

# Rating Policy

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Responsible Division	Corporate – Finance Services
Related Documents	Debt Recovery Policy Hardship Policy
Applicable Legislation	<i>Local Government Act 1999</i> <i>Valuation of Land Act 1971</i> <i>Landscape South Australia Act 2019</i>

## Purpose

Council's powers to raise rates are found in Chapter 10 of the *Local Government Act 1999* (**Act**). The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council has made on how it imposes and administers the collection of rates.

All land within a council area, except for land specifically exempt (e.g., crown land, council occupied land and other land prescribed in the Act) is rateable.

## Policy Principles

Rates are not fees for services, but rather, they constitute a system of taxation for Local Government purposes.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and manner by individual ratepayers.

In addition to rates, Council also raises revenue through a compulsory "service charge" for Community Wastewater Management Schemes and Finnis Water Scheme. If this charge is applicable, it will be collected along with rates, and will be itemised separately on rates notice.

Alexandrina Council's rating policy is underpinned by:

- accountability and professional ethics
- community consultation
- transparency and simplicity
- efficiency
- equitable distribution of the rate burden
- consistency with the strategic directions of Council
- compliance with relevant legislation.

## Policy Objectives

The objectives of this policy are to:

- a. ensure Council provides equitable treatment to all members of the community
- b. ensure Council is maintaining legislative compliance
- c. provide the community with assistance and options to pay their rates in a timely and acceptable manner.

Prior to determining the level of rates required each year, Council considers:

- the infrastructure needs, service delivery needs and related expenditure priorities in relation to the Corporate Plan and community needs
- equity issues and the relationship between the various land uses and the previous rating structure
- extremities in valuation and how their effect can be minimised in setting rating levels
- use of “user pays” cost recovery systems

There will continue to be economic pressures applied to the Council in a number of ways, which will have an impact on the Council’s budget and as a result will put pressure on rates.

## Method Used to Value Land

Alexandrina Council uses Capital Value (the value of the land and all of the improvements on the land) as the basis for rating land within the council area. The Council considers that this method of valuing land provides the fairest method of distributing rates across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth, and Capital Value (which closely approximates the market value of a property) provides the best indicator of overall property value.
- The distribution of property values throughout the Council area is such that few residential ratepayers will pay significantly more than the average rate per property.

## Adoption of Valuations

Council adopts the most recent valuations made by the State Valuation Office as at 1 July.

If a ratepayer is dissatisfied with the valuation made by the State Valuation Office, the rates notice will include information about how to object to the valuation. The lodgement of an objection does not change the due date for the payment of rates.

If an objection is upheld and a new capital value issued by the State Valuation Office, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued. Retrospective adjustments will not be made for prior financial years.

Certain properties may be eligible for a notional value under the *Valuation of Land Act 1971*. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and therefore generally results in reduced rates.

Application by the ratepayer for a notional value must be made to the State Valuation Office.

## Components of Rates

### A Rate in the Dollar

The largest component of rates is the component that is calculated by reference to the capital value of the land. Every year, the Council officially “declares” what percentage of the value of the land will be payable in rates. The Act allows councils to impose rates that differ (i.e., higher or lower) based on the location of land, or the use to which the land is put (residential, commercial, primary production, industrial, vacant, etc.). Property values reflect, among other things, the relative availability of and access to Council services. This applies to all types of land use, and to land in all locations.

Council recognises that the rural sector not only contributes greatly to our economy but also has significant responsibilities in environmental conservation, while at the same time not enjoying the level of council provided services as other sectors. Council therefore considers a reduced differential rate for Primary Production.

### Fixed Charge

Council has a Fixed Charge, the reason for imposing a fixed charge is that Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

To the extent that many (though not all) Council services are provided and available relatively uniformly to all ratepayers, and that property values vary because of a range of factors the Council considers it is equitable, from the perspective of the benefit principle, to recover the costs of such services by way of a uniform fixed charge, set at an appropriate level. However, applying the benefit principle exclusively would not take account of the capacity to pay principle.

Council has discretion to collect up to 50% of its general rate revenue from a fixed charge.

Accordingly, to appropriately balance both the benefit principle and the capacity to pay principle, the Council's policy is to raise approximately 20% of general rate revenue from the fixed charge. The amount of the fixed charge is clearly indicated on rates notices.

