

Rating Policy

Policy Reference Number	1438502
Responsible Department	Corporate Services
Related Policies	Treasury Management Policy Budget Preparation Policy
Related Procedures	Nil
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1. Purpose

This Policy outlines the methodology and principles Council will apply when setting and collecting rates from its ratepayers.

2. Introduction

Council's primary funding source is derived through its rating system. This income is used to provide an extensive range of services to the Community. The level of income to be raised is based on Council's strategic directions, budget considerations, the current economic climate, intergenerational equity and the likely impact on the Community.

The LTTP (Long Term Financial Plan) is used to determine the level of rating income required for Council to be financially sustainable, based on the proposed level of services to be provided. Council aims to raise enough income to help meet its key financial targets, fund its operations and reduce the likelihood of unexpected fluctuations in rates in the future.

3. Power to Make the Policy

Council is empowered to make this Policy pursuant to Division 2 of the Local Government Act 1999 and Regulation 6 of the Local Government (Financial Management) Regulations 2011.

4. Strategic Plan Link

This Policy has the following link to Council's Strategic Plan 2024:

- Leading Our People (Goal 5)

5. Principles

In setting its rates on an annual basis, it considers the following factors:

- Council's adopted LTFP
- Council's Annual Business Plan and associated budget for the relevant financial year
- The current economic climate and relevant factors such as CPI (Consumer Price Index), LGPI (Local Government Price Index) and interest rates
- The impact of rates on the Community, including residents, ratepayers and businesses
- The broad principle that the rate in the dollar is the same for all rateable properties.

6. Definitions

Act	Local Government Act 1999.
Capital Value	the valuation methodology used in determining the value of land, as defined in the Valuation of Land Act 1971, being the amount a piece of land might reasonably be expected to realise upon sale, including all buildings and improvements.
CPI	(Consumer Price Index) measures the changes in price of a basket of goods and services which account for a high proportion of expenditure by metropolitan households. This index is maintained by the ABS (Australian Bureau of Statistics).
General Rate	the rate in the dollar applied to a property in the calculation of the rate levied to the ratepayer for services provided by Council.
LGPI	(Local Government Price Index) represents the movement of prices associated with the goods and services consumed by Local Government in South Australia. This index is maintained by SACES (The South Australian Centre for Economic Studies).

7. Policy

7.1 Rating Structure

7.1.1 Method Used to Value Land

Under Section 151 of the Act, the value of land for rating purposes is its Capital Value.

7.1.2 Adoption of Valuations

Council obtains capital valuations on an annual basis from the South Australian Valuer General. Council has no role in determining the valuation of any property within the City.

If a ratepayer is dissatisfied with the valuation provided, an objection may be made to the Valuer General. This objection must be made within sixty (60) calendar days after the date of service of the first quarter rates notice containing the valuation to which the objection relates.

Contact details for the Valuer General will be included on the rates notice received from Council.

7.1.3 General Rates

In accordance with Section 153 of the Local Government Act 1999, Council will impose a single General Rate on all rateable properties within the area. Council believes the application of a General Rate is more fair and equitable to the Community for both business and residential properties, compared to other alternatives.

Council is of the view that the use or location of land is not a relevant factor in applying rates. As the predominant land use within the City is residential, Council does not differentiate between residential and the non-residential community by applying a differential General Rate.

7.1.4 Minimum Rate

In accordance with Section 158 of the Act, Council imposes a Minimum Rate, as it considers it appropriate that all rateable properties make a base level contribution to the cost of:

- administering the Council's activities, and
- creating and maintaining the physical infrastructure that supports each property.

Council will increase the minimum rate annually at the same level as the percentage increase in General Rates, excluding growth. Therefore, as the cost of services changes, the 'contribution' paid by ratepayers on the Minimum Rate will also change. Adjusting the Minimum Rate attempts to maintain equity by avoiding a shift in the rate burden to other ratepayers.

Section 158(2) of the Act provides direction on which properties will be exempt from the Minimum Rate. In accordance with Section 158(2)(d), Council will ensure that the Minimum Rate will not apply to more than 35% of total properties subject to the General Rate within the City.

7.1.5 RL (Regional Landscape) Levy

Council is required by legislation to collect a Regional Landscape Levy on all rateable properties on behalf of the Green Adelaide Board. The Levy funds projects determined by the Green Adelaide Board, and Council is simply an income collector for the Board in this regard. The Council does not set the total amount of the levy, retain this income nor determine how the income is spent.

Contact details for the Green Adelaide Board will be included on the rates notice received from Council.

7.2 Payment of Rates

7.2.1 Due Dates for Payments

Rates are due and payable in four approximately equal instalments in the months of September, December, March and June of each financial year. Details of the exact due dates will be resolved by Council on an annual basis and provided on the rates notice.

7.2.2 Payment Methods

Council will provide various methods for rates payments to be made. These will be listed on the back of the rates notice.

