The District Council of Ceduna **POLICY**	**ADMINISTRATIVE POLICY**	Policy #	4.16 / 1
	RATING POLICY	Issued:	March 2024
		Next review	

Category	4. Finance	**Classification:**	Public
First Issued:	20/3/2024	**Review Frequency:**	Each term of Council – 4 years
Legislation:	Local Government Act 1999		
Relevant Policies:			
Related Procedures:			
Responsible Officer:	Coordinator Corporate & Business Services		
Adopted by Council :	20/3/2024		

1. 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 and/or service charges.

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 for general rates, however non-rateable land may be levied service charges if those services are supplied to the land.

2. Policy Statement

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 General Rates, Council also raises revenue through compulsory "service charge" for Community Wastewater Management Schemes and Kerbside Waste Collection where the service/s are made available. If this charge is applicable, it will be collected along with rates, and will be itemised separately on rates notice.

The objectives of this policy are to:

1. ensure Council provides equitable treatment to all members of the community
2. ensure Council is maintaining legislative compliance
3. 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.

3. General Rates

3.1. Methodology of General Rates

Council's general rates will consist of the following components, being:

1. Differential Rate levied based on adopted valuation of subject assessment; and
2. A Fixed Charge

For the purpose of determining rateable assessments across the Council, the Council adopts the definition of "allotments" as defined by Section 152(5)(a)(ii) being:

An allotment is the whole of land subject to a separate lease or licence, other than a lease or licence of a prescribed class (if any)

3.2. Method Use to Value Land

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.

3.3. 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.

Adjustments to capital values issued by the State Valuation Office during a financial year after the adoption of valuations by Council and not as a result of an objection to valuation will not result in any adjustment to general rates payable for that financial year.

3.4. Differential General Rates In the Dollar

Council considers the imposition of a differential general rate each year in accordance with Section 156 of the Local Government Act, 1999. When considering the imposition of differential general rates, the differential factor used by Council is land use. The following differential land use factors are used:

1. Residential: Comprising the use of land for a detached dwelling, group dwelling, multiple dwelling, residential flat building, row dwelling or semi-detached dwelling.
2. Commercial: Comprising the use of land for a shop, office or other commercial use of land not referred to as shop or office.
3. Industry: Comprising the use of land for an industry, fabrication or manufacturing service.
4. Primary Production: Comprising farming, horticulture, horse keeping, intensive animal keeping or aquaculture.

5. Vacant Land: Comprising land, which is not being used for any purpose.
6. Other: Comprising any other use of land not referred to in the categories specified above.

3.5. Determination, Adjustment and Challenge of Land Use for Differential Rating

Council will utilise the land government land use code determined by the State Valuation Office on all rateable assessments for determining the land use for differential rating purposes, unless Council Officers have reasonable grounds to adjust the land use for provided by the State Valuation Office.

In the event that Council Officers adjust the land use for differential rating, a record of the rationale for any adjustment will be kept by Council.

For any rateable assessment with a local government land use code of Primary Production (excluding land uses involving Aquaculture) and an allotment size of less than 25 hectares (250,000m2), Council recognises the marginal basis of farming in the region and as such, the differential land use for these allotments shall be deemed Residential.

With the exception of land which ceases to be rateable or becomes rateable part way through financial year, the Council will not review assessments based on changes of occupancy or land use which have taken place after the assessment has been made as at 1 July in the current financial year.

If a ratepayer believes that a particular property has been wrongly classified by the Council as to its land use, then the ratepayer may object to that land use (to the Council) within 90 days of the date of the Annual Notice. The objection must set out the basis for the objection and details of the land use that, in the opinion of the ratepayer, should be attributed to that property. The Council may then decide the objection as it sees fit and notify the ratepayer.

It is important to note that the lodgement of an objection to the land use (change of use prior to 1 July assessment) does not change the due date or amount owing for payment of rates. If an objection is granted, an adjustment of rates will be made. Until written confirmation is provided, the current land use will determine the amount of rates payable.

3.6. 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 30% 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.

3.7. 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. The percentage set is generally dependent on the overall movement in property valuations and adjustments in differential general rates.

Council will automatically grant capping, for all property assessments where none of the below conditions have occurred in the previous financial year :

- The ownership or occupancy of the allotment as changed since 1 July of the previous financial year to which the cap is to be applied; or,
- Improvements worth more than $20,000 made to the property during the financial year
- A change to the Land Use or attributions (including sub-division or property merger) of the property.

Council will resolve annually of the capping percentage as part of the preparation of Council's Annual Business Plan.

4. Service Charges and Separate Rates

4.1. Community Wastewater Management Schemes

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.