Where two or more adjoining properties have the same owner and occupier (or if it is a single farm enterprise, not necessarily adjoining properties) only one fixed charge is payable by the ratepayer.

### Single Farm Entity

A Single Farm Enterprise (SFE) is defined in section 152 of the Act. The definition imposes an absolute requirement that all the occupiers be the same for all the assessments comprising the single farm enterprise (regardless of who may own the land).

The assessment of a SFE is based on occupancy – all of the farmland must be occupied by the same person/persons who, in turn, is/are part of the SFE; and the SFE does not need to be (and may not be) the ratepayer.

Business of primary production is identified in the *Valuation of Land Act 1971*.

## Service Charge

### Community Wastewater Management Schemes

Alexandrina Council maintains and manages wastewater schemes and charges for all properties serviced by these schemes. The costs of operating these services include depreciation of plant, maintenance of equipment, an administration allocation and infrastructure replacement provision. Council recovers the cost of the service through the imposition of a Community Waste Management Scheme (CWMS) service charge per property unit and is shown as a separate charge on the rates notice.

For some properties (including business and commercial premises) the number of units is based on information received from the property/business owner and will be rounded to the nearest whole unit. Retrospective adjustments to prior financial years will not be made when incorrect or no information is provided.

### Finniss Water Scheme

Alexandrina Council maintains and manages the Finniss Water Scheme. Council recovers the cost of this service through a service charge and is shown as a separate charge on the rates notice.

### Regional Landscape Levy

Council is required under the *Landscape South Australia Act 2019* to make specified contributions to the Hills and Fleurieu Landscape Board. It does so by imposing a separate rate against all rateable properties. The levy is based on the Capital Value of land and is shown as a separate charge on the rate notice.

The separate rate is a State tax that Councils are required to collect and return to a State Government agency, the Regional Landscape Board. Even though it appears on the Council's rate notices, enquiries about this component should be directed to the Regional Landscape Board. Contact details are available on the reverse of the rate notices.

## Help with Rates

### Concessions

#### Community Wastewater Management Schemes

Queries and applications for concessions on Community Wastewater Management Schemes (CWMS) for pensioners and low-income earners can be made through the Department of Human Services (DHS) ConcessionsSA Hotline 1800 307 758 or at [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions) using the online form.

If successful, the applicant will receive the concession as a payment directly from DHS.

### Residential Rate Capping

The Council's policy is to limit the size of any rate increase in one year for eligible ratepayers. Council has historically imposed a cap on the maximum increase in the general rate to be charged on rateable land within its area that constitutes the principal place of residence of the principal ratepayer. The percentage set is generally dependent on the overall movement in property valuations.

A 12% cap for the principal place of residence for is available provided that the maximum increase has not been attributed by:

- The ownership of the property changing since 1 July 2021.
- Improvements made to the property (including vines maturing), worth more than \$50,000; or
- A change to the Land Use of the property.

To be entitled to the residential cap, the property must have been the ratepayer's principal place of residence for a period not less than three years. Capping will be automatically calculated (for the principal place of residence) from the best information available to Council and displayed on the Rates Notice. Ratepayers who believe they have not been granted a cap on rates to which they are entitled are asked to contact Council's Revenue Services team on 08 8555 7000 to verify their eligibility. If eligible, the ratepayer will be required to lodge a written application.

### Remission of Rates

The Council has a discretion to remit partially or wholly (i.e., waive) rates on the basis of hardship.

If a ratepayer believes they are suffering financial hardship, as described in the Council's Hardship Policy, they may contact the Council's Rates and Debtor Services team to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on case-by-case basis in accordance with Council's Hardship Policy and Debt Recovery Policy.

### Postponement of Rates

#### Postponement of Rates for Seniors

If a ratepayer holds a State Seniors Card (unless holding a mortgage entered into before 2007 that is greater than 50% of the home's value), they are eligible to postpone, on a long-term basis, a large component of the rates on the principal place of residence. The postponed amount is subject to a monthly interest charge, with the accrued debt falling due for payment only when the property is sold or transferred to someone else. However, some or all of the debt may be paid at any earlier time, at the ratepayer's discretion.

