Rating Policy

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Responsibility:	Director of City Corporate
Responsible Officer(s):	Manager Finance
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Legislation:	*Local Government Act 1999* *Landscape South Australia Act 2019* *Valuation of Land Act 1971*
Related Documents:	Financial Hardship Policy Annual Business Plan, Budget & Long-Term Financial Plan Strategic Community Plan

Purpose

The purpose of this policy is to outline Council's approach towards rating its communities and to meet the requirements of the *Local Government Act 1999* (SA) (the Act) with particular reference to Section 123. Section 123 requires Council to have a rating policy that must be prepared and adopted (as part of the Annual Business Plan) each financial year in conjunction with the declaration of rates.

Definitions

Act – refers to the *Local Government Act 1999* (SA)

Capital Value – refers to the valuation methodology used in determining the value of land, as defined in the *Valuation of Land Act 1971*

Council – (with a capitalised 'C') refers to the elected Council body

council – (with a non-capitalised 'c') refers to council as the organisation

Minimum Rate – refers to the rate amount payable in respect of land which falls within a range of values as determined by Council

General Rate – refers to the rate in the dollar which applied to properties in the calculation of the general rate payable by Council Rates.

Postponed Rates – refers to any rates postponed under Section 182 of the Act

Postponed Rates - Seniors – refers to any rates postponed under Section 182A of the Act

Rating – refers to the overall process of raising revenue by way of levying rates and charges

Rebates – refers to an amount that a rate or charge may be reduced in accordance with Sections 159 to 166 of the Act

Remissions – refers to any reduction in amounts payable granted in accordance with Section 182 of the Act

Separate Rate – refers to a rate that applied in addition to other rates and charges, which is used to fund specific activities in accordance with Section 154 of the Act

Scope

Council's powers to raise rates are scheduled under Chapter 10 of the *Local Government Act 1999* (the Act). The Act provides the framework within which the Council must operate, but also allows Council to make a range of policy choices.

Section 147 of the *Local Government Act 1999* states that all land within a council area, except for land specifically exempt (e.g. Crown Land or Council occupied land) and land which includes other limited categories, is rateable.

Section 150 of the *Local Government Act 1999* states that Rates are not fees for services, they constitute a system of taxation for Local Government purposes.

Legislative and Corporate Requirements

The Rating Policy is to be read and implemented in conjunction with Council's other relevant policies, strategies and documents, including:

- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*
- *Landscape South Australia Act 2019*
- *Valuation of Land Act 1971*
- City of Prospect - Financial Hardship Policy
- City of Prospect - Annual Business Plan, Budget and Long-Term Financial Plan
- City of Prospect – 2023-2027 Strategic Community Plan

Policy Statement

Strategic Development

In setting rates, Council's primary consideration is the City of Prospect's 2023-2027 Strategic Community Plan which has been developed as a result of long-term strategic planning involving Council in consultation with special interest groups, Council's Audit Committee, Elected Member workshops and input from the staff. Council also considers the current economic climate which incorporates features such as:

- inflation rates (eg. Local Government Price Index) and Consumer Price Index (C.P.I.),
- employment rates,
- Council's Treasury Management Policy,
- legislative changes and
- the need to manage, maintain and improve the community's physical infrastructure assets for future generations.

Council, in its deliberations, takes into consideration the effect of rates on local businesses and is mindful of maintaining the balance between economic development and community development and Council's financial sustainability.





In considering the impact, Council assesses those elements of the Council's Strategic Management Plans relating to business development including, but not limited to, the equity of the distribution amongst ratepayers; Council's policy on facilitating local economic development; changes in the valuation of commercial and industrial production properties; and specific infrastructure maintenance issues that will solely or principally benefit businesses.

Council adopts as a broad philosophical position that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstances which warrant variation to the broad principle.

Council's ability to raise income from rents and lease payments is tempered by its desire to ensure that community groups and sporting bodies, who are the lifeblood of any vibrant community, have sufficient resources to meet their obligations. As a result, concessional rental and lease arrangements often apply to these groups.

The fundamental principle of equity within the community and assessment of the impact of rates across the area forms the criteria for annual rates modelling which is then used to develop a planned review of the basis of rating each year.



Principles of Taxation

In developing this policy Council has also given consideration to the following five principles previously identified by the local government industry (Local Government Rating – A Consultation Paper, April 2001) that apply to the imposition of taxes on communities:

- equity (taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity)
- benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- ability-to-pay (in levying taxes the ability of the taxpayer to pay the tax must be taken into account)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (eg tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour a tax is inefficient)
- simplicity (the tax must be understandable, hard to avoid, easy to collect).

