

 Adelaide Plains Council	Rating Policy	
	Version Adopted by Council:	25 September 2023
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	Administered by: Director - Finance	Last Review Date: 2023 Next Review Date: 2024
Document No: D23/36474	Strategic Objective: Proactive Leadership Strategic and sustainable financial management Proactively engage in Local Government Reform and continuous improvement.	

1. Objective

1.1 Section 123 of the *Local Government Act 1999* (the Act) requires Councils, as part of the Annual Business Plan, to have a rating policy which must be prepared and adopted each financial year in conjunction with the declaration of rates. The Council's power to raise rates and the framework within which the Council must operate is outlined in Chapter 10 of the Act.

1.2 The purpose of this policy is to: -

- provide a clear understanding of the process for determining rates on an annual basis.
- provide guidance that the Adelaide Plains Council adheres to when setting and collecting rates from its community.

2. Scope

2.1 Council's decision regarding its rating is underpinned by:

- accountability and transparency with its community;
- equitable and fair distribution of the general rate responsibility across the whole community; and
- consistency with Council's strategic and financial direction and budgetary requirements.

2.2 Therefore, this policy outlines the principles governing: -

- Council's revenue raising powers;
- Principles of taxation;
- Method used to value land;
- Adoption of valuations;
- Differential general rates and fixed charges;

- Service charges;
- Regional Landscape Levy;
- Payment of rates and payment plans;
- Late payment of rates and collection of overdue rates;
- Remission and postponement of rates;
- Rebate of rates; and
- Sale of land for non-payment of rates

3. Definitions

Council – refers to the Adelaide Plains Council;

Contiguous land (adjoining land) are parcels of land which abut (touch) one another or are separated only by certain types of public land. Under section 149 of the Act, for the purposes of rating, land will be considered contiguous where:

- the owner or occupier of all the land concerned is the same;
- all the land is used for the same purpose as defined by the Valuer-General.

Pieces of land will be taken to be contiguous if they abut (touch) one another at any point or if they are separated only by:

- a street, road, lane, footway, court, railway, thoroughfare or travelling stock route;
or
- a reserve or other similar open space dedicated for public purposes.

Strategic Documents – refers to Council’s Strategic Management Plan, Infrastructure and Assets Management Plan and Long-Term Financial Plans

Single Farm Enterprise – A single farm enterprise must be comprised of two or more pieces of rateable land, which are farmland and are occupied by the same person or persons.

Section 152 of the Act defines a “single farm enterprise” as:

- a) a land which is used wholly or mainly for the business of primary production as a single enterprise and is occupied by the same person or persons. The land which constitutes the single farm enterprise need not be adjoining parcels of land.
- b) Where the land has upon it a dwelling which is used as a principal place of residence for one of the occupiers, the land with the dwelling must adjoin at least one of the other pieces of land used for the single farm enterprise.
- c) If different persons occupy any of the allotments which constitute the farm, then a single farm enterprise does not exist.

The definition imposes an absolute requirement that all of the occupiers must be the same for all the allotments comprising the single farm enterprise (regardless of who may own the land).

Where multiple dwellings are located on a farming enterprise it will be necessary for Councils to be advised of every occupier in order to assess whether a single enterprise exists.

4. Policy Statement

4.1 What are Rates?

4.1.1 Rates are levied as a tax on property in accordance with the provisions of the Act. They constitute a system of taxation for Local Government purposes.

4.1.2 Rates are not a service or user charge. For example, some property owners may choose to not use the library, but nevertheless make a contribution to the library service through their rates.

4.1.3 Because rates are levied on the value of property, those in higher valued properties pay more in rates than those in lower valued properties.

4.2 Strategic Focus

4.2.1 In adopting its rates for the 2023/2024 Financial Year, Council has considered its Strategic Plan 2021-2024, the current economic climate, specific issues faced by the community and the budgetary requirements for the financial year.

4.3 Council's Revenue Raising Powers

4.3.1 The Act provides for a Council to raise revenue for the broad purposes of the Council through a general or differential rate which applies to all rateable land.