Ratepayers can apply to Council to establish alternative payment arrangements (refer 7.4.2) to spread the cost of paying rates throughout the year rather than paying in full or by quarterly instalment.

7.3 Collection of Rates in Arrears

7.3.1 Late Payment of Rates

Section 181(8) of the Act requires Council to impose a penalty of a 2% fine on any payment for rates that is not paid by the due date for each quarter. An amount that continues to be overdue is then charged an interest rate, which is set in accordance with Section 181(17) of the Act.

Fines and interest will not be raised for those ratepayers who use one of the following formalised payment arrangement methods:

- Monthly Direct Debit
- Quarterly Direct Debit
- Payble.

Where two consecutive payments are missed under a formalised payment arrangement, any overrides will be removed and fines and interest will be accrued in accordance with Section 181(8) of the Local Government Act 1999.

Where rates are overdue, Council provides ratepayers with a grace period of three (3) working days after the due date for payment. Thereafter fines for late payment are imposed.

Council will be prepared to remit penalties for late payment of rates where ratepayers can demonstrate hardship, or a formally accepted

payment arrangement is in place. All applications for remission of penalties should be in writing to the Chief Executive Officer.

7.3.2 Debt Recovery

The Council will issue one (1) overdue notice per quarter when rates are unpaid by the due date. Ratepayers subject to debt collection will not receive an overdue notice. Should rates remain unpaid more than ten (10) calendar days after the date of issue of the overdue notice, Council will refer the debt to a debt collection agency for collection when the amount in arrears:

- is greater than \$500, and
- has been outstanding for two or more quarterly instalments.

The debt collection agency will charge collection fees to Council. All applicable fees and associated costs incurred are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates, the Council applies the money received as set out in Section 183 of the Act. These funds will be applied as follows:

1. costs awarded to or recoverable by Council in any court proceedings undertaken to recover rates
2. interest costs
3. fines
4. rates, in the order the liability arose.

7.3.3 Sale of Land for Non-Payment of Rates

Under Section 184, the Act gives Council the power to sell any property where the rates have been in arrears for three (3) years or more.

Council recognises the severe impact that such action could have on a property owner and accordingly this action will only be instigated after a series of steps have been completed. Employees will attempt to make contact with the ratepayer throughout the process to provide opportunities for the outstanding amounts to be recovered.

Council's approach to non-payment of rates aims to ensure that all residents and ratepayers are treated fairly and equally in regard to the recovery of long-term rate debts, and acknowledges that the Community should not be required to bear the financial burden of any long-term rate debts.

The following steps will be undertaken to recover the rates in arrears:

1. Where the rates outstanding have been in arrears for two years, Council Employees will issue a letter to the ratepayer advising that if the rates remain in arrears for more than three (3) years,

it may commence the Section 184 process and sell the affected property. The ratepayer will be encouraged to make suitable payments to eliminate the rates payable.

During this time, the ratepayer will continue to receive quarterly rate notices.

2. Once the rates have been in arrears for three (3) years, Employees will send a Letter of Demand by Registered Post with a return receipt to the principal ratepayer(s), and if applicable, a copy to the Registered Mortgagee/s and the holder of any caveat over the land listed on the Title.

Council is required to notify the owner of the land of:

- the period for which rates have been outstanding;
- details of the outstanding amounts; and
- its intention to sell the land if payment of the outstanding amount is not received within one (1) calendar month of notification.

If this document is not acknowledged by the ratepayer within 14 calendar days of the Notice being issued, the Notice will be served by attaching a Letter of Demand to a conspicuous place on the property (ie front door).

The ratepayer has one (1) calendar month to comply with the demand.

3. If the recovery of rates following Step 2 is not successful, Employees will seek a resolution from Council to appoint a lawyer to take over the process.

Once engaged, the lawyer will review all documents associated with the Section 184 process, and if required, re-issue any documentation to ensure the correct steps have been followed. A Notice will then be issued to the ratepayer, Registered Mortgagee and holder of any caveat over the land, if applicable, advising that if payment in full is not made within one (1) calendar month, Council will commence proceedings to sell the property. Council's lawyers will follow all steps required under the Act.

To prevent the sale from occurring, the ratepayer will be required to pay all amounts in arrears and any legal costs associated with the Section 184 process.

4. Should the actions in Step 3 still fail to result in payment being received, Employees will seek a resolution from Council authorising the appointment of a real estate agent to commence the sale process by public auction. Once appointed, the real

estate agent will advertise the relevant property on at least two separate occasions.

If all amounts in arrears and costs incurred by Council relating to the Section 184 action are paid prior to the auction date, Council must call off the auction.

Under Section 184(6), Council may set a reserve price for the purposes of the auction. To help protect the financial interests of the ratepayer, Council will set a reserve price that takes into consideration the capital value of the property or an independent valuation.

Should Council proceed to auction, but it does not result in a sale, Council is able to sell the property by private contract for the best price it can reasonably obtain. Following the sale it may be necessary, in exceptional circumstances, for Council to apply to the court for vacant possession.

