



City of  
Norwood  
Payneham  
& St Peters

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**NAME OF POLICY:** Rating Policy

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**POLICY MANUAL:** Governance

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## BACKGROUND

The Council's power to raise rates is outlined in Chapter 10 of the *Local Government Act 1999* (the Act). The Act provides the framework which the Council must operate within. Pursuant to Section 123 of the Act, the Council must prepare and adopt a Rating Policy. The Rating Policy must be adopted as part of the Annual Business Plan each financial year in conjunction with the declaration of the annual rates.

### Scope

The purpose of the Policy is to outline the Council's approach to determining and collecting rates from the community. In determining the Policy, the Council is committed to the principles that apply to the imposition of taxes on the community.

Equity: Ratepayers with the same property value should pay the same level of tax.

Benefit: Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid. Rates are not a fee-for-service.

Simplicity: The tax must be understandable and easy to collect.

Consistent: Taxes should be internally consistent, based on transparent and predictable rules.

Economic Efficiency: The tax imposed should not distort economic behaviour. For example, a tax which is designed to change behaviour, and that behaviour changes, then the tax is considered efficient.

These principles may be in conflict with each other, therefore the Council must strike a balance between the:

- application of the principles of taxation;
- policy objective of levying rates;
- need to raise revenue; and
- the effect of the tax on the community.

The Council has considered each principle when determining its Rating Policy.

## **POLICY**

### **Strategic Focus**

The Council must balance its service levels, the needs and expectations of the community and the levying of rates to ensure it is adequately resourced to fulfil its roles and responsibilities. In determining rates for the financial year the Council gives primary consideration to strategic directions, budget considerations, the current economic climate and the likely impacts on the community.

The resources required to successfully achieve this outcome are documented in the Annual Business Plan and Annual Budget. The Annual Budget directly supports and reflects the delivery of the Council's Strategic Plan, *City Plan 2030*.

The Council's major source of revenue is Rates Revenue, derived as a tax on land within the Council area. Rate levels are determined after consideration of expenditure priorities in relation to the Council's Strategic Plan, *City Plan 2030*, the Long Term Financial Plan, Asset Management Plans, the Annual Business Plan, ongoing service delivery requirements and community needs.

The Council recognises the importance of supporting and encouraging a diverse and healthy commercial sector and this is reflected in its strategic plans. As a result, specific business development initiatives are being introduced to support and attempt to broaden the City's economic base. The Parade Magill Road Strategic and Business Planning is an example of the work being progressed in this area.

### **Rating Structure**

#### Method Used to Value Land

Pursuant to Section 151 of the Act, the Council may adopt one of three valuation methodologies to value the properties. The valuation methodologies are:

Capital Value – The value of the land and/or the improvements on the land.

Site Value – The value of the land and any improvements which permanently affect the amenity of use of land such as drainage works, but excluding the value of buildings and other improvements.

Annual Value – The valuation of the rental potential of the property.

The Council adopts Capital Value as the basis for valuing land within the Council area. The Council considers the Capital Value method of valuing land, is the fairest method of distributing the rate burden across all ratepayers, on the following basis:

- property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, and provides the best indicator of overall property value;
- the equity principle of taxation requires ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the distribution of property values throughout the Council area is such that only just over one third of residential ratepayers will pay more than the average rate per property.

### **Adoption of Valuations**

The Council adopts the Capital Valuations as assessed by the State Valuation Office, effective at 1 July as the Capital Value of each property.

If a ratepayer is dissatisfied with the valuation made by the State Valuation Office, the ratepayer may object to the State Valuation Office in writing, within sixty (60) days of receiving the first notice of the valuation, explaining the basis for the objection provided the ratepayer has not:

- (a) previously received a notice of this valuation under the Act, in which case the objection period is sixty (60) days from the receipt of the first notice; or
- (b) previously had an objection to the valuation considered by the State Valuation Office.

Note: The sixty (60) day objection period may be extended by the Valuer-General where it can be shown there is reasonable cause;

Contact details to lodge an objection are included on the Rates Notice sent by the Council.

The Council has no role in assessment of objections. The lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.

### **Differential General Rates**

Pursuant to Section 153 of the Act, the Council can impose a general rate on all rateable land/or a differential rate based on location of land and or the use to which the land is put. In applying the equity and benefit principles, the Council will apply a differential rate based on the use of the land.

Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shop;
- Commercial – Office;
- Commercial – Other
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and
- Other

If a ratepayer believes a particular property has been incorrectly classified as to its land use, then an objection may be made to the Council within sixty (60) days of being notified of the land use classification. The lodgement of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by the Council.

For the 2018-2019 financial year, the Council has determined that the following differential rates will be applied to all of its rateable assessments:

<b>Land Use</b>	<b>Differential Rate Cents-in-the-Dollar</b>	<b>% of Rate Revenue</b>
Residential	0.22187	80.68%
Commercial	0.26625	16.94%
Industrial	0.26625	1.12%
Primary Production	0.26625	0.33%
Vacant Land	0.26625	0.93%
Other	0.26625	0.01%

### **Minimum Rate**

A Council may impose a minimum rate to properties within the Council area.

The minimum rate is imposed so that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers e.g. Library and Parks and Gardens.

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

The minimum rate will increase at the same percentage increase in general rate revenue. Pursuant to Section 158(2) (d), the minimum rate will not be applied to more than 35% of properties in the Council area.

For 2018-2019 financial year, the minimum rate is set at \$982. The minimum rate has been applied to 5,850 assessments or 29.2% of all rateable properties within the Council area.

### **The Parade Separate Rate**

For the purposes of promotion, enhancing business viability and profitability of the businesses and traders along The Parade, pursuant to Section 154 of the Act, the Council has declared a Parade Separate Rate. The revenue raised from the Parade Separate Rate may only be used for the purpose of promotion and enhancing business viability along the Parade Precinct.