The principle of 'benefit' (above) supports the philosophy that rates should not be regarded as a user pays system and it should also be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent these principles are in conflict with each other in practice. Councils must therefore strike a balance between:

- the application of the principles
- the policy objectives of taxation
- the need to raise revenue
- the effects of the tax on the community.

Application of Policy

Valuation of Land

Council uses the services of the South Australian Valuer-General (The Office of the Valuer-General) to establish the value of land within the Council area for rating purposes. The Valuer-General must comply with all requests from Council to value land within the area that is subject to separate ownership or occupation, and is therefore assessable for council rates.

The basis for valuation of land in the City of Prospect is the capital value of the land including all improvements. Council considers that the capital valuation method of valuing land provides the fairest method of distributing the rate burden across all ratepayers for the following reasons:

- 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 considered a relatively good indicator of wealth.
- Capital value, which trends with the market value of a property provides the best indicator of overall property value, and
- Council considers the Valuer-General's capital valuations to be consistent across council areas and stable in their basis of assessment.

Object to Valuation

A person may object to a valuation made by the Office of the Valuer-General by notice in writing within 60 days after the date of service of the Annual Notice. This objection must set out the full and detailed ground for objection to a valuation.

The objection can be submitted via:

- An online form at: www.sa.gov.au/topics/housing/owning-a-property/objecting-to-a-property-valuation
- Email to LSGObjections@sa.gov.au
- Post to GO Box 1354 Adelaide SA 5001

Council has no role in the process of considering an objection to a valuation.

The lodgement of an objection does not change the due date for the payment of rates.

Differential General Rates

Council considers the imposition of a differential general rate each year in accordance with Section 156 of the *Local Government Act, 1999.* When considering the imposition of differential general rates, the differential factor used by Council is land use. The following differential land use factors are used:

1. Residential: Comprising the use of land for a detached dwelling, group dwelling, multiple dwelling, residential flat building, row dwelling or semi-detached dwelling.
2. Commercial Shop: Comprising the use of land for a shop.
3. Commercial Office: Comprising the use of land for an office.
4. Commercial Other: Comprising any other commercial use of land not referred to as a shop or office.
5. Industry Light: Comprising the use of land for a light industry.
6. Industry Other: Comprising any other industrial use of land not referred to as light industry.
7. Primary Production: Comprising farming, horticulture, horse keeping, intensive animal keeping or in respect of a dairy situated on a farm - the use of land for a dairy.
8. Vacant Land: Comprising land, which is not being used for any purpose.
9. Other: Comprising any other use of land not referred to in the categories specified above.
10. Marina Berths: Comprising land used for the berthing or mooring of a vessel; or used for the dry storage of a vessel.



For the 2026-2027 financial year, Council intends to set four differential rates being:

- $0.194523 cents in the dollar on rateable land of category 1 (Residential).
- $0.533351 cents in the dollar on rateable land of categories 2, 3, 4, 5, 6, 7 and 9, 10 (Commercial Shop, Commercial Office, Commercial Other, Industry Light, Industry Other, Primary Production, Other and Marina Berths).
- $0.583570 cents in the dollar on rateable land of categories 8 where land lies in the residential planning zone (Vacant Land - Residential).
- $1.733392 cents in the dollar on rateable land of categories 8 where land lies in planning zones other than residential (Vacant Land – Non-Residential).

With the exception of land which ceases to be rateable or becomes rateable part way through financial year, the Council will not review assessments based on changes of occupancy or land use which have taken place after the assessment has been made as at 1 July in the current financial year.

If a ratepayer believes that if their property has been incorrectly classified by Council in respect of its land use, the ratepayer may lodge a written objection with Council within 60 days of the date of the annual rate notice.

The objection must clearly:

- Set out the basis for the objection; and
- Provide sufficient supporting information to substantiate the alternative land use classification proposed by the ratepayer

In considering an objection, Council will assess the dominate use of the land at the relevant valuation date and may have regard to matters including, but not limited to:

- Whether the land is vacant or developed
- The stage and extent of any building works
- Whether the improvements are sufficiently advanced to support occupation; and
- Any other relevant evidence available to Council.

For clarity, land will generally continue to be classified as vacant land until building works have progressed to a stage where the land can reasonably be regarded as having a residential use, rather than being held for future development.

Council will determine the objection based on the information available and will notify the ratepayer of its decision.

The lodgement of an objection does not alter the due date or the amount payable for rates as issued. Rates must be paid in accordance with the notice.

If an objection is upheld, an adjustment to the rates will be made.

Until written confirmation of any change is provided, the existing land use classification will remain and will continue to determine the amount of rates payable.