Throughout this whole process, the ratepayer will continue to receive quarterly rate notices and overdue notices, if applicable, where any rates balance remains unpaid.

7.4 Rate Relief and Payment Options

7.4.1 Remission (Government Concessions)

From 1 July 2015, the State Government introduced a 'cost of living concession' to replace the concessions previously provided to pensioners and self-funded retirees. The 'cost of living concession' is paid directly to the eligible ratepayer by the State Government.

Details of eligibility criteria and how to apply are set out on the rates notice.

7.4.2 Alternative Payment Arrangements

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment instalments may contact the Council to discuss options for alternative payment arrangements. Such enquiries are treated confidentially and are assessed on a case-by-case basis.

7.4.3 Postponement of Rates for Senior Ratepayers

Section 182A(1) of the Act sets out the criteria that applies for a senior ratepayer to be eligible for a postponement of rates.

Under Section 182A(12), a prescribed ratepayer is a person who holds a State Seniors card issued by the State Government, or who has the qualifications to hold such a card and has applied for the card but has yet to be issued with the card.

Postponement of rates is only available on the principal place of residence and it must be proven that no other person, other than a spouse, has an interest as an owner of the property.

An application must be made in the prescribed manner on the prescribed form and be accompanied by such information as the Council may require. This form is available from Council.

Council may, on receipt of an application, consider granting a postponement of payment of rates in respect of an Assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the prescribed rate under Section 182A (12) of the Act, for each month it continues to be unpaid.

Upon approval, the ratepayer may postpone the amount in excess of the prescribed portion of rates, which is set out in Regulation 18(1) of the Local Government (General) Regulations 2013.

Payment of the amount postponed becomes due and payable when:

- title to the relevant land is transferred to another person, or
- the ratepayer fails to comply with conditions relating to the postponement of rates.

7.4.4 Postponement of Rates in Cases of Hardship

In accordance with Section 182 of the Act, a postponement of rates may be granted if Council is satisfied that the payment of these rates would cause hardship.

Council may, on receipt of an application and subject to the ratepayer substantiating the hardship (such as providing a statement of income and expenses), consider granting a postponement of payment of rates in respect of an Assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the prevailing Cash Advance Debenture rate for each month it continues to be unpaid.

A postponement will only be granted in this situation where the property is the principal residence of the ratepayer and is the only property owned by the ratepayer.

All applications for postponement of rates will be assessed on a case-by-case basis. All enquiries and submissions will be treated confidentially.

Postponements will be reviewed regularly to ensure the agreement is complied with.

7.4.5 Mandatory Rebate of Rates - Sections 159-165 of the Local Government Act 1999

A rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the relevant sections of the Act.

The categories in which property can be eligible for a mandatory rebate are as follows:

- Section 160 - Health Services
- Section 161 - Community Services
- Section 162 - Religious Purposes
- Section 163 - Public Cemeteries
- Section 164 - Royal Zoological Society of SA
- Section 165 - Educational Purposes

Forms will be sent to existing rebate recipients on an annual basis to confirm their eligibility in accordance with the criteria set out in the Act.

7.4.6 Discretionary Rebate of Rates - Section 166 of the Local Government Act 1999

Council has discretion to grant a rebate of rates or service charges and to determine the amount of any such rebate. In deciding whether to grant a rebate of rates or service charges, Council will take into account the matters prescribed in Section 166(1a) of the Act and may take into account other matters it considers relevant in accordance with Section 166 of the Act.

Applications for discretionary rebates must be received by 31 May to be considered for the following financial year.

Where a discretionary rebate is granted, a rebate will not be provided to the eligible ratepayer for the Regional Landscape Levy.

7.4.7 General Rate Cap (Maximum Rate Increase)

Council will make a determination on an annual basis on whether it will provide relief against what would otherwise amount to a substantial change in rates levied due to large increases or anomalies in valuation. If approved, the general rate cap percentage for the relevant financial year will be provided under Section 153(3) of the Act.

The general rate cap will apply where the Assessment is the principal place of residence of the principal ratepayer, and any such increase is not as a result, in part or full, of:

- Improvements made to the Assessment, or
- Changes to the zoning of the Assessment, or

- The use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the previous financial year, or
- A change in ownership of the rateable property since the start of the previous financial year.

Where possible, the rebate will be automatically granted in respect of that Assessment where the relevant criteria is met and the percentage change in the general rates levied between the current and previous financial year is greater than the adopted general rate cap percentage for the current financial year.

When determining eligibility, any rebates or concessions applied to the Assessment are not included in the calculation.

8. Review & Evaluation

Within twelve months of each new Council term, Council will review this policy. Following this initial review, this policy will be reviewed at least biennially by Staff with minor administrative adjustments being approved by the Chief Executive Officer.

9. Availability of the Policy

Copies of this Policy will be available at Council's principal office during ordinary business hours and at Council's website www.campbelltown.sa.gov.au.