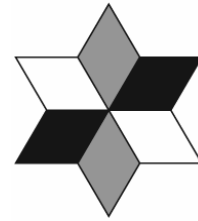


# **Rating Policy 2010-2011**

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## **Policy Manual - Governance**



*City of*  
**Norwood  
Payneham  
& St Peters**

## **BACKGROUND**

To comply with the requirements of the , Section 123 of the Local Government Act 1999, each Council must prepare and adopt a Ratings Policy. The rating policy must be adopted as part of the Annual Business Plan each financial year in conjunction with the declaration of the annual rates.

The purpose of this policy is to outline the Council's approach to determining and collecting rates from the community.

The policy covers:

- The relationship between Council's strategic plans, its budget and rates structure
- Council's revenue raising powers
- Method used to value land
- Adoption of valuations
- Business Impact Statement
- Differential general rates
- Minimum rate
- Water Catchment levy (the Council's collection role)
- Pensioner and Self Funded Retiree concessions
- Other State Government Concessions
- Payment of rates
- Late payment of rates
- Recovery of Rates
- Sale of land for non-payment of rates
- Remission and postponement of rates
- Rebate of rates
- Rate Capping rebate
- Disclaimer

## **KEY PRINCIPLES**

1. Rates represent a general tax levied on the basis of the value of land.
2. There is a commitment to the broad principle of fairness and equity in the distribution of rates across all ratepayers.
3. Capital value is used as the basis for valuing land within the Council area, as determined by the Valuer-General each year.
4. A general rate, a differential rate applying to commercial, industrial and other properties and a minimum rate will be applied as a means of raising taxation revenue within the community.
5. The Council will, as is required under the Natural Resources Management Act 2004, impose a separate rate to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board (formerly Torrens Water Catchment Management Board).

6. The Council will provide concessions to eligible ratepayers who hold either: a Pension Card, State Concession Card, a State Seniors Card or is classified as a T.P.I. Pensioner.
7. The Council will continue to accept the payment of rates in full or by four instalments provided either choice is received in full on or before the due date shown on the front of the rate notice.
8. Pre-payment of rates may be made in instalment amounts not less than \$30. Payment can be made at any Council Office, via Bpay facilities or the Internet.
9. The Council will impose late payment penalties strictly in accordance with the Local Government Act 1999.
10. The Council may enforce the sale of land for non-payment of rates after three years in accordance with the Local Government Act 1999.
11. The Council will consider any application from a ratepayer to partially or wholly remit rates or to postpone rates on the basis of hardship in accordance with Section 182 or Section 182A of the Local Government Act 1999.
12. The Council will apply rebates in accordance with Chapter 10, Division 5 of the Local Government Act 1999.
13. The Council will automatically apply a rate capping rebate of 10%, subject to certain conditions, on any residential property if applicable in accordance with Section 166 of the Local Government Act 1999.
14. The Council advises that a rate cannot be challenged on the basis of non-compliance with this policy and rates must be paid in accordance with the required payment provisions.

## **POLICY**

### **Strategic Focus**

The Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels to it is adequately resourced to fulfil its roles and responsibilities. In determining rates for the financial year the Council gives primary consideration to strategic directions, budget considerations, the current economic climate and the likely impacts on the community.

The resources required to successfully achieve this outcome are documented in the annual budget and in business plans prepared by each of Council's service delivery departments. The budget directly supports and reflects the delivery of the strategic plan.

The Council's major source of revenue is Rates Revenue, derived as a tax on land within the Council area. Rate levels are determined after consideration of expenditure priorities in relation to the strategic plan, ongoing service delivery requirement and community needs.

Economic pressures continue to apply to the Council in a number of ways. These pressures will have an impact on the Council's financial resource requirements and therefore put pressure on rates. Examples of economic pressure are:

- as other tiers of government re-assess their core business, it is likely that local government will be required to provide more services to fill gaps;
- reduction in funds available to Council via grants from other tiers of government;
- as households have less income, the community will become increasingly reliant on local government for the provision of additional services;
- State and Federal Governments are increasingly promoting a philosophy of user-pays for service provision and delivery;
- General unavoidable cost increases for example, petrol and water.