At least \$500 of the annual Council rates bill must be paid as it falls due, but any amount in excess of \$500 per year may be postponed. The minimum amount of \$500 may be reduced further, if the ratepayer is eligible for any Council rate remissions.

#### Postponement of Rates due to Hardship

Persons other than the holders of a Seniors Card may also apply for postponement of rates. A postponement of rates may be considered if Council is satisfied that the payment of these rates would cause hardship. Council may, on application and subject to the ratepayer substantiating hardship, consider granting a postponement of payment of rates in accordance with Council's Hardship Policy.

The ratepayer must agree to pay interest on the amount affected by the postponement at the cash advance debenture rate and providing the ratepayer satisfies the following criteria:

- The property is the principal place of residence of the ratepayer, and

- The property has been owned by the ratepayer and has been their principal place of residence for a minimum of 1 year, and
- The rateable value of the property exceeds \$150,000, or
- Can demonstrate to Council they are a self-funded retiree, earning less than \$25,000 per year, or
- Any other financial hardship reason as approved by Council that is in accordance with Council's Hardship Policy.

The amount postponed will not exceed:

- 40% of the rates payable for the assessment and shall accrue interest at the cash advance debenture rate published by the Local Government Finance Authority of SA (LGFA) for 1 July each year.
- 50% of the land value of the principal place of residence

This will be conditional:

- The owner must advise the current or potential mortgagee of such debt
- Any change in financial circumstance must be immediately advised
- A new application must be completed for each New Year postponed

The amount of the postponement may be extended and is conditional on Council approval.

## **Rebate of Rates**

### **Mandatory Rebates**

Councils are required to rebate (discount) the rates payable on some land. A 100% rebate must be applied to land used for:

- health services;
- religious purposes;
- public cemeteries;
- the Royal Zoological Society.

A compulsory rebate of at least 75% (or more, at the Council's discretion) must be applied to land used by:

- community service organisations; and
- schools and universities.

### **Discretionary Rebates**

In addition, the Council is allowed a wide discretion to rebate any percentage of rates for a number of other purposes, such as:

- securing proper development of an area;
- assisting or supporting a business;
- preservation of historically significant places;
- facilities or services for children or young persons; or
- accommodation for the aged or persons with disability; or
- other purposes.

Other than community-based halls and incorporated sporting clubs with a demonstrated limited income stream, all other applicants will be subject to a maximum discretionary rebate



of 75%. This assures the majority of ratepayers contribute an amount towards the cost of administering Council's activities and maintaining Council's assets.

Each rebate that is granted either reduces the Council's revenue and hence its capacity to provide services, or else it effectively increases the amount that must be collected from other ratepayers. Therefore, decisions on these applications must be carefully considered.

Upon receipt of an application, the Council will take into account:

- why there is a perceived need for financial assistance through a rebate;
- the level of rebate being sought;
- the extent of financial assistance, if any, being provided to the ratepayer and/or in respect of the land by Commonwealth or State agencies;
- whether, and if so to what extent, they are or will be providing a service within the Council area;
- whether the ratepayer is a public sector body, a private not for profit body or a private or profit body;
- the nature and extent of Council services provided in respect of the land, in comparison to services provided elsewhere in the Council's area;
- the community need, if any, that is being met by activities carried out on the land;
- the extent to which activities at the land provide assistance or relief to disadvantaged persons;
- the desirability of granting a rebate for more than one year;
- consideration of the full financial consequences of the rebate for the Council;
- the total income the applicant received for the prior financial year;
- the time the application is received;
- whether the ratepayer may be eligible for a Council community grant;
- any other matters and policies of the Council, which the Council considers relevant.

After considering these matters, the Council may refuse to grant any rebate, or may grant a rebate of rates subject to specific conditions and taking into account the Discretionary Rate Rebate Operational Guidelines. Retrospective rebates of rates will not be considered for prior financial years.

