



Rating Policy

1. COUNCIL DUTIES AND POWERS

Council's powers to raise rates are found in Chapter 10 of the *Local Government Act 1999* ("the 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 a few other limited categories under section 147 of the Act) is rateable.

Rates are not fees for services. They constitute a system of taxation for Local Government purposes, Local Government functions are defined broadly in section 7 of the Act.

2. PRINCIPLES OF TAXATION

This Policy represents the Council's commitment to balancing the five main principles of taxation:

- i) **Benefits received** (i.e. services provided, or resources consumed). Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax.
- ii) **Capacity to pay.** This principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amounts.
- iii) **Administrative simplicity.** This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid.
- iv) **Economic efficiency.** This refers to whether or not the tax distorts economic behaviour.
- v) **Policy consistency.** The principle that taxes should be internally consistent, and based on transparent, predictable rules that are understandable and acceptable to taxpayers.

3. VALUATION OF LAND

Council is permitted in accordance with section 151 of the Act to adopt one of three valuation methodologies to value the properties in its area. They are:

- **Capital Value** – the value of the land and all of the improvements on the land.
- **Site Value** – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- **Annual Value** – a valuation of the rental potential of the property.

The Council has decided to continue to use capital value as the basis for valuing land. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The 'capacity to pay' 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 (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

Council does not determine property valuations but chooses to exercise the right under section 151 of the Act to adopt the capital valuations as assessed by the Valuer-General through the State Valuation Office.

If you are dissatisfied with the valuation made by the State Valuation Office, your rates notice will include information about how to object to the valuation. The Council has no role in this process. The lodgement of an objection does not change the due date for the payment of rates.

4. COMPONENTS OF RATES

4.1 A rate in the dollar

The largest component of rates levied is the component that is calculated by reference to the value of the property. Each 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 the land, or the uses 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.

The Council has decided not to differentiate between types of land uses or between land locations in setting rates. Rather, acknowledging the taxation principles of economic efficiency and policy consistency, the Council has chosen to adopt a single rate in the dollar to apply to all rateable land.

The declared general rate for the 2023-24 financial year is 0.3743 cents in the dollar.

4.2 Minimum rate

Council has the discretion to apply either:

- A fixed charge (applying equally to all rateable properties); or
- A minimum rate (to lower-value properties)

but cannot use both of these mechanisms.

Council has decided to continue to use the minimum rate method, with the minimum rate for 2023-24 being set at \$425.00.

4.3 Landscape Board Levy

Council is required under the Landscape South Australia Act 2019 to make a specified contribution to the Murraylands and Riverland Regional Landscape Board. This is done by imposing a separate rate against all rateable properties.

This separate rate is effectively a state tax that Councils are required to collect, and return to a State Government Agency, the Murraylands and Riverland Regional Landscape Board. Even though it appears on Council's rates notice, enquiries about this component should be directed to the Landscape South Australia Board.

4.4 Community Wastewater Management System

Council provides a Community Wastewater Management System (CWMS) in the township of Karoonda only. To fund the provision of this service, Council imposes a service charge in accordance with section 155 of the Act, to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

The charge applies to all land to which Council provides or makes available the prescribed service for the financial year ending 30 June 2024.

The annual service charge for the 2023-24 financial year will be \$530.00 per unit in relation to a building and \$505.00 per unit in relation to vacant land.

4.5 Kerbside Waste Management

Council provides a kerbside waste management collection service, including a yellow recycling bin and a green general waste bin.

In order for Council to move towards financial sustainability, this service should be a self-funding cost system, however as it is not available across the whole district, only those benefitting from the service should be paying for it.

The annual service charge for the 2023-24 financial year will be \$175.00 per property for those properties in receipt of the service and within the kerbside collection boundary. Additional bin charge will be \$275.00 per bin.

5. HELP WITH RATES

5.1 Concessions

In the past, the State Government funded some concessions on Council rates. These concessions were formerly available to holders of pensioner concession cards, veterans, low-income earners, unemployed, students and self-funded retirees. However, these concessions were all abolished by the State Government with effect from 30 June 2015.

From 1 July 2015, the State Government have elected to replace these concessions with a single 'cost of living payment' provided directly to those entitled. This payment may be used for any purpose, including offsetting Council rates. Note that not all former recipients of rates concessions will be entitled to the new

payment. To check eligibility, contact the Department of Communities and Social Inclusion (DCSI) Concessions Hotline on 1800 307 758 or at www.sa.gov.au.

