) regardless of whether the property is occupied or not.
- Structures that are not fit for purpose because they are derelict or in a state of disrepair and are uninhabitable are exempt
- The following uses of land are exempt: telecommunications towers and aerials, electricity substations, marina berths, and all properties where Council is the ratepayer.
- Ratepayers who either opt in or opt out of additional kerbside bin collection services will not receive an updated rate notice.
- All new or additional kerbside bin collection services must be paid for at the time of order if the charge has not been included on the most recent Rates and Valuation Notice.

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 Instalments will be applied after a 14 calendar-day grace period from the statutory 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 1989* Part 8.

Rates Payment Plans

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

The convention that shall be applied for Rates Payment Plans is:

- Ratepayers are allowed to pay weekly, fortnightly or monthly. Rates Payment Plan minimums are calculated by dividing the Total Amount payable (both current and arrears) by the number of payments to be made in one year. i.e. 52, 26 or 12 payments. Amounts under the minimum will not be accepted and the ratepayer must apply for financial hardship (primary place of residence only) if they cannot commit to the minimum.
- Penalty interest will not accrue on any overdue rates and charges effective from the date the application is received by Council.

Waiver by Application – Financial Hardship

The use of fixed charges, such as a municipal charge or Fire Services Property Levy, 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 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 Financial Services

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
Structural Improvement	Any structure that has internal space that can be occupied for any purpose at the exclusion of others by means of walls, door/s and a roof. This can include, but is not limited to, a dwelling, an office or a shed.

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
- Ratings and Other Matters Act 2022

6.2 Documents

This Policy is implemented in conjunction with the following documents:

- Non-Rateable Status Application Form
- Rates Penalty Interest Deferment Application Form
- Rates Payment Plan A
- 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	✓