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**1. PREAMBLE**

This Policy sets out the basis for determining and collecting rates from its ratepayers

**1.1 Background**

Rates constitute a system of taxation for Local Government generally based on the value of land. Council’s primary source of revenue is derived from rates. Rate revenue is used to provide an extensive range of services to its community, based on Councils strategic directions and financial considerations. The Act prescribes the legislative basis for imposing, setting, declaring and paying of rates.

**1.2 Purpose**

Council’s rate structure and policies are required to be set as part of the annual business plan and budget process. This policy outlines Councils approach and principles in the setting and collecting of rates from its ratepayers.

**1.3 Scope**

This policy applies to all ratepayers of the City of Holdfast Bay.

**1.4 Definitions**

**Act** – Refers to *Local Government Act 1999*.

**Ratepayer** – a person or entity whose name appears in the assessment record as the owner or occupier of a rateable property.

**Rating** – the overall process of raising revenue by way of levying rates and charges.

**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 be expected to realise upon sale, including all buildings and improvements.

**Rate in the Dollar** – The multiplying factor applied to the assessed property value to determine the amount of rates. It is determined annually by dividing the total amount of rate revenue required by the total value of the relevant rateable properties.

**Cents in the dollar** – The rate in the dollar multiplied by 100 to give the amount of cents applicable in the dollar on the capital value of the land.

**General Rate** – The rate in the dollar that applies to a rateable property in the calculation of the rate payable by the ratepayer for the services provided by Council.

**Differential General Rate** – The rate in the dollar that applies to a category or categories of land use that is different to the rate applicable to the other land use categories.

**Residential Rate Cap** – The maximum increase in the general rate set by Council charged on residential rateable land that is the principal place of residence of a principal ratepayer in accordance with Section 153 of the Act.

**Separate Rate** – The rate in the dollar applied to a certain number of rateable properties for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or intended to be, of particular benefit to the land, or occupiers of the land. It is an additional valuation based charge that is for a specified purpose.

**Postponed Rates** – Rates postponed under Section 182 or 182A of the Act.

**Rebates** – The amount that a rate may be reduced in accordance with Chapter 10, Division 5 of the Act.

**Remissions** – Reductions in the amount payable granted in accordance with Section 182 of the Act.

**Seniors** – a person who holds a South Australian State Seniors Card.

**LGPI** – Local Government Price Index which represents the movement of prices associated with the goods and services consumed by Local Government in South Australia.

### 1.5 Strategic Reference

Community: Fostering an engaged and contributing community

Economy: Supporting and growing local business

Economy: Making it easier to do business

Culture: Providing customer-centered services

Culture: Being financially accountable

Culture: Supporting excellent, efficient operations

## 2. PRINCIPLES

### 2.1 General Principles

Rates constitute a system of taxation on the community for Local Government purposes generally based on the value of land which reinforces the equity principle that property value is a relatively good indicator of wealth.

Council's powers to raise rates are contained in Sections 123 and 150 of the Act and Regulation 6 of the Local Government (Financial Management) Regulations 2011.

The objective of this policy is to ensure that the amounts of rates levied is equitably applied and collected across the community while collecting a minimum contribution from ratepayers.

Rates are not to be seen as a user pays system as the benefits received by the community can differ over the life cycle of a ratepayer.

In setting its annual rate revenue requirements Council considers its Long Term Financial Plan, its annual business plan and budget considerations, the current economic climate, the consumer price index and LGPI.

Consideration is given to the effect of the required rate revenue distribution on differing ratepayers including those with land assessed as residential, commercial, industrial, vacant or other.

Once the annual rate revenue requirements are determined, Council sets a rate in the dollar ensuring that in times of high annual property valuation increases additional rate revenue is not received.

### 2.2 Rating Structure

#### 2.2.1 Method Used to Value Land

Under Section 151 of the Act, Council may adopt one of the following valuation methodologies to determine the value of property within the City:

- 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 the use of the land, excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

Council uses the Capital Value as the basis for valuing land as it provides the fairest way to distribute rates across all ratepayers. It is considered that the improved property value is a good indicator of wealth and ratepayers of similar wealth pay similar taxes.

### 2.2.2 Adoption of Valuations

Council pays for and receives capital valuations on an annual basis from the Valuer-General of South Australia. 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 and other lodgement requirements and conditions for the Valuer- General are included on the rates notice.

