Council Policy

Rating Policy & Strategy

<table>
<thead>
<tr>
<th>Department: Finance</th>
<th>First Implemented: 14 July 2014</th>
<th>Effective From: 17 April 2018 (once endorsed by Council)</th>
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<tbody>
<tr>
<td>Review Date: 17 April 2020</td>
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<td>Trim Reference: E698</td>
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</tbody>
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Origin: Responsible Officer Finance Manager
Authorising Officer: For endorsement by Council

Governance Use Only

Action / Status:
- To EMT for comment/review: Yes
- Staff consultation required: No
- Review by Audit & Risk Advisory Committee: Yes
- Review by Councillors: Yes
- For consideration and endorsement by Council: 17 April 2018

PURPOSE/OBJECTIVES

Council acknowledges that rates constitute a system of taxation for Local Government purposes, as required by the Local Government Act 1989. Council uses Capital Improved Value (CIV) as the basis for determining its rates on the grounds that it provides the most equitable distribution of rates across the municipality.

Council will annually review and adopt its Rating Strategy (attached) to provide clear information to ratepayers about Council’s rating structure. Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions.

Council’s Rating Strategy is to be implemented by the joint application of Council’s Rating Policy and the Rating Procedures (attached).

The Rating Policy sets the principles for Council to levy and collect rates due on properties in the Shire.

POLICY STATEMENT

Councils rating structure is an integral part of its annual Budget process.

It comprises:

- Rating Policy – Principles for Council to levy and collect rates from its property owners.
- Rating Strategy - Defines the strategic context of the rating structure
- Rating Procedures – Guidelines to define how the rating structure is implemented.
Council will:

- periodically conduct a comprehensive review of the rating strategy
- comply with the requirements of the Local Government Act 1989
- facilitate ratepayer engagement and communication through the budget process, using a range of methods as appropriate to the community, such as Budget Information sessions, rates brochures and Council’s website.
- respond to submissions on the rate proposals in their budgets

**DEFINITIONS**

Municipal rates and charges are a form of property tax that fund Council activities.

**General rates:** Applied as a percentage of each property's valuation with provision to apply either a uniform rate, or differential rates for different property categories, such as farms and commercial enterprises.

**Municipal charge:** Fixed charge on all properties to help fund Council’s administrative costs.

**Waste Charge:** For services to properties for recycling and waste management.

**Special charges scheme:** For ratepayers specifically benefiting from a service or investment, such as road or footpath works that benefit properties in a particular location.

**CIV:** Capital Improved Value - value of the land and all fixed improvements.

**Property values:** Used to calculate how much each property owner will pay.

**Rate Revenue:** Calculated by applying a rate in the dollar to all the CIVs. Property Valuations are conducted every 2 years by the Auditor General’s Office or an independent contractor in accordance with the Valuations Act 1960.

**Net annual value:** Annual rental value of the property net of fixed costs.

**Site value:** Value of land only.

**Differential Rating system:** Council may levy different rates in the dollar for each separate rating category.

**Rating Categories:** Farmland, Residential, Rural Residential, Vacant Land, Commercial and Cultural & Recreational Land.
SCOPE

This policy applies to all Mansfield Shire Councillors, Council employees and contractors involved in the determination and collection of rates.

RESPONSIBILITIES

All Mansfield Shire Council employees, Councillors and contractors are responsible for adhering to and implementing this policy.

Adherence to the Rating Policy will be overseen by Finance and Information Services Manager, with any associated procedures implemented by the Revenue Co-ordinator.

Management and employees are to be familiar with, the application of this Policy, and are accountable for the delivery of that policy within their areas of responsibility.

The Revenue Unit is the owner of this policy. Any reviews of this Policy must be made in consultation with the Revenue Co-ordinator and Finance and Information Services Manager.

REFERENCES / RELATED POLICIES

- *Local Government Act 1989*
- Mansfield Shire Council Rating Strategy
- Mansfield Shire Council Rating Procedures
- Local Government (Planning and Reporting) Regulations 2014
- *Valuation of Land Act 1960*
- Victorian City Council Model Budget

IMPLEMENTATION

This policy is effective from 17 April 2018 (once endorsed by Council)

REVIEW DATE

This Policy is to be reviewed by 1 July 2022.

