



# RATING POLICY

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# Rating Policy

*This policy is set by Council for use by the community and council administration*

**ECM Document Set No.:**

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**Responsible Team Finance & Rates**

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**Other Key Internal Stakeholders**

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**Legal Requirement**

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**Date of Next Review June 2019**

## 1. Purpose

In South Australia, council rates are a form of property tax levied by Local Government, as the primary source of funding for the many mandatory and discretionary services provided by councils. Rates are administered by each council in line with the Local Government Act 1999 which allows some flexibility for each council to make decisions to suit its local community. This document sets out the City of Playford policy for setting and collecting rates from its community.

## 2. Scope

This policy applies to all ratepayers, residential, commercial and industrial, within the City of Playford.

## 3. Legislation and References

In determining a suitable rating policy the Council has considered the following:

- City of Playford Strategic Plan
- 2017/18 Annual Business Plan and Budget
- City of Playford Long Term Financial Plan
- The Local Government Act 1999 (as amended), "the Act"
- The Local Government (Financial Management) Regulations (as amended)
- Natural Resource Management Act 2004
- Valuation of Land Act 1971

## 4. Definitions

**Act** is the Local Government Act 1999

**Capital Value** means the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale, but if the value of the land has been enhanced by trees planted on the land (other than commercial plantations), or trees preserved on the land for the purpose of shelter or ornament, the capital value must be determined as if the value of the land had not been so enhanced; as defined in the Valuation of Land Act 1971.

**Council** is the City of Playford

**Commercial Properties** are commercial and industrial properties.

- Commercial properties include shops, offices and any other commercial land use within the meaning of Regulation 14 of the Local Government (General) Regulations 2013.
- Industrial properties include land uses of light industry and any other industrial use within the meaning of Regulation 14 of the Local Government (General) Regulations 2013.

**Commercial Rating Strategy** is the Council approved (June 2014) Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business. The City of Playford's Commercial Rating Strategy rate reductions will occur in the year following a year in which a surplus occurs.

**Councillor** is a person appointed or elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Fixed Charge** is a component of rates applied equally to all rateable properties irrespective of land use and capital value.

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**Council Member** means the Principal Member or a Councillor elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Councillor** is a person appointed or elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Employee** is a person employed by the Organisation on an ongoing or fixed term full time, part time and/or long-term casual basis

**Independent Members** are members on a committee or panel who are not elected but have been appointed by the Council to undertake a similar role as Councillors on Council's Section 41 Committees or the Council Development Assessment Panel. They are external appointees.

**Mayor** is the person elected as the Principal Member of the Council to represent the local government area as a whole.

**Organisation** is the local government entity known as City of Playford.

**Differential Rate** is a variable component of rates, calculated on a rate in the dollar basis, according to land use, i.e. for different categories of rateable land. There are two categories of differential rates used by Council:

- Commercial and Industrial Rate – applied to all Commercial or Industrial Properties;
- General Rate – applied to all other properties (including residential, primary production, vacant land and other land uses).

**Valuer** is the State Valuation Office.

## 5. Policy

Rates are not fees for services. They constitute a system of taxation for Local Government purposes. Council considers the fairest and most equitable method of charging rates to our community is through the combined use of a fixed charge component and a variable rate per rateable property. Pursuant to Sections 152(1)(c), 153(1)(b) and 156(1)(c) of the Act.

### Fixed Charge

Council considers a Fixed Charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of Council's services and the development and maintenance of the community's infrastructure.

The Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates in the 2018/19 financial year as per Section 151(10) of the Act.

### Differential Rate

In addition to a fixed charge, Council can apply a variable rate according to the location of land, or the use of land (residential, commercial, industrial etc.).

In the City of Playford a differential rate is declared based on land use prescribed by Regulation 14 of the Local Government (General) Regulations 2013.

The differential general rate for rateable land that has a Commercial or Industrial land use has a higher rate in the dollar than properties that are subject to a lower differential General Rate. This difference is on the basis that:

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- a. Commercial/Industrial Properties pay rates out of pre tax revenue; and
- b. Commercial/Industrial Properties have a greater impact on core Council infrastructure.

### **Commercial Rating Strategy**

In June 2014, Council approved the Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business. The Commercial Rating Strategy forms part of a greater objective to encourage business development and employment opportunities in the City.