### 2.2.3 Method of Rating

The Act permits Councils to differentiate rates based on land use. Given differing community service needs and factors affecting land valuations between residential, commercial and industrial land, Council is of the view that a differential general rate is the most equitable way to levy rates.

Council applies a differential rate to vacant land in order to encourage land improvement. Vacant land is considered to be improved when a concrete foundational slab is constructed. On application Council will change the land use to residential provided a concrete slab is constructed prior to 31 July each rating year.

Council reviews annually the additional percentage to apply to Commercial, Industrial and Vacant Land properties. The assessment is based on the level of services that are required by the business community to ensure continued economic growth and employment.

### 2.2.4 Minimum Rate

Council imposes a minimum rate in accordance with section 158 of the Act. Council considers it appropriate that all rateable properties make a base level contribution to the cost of general Council services and infrastructure maintenance, renewal and replacement.

The amount of the minimum rate is assessed annually and increased after taking into consideration the applicable rate revenue requirements.

The Act does not permit the minimum rate to apply to more than 35 per cent of properties. Where two or more adjoining properties are owned and occupied by the same owner one minimum rate is applicable. Section 158(2) of the Act provides direction on which properties are exempt for the minimum rate.

### 2.2.5 General Rate Cap (Maximum Rate Increase)

Council makes a determination on an annual basis on the maximum rate increase for residential properties to provide relief against large

increases or anomalies in valuations. This is provided under Section 153 (3) and (4) of the Act.

The rate cap applies to the principal place of residence. Applicable ratepayers need to apply for the relief by lodging the appropriate form obtained from Council.

The residential rate cap does not apply if any of the following conditions arise:

- Improvements are made to the property in excess of \$5,000, or
- Changes to the zoning of the rateable assessment, or
- Land use being different between current financial year and previous financial year rate declaration dates, or
- Change in ownership of the rateable property since the start of the previous financial year.

Rate capping does not apply to assessments that are not the principal place of residence of the ratepayer. This restricts the ability to apply a rate cap to commercial, industrial and vacant land assessments.

Rate relief for commercial, industrial and vacant land assessments is available by a discretionary rebate under section 166(1) (l) of the Act, detailed within this policy under 2.5.2 Discretionary Rebates of Rates.

### **2.2.6 Separate Rate – Jetty Road Glenelg Mainstreet**

Under Section 154 of the Act, Council imposes a Separate Rate to promote and enhance business viability, profitability and trade commerce and industry, which provides benefits to the Jetty Road, Glenelg District Centre Zone.

The separate rate is imposed on all rateable land within the geographical area as described below:

- With a frontage to Jetty Road Glenelg or Moseley Square; and
- Within the side streets that intersect with Jetty Road Glenelg, between High Street and Augusta Street; and
- The entire site referred to as the Holdfast Shores 2B Entertainment Centre; and
- With a land use category 2 (Commercial – Shop), 3 (Commercial - Office), and 4 (Commercial - Other).

The Jetty Road Mainstreet Committee recommends to Council annually the amount to be raised and projects to be administered.

### **2.2.7 Separate Rate – Patawalonga Marina**

Under Section 154 of the Act, Council imposes a Separate Rate to fund the ongoing maintenance and upkeep of the Boat Lock in the Patawalonga basin.

The separate rate is applied to those properties that are within the Patawalonga basin bounded by the high water mark and comprises marina berths.

An upper limit on the Patawalonga Separate Rate is determined annually to ensure anomalies in valuations are addressed.

### **2.2.8 Regional Landscape Levy**

Council is required under the Landscape South Australia Act 2019 to make a specified contribution to the Green Adelaide Board.

The Regional Landscape Levy is a State Government Tax, and the Board determines the projects to be undertaken.

Council is an income collector for the Board and does not retain the income or determine how the income is spent.

Council collects a fee from the Board for administrative costs of collecting the levy. The amount is determined annually by the Board and is based on a fixed fee and an amount per assessment.

Contact details for the Green Adelaide Board are included on Councils rate notice.

### **2.2.9 Rate Declaration (to be updated each financial year)**

Sections 153 and 154 include the requirements for declaring rates. Rates are not to be declared until after Council has adopted its annual business plan and budget for the financial year to which the rate relates.