Minimum Rate

Council has historically decided to impose a minimum amount payable by way of rates in accordance with Section 158 of the *Local Government Act 1999.* Council has chosen to impose a minimum rate rather than a fixed charge as it offers simplicity in its administration and is more equitable in sharing the taxation burden (in that land value determines who is subject to the minimum rate and who is not), rather than the imposition of a fixed charge which applies to all ratepayers with no reference to their capacity to pay (ie. it is a "one size fits all" charge).

The minimum rate is levied against the whole of an allotment (including land under a separate lease or licence). Where land comprises less than a whole allotment (provided no lease or licence exists) the minimum rate cannot be applied. Only one minimum rate is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. This is described as contiguous land.

Independent living units (in a retirement village) are exempt from paying the minimum rate by virtue of section 158 of the *Local Government Act 1999.*

Council will endeavour to maintain a ratio of minimum rate over the total number of properties to approximately 31%, which is well under the legislated maximum of 35%.

Regional Landscape Levy

Council collects a Regional Landscape Levy on all rateable properties on behalf of the Green Adelaide board. The Levy funds vital projects and is combines contributions South Australian ratepayers previously made through their Catchment Water Management Levies and/or animal and plant control rate revenue contributions from local government.

Council is simply operating as a revenue collector for the Board in this regard.

Council does not retain this revenue or determine how the revenue is spent. Council collects this money by imposing a separate rate against all of the rateable properties in the area. The rate in the dollar for this separate rate will be is $0.00587022.

Separate Rate – Village Heart Marketing Fund

Since 2017-2018 Council has managed a new fund for the marketing and promotion of the Prospect Road Village Heart. This fund is provided to finance activities as directed by the Prospect Road Main Street Association.

The fund will source its income via a separate rate applied to all non-residential properties along Prospect Road, bordered at the North by Gladstone and Alpha Roads, and to the South by Buller and Ballville Streets.

The rate will not be applied to any assessment already in receipt of a mandatory rebate, nor a Mobile Phone Tower.

A separate rate will be collected as a single fixed charge of $310 for each non-residential tenancy within the area.

Delivery of Rate Notices

Rate notices are sent quarterly via Australia Post to the postal address notified to Council. Notices are required to be sent at least 30 days but not more than 60 days before an instalment falls due as per section 181 (7) of The Act.

Council provides the option to receive your rate notices electronically through Bpay View & EzyBill. Registrations for Bpay View are made through the individual's internet banking with their nominated financial institution.

Paper copies of rate notices are suspended while there is an active electronic notice delivery registration. This leads to an environmental and cost saving for the delivery of rate notices.

There is no cost to receive notices electronically.

Payment of Rates

Council provides a broad range of payment options for the payment of rates. Rates are usually declared in June each year and may be paid either in full or in quarterly instalments, with the last date for payment of each instalment being the:

- 1 September 2026
- 1 December 2026
- 1 March 2027
- 1 June 2027

Payment of rates may be paid by the following methods:

- Bpay
- Australia Post Billpay
  (At any Post Office, via Internet or via Phone)
- Direct Debit – Fortnightly, Quarterly or Annually
- Council's online payment system – www.prospect.sa.gov.au
- Phone – 1300 140 306
- In person at Payinthi (EFTPOS only)
- By mail to City of Prospect, PO Box 171 Prospect SA 5082

For more information, please refer to the reverse side of your rates notice or contact Customer Service on 8269 5355.

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment arrangements should contact the Rates Administration Team to discuss options for alternate payment arrangements. Such enquiries are treated confidentially by Council.

When Council receives a payment in respect of overdue rates, the Council applies the money received as per section 183 of The Act:

- firstly – to satisfy any costs awarded in connection with court proceedings;
- secondly – to satisfy any interest costs;
- thirdly – in payment of any fines imposed; and
- fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

Late Payment of Rates

Section 181 of the *Local Government Act 1999,* provides that if an instalment of rates is not paid on or before the last day for payment, the unpaid rates will be regarded as being in arrears, and a fine of 2% is payable.

Any payment that continues in arrears then accrues monthly interest on the amount in arrears, (including any fines). The rate of interest is variable according to current cash advance debenture rate as at 1 July, and is prescribed in Section 181 of the *Local Government Act 1999.*

The purpose of this penalty is to act as a deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Council to cover the administrative cost of following up unpaid rates, and to cover any interest cost the Council may meet because it has not received the rates on time.

Where an amount of rates remains outstanding one week after the expiration of the last date to pay, a notice of overdue rates will be sent to the ratepayer.

Debt Recovery

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the *Local Government Act 1999* and following an ongoing assessment of arrears and systematic approach to debt recovery.