The City of Playford is aiming to gradually reduce rates by up to 40 per cent in a staged approach, balancing the demands from business for rate relief with the needs from residential rate payers for Council to continue to provide a sustainable level of services.

The City of Playford's Commercial Rating Strategy rate reductions will occur in the year following a year in which a surplus occurs. The impact of the Commercial Rating Strategy on individual business rates remains subject to changes in property valuations.

### **Method Used to Value Land**

All land within a council area, except land specifically exempt (e.g. Crown land, council owned land), is rateable.

Under Section 148(1) of the Act, rates can be assessed against any piece or section of land subject to separate ownership or occupation. Section 148(2) of the Act provides that decisions in regards to the basis on which rates are assessed must be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of council. In accordance with these principles the Council assesses rates based on land ownership.

The City of Playford uses Capital Value (as supplied by the State Valuation Office each year) as the basis for valuing land within the Council area.

Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- Rates constitute a system of taxation and the equity 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, and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

Council adopted the Capital Valuations made by Council's Valuer, the State Valuation Office, as effective on 1 July 2018 for the purposes of 2018/19 rating and in development of the annual budget.

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

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application for a notional value must be made to the State Valuation Office.

### **Objections to Land Use classification**

Land use is the basis to levy the differential rates described above. If a ratepayer believes that a particular property has been wrongly classified as to its land use then the ratepayer may object to that land use by writing to Council within 60 days of being notified. The objection must set out the basis for the objection and details of the land use that should be attributed to that property.

Council will then review the objection by requesting the Valuer to reassess the property and, upon receiving the Valuer's recommendation, make a decision regarding the objection.

A ratepayer, if not satisfied with the council decision (as advised by Valuer), also has the right to appeal against Council's decision to the Land and Valuation Court.

### **Natural Resource Management Levy**

The Council is required under the Natural Resource Management Act 2004 to make a specified contribution to the Adelaide and Mount Lofty Ranges Natural Resources Management Board. It does so by imposing a separate rate against all rateable properties within the Council area.

This separate rate is effectively a State tax that Councils are required to collect, and return to a State Government agency, the local Natural Resources Management Board. Council does not retain any of the revenue, nor calculate the amount required or determine how the revenue is spent.

The Natural Resources Management levy is declared as a separate rate and appears separately on rate notices. Any questions in relation to the Natural Resources Management levy should be directed to the Adelaide and Mount Lofty Ranges Natural Resources Management Board on (08) 8273 9100 or visit the website [www.amlnrm.sa.gov.au](http://www.amlnrm.sa.gov.au).

### **Rates Cap**

The Local Government Act 1999 Section 153(3) requires a council to decide each year whether to apply a maximum rate increase (or a rates cap) to a ratepayers principal place of residence.

A cap is applied to provide relief against a substantial change in rates payable incurred due to rapid changes in valuations.

The Council has determined that it will not apply a maximum increase (rates cap) for the General Rate to be charged on rateable land constituting the principal place of residence of a principal ratepayer.

### **Pensioner Concessions and State Beneficiaries of Concessions**

From 1 July 2015 Council concessions have been replaced with the new State Government cost of living concession for pensioners.

For further information, please contact Department for Communities and Social Inclusion (DCIS) on 1800 307 758 or visit the website [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions).

## **Rate Relief**

Council applies rate remissions, postponements and rebates in accordance with the Act and its Rate Relief Policy.

An application form for rate relief is available from Council's Customer Service Centres and the website.

### Remission of Rates – Hardship

Section 182 of the Local Government Act 1999 permits a council to postpone or give remission on rates due to hardship and other defined reasons.

### Seniors Postponement

Section 182A of the Local Government Act 1999 provides for postponement of rates for seniors.

It is a system designed to assist senior citizens who may find themselves in the situation of being asset rich and cash poor by allowing them to postpone annual rates amounts greater than \$500. At least \$500 of the annual Council rates payable must be paid as it falls due, but any amount in excess of \$500 per year may be postponed for an indefinite period (up until the property is sold). Further information about the Seniors Rate Postponement Scheme is available on Council's website.

### Rebates

Sections 159-166 of the Local Government Act 1999 requires councils to rebate the rates payable on some land.