The Council declared a differential separate rate of 0.0054 cents-in-the-dollar will be levied against all properties which fall within The Parade Precinct with a land use classified as Category 2 – Commercial Shop or Category 3 – Commercial Office or Category 4 – Commercial Other or Category 5 - Industrial Light.

Pursuant to Section 166(1)(a) of the Act, the Council will grant a discretionary rebate of 50% of the Parade Separate Rate to all properties that fall within the geographical boundary described above and which have a land use of Category 3 – Commercial Office and Category 4 – Commercial Other land use classified as Professional Services.

### **NRM Levy**

The Council is required under the Natural Resources Management Act 2004 to make a specified contribution to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board (NRMB).

The Council's contribution to the NRMB is recovered from property owners through a separate rate based on Capital Value. The rate is fixed and calculated so as to raise the same amount as Council's share to be contributed to the Board (taking into account any rebates/remissions under Section 159-166 of the Act) in the form of the Natural Resources Management (NRM) Levy.

For the 2018-2019 Financial year, the Council will collect \$1.280m for the payment of the State Government Natural Resources Management Levy. The NRM Levy has been set at 0.00934 cents-in-the-dollar against all rateable properties.

### **Payment of Rates**

Council rates will be due in four instalments in the months of September, December, March and June. The exact date that rates fall due are detailed on the Rates Notice. The total outstanding balance of rates may be paid in full at any time.

In addition, regular pre-payments of Council Rates are allowed of \$30 or more at any time and can be made at any Council office, via Bpay, via Australia Post BillPay or the Internet.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard arrangements should contact the Council's Rates Officer on 8366 4554 to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

The council provides various methods to enable the payment of rates. Payment methods are detailed on the rates notice. Regular pre-payments of Council Rates are allowed of \$30 or more at any time and can be made at any Council office, via BPay, via Australia Post BillPay or by the council website.

### **Late Payment of Rates**

The Council has determined that penalties for late payments will be imposed in accordance with the provisions of Section 181(8) of the Act and relevant Council procedures.

Late payment fines are levied in accordance with the provisions of Section 181(8) of the Act.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Fines and interest are still levied in accordance with the Act under any payment arrangement.

The Council will consider applications for remissions of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested or may be submitted on the Application for Remission of Rates and/or Fines Form.

When the Council receives a payment in respect of overdue rates, the Council will apply the money received as follows:

- First – to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

### **Recovery of Rates**

The Council will issue one (1) Reminder Notice for payment of rates when rates remain unpaid by the due date.

Rates, which remain in arrears for a period exceeding 30 days, will be subject to recovery action in accordance with the Council's Credit Policy.

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

Section 184 of the Act provides that a Council may sell any property where the rates have been in arrears for three (3) years or more. The Council is required to;

- a) notify the owner of the land of its intention to sell the land,
- b) provide the owner with details of the outstanding amounts; and
- c) advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one (1) month.

Except in extraordinary circumstances, the Council will enforce the sale of land for arrears of rates.

### **Remission and Postponement of Rates**

Application for remission of rates and charges or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Act.

Requests must be lodged in writing or may be submitted on the Application for Remission or Postponement of Rates and/or Fines form. All requests must provide evidence of financial hardship. Monthly interest at the prescribed rate will be applied to rates postponed under the Section 182.

### **Postponement of Rates for Seniors**

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

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A.

Where an application for postponement under Section 182A is granted, a presumption of ongoing annual postponement will be assumed subject to receipt of an annual signed declaration of continued eligibility.

Ratepayers requesting postponement of rates will initially be referred to the availability of reverse mortgage loans through financial institutions. Seniors granted postponement of rates are required to pay a minimum of \$500 of rates and charges levied in each financial year in compliance with the Local Government (General) Regulations.

Such enquiries are treated confidentially by the Council.

## **Rebate of Rates**

Rebates of rates will be only granted when the applicant satisfies the requirements for Mandatory Rebates pursuant to Section 159 to Section 165 of the Act.

Applications for discretionary rebates are lodged under Section 166 of the Act, will be considered under Council's Rate Rebate Policy.

## **Rate Capping Rebate**

Pursuant to Section 166(1) (i) of the Act, the Council will grant a rebate of General Rates to the principal ratepayer of a residential assessment where there is a significant increase in the rates payable as a result of a rapid change in the property value, and where that property is their principal place of residence.

The rebate will be automatically applied where the increase in rates payable from one financial year to the next financial year is greater than 8%.

Where this rebate is not automatically applied, ratepayers who consider they are eligible for the Rate Cap Rebate may lodge an application form, which will be assessed against the eligibility criteria. The application must be lodged by 30 June in the financial year that the rates are declared.

The rebate will not apply where:

- (a) any such increase is due in whole or in part to an increase in valuation of the land because of improvements made to it worth more than \$10,000, or
- (b) any such increase is due in full or part to the use of the land for rating purposes on the date the Council declared its general rates for the 2018-2019 financial year is different than the land use on the date the Council declared its general rates for the 2017-2018 financial year, or
- (c) any such increase is in whole or part because of a change in the zoning of the land; or
- (d) the ownership of the property has changed since 1 January 2017.

## **Disclaimer**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

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 the Rates and Revenue Officer on 8366 4554 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied, they should write to the Chief Executive Officer.

## **REVIEW PROCESS**

The Council will review this Policy within 12 months of the adoption date of the Policy.

## **INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Rates and Revenue Officer, telephone 8366 4554.

## **ADOPTION OF THE POLICY**

The Rating Policy was adopted by Council on 2 July 2018

## **TO BE REVIEWED**

July 2019