4.2. Kerbside Refuse Collection

Council provides a service of the collection of one, 240 litre mobile garbage bin from all assessments within its specified collection areas that any development structure (shed, house, commercial building).

The Waste Collection Service Charge is derived from the direct costs associated with Kerbside Waste Collection and the portion of the costs associated with operation and

maintenance of the Ceduna Refuse Site directly attributable to the volume of refuse disposed into the Ceduna Refuse Site.

4.3. Regional Landscape Levy

Council is required under the Landscape South Australia Act 2019 to make specified contributions to the Eyre Peninsula Landscape Board. It does so by imposing a separate rate against all rateable properties. The levy is a fixed charge based on the land use of the assessment 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.

5. Rebate of Rates

The Act specifies grounds where mandatory rebates of general rates and/or separate rates must be applied. In the event that Council receives an application for rates and the applicant does not meet grounds of a mandatory rebate the Council must consider the application of rebate.

Council will not grant retrospective rebate of rates in the event the application for rebate is not received within 60 days of the issuing of the first rates notice of the year.

6. Payment of Rates

Rates are due and payable in full or in quarterly instalments, with the last day for payment of each instalment being the first Friday of September, December, March and June of each financial year. Council provides a broad range of options for the payment of rates. For more information please refer to the reverse side of your rates notice or contact Council's Revenue Officer on (08) 8625 3407.

Any ratepayer who may, or is likely to experience difficulty with meeting the standard rate payment arrangements should contact the Rates Officer to discuss options for alternative payment arrangements. Such enquiries are treated confidentially by the Council.

7. Late Payment of Rates

Section 181 of the Local Government Act 1999 provides that if an instalment of rates is not paid on or before the last day for payment, the unpaid rates will be regarded as being in arrears, and a fine of 2% is payable.

Any payment that continues in arrears then accrues monthly interest on the amount in arrears, (including any fines). The rate of interest is variable according to current cash advance debenture rate as at 1 July and is prescribed in Section 181 of the Local Government Act 1999.

The purpose of this penalty is to act as a deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to cover the administrative cost of following up unpaid rates and to cover any interest cost the Council may meet because it has not received the rates on time.

Council allows a further day after the due date for payment as a grace period. Council remits the late payment penalties allowed by the Local Government Act if payment is received within the grace period.

Council will consider requests for the remission of fines and/or penalties for late payment of rates for a limited range of circumstances, including:-

- Delayed applications for pensioner remission
- Delayed applications for financial assistance through Families SA
- Accidents or sudden hospitalisation

Council will not consider requests for the remission of fines and/or penalties for late payment of rates under the following circumstances:-

- Loss of cheques for payment of rates in the post.
- Late receipt of payments due to postal delay.
- Late remittances for payments made by Financial Institutions on the client's behalf.
- Absenteeism from the area due to business or personal purposes.
- Intentional late payment as an objection for alleged non-receipt of expected services.
- Simple oversight and no other explanation given.

Council issues a letter for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates continue to remain unpaid when the next instalment is due, a further letter is sent to the ratepayer.

8. Sale of Land for Non-Payment of Rates

Section 184(1) of the Local Government Act 1999 provides that "If an amount payable by way of rates in respect of land has been in arrears for three years or more, Council may sell the land".

In the first instance a letter will be forwarded to the ratepayer/s advising of Council's ability to recover rates by the sale of land and requesting their cooperation by arranging payment of the debt. A copy of the letter will also be forwarded to any registered mortgagee of the land for their information. If the property is already for sale, contact is to be made with the relevant real estate agent to obtain a briefing regarding the status of the property.

Where no response to the written notice has been received within 30 days, Council will proceed with the sale of land for non-payment of rates in accordance with Section 184 of the Local Government Act 1999.

9. Postponement of Rates for Seniors

Application may be made to Council for a postponement of the payment of any amount of rates in excess of $500, for the current or a future financial year by :-

- A ratepayer who holds a current State Seniors Card issued by the State Government, (prescribed ratepayer) or the spouse of a prescribed ratepayer;
- The rates are payable on the principal place of residence;
- The land is owned by the prescribed ratepayer, or the prescribed ratepayer and his or her spouse, and no other person has an interest, as owner, in the land.

Any rates which are postponed will become due and payable:-

- When the title to the land is transferred to another person; or
- Failure to comply with a condition of postponement.

Interest will accrue on the amount postponed at the prescribed rate per month until the amount is paid.

Postponement is available as a right and can only be refused when the applicants have less than 50% equity in the property.

10. Review

This Policy will be reviewed every four years after each general election.

11. Availability

This Policy is available for inspection without charge at the following location during ordinary business hours:

- Council Administration Building, 44 O'Loughlin Terrace Ceduna; or,
- Council Website: www.ceduna.sa.gov.au