

District Council of Peterborough



Amalgamated 1997

DISTRICT COUNCIL of PETERBOROUGH

Rating Policy



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RATING POLICY

Adoption Reference:	Council Meeting 21/07/2014 Resolution 74/07
Applicable Legislation:	It is a legislative requirement under Chapter 10 of the Local Government Act 1999 to adopt a Rating Policy. This Policy is based on a model policy prepared by the Local Government Association.
Version:	The electronic version of this document is the controlled version. Printed copies are considered uncontrolled. Before using a printed copy, verify that it is the current version.
Accessibility:	This Policy, and all policies and By-Laws, are available for viewing, downloading or printing from Council's website: www.peterborough.sa.gov.au Hard copies can be provided in accordance with Council's Fees and Charges at the Council office at 108 Main Street, Peterborough, SA 5422 during ordinary business hours.
Grievances:	Any grievances in relation to this Policy or Code, or its application, should be forwarded in writing addressed to the Chief Executive Officer of Council.
Review Dates:	20/05/2019 Amended, Res 50/05 17/06/2024 Amended, Res 39/06 15/07/2024 Amended Res 44&45/07

1. COUNCIL'S 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.

Compulsory features of the rating system can be recognised by references, in footnotes, to relevant sections of the Act.

All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and a few other limited categories) (see section 147 of the Act) is rateable.

Rates are not fees for services. They constitute a system of taxation for Local Government purposes, (see section 150(a) of the Act). Local Government functions are defined broadly in the Act (see Section 7 of the Act).

All systems of taxation try to balance various principles of taxation (see below).

In addition to rates, Council also raises some revenue through:

- Optional user charges (eg hire of community facilities);
- Expiation fees (eg for parking infringements);
- A fixed charge based on 75% of the two (2) year average administration actual costs; and
- A service charge for Unit (bin) based on 100% of actual costs of rubbish collection.

2. PRINCIPLES OF TAXATION

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

- i) **Benefits received** (ie 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 to adopt one of three valuation methodologies to value the properties in its area (see Section 151 of the Act). They are:

- a. *Capital Value* – the value of the land and all of the improvements on the land.
- b. *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.
- c. *Annual Value* – a valuation of the rental potential of the property.

Council has decided to continue to use capital value as the basis for valuing land. Council considers that this method provides the fairest way to distribute 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 has a choice whether to employ its own valuers, or accept the valuations made by the Valuer-General; ie the State Valuation Office (see Section 167 of the Act).

Council adopts the valuations made by the State Valuation Office as provided to the Council each year.

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.

Certain properties may be eligible for a “notional value” under the *Valuation of Land Act 1971*. This may apply if the property is your principal place of residence, and its value is enhanced by unrealised subdivision potential or a different potential land use. A notional value is generally less than the capital value and therefore would result in reduced rates. An application for a notional value must be made to the State Valuation Office.

4. COMPONENTS OF RATES

4.1 A Rate in the Dollar – Differential Rates

The largest component of your rates is the component that is calculated by reference to the value of your land. Every year, the Council officially “declares” what percentage of the value of your land will be payable in rates. The Act allows councils to impose rates that differ (ie higher or lower) based on the location of land, or the uses to which the land is put (residential, commercial, primary production, industrial, vacant, etc) (see Section 156 of the Act).

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.

Therefore, the Council has decided to raise revenue through differential general rates which apply to different classes of land use. Differential rates can vary according to the locality of the land, the use of land or both.

Differential general rates are calculated using the valuation of the property (capital value) multiplied by the rate in the dollar applicable to the property's land use and/or locality.

Council uses this approach to achieve an equitable distribution of the rate responsibility and to balance the community's capacity to pay.

Council uses locality and land use as its differentiating factor when determining rates and declares four differential rates, being for Peterborough Town, Oodla Wirra Town, Yongala Town and Rural District.

In applying differential rates, Council has considered and is satisfied that the rating system addresses the issues of consistency and comparability and to ensure fairness and equity in the distribution of rates.

4.2 Fixed Charge

Council has a discretion to apply either:

- a. a fixed charge (applying equally to all rateable properties) (see Section 152 of the Act); or
- b. a minimum rate (to lower-value properties) (see Section 158 of the Act)

(or neither) but cannot use both of these mechanisms (see Section 158(2)(e) of the Act).

