



Rating Policy

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Responsible Officer(s):	Chief Executive Officer Rates and Property Officer
Council File Reference:	9/63/1.1
Applicable Legislation:	Local Government Act 1999 Local Government (General) Regulations 2013 Natural Resource Management Act 2004 Valuation of Land Act 1971
Relevant Policies:	Rate Rebate Policy FA005 Debt Recovery Policy FA009 Mobile Garbage Bin Collection and Disposal Service Policy EI008
Related Procedures:	Internal Control Procedure
Delegations:	Refer to Council's Delegations Policy

KINGSTON DISTRICT COUNCIL

RATING POLICY

1. Purpose

The purpose of this policy is to outline Council's approach towards rating its community and to meet requirements of the Local Government Act 1999. This policy outlines the mandatory features of the rating system, as well as the policy decisions that the Council has made on how it imposes and administers the collection of rates.

2. Objectives

In determining the rating methodology as detailed in this policy, Council has considered the following objectives:

- Recognise the importance and significance of primary production to our community;
- Minimise the impact of property valuation movements;
- Encourage development of vacant land;
- Ensure all ratepayers are contributing a minimum amount to Council's operational and capital costs;
- Ensure flexibility and transparency of Council's rating structure for the future.

3. Principles

3.1 General Principles

Council's decisions regarding rating are underpinned by:

- accountability, transparency and simplicity
- efficiency, effectiveness and timeliness
- equitable distribution of the rate responsibility across the community
- consistency with Council's strategic and financial directions and budgetary requirements
- compliance with the requirements of legislation and accepted professional conventions and ethics.

3.2 Taxation Principles

In developing this policy Council has also given consideration to the five main principles of taxation, being:

- *equity* - taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity)
 - *benefit* - taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid
 - *capacity to pay* - in levying taxes the ability of the taxpayer to pay the tax must be taken into account
 - *efficiency* - if a tax is designed to change consumers behaviour and the behaviour changes, the tax is efficient (eg tobacco taxes). However, if the tax is designed to be neutral in its effect and it changes taxpayers behaviour than the tax is inefficient
 - *simplicity* - the tax must be understandable, hard to avoid, easy to collect.
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4. Rating Strategies and Methodologies

4.1 Valuation Methodology

Council has adopted the use of capital value as the basis for valuing land. Council considers that this method the fairest method to distribute the rate burden across the community.

In adopting capital value as the basis for valuing land, Council believes that this more appropriately addresses the principles of taxation and is a better indication of capacity to pay.

Council does not determine property valuations but chooses to exercise the right under Section 151 of the Local Government Act 1999 to adopt the capital valuations provided through the State Valuation Office on an annual basis.

4.2 Minimum Rate

Council will impose a Minimum Rate to properties in accordance with the provisions contained within Section 158 of the Local Government Act 1999, and will not apply to more than 35% of all properties pursuant to Section 158 (2)(da) of the Local Government Act 1999.

The imposition of a Minimum Rate ensures all ratepayers are contributing a minimum amount to Council's ongoing maintenance and capital costs.

4.3 General Rates

4.3.1 Land Use

Council will apply differential general rates by land use based on the capital valuation of rateable properties. In accordance with Regulation 14 (Differentiating Factors) of the Local Government (General) Regulations 2013, the following land use categories are used for rating purposes:

- (1) Residential
- (2) Commercial – Shop
- (3) Commercial – Office
- (4) Commercial – Other
- (5) Industrial – Light
- (6) Industrial – Other
- (7) Primary Production
- (8) Vacant Land
- (9) Other
- (10) Marina Berth

The State Valuation Office determines the land use of each assessment based on the predominant use of the land.

4.3.2 Differential Rate Methodology

Council has determined that the following land use categories have the same differential rate (rate in the dollar):

- *Residential*
 - *Commercial (Shop, Office and Other)*
 - *Industrial (Light and Other)*
 - *Other*
 - *Marina Berth*
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The land use categories of Primary Production and Vacant Land will have the following differential rate (rate in the dollar) applied::

- *Primary Production*
Primary Production rate in the dollar is to be set at 20% less than the Residential rate in the dollar (ie 80% of Residential).

This reduced differential rate is to acknowledge the importance and significance of Primary Production to our community.

- *Vacant Land*
Vacant Land rate in the dollar is to be set at 15% higher than the Residential rate in the dollar (ie 115% of Residential).

This increased differential rate is to encourage development of vacant land and reduce investment holdings.

4.4 **Maximum Increase on Rates ('Rate Capping' Rebate)**

Council will apply a maximum increase on rates in accordance with Section 166(l)(i)(ii) of the Local Government Act 1999. A maximum increase of 10% will apply to all assessments within the Council area on the general rates liability, except in the following circumstances:

- Where the increase is due to a valuation increase which has occurred as a direct result of capital improvement or development of the land; or
- Where the ownership of the property has changed since 1 July of the preceding financial year and the new owners have purchased the property at the current market value; or
- Where an application to change the use of the land has been lodged and a subsequent change in land use has occurred; or
- Where a boundary realignment, subdivision or amalgamation has occurred, therefore the property is a different property to the previous financial year for valuation purposes (with the exception of subdivisions to facilitate land acquired by any government entity eg for the purpose of drain construction or alteration).

The 'rate capping' provision aims to provide relief to those ratepayers who may be unfairly affected due to the change to the basis of rating (implementation of 'land use' based rating), and to minimise significant rate increases where volatile valuation movements have occurred.