All persons who or bodies which wish to apply to the Council for a rebate of rates must do so on or before

30 April prior to the rate year. The Council reserves the right to refuse to consider applications received after that date. To apply contact Council's Rate Administrator or application forms are available on Council's website.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

### **Discretionary Rebates - relief against substantial change in valuation or rates payable**

The Council may determine for a financial year that all other rateable land (excluding the principal place of residence) within its area shall be limited to a maximum rate increase of 50%, and any amount over 50% will be rebated upon application;

Provided, however, that the maximum increase shall not apply where:

- The property has been acquired by the ratepayer or has become their principal place of residence after 1 July 2019 (residential qualification period).
- The increase in General rate payable is due in whole or in part to an increase in valuation of the land in the assessment because of improvements (including maturing vines) made to it valued in excess of \$50,000.

### **Rebates on Service Charges**

Rebates will not apply to service charges.

### **Payment of Rates**

Rates are declared annually, and may be paid, at the ratepayer's discretion, either in one lump sum, or in four quarterly payments that fall due on the 1st of September, December, March and June. Various options for paying rates are clearly indicated on rates notices.

If a ratepayer chooses to pay in one single payment for the years rates, this payment must be received prior to the First Quarter due date, as penalties apply to outstanding rates. Council will send out instalment notices to ratepayers advising them of their next instalment due date at least thirty days prior.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment requirements, or is planning an extended absence at the time rates are due is invited to contact our Rates Staff to discuss alternative payment arrangements, including regular direct debit payments. The Council treats such enquiries confidentially. Council's Hardship Policy is also available for rate debtors that may identify themselves in a position of hardship.

### **Late Payment**

The Council will impose a penalty of a 2% fine on any late payment for rates. This fine may be remitted (waived) in whole, or in part, at the Council's discretion and only where the fault for the late payment has not been attributed to by the ratepayer or the ratepayer has a regular direct debit payment plan.

A payment that continues to be late is then charged an interest rate (which is adjusted by Legislation each year) for each month it continues to be in arrears, including the amount of any previous unpaid fine and including interest from any previous month. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to recover the administrative cost of following up unpaid rates and to cover any interest cost Council may meet because it has not received the rates on time.

Council issues a Notice of Overdue Rates for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid, debt collection will be commenced. This attracts additional fees that are recoverable from the ratepayer.

When Council receives a partial payment of overdue rates, the Council must apply the money as follows:

- first – to satisfy any costs awarded in connection with court proceedings (if applicable);
- second – to satisfy any interest costs;



- third – in payment of any fines imposed; and
- fourth – in payment of rates, in chronological order (starting with the oldest account first).

### **Sale of Land for Non-Payment of Rates**

Where rates have been in arrears for 3 years or more and Council has unsuccessfully pursued all reasonable attempts to secure payment, Council will invoke section 184 of the Act to pursue recovery of outstanding rates through the sale of land.

Council will notify the owner of the land of its intention to sell the land, provide the owner with details of the outstanding amounts, and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month.

All other avenues (including but not limited to payment arrangements and financial hardship assistance) will be exhausted in the collection of the outstanding rates on land that constitutes a person's principal place of residence prior to the Sale of Land being initiated.

Should reasonable attempts to sell the land fail, section 185 of the Act will be applied, which may result in the land being transferred to the Crown or to Council.

Sale of Land for Non Payment of Rates will not be applied to rates arrears that have resulted due to an arrangement for postponement of rates unless the postponement ceases to have effect.

### **Contact Details**

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Council's Rates Services team on 08 8555 7000 to discuss the matter. If after this initial contact, a ratepayer is still dissatisfied they should write to:

Chief Executive Officer  
Alexandrina Council  
PO Box 21  
GOOLWA SA 5214

### **Contact Details for Further Information:**

Ph: 08 8555 7000  
Email: [alex@alexandrina.sa.gov.au](mailto:alex@alexandrina.sa.gov.au)  
Web: [www.alexandrina.sa.gov.au](http://www.alexandrina.sa.gov.au)

### **Policy Requirements**

To achieve our principles Council will maintain the Hardship Policy and Debt Recovery Policy to ensure consistent treatment of this policy.

### **Delegations**

Council acknowledges that the Chief Executive Officer may sub-delegate matters related to this Policy to staff or other persons employed or engaged by Council.

### **Availability of Policy**

This Policy will be available for inspection on the Council's website [www.alexandrina.sa.gov.au](http://www.alexandrina.sa.gov.au). Copies can also be provided upon payment of a fee in accordance with Council's Schedule of Fees and Charges.