Section 170 requires a notice of declaration of rates to be published within 21 days of the declaration.

For the 2021/22 financial year the following rates information is applicable:

- Net differential general rate revenue \$37,049,400.
- Total operating revenue budget \$71,833,561.
- Differential general rate of 0.00243117 rate in the dollar.
- Additional 63% percentage to apply to Commercial, industrial, vacant land properties equating to a differential general rate of 0.00396404 rate in the dollar.
- Minimum rate \$1,045 affecting 25.86% rateable properties equating to residential capital value of \$429,834 and commercial/industrial/vacant capital value of \$263,620.
- Maximum rate increase for residential properties – 6%.
- Separate Rate – Jetty Road Mainstreet – 0.00131985 rate in the dollar.
- Separate Rate – Patawalonga Marina – 0.00986446 rate in the dollar.
- Maximum rate – Patawalonga Marina - \$825.
- Regional Landscape Levy – 0.0000936015 rate in the dollar.
- Instalment Due Dates: 1 September 2021; 1 December 2021; 1 March 2022; 1 June 2022.

- Prescribed interest rate for rates postponed for seniors 3.05% p.a.
- Prescribed interest rate for outstanding rates 5.05% p.a.

### 2.3 Payment of Rates

#### 2.3.1 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. A ratepayer may elect to pay in full or by instalments prior to the due date/s. Details of the exact due dates are determined by Council on an annual basis and provided on the rates notice.

#### 2.3.1 Payment Methods

Council provides various methods to enable payment of rates. These are detailed on the rates notice.

#### 2.3.2 Alternative Payment Arrangements

Any ratepayer who may, or is likely to experience difficulty with meeting standard payment instalments can contact Council to discuss options for alternative payment arrangements. Such enquiries are treated confidentially.

Alternate payment options include weekly, fortnightly and monthly payments provided amounts owing are paid in full by 30 June of that financial year.

Unless arrangements are made under Councils financial hardship policy all ratepayers who enter in an arrangement within this section of the policy will continue to have fines and interest charged on the outstanding amount in accordance with Section 181 of the Act.

Debt recovery action will be suspended whilst the terms and conditions of the arrangement to pay have been met. In the event that the arrangement is not met the total amount becomes payable and is subject to normal debt recovery procedures.

#### 2.3.3 Financial Hardship

Financial hardship is considered when a change in circumstances affects the ability of a ratepayer to pay rates.

Council has in place a separate Financial Hardship Policy and Procedure which references legislative provisions and details the objectives, principles, options and processes for dealing with financial hardship. This ensures rate relief assistance is provided in a consistent, equitable, fair, responsive and confidential manner.

Ratepayers can apply for rate relief to Council by completing a prescribed form either on-line via Council's website, directly in person or via email, or through a financial counselling service.

Council's preference is for the applicant to seek professional financial counselling support to assist them in the process. Council will assist in referring applicants where required.

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

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

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

Postponement is available on the principal place of residence and provided no other person, other than a spouse has an interest as the owner of the property. An application must be made on a prescribed form available from Council either in person or via Council's website.

The deferred amount is subject to a monthly interest charge as prescribed under Section 182A (12) of the Act, with the accrued debt being payable on the disposal or sale of the property. The debt can be paid earlier at the ratepayer's discretion.

### **2.3.5 Concessions**

The State Government provides a "cost of living" concession to assist those on low or fixed incomes with expenses such as Council rates, energy and medical bills. Ratepayers can determine eligibility and apply by contacting the Concessions SA website [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions). The concession is paid directly to the successful applicant and is not provided via a rates notice.

## **2.4 Collection of Rates in Arrears**

### **2.4.1 Late Payment of Rates**

Section 181 (8) of the Act requires Council to impose a penalty of a 2% fine on any rates payment not paid by the instalment or applicable due date.

Council will provide ratepayers with a grace period of at least three working days after the due date after which fines are imposed for late payment.

At the expiration of each full month from the due date interest is charged at the prescribed percentage as per Section 181 (17) of the Act will be added on any balance including interest not paid.

Any remission of penalties will be made in accordance with Council approved delegations taking into consideration each case on its merits based on the ratepayer information provided.