The impact of rate capping will be reviewed on an annual basis and the rate cap percentage adjusted accordingly as determined by Council.

5. **Service Charges**

Council will apply a service charge for the provision of the following services:

5.1 **Mobile Garbage Bin Collection and Disposal Service**

Council will recover the cost of providing a kerbside waste/recycling collection to serviced properties in accordance with legislation and Council's 'E008 – Mobile Garbage Collection and Disposal Policy'.

5.2 **Community Wastewater Management System**

Council will recover the cost of providing a Community Wastewater Management System (CWMS) to defined properties within the Kingston township. Council aims to recover the cost of operating and maintaining the service through the imposition of a service charge, which are declared as follows:

- Vacant
- Occupied

CWMS Service charges will be levied in accordance with the Local Government Act 1999 and the '*Code for Establishing and Applying Property Units as a Factor for the Imposition of Annual Service Charges for Community Wastewater Management Systems*' as prescribed in Regulation 12 of the Local Government (General) Regulations 2013.

6. **South East Natural Resource Management Levy**

Council is in the South East Natural Resources Management (SE NRM) area and is required under the Natural Resources Management Act to make a specified annual contribution. Council will collect the levy by imposing a separate rate against rateable properties within the Council area (contiguous properties and Single Farm Enterprise will have levies applied in accordance with legislation).

The SE NRM Plan requires Council to collect their levy using a fixed charge based on land use, pursuant to section 95 (3)(a)(iii) of the Natural Resource Management Act 2004.

Revenue from this levy is not retained by the Council, nor does the Council determine how the revenue is spent.

7. **Objection to Valuation and/or Land Use**

7.1 **Valuation**

If a ratepayer is dissatisfied with the valuation made by the Valuer- General then an objection may be made to the State Valuation Office in writing within 60 days of receiving the notice of the valuation (1st rate notice), explaining the basis for the objection, provided they have not:

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

All objection forms are to be lodged to the State Valuation Office, and addressed to:

State Valuation Office
GPO Box 1354
ADELAIDE SA 5001
Email: lsgobjections@sa.gov.au
Phone: 1300 653 345
Fax: 8226 1428

Valuation objection forms are available on the Land Services website www.sa.gov.au or from the Council office. The valuation objection will be considered by the State Valuation Office and Council will receive notification of the outcome.

Council has no role in this process and the lodgement of an objection does not change the due date for the payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by Council.

7.2 **Land Use**

If a ratepayer believes that a property has been wrongly classified as to its land use, then an objection may be made within 60 days of being notified of the land use classification. Council may exercise its discretion to extend the allowable objection period where it can be shown there is reasonable cause.

Land use objection forms are available on Council's website or from the Council office. The Land use objection will be considered by the State Valuation Office and Council will receive notification of the outcome.

The lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

8. Single Farm Enterprise

Primary producers are able to apply to be considered as a Single Farm Enterprise for the purposes of the SE NRM Levy and application of the minimum rate in accordance with Section 152 (2)(d) and 158(2)(bb) of the Local Government Act 1999.

An application form can be obtained from the Council office or Council's website, and Council will inform the community of this provision on an annual basis. Applications must be received by 31 March to be applicable for the following financial year.

9. Assistance Available

9.1 Rate Rebates

9.1.1 Mandatory Rebates

Council has determined that rebates of rates will be granted when the applicant satisfies the requirements for a mandatory rebate in accordance with Section 159-165 of the Local Government Act 1999 being:

- Health Services
- Community Services
- Religious Purposes
- Public Cemeteries
- Royal Zoological Society of SA
- Educational Purposes

9.1.2 Discretionary Rebates

Ratepayers are able to apply to be considered for a discretionary rebate in accordance with Section 166 of the Local Government Act 1999. Discretionary rate rebate applications will be considered by Council in accordance with Council's 'Rate Rebate Policy (FA005).

9.2 Postponement of Rates for Seniors

Any person holding a State Seniors Card issued by the State Government may make application to Council for a postponement of the prescribed proportion of rates for the current or future financial years.

All applications of postponement will need to be considered in accordance with the relevant legislative provisions.

9.3 Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship may seek assistance from Council. Ratepayers should contact the Council office to confidentially discuss payment options.

10. Payment of Rates

In accordance with Section 181 of the Local Government Act 1999, rates will fall due in 4 approximately equal instalments payable on the 1st business day of the following months:

- September
- December
- March
- June

Rate notices will be issued quarterly (at least 30 days and no more than 60 days) before payment is due. The total outstanding balance of rates may be paid at any time.

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.

Council offers the following payment options:

- Paying in person at the Council office
- Mailing the payment by post
- Credit Card phone payment
- BPay
- Direct Debit (Fortnightly, Quarterly or Annual)
- EFT Transfer

11. Late Payment of Rates

The Council will impose a penalty of a 2% fine on any late payment for rates in accordance with Section 181 (8) of the Local Government Act 1999. This fine may be remitted in whole, or in part, at the Council's discretion.

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.

12. Review of Policy

The effectiveness of this Policy will be reviewed on an annual basis.

13. Availability of Policy

This Policy is available for inspection at the Council Office, on the Council website www.kingstondc.sa.gov.au, and persons may obtain a copy of this Policy upon payment of the fee fixed by the Council.

14. Adoption of Policy

This Policy was adopted by the Council at its meeting held on 24 March 2017, resolution number 9749.

This policy was reviewed by Council at its meeting held on 26 May 2017, resolution number 9802.