There is pressure on Council to minimise rate increases particularly in response to the effect of the global economic crisis. Rates represent Councils major source of income. In order to respond to the increased service demands and additional costs detailed above, increases in rates will be unavoidable to maintain services.

Significant valuation movements in the residential property sector had resulted in a shift in rate responsibility from commercial and industrial ratepayers to residential ratepayers. In 2007/2008 commercial valuations experienced healthy valuation increases in the vicinity of 17.2%, then slowed to 4.32% in 2009/2010 while they have steadied to 7.7% for 2010/2011.

Residential valuations for the 2010/2011 financial year have increased steadily at 7.9% in comparison to 2009/2010 (4.42%) mainly due to the recovery experienced by the housing market likely to be affected in previous years by the global financial crisis.

## **Council's Revenue Raising Powers**

All land within a Council area, except for land specifically exempt (eg. Crown Land, Council occupied land and other land prescribed in the Local Government Act 1999), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties or through differential general rates which, applies to the use of properties. The Council also raises revenue through fees and charges, which are set, giving consideration to the cost of the service provided and any equity issues.

## **Method Used to Value Land**

The Council may adopt one of three valuation methodologies to value the properties in its area (Section 151):

**Capital Value** – The value of the land and/or the improvements on the land.

**Site Value** – The value of the land and any improvements which permanently affect the amenity of use of land such as drainage works, but excluding the value of buildings and other improvements.

**Annual Value** – The valuation of the rental potential of the property.

The Council adopts Capital Value as the basis for valuing land within the Council area. The Council considers the Capital Value method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- the equity principle of taxation requires ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- the distribution of property values throughout the Council area is such that only just over one third of residential ratepayers will pay more than the average rate per property.

## **Adoption of Valuations**

The Council has adopted the "Capital valuations" as assessed by the State Valuation Office, effective 1 July 2010 as the Capital Value of each property..

If a ratepayer is dissatisfied with the valuation made by the State Valuation Office, the ratepayer may object to the State Valuation Office in writing, within sixty (60) days of receiving the first notice of the valuation, explaining the basis for the objection provided the ratepayer has not:

- (a) previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is sixty (60) days from the receipt of the first notice; or
- (b) previously had an objection to the valuation considered by the State Valuation Office.

Objections to valuations should be addressed to:

State Valuation Office  
GPO Box 1354  
ADELAIDE SA 5001  
Email: [lsg.objections@saugov.sa.gov.au](mailto:lsg.objections@saugov.sa.gov.au)  
Telephone: 1300 653 345

The City of Norwood Payneham & St Peters has no role in assessment of objections. The lodgement of an objection does not alter the due date for the payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

### **Business Impact Statement**

The Council recognises the importance of supporting and encouraging a diverse and healthy commercial sector and this is reflected in its strategic plans. As a result, specific business development initiatives are being introduced to support and attempt to broaden the cities economic base. The Parade Magill Road Strategic and Business Planning is an example of the work being progressed in this area.

The average Council rate (excluding new development) for commercial and industrial property owners is in the order of \$1,962. This compares favourably with amounts charged on similar properties in other Council areas across metropolitan Adelaide. The payment of Council rates is not anticipated to have a significant adverse impact on business.

### **Differential General Rates**

The Act allows Councils to differentiate rates based on the use of the land, the locality of the land or the use and locality of the land. The City of Norwood Payneham & St Peters applies differential rates on the basis of land use.

Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential;
- Commercial – Shops;
- Commercial – Office;
- Commercial – Other
- Industrial – Light;
- Industrial – Other;
- Primary Production;
- Vacant Land; and
- Other

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 60 days of being notified of the land use classification. The lodgement of an objection does not alter the due date for payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by the Council.