Pursuant to Sections 159 (3) and 166(1)(m)(ii) of the Act the Council grants a discretionary rebate of rates of 10% in respect of land with a land use attribution of category 1 (residential), category 7 (primary production), category 8 (vacant land) and category 9 (other) land use and zoned rural.

Pursuant to Sections 159 (3) and 166(1)(m)(i) of the Act the Council grants a discretionary rebate of rates of 10% in respect of land impacted by the Playford Growth Areas (Angle Vale, Playford North Extension, Virginia) Development Plan Amendment and Buckland Park Urban Growth Development Plan Amendment until the deposit of the final plan with the Lands Title Office.

Pursuant to Section 159 (3) and 166(1)(m)(ii) of the Act Council provides relief on land that is zoned commercial located within the townships of Angle Vale, One Tree Hill and Virginia so that the rates payable in 2018/19 amount to no more than 10% above the rates that would have been payable in 2017/18 in respect of the relevant land if Council's rating structure had not changed in July 2010 (excluding the effects of valuation movements, changes in land use and the annual general rates increase set by Council as part of the annual budget process).

## **Payment of Rates**

Council will collect rates quarterly on the dates Gazetted as below:

- 3 September 2018
- 3 December 2018
- 1 March 2019
- 3 June 2019

Rates may be paid in person at Council's Customer Service Centres or by any method detailed on the rates notice.

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A ratepayer who will, or is likely to, experience difficulty with meeting the standard arrangements is invited to contact a Council rates officer to discuss alternative payment arrangements. Such enquiries are treated with the strictest confidence.

### **Late Payment of Rates**

The Local Government Act 1999 provides that councils must impose a penalty of 2% on any payment for rates, whether by instalment or otherwise, that is not paid on or before the due date. A payment that is late is then charged a prescribed interest rate for each month it continues to be late.

When Council receives a payment in respect of overdue rates Council applies the money received in accordance with Section 183 of the Local Government Act 1999 as follows:

- first – to satisfy any costs awarded in connection with court proceedings;
- 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).

### **Non-Payment of Rates**

Section 184 of the Local Government Act 1999 provides that a council may sell any property to recover outstanding rates where the rates have been in arrears for three years or more.

### **Disclaimer**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that Council has failed to properly apply this policy it should raise the matter with Council.

## **6. Responsibilities**

Rates Officers

## **7. Relevance to Strategic Plan**

### 1: Smart Service Delivery Program

Outcome 1.1 High quality services and amenities

Outcome 1.2 Improved service delivery

Outcome 1.3 Working smarter with our community

Outcome 1.4 Enhanced City presentation, community pride and reputation

### 2: Smart Living Program

Outcome 2.1 Smart development and urban renewal

Outcome 2.2 Enhanced City presentation, community pride and reputation

Outcome 2.3 Liveable neighbourhoods

### 3: Smart Jobs & Education Program

Outcome 3.1 Growth and diversification of local jobs matched with relevant education and training

Outcome 3.2 Commercial and industrial growth

Outcome 3.3 Sustainable economic transformation

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Outcome 3.4 International market connections

**4: Smart CBD Program**

- Outcome 4.1 Expanded range of local services
- Outcome 4.2 Growth and diversification of local jobs in the CBD
- Outcome 4.3 Greater housing choice
- Outcome 4.4 Increased social connections
- Outcome 4.5 Commercial Growth

**5: Smart Sport Program**

- Outcome 5.1 Enhanced community pride and reputation
- Outcome 5.2 Healthy and socially connected community
- Outcome 5.3 Access to elite sporting facilities

**6: Smart Health Program**

- Outcome 6.1 Access to quality, local health services
- Outcome 6.2 Increased employment opportunities in health, disability and aged sectors

**8. Supporting Documentation**

Document Name	Link / DW #
City of Playford 2018/19 Annual Business Plan and Budget	
City of Playford Long Term Financial Plan	
Commercial Rating Strategy	
Rate Relief Policy	
Rates Procedures	

**9. Accessibility**

This policy is available on Council's website [www.playford.sa.gov.au](http://www.playford.sa.gov.au)

**10. Feedback**

We invite your feedback on this policy which can be directed to Senior Manager of Finance at [playford@playford.sa.gov.au](mailto:playford@playford.sa.gov.au).

**11. Approval and Change History**

Version	Approval Date	Approval by	Change
			Supersedes Rating Policy 2017/18