4.3.2 In accordance with the Act, all land within a council area is rateable, except for land specifically exempt under Section 147 (2) of the Act. This includes;

- unalienated Crown land;
- land used or held by the Crown or an instrumentality of the Crown for a public purpose (including an educational purpose), except any such land—
 - o that is held or occupied by the Crown or instrumentality under a lease or licence; or
 - o that constitutes domestic premises;
- land (not including domestic or residential premises) occupied by a university established by statute;

- land that is exempt from rates or taxes by virtue of the *Recreation Grounds Rates and Taxes Exemption Act 1981*;
- land occupied or held by the council, except any such land held from a council under a lease or licence;
- land occupied by a subsidiary where the land is situated in the area of the council that established the subsidiary or a constituent council (as the case may be);
- land occupied or held by an emergency services organisation under the *Fire and Emergency Services Act 2005*; and
- land that is exempt from council rates under or by virtue of another Act.

4.3.3 The Act provides for rates to be assessed against any piece or section of land subject to separate ownership or occupation and requires that the division of land for the purposes of establishing separate ownership and occupation be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of the council.

4.4 Principles of Taxation

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

- **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. Ratepayers should receive some benefit from the tax paid, but not necessarily to the extent of tax paid as rates are not a fee-for-service.
- **Capacity to pay.** This principle suggests that a person who has less capacity to pay should pay less; and those persons of similar means should pay similar amounts.
- **Administrative simplicity.** This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid. The tax must also be understandable and easy to collect.
- **Economic efficiency.** This refers to whether or not the tax distorts economic behavior. For example, a tax which is designed to change behavior, and the behavior changes, then the tax is considered efficient.
- **Policy consistency.** The principle that taxes should be internally consistent, and based on transparent, and predictable rules.

4.4.2 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.

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

4.5 Method Used to Value Land

4.5.1 Pursuant to Section 151 of the Act, Councils may adopt one of three valuation methodologies to value the land 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; and
- **Annual Value** – the valuation of the rental potential of the land.

4.5.2 Local Government reforms passed through SA Parliament will see site value removed as an option from the 2024/2025 Financial Year.

4.5.3 Council resolved to use Capital Value for the purpose of valuing land within the council area for the 2023/2024 Financial Year.

4.5.4 Council considers that this method of valuing land provides the fairest method of distributing the rates across all ratepayers because:

- property value is a good indicator of wealth. Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- as a measure of wealth, it most closely reflects property owners' capacity to pay; and
- it accords with the taxation principle, that people should contribute to the community social and physical infrastructure, in accord with their capacity to pay, as measured by property wealth.

4.5.5 Site value (value of land only) and annual value (value of rental potential of property) are not considered appropriate for the Council.

4.6 Adoption of Valuations

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

- 4.6.2 If a ratepayer is dissatisfied with the valuation made by the Valuer-General then they may object to the Valuer-General in writing 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 Valuer-General.
- 4.6.3 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.
- 4.6.4 The Council has no role in this process. It is also important to note that the lodgment of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice unless otherwise notified by the Council.
- 4.6.5 If an objection is upheld and a new value issued by the Office of the Valuer General, rates will be adjusted accordingly for the current financial year and an amended rate notice will be issued.
- 4.6.6 Retrospective adjustments will not be made for prior financial years.

4.7 Differential General Rates

- 4.7.1 Every resident will benefit from the general amenity of the Council area in some way, whether that is at the present time or in the future. The amenity includes the local economy, general Council operations and the option to use Council facilities.
- 4.7.2 However, Council has assessed that the level of differential rating imposed is governed in part by the;
- ability to pay;
 - the potential for income tax deductions; and
 - the perception of accessibility or usability of council services by the residents and consumers.
- 4.7.3 To this end, Council has determined the following.

a) Commercial Properties

Commercial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases commercial users have a greater impact on the main services such as road maintenance and generally derive a greater

benefit from the services provided. In addition, commercial properties have potential taxation benefits.

b) Industrial Properties

Industrial properties generally have available to them, their employees and customers the same services as other ratepayers. However, in most cases industrial users have a greater impact on the main services such as road maintenance and generally derive a greater benefit from the services provided, particularly where, for example, large amounts of raw or unrefined product is delivered to site for processing utilising Council's infrastructure. Similar to commercial properties, industrial properties have potential taxation benefits.

c) Primary Production Properties

Primary Production properties tend to be more remote from some of the services provided by Council. In terms of infrastructure adjacent to their properties, they may not have sealed or formed roads, footpaths or street lighting. However, they do have capacity to enjoy the formed roads, footpaths or street lighting and enjoy the same level of amenity as other residents of the Council area. Primary production properties also have potential taxation benefits.

