

Rating Policy

Strategic Reference	CVP Leadership, Strategy 3.2 – Council takes a responsible approach to financial sustainability. CVP Leadership, Strategy 3.7 – Council Members demonstrate ‘good governance’ in their roles.
File reference	AR20/11413
Responsibility	Community & Corporate Department
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Minutes reference	202/23, 173/23, 164/22, 129/21, 156/20, 214/19
Next review date	June 2024
Applicable Legislation	Local Government Act 1999 Local Government (Financial Management) Regulations 2011 Valuation of Land Act 1971
Related Policies	Debt Recovery & Financial Hardship Policy
Related Procedures	N/A

1. Purpose

The purpose of this policy is to set and collect rates from its community in accordance with Chapter 10 of the *Local Government Act 1999* (the Act). The Act provides the framework which Council must operate.

All land within a Council area, is rateable, except for land specifically exempt (e.g. crown land, Council occupied land and other land prescribed in the Act).

2. Policy Principles and Objective

Councils are required to raise revenue for governance, administration and the delivery of appropriate goods and services to the community. Rates are not a fee for service; they constitute a system of taxation for Local Government functions and purposes which are defined in the Act.

Council may also raise separate rates and service rates or charges for specific areas of the Council. In addition, Council raises revenue through service charges for community wastewater management schemes, non-potable water schemes and kerbside waste management collection.

Council fees and charges are set giving consideration to the cost of the service provided.

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

Equity – taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more tax (vertical equity);

Benefit – taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid;

Ability 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 (e.g. tobacco taxes); if a tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour the tax is inefficient; and

Simplicity – the tax must be understandable, hard to avoid and easy to collect.

Council's Rating Policy is underpinned by:

- Accountability & professional ethics
- Community engagement
- Transparency
- Consistency with the strategic directions of Council
- Compliance with relevant legislation.

3. Implementation

In setting its rates, Council considers the following:

- Community Vision Plan
- Long Term Financial Plan & Asset Management Plans
- Recurrent and project expenditure and income resources required for the delivery of services documented in annual business plans & budgets
- The impact of rate changes on all ratepayers in the Council area
- Extreme changes in valuation and how their effect can be minimised in setting rate levels
- Recent development approval trends and growth expected for the area
- Increased use of "user pays" cost recovery systems

4. Valuation Methodology

Council adopts capital value as the basis for rating within the Council area (defined as the value of the land and all improvements on the land). Council considers that this method provides the most equitable way to distribute the rate burden across the district.

Capital values are used to determine:

- Council rates
- Emergency Services Levy; and
- Water and sewerage rates

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Property values are determined by comparing a property to that of similar properties recently sold, with appropriate adjustments made for any differences. Property values are determined by the Valuer General annually and reflect the level of the market at 1 January each year. The new valuations take effect from 1 July in the same year and may be used by State and Local government for rating and taxing (where applicable).

5. Differential General Rates

Council applies 'differential' rates – for the basis of rating.

Definitions of the use of the land are prescribed by regulation and are as follows:

- (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) Bulk Handling Zone

6. Fixed Charge

Council imposes a fixed charge on the following basis:

- Council considers it appropriate that all rateable properties make a contribution to the cost of administering Council activities and creating and maintaining the physical infrastructure that supports each property; and
- A fixed charge rating system reduces the impact of volatility in the real estate market.

Council services are provided and available relatively uniformly to all ratepayers, and property values vary, Council considers it equitable to recover the costs of such services by way of a uniform fixed charge, set at an appropriate level.

Where two or more adjoining properties have the **same owner and occupier** – only one fixed charge is payable by the ratepayer Properties will be classified as adjoining if:

- the relevant blocks are contiguous according to the Local Government Act 1999;
- they have the same owner and occupier;
- all blocks are vacant land; or
- the owner lives at one property and the remaining are attributed land use code - vacant land.

7. Separate Rates & Service Charges

7.1 Community Wastewater Management Schemes (CWMS)

This service charge is set to recover the costs associated with operating, maintaining and developing the Community Wastewater Management Schemes (CWMS) in townships throughout the Council area.

Council manages CWMS for the areas of Taillem Bend, Meningie, Tintinara and Wellington East.

7.2 Water Supply

Council provides non-potable & non-drinking water supply systems to residential and commercial properties in the townships of Wellington East and Peake.

Council recovers the cost of these services through a service charge.

7.3 Kerbside Waste Management

Council provides a comprehensive kerbside waste management collection service, including a yellow recycling bin, green organic waste bin and red residual general waste bin to divert recyclables and green organics waste from landfill dumps.

A separate charge per property to which the service is made available is levied to recover the costs to provide that service.

Regulation 13 of the Local Government (General) Regulations provides that residents who do not have their bins picked up at their property are entitled to a reduction in the waste management charge on a sliding scale:

- Up to 500 metres from property access point – full charge
- 500 metres to 2 kilometres – 75% charge
- 2 kilometres to 5 kilometres – 50% charge
- Over 5 kilometres – no charge

8. Regional Landscape Levy

The Regional Landscape Levy (previously known as the NRM Levy) is a State Government Tax which councils are required to collect in accordance with the *Landscape South Australia Act 2019*. Council is required to make a specified contribution to both the Murraylands & Riverland Landscape Board and the Limestone Coast Landscape Board. It does so by imposing a separate rate against all rateable properties.