To the extent that many (though not all) Council services are provided and available relatively uniformly to all ratepayers, and that property values vary because of a range of factors (not just the relative extent of Council services) the Council considers it is equitable, from the perspective of the benefit principle, to recover the costs of such services by way of a uniform fixed charge, set at an appropriate level. However, applying the benefit principle exclusively would not take account of the capacity to pay principle.

Council has a discretion to collect up to 50% of its general rate revenue from a fixed charge (see section 151(10) of the Act).

Accordingly, to appropriately balance both the benefit principle and the capacity to pay principle, the Council's policy is to limit the amount collected by a fixed charge to no more than 50 per cent of general rate revenue. The amount of the fixed charge is clearly indicated on your rates notice.

4.3 Separate Rate

Council does not levy a separate rate to raise funds to promote and enhance business viability, profitability, trade commerce and industry, within the District Council of Peterborough. The separate rate is imposed on rateable land in this zone, within the land use categories:

- 2 (Commercial - Shop);
- 3 (Commercial – Office); and
- 4 (Commercial – Other)

4.4 Regional Landscape Levy

The Council is required under the *Landscape South Australia Act 2019* to make a specified contribution to the Northern and Yorke Landscape Board. It does so 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 local Landscape Board. Even though it appears on the Council's rates notice, enquiries about this component should be directed to the Northern and Yorke Landscape Board.

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 the 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 elected to replace these concessions with a single "cost-of-living concession" provided directly to those entitled. Those who receive this concession can decide whether to use it to offset part of their Council rates, or for other purposes.

5.2 Residential Rate Capping

The Council's policy is to limit the size of any rate increase in one year, on any ratepayer's principal place of residence, to no more than 15 per cent. However, this benefit is not available where a rate increase exceeding 15 per cent is attributable to an increase in capital value as a result of capital improvements (eg home extension or upgrade) or a change in land use.

Where a ratepayer is eligible to benefit from the application of rate capping, the Council's policy is to reflect the rate cap in the rates notice when it is issued. If, however, your rates notice does not reflect your eligibility, you may apply for the benefit of the residential rates cap by contacting the Council's Rates Administrator.

5.3 Remission of Rates

The Council has a discretion to partially or wholly remit (ie waive) rates on the basis of hardship (see Section 182 (1)(b) of the Act). If you are suffering financial hardship, you may contact the Council's Rates Administrator to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on its merits.

5.4 Postponement of Rates

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 (see Section 182A of the Act). 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.

Persons other than the holders of a Seniors Card may also apply for postponement of rates (see Section 182 of the Act). 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.

5.5 Rebate of Rates

5.5.1 *Mandatory rebates*

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

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

- a. health services (see Section 160 of the Act),
- b. religious purposes (see Section 162 of the Act),
- c. public cemeteries (see Section 163 of the Act),
- d. the Royal Zoological Society (see Section 164 of the Act).

A mandatory rebate of at least 75% (or more, at the Council's discretion) must be applied to land used by:

- community service organisations (see Section 161 of the Act); and
- schools and universities (see Section 165 of the Act).

Pursuant to Section 159(4) of the Act, and Council's absolute discretion, a 100% rebate will be applied to land occupied by a government school under a lease or license and being used for educational purposes; or occupied by a non-government school registered under the *Education and Early Childhood Services (Registration and Standards) Act 2011* and being used for educational purposes.

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;
- accommodation for the aged or persons with disability; or
- other purposes (for a full list of purposes, see Section 166 of the Act).

If you or your organisation wishes to apply for a discretionary rate rebate, you may apply by contacting Council's Rate 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' 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 (there are fines for falsely claiming eligibility for rebates, and for failing to notify the Council when eligibility no longer applies. See Section 159 of the Act).

5.5.3 Annual Waste Service Charge

The annual waste service charge will be waived for land containing a church or other building used for public worship, or land solely used for religious purposes.

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 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 (see Section 181(8) of the Act). 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) (in 2023-24 the rate was 5.8%) 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 ie unpaid by the due date (see Section 181(8) of the Act). 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) (see Section 183 of the Act).

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 (see Section 184 of the Act). 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. CONTACTING COUNCIL'S RATES ADMINISTRATOR

If you believe that Council has failed to properly apply this policy you should contact 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 108 Main Street, Peterborough, SA 5422.

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

Phone: (08) 8651 3566

Fax: (08) 8651 3066

E-mail: council@peterborough.sa.gov.au

Post: PO Box 121, Peterborough, SA 5422

In person at: District Council of Peterborough, Main Street, Peterborough