4.7.4 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.

4.7.5 Land use categories as provided in the *Local Government (General) Regulations 1999* (regulation) are used as the basis of Council's general rate calculation.

4.7.6 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

- 4.7.7 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.
- 4.7.8 It is important to note that the lodgment 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.
- 4.7.9 For the 2023/2024 Financial Year, the Council determined that the following differential rates will be applied to all of its rateable assessments:

Land Use	Differential Rate in-the-Dollar	Relativity against Residential Rates
Residential, & Other	0.0038216	100%
Commercial & Industry	0.0055414	145%
Primary Production	0.0037452	98%
Vacant land	0.0045860	120%

4.8 Fixed Charge

- 4.8.1 Section 152 of the Act permits Council to impose a fixed charge. Adelaide Plains Council's rates are made up of both a fixed charge component and a variable (differential general rates) charge.
- 4.8.2 Council considers it appropriate that all rateable properties make a base level contribution (Fixed Charge) to the cost of providing Council services and to the cost of creating and maintaining the physical infrastructure that supports each property.
- 4.8.3 If two or more pieces of rateable land are *contiguous*, ratepayer may be eligible for a reduction in the fixed charge component of annual rates, meaning you only pay one fixed charge across all applicable properties.
- 4.8.4 Ratepayer will still be required to pay the *variable charge* for each piece of rateable land.
- 4.8.5 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.
- 4.8.6 As per the Act, Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component.
- 4.8.7 In the 2023/2024 Financial Year, Council adopted a fixed charge of \$185. This equates to approximately 8% of general rate revenue.

4.9 Service Charges

- 4.9.1 Council provides specific services for the benefit of specific properties for which service charges are applied.
- 4.9.2 Services charges may be raised to cover the cost of establishing, operating, maintaining, improving, and replacing such services.
- 4.9.3 Funds raised may not be immediately required until future capital expenditure is necessary for renewing or replacing assets used in the provision of the service. Council imposed the following service charges for the 2023/2024 Financial Year.
- 4.9.4 Community Wastewater Management Scheme (CWMS)
 - 4.9.4.1 Council operates two (2) CWMS in Mallala and Middle Beach under a license from The Essential Services Commission of South Australia (ESCOSA).
 - 4.9.4.2 ESCOSA has determined that the common effluent drainage schemes (i.e. CWMS) that the council provides are a regulated service and as such charges applied by councils are effectively oversighted by ESCOSA.
 - 4.9.4.3 ESCOSA's responsibility is to ensure that councils charge a fair price (that complies with sound economic and equity principles) on an ongoing basis.
 - 4.9.4.4 Councils set their own charges but ESCOSA can provide directions and seeks to be satisfied that prices determined are reasonable and appropriate.
 - 4.9.4.5 In accordance with South Australian and other states commitments, ESCOSA requires that council's pricing methodology is not in conflict with the National Water Initiative (NWI) principles/objectives.
 - 4.9.4.6 All revenue raised from the CWMS service charge must be used to cover the cost to the Council of establishing, operating, maintaining, improving, and replacing (including by future capital works) the CWMS service.
 - 4.9.4.7 The service charge for CWMS is calculated using the Code for Establishing and Applying Property Units for the Imposition of Annual Services Charges for CWMS.
 - 4.9.4.8 In the 2023/2024 financial year, the CMWS service charge for Mallala and Middle Beach is \$740 and \$488 per property unit respectively on all land to which the Council provides or makes available the service.
- 4.9.5 Kerbside Waste Collection and Recycling Charge
 - 4.9.5.1 Council provides a three-bin refuse collection service (Domestic

Waste, Recycling and Organic) within the townships of Mallala, Two Wells and Dublin and a two-bin refuse collection service (Domestic Waste and Recycling) in rural and coastal settlement areas.

4.9.5.2 The service is provided to those ratepayers in Council's area that are able to access the service along the designated collection routes.

4.9.5.3 Where the service is provided to rebated land, a service charge is still levied against the land.

4.9.5.4 Some residents may have to utilise one of the collection points to have their bin emptied as the waste collection truck does not traverse all roads in the district.