From 1 July 2017, the State Government have elected to directly fund concession entitlements for Council Community Wastewater Systems (CWMS). To check if you are entitled to the State Government funded concession on CWMS rates, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline on 1800 307 758 or at www.sa.gov.au.

5.2 Residential Rate Capping

The Council will not apply rate capping.

5.3 Remission of Rates – Financial Hardship

The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of financial hardship in accordance with section 182 of the Act.

Council recognises that financial hardship may arise from a range of individual circumstances, including but not limited to, the following situations:

- Unemployment
- Sickness or injury
- Family break down
- Low income or loss of income.

If a ratepayer is experiencing financial hardship and would like to discuss rates remission or an alternative agreeable payment plan this flexibility is also available. The Council will consider each case on its merits.

Ratepayers may apply for postponement of rates where their financial circumstances do not allow them the means to meet their financial liability when due.

All financial hardship applications must be in writing on Council's form and will only be legitimate after written communication of approval is provided by Council. All requests will be treated in confidence.

Applications for financial hardship are required to be supported by documentation with evidence of financial hardship.

Council may at its discretion remit penalties and related expenses for late payment of rates where genuine financial hardship can be sustained.

Please contact the Deputy CEO on 08 8578 1004 for a confidential discussion.

5.4 Postponement of Rates for Seniors

If you hold a State Seniors Card then (unless you have a mortgage entered before 2007 that is greater than 50% of your home's value) you are eligible to postpone, on a long-term basis, a large component of the rates on your 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 your 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 you are eligible for any Council rate remissions.

The Council has a discretion to partially or wholly postpone or remit (i.e. waive) rates on the basis of financial hardship in accordance with section 182 of the Act.

Persons other than the holders of a Seniors Card may also apply for postponement of rates. The Council will consider each case on its merits, but any successful applicant should expect that any postponed rates would be subject to accruing interest charges in the same manner as the Seniors Rate Postponement Scheme.

Please contact the Manager Corporate and Community Services on 08 8578 1004 for a confidential discussion.

5.5 Rebate of Rates

5.5.1 Mandatory Rebates

Councils are required to rebate (discount) the rates payable on some land.

A mandatory rebate of 100% must be applied to land used for:

- Health services,
- Religious purposes,
- Public cemeteries,
- The Royal Zoological Society.

A mandatory 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.

5.5.2 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.

If you or your organisation wishes to apply for a discretionary rate rebate, you may apply by contacting the Council's Rates Administrator.

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 your 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 you and/or in respect of the land by Commonwealth or State agencies;
- whether, and if so to what extent, you are or will be providing a service within the Council area;
- whether you are 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 for 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 time the application is received;
- whether you 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.

6. PAYMENT OF RATES

Rates are declared annually, and may be paid, at your discretion, either in one lump sum, or in quarterly instalments that fall due in early September, December, March and June. The exact date that rates fall due, and various options for paying rates, are clearly indicated on your rates notice.

If you have (or are likely to have) difficulty meeting these payments, you should contact the Council's Rates Administrator to discuss alternative payment arrangements. Such inquiries are treated confidentially.

6.1 Late Payment

The Council will impose a penalty of a 2 per cent fine on any late payment for rates. This fine may be remitted (waived) in whole, or in part, at the Council's discretion. See under the heading "Remission of Rates" at 5.3 above.

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

6.2 Sale of Land for Non-Payment of Rates

Council may sell any property where the rates have been in arrears for three years or more. Council is required to 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.

7. CONTACT THE COUNCIL'S RATE ADMINISTRATOR

If you believe that Council has failed to properly apply this policy, you should contact the Council's Rates Administrator to discuss the matter (see contact details below). If after this you are still dissatisfied then you should write to the Council's Chief Executive Officer at PO Box 58, Karoonda SA 5307.

For further information, queries, or to lodge an application for rate postponement, remission, or rebate etc please contact the Council's Rates Administrator on:

Phone: 08 8578 1004
Email: council@dckem.sa.gov.au
Post: PO Box 58, Karoonda SA 5307
In Person: 11 Railway Terrace, Karoonda SA 5307

8. DOCUMENT AND ADMINISTRATION CONTROL

COUNCIL POLICY	
Policy title:	Rating Policy
Policy number:	403
Responsible officer:	Deputy CEO
Version:	V1.5
Committee review:	Audit Committee 28/06/2023
First issued / adopted:	06/06/2018
Review frequency:	Every 12 months
Last reviewed:	20/06/2023
Next review date:	June 2024
Applicable legislation / related documents:	Local Government Act 1999 Valuation of Land Act 1971 Annual Business Plan and Budget