For the council areas covered by the Murraylands & Riverland Landscape Board, the levy is calculated by the Rate in Dollar calculation against property capital valuations.

The Limestone Coast Landscape Board determine the Fixed Charge levy for the following land uses and is applied per assessment:

- a) Residential, Vacant & Other;
- b) Commercial – Shop, Office or Other;

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- c) Industrial – Light or Other; and
- d) Primary Production

The Regional Landscape Levy is shown as a separate charge on the rates notice. Council does not retain revenue collected from this levy, nor does Council determine how the State Government spend the raised revenue.

For further information regarding this levy, or the work the levy supports, enquiries should be directed to: Murraylands & Riverland Landscape Board and/or the Limestone Coast Landscape Board at www.landscape.sa.gov.au or phone:

- Murraylands & Riverland Landscape Board:
- Limestone Coast Landscape Board:

9. Single Farm Enterprise

A single farm enterprise (SFE) is defined in Section 152(2)(d) of the Act which provides that where a Council declares a general rate which is based in whole or in part, on a fixed charge:

“If two or more pieces of rateable land within the area of the Council constitute a single farm enterprise only one fixed charge may be imposed against the whole of the land”.

- the relevant eligibility criteria of the definition of single farm enterprise are that,
 - (i) both pieces (current assessments) are farm land and they are farmed as a single enterprise and they are occupied by the same persons, regardless of contiguity or,
 - (ii) that all pieces except one are farm land and they are farmed as a single enterprise and they are occupied by the same persons and that one piece (contiguous with at least one of the other pieces), is the principal place of residence of one of those persons;
- farm land is defined as land used wholly or mainly, for the business of primary production; and
- primary production is defined at regulation 14(1)(g) of the LG (General) Regulations 2013.

10. Payment of Rates

Rates are declared annually and may be paid by a single payment, or in four quarterly payments which are payable:

- September
- December
- March
- June

Due dates are specified on each rates notice.

11. Rate Capping

Council provides a rate capping rebate in the form of relief for what would otherwise amount to a substantial increase in rates payable to a ratepayer, due to rapid changes in valuation. Council provides a capping of 15% for all rating categories, on application.

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Ratepayers are eligible for the rate capping rebate where their general rates plus fixed charge (excluding CWMS charges, water supply charges, waste management collection service and/or Landscape Levy) have increased by more than 15%, calculated based upon rates payable before the application of any cap, discount, rebate or remission, in the previous year.

Applications are subject to:

- the increase is not as a result of building improvements made to the land (regardless of when the development was undertaken); or
- the increase is not as a result of change of land use of the land; or
- the increase is not as a result of rezoning of the land; or
- ownership of the land has not changed since the previous financial year

12. Adoption of Valuations

Council must adopt the most recent valuations available from the Valuer-General as close as practicable to 30 June.

If a ratepayer is dissatisfied with a property valuation made by the Valuer General, they may object in writing to the Valuer General within 60 days of receiving the first notice of the valuation, 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.

Under the *Valuation of Land Act 1971* the Valuer General has the discretion to extend the allowable objection period where it can be shown there is reasonable cause.

13. Land Use Objections

If a ratepayer believes a property has been wrongly classified as to its land use, an objection may be made to Council within 60 days of being notified of the land use classification. An Objection to Land Use Code form must be completed in order for the request to be considered by Council, before being referred to Land Services for actioning. Council may exercise its discretion to extend the allowable objection period where it can be shown there is reasonable cause.

NOTE: 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.

14. Availability/Accessibility

This policy is available for inspection at Council's offices during normal business hours & Council's website and will be emailed to interested parties on request (please lodge request in writing via email to council@coorong.sa.gov.au).

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15. Document History

This Policy shall be reviewed annually or more frequently if legislation or Council requires.

Version	Adopted	Minute No	Description of change(s)
1	1 August 2019	214/19	Cyclical review following commencement of new council
2	21 July 2020	156/20	Cyclical review
3	29 June 2021	129/21	<p>Purpose, Policy Principles and Objective – clauses consolidated</p> <p>Inclusion of 'Zoning – Bulk Handling' as a land use definition under Differential General Rates</p> <p>Inclusion of sliding scale for kerbside waste management under Separate Rates & Service Charges</p> <p>New clause – 'Extraordinary Provision – COVID-19'</p> <p>Removal of clauses either considered operational in nature or they now appear in Debt Recovery & Financial Hardship Policy</p>
4	19 July 2022	164/22	<p>Strategic references in header table updated to reflect Community Vision Plan 2021 – 2025</p> <p>Removal of 'Extraordinary Provision – COVID-19' clause as a result of the revocation of the state Emergency Declaration issued 24 May 2022</p>
5	5 July 2023	173/23	<p>Minor formatting changes</p> <p>Section 11 – Rate Capping: updated to 15% rate cap per 2023/24 Annual Business Plan</p> <p>Section 12 – Valuation adoption date amended to 'as close as practicable' to 30 June. This allows Council to adopt the most recent valuations available to Council at the time of adopting its budget.</p>

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			Policy review date amended to annually
6	15 August 2023	202/23	<p>Section 9 amended to provide clearer definitions on single farm enterprises.</p> <p>Section 11 amended to provide for greater clarity around rate capping.</p>