#### ***(i) Differential Rates - Residential***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.22903 cents in the dollar will be applied to all assessments with a land use of residential. Residential rates account for 79.4% of rate revenue or approximately \$19.5m in rates income.

## ***(ii) Differential Rates - Commercial***

Commercial properties have available to them and their employees the same services as other ratepayers. However, in most cases commercial users have a greater impact on the main council services such as road maintenance and may derive a greater benefit from such services as improved public lighting, parking controls etc. Furthermore Council provides additional services in order to facilitate business development which is specific to this sector.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of commercial. Commercial rates account for 17.94% of rate revenue or approximately \$4.4m in rates income.

## ***(iii) Differential Rates - Industrial***

Industrial properties have available to them and their employees the same services as other ratepayers. The same benefits that apply to commercial properties above also apply to industrial properties located in the Council area.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of industrial. Industrial rates account for 1.41% of rate revenue or approximately \$0.3m in rates income.

## ***(iv) Differential Rates – Primary Production***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of Primary production. There are nil assessments with a land use category of primary production.

## ***(iv) Differential Rates - Vacant Land***

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of vacant land. Vacant land rates account for 1.0% of rate revenue or approximately \$0.2m in rates income.

## ***(iv) Other***

This rate category refers to private colleges, churches and other land uses, including vacant land, not otherwise accommodated in any of the above categories. Private schools, nursing homes and community housing associations are eligible for a mandatory rebate equal to 75% of their rates. Churches are eligible for a mandatory rebate equal to 100% of their rates.

For the 2010/2011 rates year, the Council has determined a differential rate of 0.27484 cents in the dollar will be applied to all assessments with a land use of Other. Other rates account for 0.25% of rate revenue or approximately \$0.06m in rates income.

## **Minimum Rate**

A Council may impose a minimum rate to properties within the Council area. Where a Council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

The minimum rate is imposed so that all rateable properties make a base level contribution to the costs of:

- administering the Council's activities;
- the provision of the physical infrastructure that supports each property and is available for use by all ratepayers;
- services provided that are available for use by all ratepayers eg Library and Parks and Gardens.

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

For 2010/2011 the minimum rate is set at \$729. The minimum rate has been applied 4780 properties or 24.6% of all rateable properties within the Council area.

### **The Parade Separate Rate**

For the purposes of promotion, enhancing business viability and profitability of the businesses and traders along The Parade, the Council has declared a Parade separate rate. The Parade separate rate is levied against all commercial properties along The Parade between Fullarton Road and Portrush Road. The revenue raised from the Parade separate rate may only be used for the purpose of promotion and enhancing business viability along the Parade Precinct.

The Council declares a differential separate rate of 0.04855 cents-in-the-dollar on the capital value of all land classified as Category 2 – Commercial Shop, Category 3 – Commercial Office Category 4 – Commercial Other and Category 5 - Industrial Light.

Further the Council grants a discretionary rebate of 50% of The Parade Separate Rate under Section 166(1)(a) of the Local Government Act 1999, to all properties that fall within the geographical boundary described above and which have a land use of Category 3 – Commercial Office.

Based on valuations received from the State Valuation Office, the average Parade Separate Rate will be \$406 for Category 2 – Commercial Shop, Category 4 – Commercial Other and Category 5 - Industrial Light and \$208 for Category 3 – Commercial Office.

### **NRM Levy**

The Natural Resources Management Board (NRMB) were established under the Natural Resource Management Act 2004. The Council is required under the Natural Resources Management Act 2004 to make a specified contribution to fund the operations of the Adelaide and Mount Lofty Ranges Natural Resources Management Board.

The Council's contribution to the NRMB is recovered from property owners through a separate rate based on capital value. The rate is fixed and calculated so as to raise the same amount as Council's share to be contributed to the board (taking into account any rebates/remissions under Section 159-166 of the Act).

Revenue from this levy is not retained by the Council, nor does the Council determine how funds collected are spent. The Flood Mitigation and other catchment area works carried out by the Natural Resources Management Board benefit all ratepayers.