Council reserves the right to review, vary or revoke this Policy at any time.
AUTHORISATION TO IMPLEMENT POLICY

Signed: ______________________ Witnessed: ______________________

Councillor
Chief Executive Officer

Approval dated: 17 April 2018

Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.
RATING PROCEDURES

The following procedures are designed to ensure that all decisions relating to the Rating Policy are made in a consistent and open manner.

All rates and charges will be payable by four instalments, for which the due dates are as follows:

First instalment 30 September
Second instalment 30 November
Third instalment 28 February
Fourth instalment 31 May

Municipal Charge
Council raises its revenue from rates by applying a Municipal Charge to all properties, and an ad-valorem rate (cent in the dollar) to the Capital Improved Value of all rateable land. Council declares a Municipal Charge each year to cover some of the administrative costs of the Council. The charge is a fixed amount and applies to all properties within the Shire. The total revenue received from the Municipal Charge must not exceed 20% of the sum of the total revenue from general rates plus the Municipal Charge.

Where a single farm enterprise is conducted on several properties, only one Municipal Charge is payable for that farm enterprise.

The Municipal Charge for the 2018-19 financial year has been set at $276.70 per rateable property.

Differential Rates
The balance of rate revenue is raised by applying a rate in the dollar to all the Capital Improved Values (CIV) of rateable properties. As Council utilises the Differential Rating system, there may be different rates in the dollar for each separate rating category. The rating categories presently in use are – Farmland, Residential, Rural Residential, Vacant Land, and Commercial.

<table>
<thead>
<tr>
<th>2018-19</th>
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<tbody>
<tr>
<td>Residential</td>
<td>$0.002514</td>
</tr>
<tr>
<td>Rural Residential</td>
<td>$0.002338</td>
</tr>
<tr>
<td>Farmland</td>
<td>$0.001810</td>
</tr>
<tr>
<td>Vacant land</td>
<td>$0.003494</td>
</tr>
<tr>
<td>Commercial</td>
<td>$0.003545</td>
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Valuations
All properties in the Shire are valued every year by a contract valuer appointed by the Victorian Valuer General. All properties have presently been valued with a level of value (market value) date of 1 January 2018.

Property owners have a right under the Valuation of Lands Act 1960 to object to the valuation of their property. Objection forms are available below and must be lodged within two months of the issue of the rate notice.
Amalgamation of property
If the property owner has more than one rate notice and the properties/parcels of land share a
boundary fence and are owned by the same person properties may be amalgamated. This will
enable the property owner to receive only one Rate Notice.

Pensioner Rate Concessions
A pensioner concession for eligible concession card holders will provide a 50% discount off
Council rates, up to the maximum amount of $223.80, as set by the Victorian Government for
2017-18 and $50 for Fire Services Property Levy rebate.

Eligible cardholders include (Pensioner Concession Card or Gold TPI or War Widow Cards)
who reside at the property.

The concession does not apply to Health Care Card holders.

- Pensioner Rate Rebate 2017-18: $223.80
- Fire Services Property Levy Rebate 2017-18: $50.00

Interest on Rates
Interest is charged on all late payments and continues to accrue daily until the account is paid in
full. At this time, the penalty interest rate is 9.5 % per annum which is set by the Victorian
Government. Late payment of quarterly instalments will accrue penalty interest from the due
date of the instalment. Interest on arrears is raised in the middle of each month.

Changes of Address
Any changes to your contact details must be lodged in writing. A Change of Address form is
available from Council’s website and should be completed and returned by post, in person, or
via email to council@mansfield.vic.gov.au

Fire Services Property Levy (FSPL)
From 01 July 2013 the State government implemented a Fire Services Property Levy. This is a
property based levy collected through Council Rates. The FSPL is made up of two parts:
A fixed charge on each property; and a variable charge based on the property’s capital
improved value.

The collection of the levy will be simple and transparent. Property owners will receive notice of
their FSPL on their council rates notices, including how the levy has been calculated. The Levy
will be remitted to the State Revenue Office quarterly.