### **2.4.2 Debt Recovery**

Council will issue one overdue fines notice for payment of rates when rates are unpaid by the due date. Should rates remain unpaid more than ten calendar days after the date of issue of the overdue notice and the amount is greater than half the residential minimum rate of the applicable financial year, Council will refer the debt to a debt collection agency for collection.

The debt collection agency will charge collection fees to Council which it will pass on to the relevant property. All fees and court costs incurred are recoverable from the ratepayer.

Payments received in respect of overdue rates will be applied in accordance with Section 183 of the Act as follows:

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

### **2.4.3 Sale of Land for Non-Payment of Rates**

Under Section 184 of the Act Council has the power to sell property where rates have been in arrears for three years or more.

Council will not enforce this action where unusual or extraordinary circumstances exist, including deceased estates and situations of abnormal hardship for which the hardship provisions apply.

Council recognises the severe impact that such action would have on a property owner and accordingly this action is generally considered as a last resort. Council will be informed by a confidential Council report of actions in this regard once rates have been in arrears for three years.

This action will only be instigated after a series of steps have been taken:

- Where rates outstanding have been in arrears for two years a written notice will be issued to the ratepayer encouraging a suitable payment plan to eliminate outstanding rates. The ratepayer will also be advised of the Council powers in accordance with section 184 of the Act.
- If rates are in arrears for three years, a further notice will be issued advising of Council's option to sell the land. The owner will be notified of:
  - the period for which the rates have been outstanding;
  - details of outstanding amounts; and
  - Council's option to sell the land if a twelve month payment plan to pay the rates in full is not entered into.

- If rates remain in arrears for four or more years written notice will be issued to the ratepayer and any other interested parties advising that action to recover overdue rates will be commenced in accordance with Section 184.
- The ratepayer will be required to pay all amounts in arrears, legal and other costs incurred by Council.
- Throughout the process the ratepayer will continue to receive quarterly rate notices and incur fines and interest on any rates balance that remains unpaid.
- Normal recovery action will be suspended whilst the terms and conditions of any agreed payment plan are met.

### 2.5 Rebates of Rates

#### 2.5.1 Mandatory Rebates

A rebate of rates is available only when the requirements under the relevant sections of the Act are met.

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

- Section 160 – Health Services 100% rebate
- Section 161 – Community Services 75% Rebate
- Section 162 – Religious Purposes 100% Rebate
- Section 163 – Public Cemeteries 100% Rebate
- Section 164 – Royal Zoological Society SA 100% Rebate
- Section 165 – Educational Purposes 75% Rebate

Where Council is satisfied from its own records, or from other sources, that a person or body meets the necessary criteria for a mandatory rebate, Council will grant the rebate.

#### 2.5.2 Discretionary Rebate of Rates

Council may grant a discretionary rebate in any of the cases as set out in Section 166 of the Act.

Person or bodies seeking a discretionary rebate are required to submit an application on a prescribed form.

New applications will be received and assessed annually for the upcoming financial year and will be received up to 30 April of each year. The applicant will be advised in writing of the outcome prior to 30 June each year.

Council has delegated authority to the General Manager Strategy and Corporate, Manager Financial Services and Rates Administrator to make decisions in respect of discretionary rebates unless referral to Council is otherwise required.

The delegated officers will assess each application in a fair and reasonable manner having regard to the following criteria approach:

- The application is considered on its individual merits;
- the nature and extent of Council services provided in respect to the land for which the rebate is sought in comparison to similar services provided elsewhere in its area;
- the community need that is being met by activities carried out on the land for which the rebate is sought;
- the extent to which activities carried out on the land provides assistance or relief to disadvantaged persons;
- Any other matter considered relevant by Council.

The delegated officers will review discretionary rebates every four years.

Section 166(1) (l) of the Act deals with discretionary rebates to provide relief when substantial changes occur in the rates payable by a ratepayer due to the follow occurrences:

- redistribution of rates arising from changes in the rating structure; or
- A change to the basis on which the land is valued including rapid valuation changes or anomalies.

When the above conditions apply Council may grant relief to all ratepayers including those who own commercial, industrial and vacant properties.

### 3. REFERENCES

#### 3.1 Legislation

- *Landscape South Australia Act 2019*
- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- *Valuation of Land Act 1971*

#### 3.2 Other References

Financial Hardship Policy