For the 2010/2011 financial year, the NRM Levy has been set at 0.00789 cents-in-the-dollar against rateable property.

### **Rate Concessions**

The State Government, in providing equity across SA in this area, funds a range of concessions on Council rates. The concessions are administered by various State Government agencies who determine eligibility and pay the concession directly to Council on behalf of the ratepayer. Concessions are available only on the principal place of residence.

Ratepayers seeking a rate concession are not to withhold payment of rates pending assessment of an application by the State Government. Rates must be paid in accordance with the Rate Notice

A refund will be paid to an eligible person if Council is advised a concession applies and rates instalment have already been paid.

## **Self Funded Retiree Concession**

Self Funded Retiree Concession is administered by RevenueSA and is available to self funded retirees who hold a State Seniors Card. In the case of couples, both persons must hold a Seniors Card, or if only one holds a State Senior's Card, the other must not be in paid employment for more than 20 hours per week. This concession is available only on the principle place of residence. Application forms are available from the Council or RevenueSA.

## **Pensioner Concession**

An eligible pensioner must hold a Pension Card, State Concession Card or a Repatriation Health Card marked TPI Gold, EDA Gold or War Widow in order to be entitled to a concession on Council rates (and water and effluent charges where applicable). Application forms, which include information on the concessions, are available from the Council, SA Water Corporation and its District Offices or the Department of Human Services. This concession is administered by the Department for Families and Communities (DFC).

## **Other Concessions**

The Department for Families and Communities (DFC) administers Council rate concessions which are available to a range of eligible persons receiving State and Commonwealth allowances. This includes, but is not limited to ratepayers who are in receipt of Austudy, Newstart, Parenting Payment, Partner Allowance, Sickness Allowance, Special Benefit, Widow Allowance, Youth Allowance, Abstudy, CDEP or a New Enterprise Initiative Scheme. It may also apply to ratepayers in receipt of a pension as a war widow under legislation of the United Kingdom or New Zealand, and the holders of a State Concession Card issued by DFC. Enquiries should be directed to the DFC Concessions Hotline on 1800 307 758.

## **Payment of Rates**

Council rates payable by quarterly instalments will be due on 1 September 2010, 1 December 2010, 1 March 2011 and 1 June 2011. The total outstanding balance of rates may be paid in full at any time.

Council rates may be paid:

- In person at any Post Office using Australia Post BillPay
- In person at any one of Council's three (3) Customer Service Centres:
  - Norwood Town Hall, 175 The Parade, Norwood
  - Payneham Library, 2 Turner Street, Felixstow (during Library opening hours)
  - St Peters Library, 101 Payneham Road, St Peters (during Library opening hours)
- By telephone to Australia Post using Australia Post BillPay
- By telephone to the ratepayer's participating bank, credit union or building society using B-Pay
- By Internet, using Australia Post BillPay
- By mail (by cheque or by credit card details advised on the Rate Account remittance advice).

In addition, regular pre payments of Council Rates are allowed of \$30 or more at any time and can be made at any Council office, via Bpay, via Australia Post BillPay or the Internet.

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard arrangements should contact the Rates Officer on 8366 4532 to discuss alternative payment arrangements. Such enquiries are treated confidentially by the Council.

## **Late Payment of Rates**

The Council has determined that penalties for late payments will be imposed in accordance with the provisions of Section 181(8) of the Local Government Act 1999 and relevant Council procedures.

Late payment fines are levied in accordance with the provisions of Section 181(8) of the Act. These provisions are the only provisions available to the Council to ensure that all ratepayers pay promptly.

The Act provides that:

“If an instalment of rates is not paid on or before the date on which it falls due:

- (a) the instalment will be regarded as being in arrears, and
- (b) a fine of two percent of the amount of the instalment is payable, and
- (c) on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine but excluding interest from any previous month) accrues.”

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. It should be noted that fines and interest are still levied in accordance with the Act under any payment arrangement.

Council will consider applications 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 or may be submitted on the Application for Remission of Rates and/or Fines Form.