Trust for Nature - Conservation Covenant Rate Rebate
A conservation covenant is a voluntary agreement between Trust for Nature and landowners. It
is placed on the title of the land to ensure that the natural bushland is permanently protected.
The Council offers a rate rebate to landowners who register a Trust for Nature conservation
covenant on their property.

The rebate acknowledges the long-term commitment of these landowners to conserving the
biodiversity on their land. Landowners will receive a rebate of up to $25 per hectare of land
placed under covenant. The total rebate will depend on the rated value of the covenanted area,
with a minimum payment of $50 and a maximum payment of $500.
Rate Payments

Payment online
Payment of your rates can be made online using MasterCard or Visa via www.mansfield.vic.gov.au

Payment by BPAY
BPAY is a national electronic bill payment service. Ratepayers can contact their participating Bank, Credit Union or Building Society to make payment directly from their nominated account. When prompted, simply enter the Biller Code and Customer Reference Number as shown at the bottom of your rate notice, the amount you wish to pay and the account from which the payment will be made.

Payment through the Mail
If sending payment through the mail, ratepayers MUST mail the Remittance Slip (detailed at the bottom of the rate notice) together with their cheque (made payable to Mansfield Shire Council and crossed Not Negotiable) to the following address:

Mansfield Shire Council
Private Bag 1000
Mansfield VIC 3724

Property owners should retain the top portion of your rate notice for your records. Postal delays will not be accepted as an excuse for late payment.

Payment at the Council Office (33 Highett Street, Mansfield)
Ratepayers can make payment to Council's Customer Service Officers by presenting their rate notice (intact) during normal office hours, from between 8.15am and 5.00pm, Monday to Friday.

Payment may be made by either:
• Cash
• Cheque (made payable to Mansfield Shire Council)
• Eftpos

Payment by Phone on (03) 5775 8555
Ratepayers can make payment between 8.15am and 5.00pm Monday-Friday (excluding public holidays).

Payment Arrangements
A payment arrangement may be available for payment on a weekly, fortnightly or monthly basis by calling the Revenue Unit (5775 8555). Once an agreement is reached a letter approving & confirming the arrangement will be posted. All requests are treated confidentially and will help prevent costly legal action for recovery of rates from being implemented.
RATING STRATEGY

The following Strategy was adopted by Council on 24 June 2014 as part of its budget process. Council will regularly review its Rating Strategy to provide clear information to ratepayers about Council’s rating structure. Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions. Subsequent Rating Strategies will be included as part of the budget process.

STRATEGY DEVELOPMENT

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for over 60% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in context, with reference to Council’s other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

It has also been necessary to balance the importance of rate revenue as a Funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increase have been made on an informed basis, comparisons of historical rate increases were made between Council and other neighbouring and similar sized councils.

RATING STRUCTURE

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, which form the central basis of rating under the Local Government Act 1989
- A ‘user pays’ component to reflect usage of certain services provided by Council
- A fixed municipal charge per property to cover some of the administrative costs of the Council.

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential or commercial purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those commercial properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality.

Council has previously adopted a Rating Strategy that endorsed the following principles:

1. The separate classification of Residential and Rural Residential properties, with a minimum size of 2 ha applying to Rural Residential properties.
2. Consideration of the differential between Residential and Rural Residential properties each year.

3. A reduction against the Residential Rate for assessments classified as Farmland, which will be contingent upon completion of Council’s “Application for Classification of Rateable Property as Farmland” and an assessment being made that the property in question satisfies the criteria as set out in the Valuation of Land Act 1960.

4. The classification of Commercial and Industrial properties as one category and application of a rate differential greater than the Residential Rate to each of these categories.

5. A rate differential greater than the Residential Rate to properties classified as Vacant Land.

6. For each property rated under the Cultural and Recreational Land Act 1963, an assessment of each property on its merits in accordance with the criteria outlined in the Act.


8. Allowance for a rebate to a Not for Profit Retirement Village.

The existing rating structure comprises of differential rates for each classification group and a rate concession for farmland. These rates are structured in accordance with the requirements of Section161 ‘Differential Rates’ of the Act.

Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at “such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands”.

Council also levies a municipal charge, and a kerbside collection charge and recycling charge as allowed under the Act.