4.9.5.5 Those residents are entitled to the following waste levy reductions if the resident's collection point is greater than 500 meters from the access point to their land: -

- If greater than 500 meters but no more than 2 kilometers from the resident's access point to their land, 75% of the annual levy is charged;
- If greater than 2 kilometers but less than 5 kilometers, 50% of the annual levy is charged; and
- If 5 kilometers or more from the resident's access point to their land, no annual levy is charged.

4.9.5.6 The waste levy is *mandatory* for properties located within the townships of Mallala, Two Wells and Dublin.

4.10 Regional Landscape Levy

4.10.1 The Regional Landscape Levy is a State Government tax which the Council is required to collect under the *Landscape South Australia Act 2019*, in order to make a specified contribution to the funding of the operations of the Green Adelaide Board.

4.10.2 Revenue collected from this levy is not retained by the Council and the Council does not determine how the revenue raised is allocated by the State Government.

4.10.3 The Council's contribution to the Green Adelaide Board is collected from property owners through a separate rate, the Regional Landscape Levy, based on Capital Value. The rate is fixed and calculated to raise the equivalent amount as Council's share to be contributed to the Green Adelaide Board, taking into account any rebates/remissions under Section 159-166 of the Act.

4.10.4 The Regional Landscape Levy is separate to the General Rates levied by the Council.

4.10.5 For the 2023/2024 Financial year, the Council will collect \$0.319mm for the payment of the State Government Regional Landscape Levy. The Regional Landscape Levy has been set at 0.00011019 rate in-the-dollar against all rateable properties.

4.11 Payment of Rates

4.11.1 Rate Notices are issued to the principal ratepayer either by post or by email to an address nominated by the Principal Ratepayer 30 days prior to the due date of each instalment (unless paid in full by the due date of the first instalment).

4.11.2 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. Alternatively, the total outstanding balance of rates may be paid in full at any time.

4.11.3 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments due dates can contact the Council's Rates Officer to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

4.11.4 Fines and interest are still levied in accordance with the Act while there is an arrears balance.

4.11.5 The council provides various methods to enable the payment of rates. which are detailed on the rates notice.

4.12 Payment Plans

4.12.1 If a ratepayer is experiencing difficulties meeting rates payments on time and are experiencing financial hardship, a payment plan can be organised with the ratepayer by the Rates Officer.

4.12.2 However, all payment arrangements/plans shall be determined on the merits of each individual case. Recovery action for overdue rates will be suspended whilst the terms/conditions of the payment plan are being met.

4.12.3 Each payment plan shall specify the amounts of each regular payment and the dates by which each payment must be made to Council. Payments under a plan should be of regular amounts- and be payable at regular intervals.

4.12.4 All payments plans can be approved by the Rates Officer or the equivalent delegate.

4.12.5 If ratepayer fails to honour the payment plan or contact Council, the arrangement may be terminated and the full amount of the outstanding rates and charges and accrued interest shall be due and payable immediately.

4.12.6 A maximum of three defaults applies for any one financial year. Further action may be taken for recovery of the amount due through Council debt collection agency without further notice to the ratepayer.

4.13 Late Payment of Rates

- 4.13.1 If the Council does not receive quarterly rates instalment in full on or before the due date of the instalment, fines (and interest) will apply in accordance with the provisions of the Section 181 (8) of the Act.
- 4.13.2 When paying online (via Council website, Bpay or Australia Post), ratepayers need to be mindful that it can take up to 72 hours for funds to be transferred to Council.
- 4.13.3 It is the ratepayer's responsibility to ensure payment is received by Council on or before the due date of each instalment.
- 4.13.4 If an instalment of rates is not paid on or before the date on which it falls due, the instalment:
- will be regarded as being in arrears;
 - will incur a fine of 2% as prescribed under Section 181(8)(b) of the Act of the amount of the instalment, applied immediately after the due date of the instalment; and
 - on the expiration of each full month from that date, will incur interest at the prescribed percentage as per the Act of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month).
- 4.13.5 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.
- 4.13.6 Council allows a further two working days after the due date for payment as a grace period. Thereafter late payment fines are applied in accordance with the Act.