When the Council receives a payment in respect of overdue rates, the Council applies the money received 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).

### **Recovery of Rates**

In accordance with sound financial management principles, the Council's Rates Officer will apply prudent debt management practices to Rate Debtors. This includes an ongoing review of rates in arrears and following a systematic debt recovery approach.

Rates, which remain in arrears for a period exceeding 30 days, will be subject to recovery action in accordance with the Council's normal debt recovery procedures.

### **Sale of Land for Non-payment of Rates**

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. The Council is required to;

- a) notify the owner of the land of its intention to sell the land,
- b) provide the owner with details of the outstanding amounts; and
- c) advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one (1) month.

Except in extraordinary circumstances, the Council will enforce the sale of land for arrears of rates.

### **Remission and Postponement of Rates**

Application for remission of rates and charges or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Local Government Act 1999.

Requests must be lodged in writing or may be submitted on the Application for Remission or Postponement of Rates and/or Fines form . All requests must provide evidence of financial hardship. Monthly interest at the prescribed rate will be applied to rates postponed under the Section 182.

Application for postponement of rates and charges will be considered under the provisions of Section 182A of the Local Government Act 1999 - "Postponement of rates – Seniors".

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A.

Where an application for postponement under Section 182A is granted, a presumption of ongoing annual postponement will be assumed subject to receipt of an annual signed declaration of continued eligibility.

Ratepayers requesting postponement of rates will initially be referred to the availability of reverse mortgage loans through financial institutions. Seniors granted postponement of rates are required to pay a minimum of \$500 of rates and charges levied in each financial year in compliance with the Local Government (General) Regulations.

Such enquiries are treated confidentially by the Council.

### **Rebate of Rates**

The Council has determined that rebates of rates will be only granted when the applicant satisfies the requirements for mandatory rebates under Sections 159 to Section 165 of the Local Government Act 1999. Specific provisions are made to provide rebates (in whole or part) to land used, for example, for health services, community services, religious purposes and educational purposes.

Where applications for discretionary rebates are lodged under Section 166 of the Act, they will be considered under Council's Rate Rebate Policy and will be assessed against guidelines prepared by the Local Government Financial Management Group.

### **Rate Capping Rebate**

To provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to rapid changes in valuation, a rebate of general rates for the 2010/2011 financial year will be granted to the principal ratepayer of a residential assessment under Section 166(1)(l) of the Act, where the amount of any increase in rates in respect of that assessment in monetary terms between the amount of general rates payable for the 2009/2010 financial year and the amount of general rates imposed for the 2010/2011 financial year, is greater than 10%. The rate cap will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for the Rate Cap Rebate may lodge an application form, which will be assessed against the eligibility criteria. The application must be lodged by 30 June 2011.

The amount of the rebate will be determined as follows:-

- (a) The amount of general rates in monetary terms imposed for the 2010/2011 financial year, less
- (b) the amount of general rates in monetary terms payable for the 2009/2010 financial year (after any rebate was applied but prior to deducting the pensioner or other concession) multiplied by 110%
- (c) equals the rebate to be taken off (a).

The rebate will not apply where:

- (a) any such increase is due in whole or in part to an increase in valuation of the land in the assessment because of improvements made to it worth more than \$10,000, or
- (b) any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the 2010/2011 financial year than on the date the Council declared its general rates for the 2009/2010 financial year, or
- (c) any such increase is in whole or part because the zoning of the land has changed, or
- (d) the ownership of the property has changed since 1 January 2009.

## **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 the Council has failed to properly apply this policy, it should raise the matter with the Council. In the first instance contact the Senior Rates and Property Officer whose telephone number is 8366 4554 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied, they should write to the Chief Executive Officer.

## **REVIEW PROCESS**

The Council will review this Policy within 12 months of the adoption date of the Policy.

## **INFORMATION**

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Senior Rates and Property Officer, telephone 8366 4554.

## **ADOPTION OF THE POLICY**

This Policy was adopted by Council on 5<sup>th</sup> July 2010