Rates which are not paid by the due date as specified on the council rates notice will be subject to the following recovery procedure:

1. Fines & Interest as provided by the Act will be added;
2. If greater than $1,200 of rates are in arrears, the debt will be placed in the hands of a debt collector
3. Letters will be sent to the ratepayer by the debt collector requesting payment of the debt within 7 days;
4. Once the 7 days have expired, and should rates remain overdue with no satisfactory arrangement, a notice of intention to issue a claim will be forwarded by the debt collector, allowing a further 14 days to make payment;
5. Court proceedings will be instigated if the payment is still overdue once the above periods have expired.

All fees and court costs are recoverable from the ratepayer.

Sale of Land for Non-Payment of Rates

The *Local Government Act 1999* provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) 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. The City of Prospect enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of section 184 of the Act.

Land which is exempted for non-payment of rates as per Section 185 of the *Local Government Act 1999* City of Prospect enforces its application as part of its policy.

Financial Hardship

Council has a dedicated Financial Hardship Policy. Please refer to the Financial Hardship Policy for details.



Rebate Of Rates

Mandatory

The *Local Government Act 1999* (sections 159 – 165) requires Council to rebate the rates payable on some land. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 25% to 100% and will be applied upon application and or verification of existing status.

Discretionary

The *Local Government Act 1999* Section 166 enables Council to give discretionary rate rebates up to 100% for land used for the purposes of community good, business development, historic conservation, or public access.

A discretionary rebate may be granted where it is considered by Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer.

Council will consider applications in accordance with Section 166 criteria and may rebate rates and / or apply such conditions as Council thinks fit. Discretionary rebates granted will be for a particular financial year, with a new application required to be made to council every four (4) years to align with a council term, provided the applicant's circumstances and use of the land have not changed.

Organisations who have received a discretionary rebate in the current year are to be advised in writing annually of the need to submit a declaration that the land use and conditions of approval have not changed.

Organisations who have received a discretionary rebate in the current year are to be advised in writing of the need to submit a new application when the four (4) year term is near. Applications for discretionary rebates are to be received by first instalment date for the relevant financial year.

Ratepayers who have received a discretionary rebate in the current year as relief against substantial change in rates payable will not be so advised.

Separate Rate

Businesses that hold multiple adjacent tenancies who are all charged the Village Heart Marketing Fund separate rate may apply for a rebate on one of the tenancies.

An application must be made using the application form that is available on Council's website and submitted prior to the first instalment due date.

Payment of rates must not be withheld whilst assessment of this rebate is taking place. If so, fines and interest may apply.



Postponement of Rates

Seniors

Under Section 182 A of the Act a postponement of rates may be granted to persons meeting the requirements of Section 182A (1).

A 'senior' for these purposes is a person who holds a current State Seniors Card issued by the State Government or who has the qualifications to hold such and has applied for the card but is yet to be issued with it.

A postponement is available to a 'senior' (or the spouse of a senior) in respect of all rates payable on the principal place of residence that is owned only by the senior or the senior and his/her spouse.

A postponement for these purposes must be applied for (to the Council) and where the above criteria are met will result in all rates over $500 being postponed. The postponed amount will incur interest. For further information about this scheme, contact the Rates Department on 8269 5355.

Relief from Hardship

Section 182 of the *Local Government Act 1999* permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates on the basis of hardship.

Further information is provided in Council's Hardship Policy

Pensioner Concessions

If you are an eligible pensioner you may be entitled to a cost of living concession. This concession is paid directly into the individual's bank account and can be used towards either electricity, gas, water bills or council rates.

Application forms are available by contacting the Concession Hotline on 1800 307 758 or at www.sa.gov.au/concessions.

Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

Changes to Assessment Record

All changes to postal address or name of a ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing; letter or email.

Section 172(2) of the Act allows an occupier of land, with the consent of the owner, to apply to the Chief Executive Officer to have the occupiers name entered into the assessment record as the principle ratepayer. This application must be made to the Chief Executive by completing the relevant form, which is available on Council's website.

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 a Customer Service Officer at the Council Offices or on telephone 8269 5355 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Prospect PO Box 171 Prospect SA 5082, or email to admin@prospect.sa.gov.au explaining the nature of their concern.



Review

The Policy is reviewed annually as part of the Annual Business Plan, Budget and Long-Term Financial Plan process.

Access to the Policy

The Policy is available for public inspection on Council's website www.prospect.sa.gov.au and from Customer Service at Payinthi, 128 Prospect Road, Prospect SA 5082.

Further Information

For further information about this policy please contact:

Director of Corporate Services

City of Prospect
128 Prospect Road
Prospect SA 5082

Phone: 08 8269 5355

Email: admin@prospect.sa.gov.au