4.14 Collection of Overdue Rates

- 4.14.1 Steps will be taken to recover overdue rates including fines and interest as per Council's Rates Arrears and Debtor Management Policy.
- 4.14.2 When Council receives a payment in respect of overdue rates, Council applies the money received as follows:
- **First** – in payment of any costs awarded to, or recoverable by, the Council in any court proceedings undertaken by the Council for the recovery of the rates;
 - **Second** – in satisfaction for any liability for interest;
 - **Third** – in payment of any fine;
 - **Fourth** – in satisfaction of liabilities for rates in the order in which those liabilities arose in payment of rates, in date order of their imposition (starting with the oldest account first).

4.15 Remission and Postponement of Rates

4.15.1 Postponement of Rates - Hardship

Section 182 of the Act permits Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship.

Where a ratepayer is suffering hardship in paying rates they are invited to contact Council's Rates Officer to discuss the matter. Such enquiries are treated confidentially by Council.

4.15.2 Seniors Rate Postponement

Section 182A of the Act provides the option for State Senior Card holders to apply to postpone part of their council rates on a long-term basis.

The deferred amount is subject to a monthly interest charge at the prescribed percentage rate), with the accrued debt being payable on the disposal or sale of the property.

Postponement is similar to a reverse mortgage by relying on the equity in the property.

A ratepayer who has a State Seniors Card may apply for postponement of council rates payable on property they own:-

- if it is their principal place of residence; and
- if no other person other than their spouse has an interest as owner of the property; and
- there is appropriate equity in the property.

Further information can be obtained from Council's Rates Officer.

4.16 Rebate of Rates

4.16.1 Section 159 to 165 of the Act requires councils to rebate the rates payable for certain land uses. This includes a 100% rate rebate granted on places of worship, public cemeteries, hospitals and land occupied by universities, and 75% rate rebates have been granted on educational facilities (subject to some qualifications).

4.16.2 Discretionary rebates may be applied by the Council under section 166 of the Act. Council annually considers rate rebates and for the 2023/2024 Financial Year has rebated rates charged to various district community and sporting organisations.

4.17 Sale of Land for Non-Payment of Council Rates

4.17.1 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, and Council has unsuccessfully pursued all reasonable attempts to secure payment.

4.17.2 Before a Council sells land in pursuance of this section, it must send a notice to the principal ratepayer at the address appearing in the assessment record stating:-

- the period for which the rates have been in arrears; and
- the amount of the total liability for rates presently outstanding in relation to the land; and
- that if that amount is not paid in full within one (1) month of service of the notice (or such longer time as the Council may allow), the Council intends to sell the land for non-payment of rates.

4.17.3 Except in extraordinary circumstances, Council enforces the sale of land for arrears of rates, in accordance with the Local Government Act.

5. Related Documents

Local Government Act 1999

Section 133 – Sources of Funds

Section 146-166 – Rates and Charges on Land

Sections 182 and 182A – Remission and postponement of Rates

Local Government (Financial Management) Regulations 2011.

Regulations 5 – Long-term Financial Plans

Regulation 6 – Annual business plans

Regulation 7 – Budgets

Local Government (General) Regulations 1999

Landscape South Australia Act 2019

Local Government Financial Sustainability Paper 20 - Rating and Other Funding Policy Options (Revised August 2020)

Rates Arrears and Debtor Management Policy

Funding Policy

Strategic Plan 2021-2024

Annual Business Plan and Budget

Long Term Financial Plan

Local Government Association's CWMS Accounting Principles - The Costing and Pricing of CWMS

6. Information Management

All documents relating to this Policy will be registered in Council's Electronic Document and Record Management System (EDRMS) and remain confidential where identified.

Note: Electronic version in Council's Electronic Document Management System is the controlled version. Printed copies are considered uncontrolled.

7. Document Review

This Policy will be reviewed annually to ensure legislative compliance and that it continues to meet the requirements of Council, its activities and programs.

8. Further Information

Members of the public may inspect this Policy free of charge on Council's website at www.apc.sa.gov.au or at Council's Principal Office at:

2a Wasleys Road, Mallala SA 5502

A copy of this Policy may be obtained on payment of a fee.

Any queries in relation to this policy must be in writing and directed to the Chief Executive Officer.