

Rating Policy

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Responsible Officer:	Director-Corporate
Relevant Legislation:	<i>Local Government Act 1999,</i> <i>Local Government (Financial Management) Regulations 2011</i> <i>Valuation of Land Act 1971</i>
Related Policies/Protocols:	Financial Hardship Policy, Financial Hardship Guidelines, Debt Recovery – Non-Payment of Rates Protocol, Fines, and Interest Remission Guidelines Discretionary Rebates of Rates Policy

1. Introduction

- 1.1 The City of Burnside is committed to ensuring equitable distribution of the rates burden across the city. This document sets out the policy of the City of Burnside for setting and collecting rates from its community to meet the requirements of the *Local Government Act 1999* with reference to Section 123.
- 1.2 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.

2. Strategic Plan Desired Outcomes

- 2.1 The strategic desired outcomes are:
 - PRINCIPLE: Spans all Strategic Plan Principles
 - THEME: Spans all Strategic Plan Themes
 - GOALS: Spans all Strategic Plan Goals
 - PRIORITY: Spans all Strategic Plan Priorities

3. Our Approach

- 3.1 Ensure the rating system considers the range of financial circumstances of our community.

4. Legislative Requirements and Corporate Policy Context

- 4.1 *Local Government Act 1999 – Chapter 10 (Rates and Charges)*

4.2 *Local Government (Financial Management) Regulations 2011 – Part 2 Financial accountability Section 6 Annual business plans*

4.3 *Valuation of Land Act 1971 – Sections 24, 25A, 25B & 25C*

5. Interpretation

For the purpose of this policy:

- 5.1 **'Act'** refers to the Local Government Act 1999.
- 5.2 **'Capital value'** refers to the valuation methodology used in determining the value of land as defined in the *Valuation of Land Act 1971*.
- 5.3 **'General Rate'** refers to the rate in the dollar that applies to properties in the calculation of the general rate payable by way of Council Rates.
- 5.4 **'Postponed rates'** refers to any rates postponed under Section 182 or 182A of the Act.
- 5.5 **'Rating'** refers to the overall process of raising revenue by way of levying rates and charges.
- 5.6 **'Rebates'** refers to an amount that a rate may be reduced in accordance with Chapter 10, Division 5 of the Act.
- 5.7 **'Remissions'** refers to any reduction in amount payable granted in accordance with Section 182 of the Act.
- 5.8 **'Residential rate cap rebate'** refers to the rate cap applied to properties with a Residential land use, subject to specific criteria, which is applied under the provisions of Section 153(3) of the Act.

6. Policy

Rating Structure

6.1 Method Used to Value Land

- 6.1.1 Under Section 151 (2) of the Act, Council must utilise the Capital Valuation method for the purposes of rating.

6.2 Adoption of Valuations

- 6.2.1 Council will adopt the valuations as provided by the South Australian Valuer General. If a ratepayer is dissatisfied with the valuation provided, an objection may be made to the Valuer General. This objection must be within sixty (60) days after the date of service of

the rates notice and must be made in writing for it to be considered. Contact details for the Valuer General is included on the rates notice provided by Council. Alternatively, ratepayers can submit an online objection through Council's website ([available here](#)).

Note: Council has no role in this process. It is also important to note that the lodgement of an objection does not change the due date for the payment of rates.

6.3 Council's Revenue Raising Powers

- 6.3.1 All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and other land prescribed under Section 147 of the Local Government Act 1999, is rateable. The Local Government Act provides for Council to raise revenue for

the broad purposes of Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to specific classes of properties.

- 6.3.2 In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. Council also raises revenue through fees and charges, which are set considering the cost of the service provided and any equity issues. The list of applicable fees and charges is available on our website at www.burnside.sa.gov.au. A goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

6.4 Differential Rates

- 6.4.1 In accordance with Section 153 of the Local Government Act 1999 Council can apply differential rates based on the use of land.
- 6.4.2 Council currently applies a differential rate of 250% on properties classified as Vacant Land. Council believes this prevents land banking and encourages ratepayers to speed up the development of their properties.
- 6.4.3 If ratepayers believe that a particular property has been incorrectly classified as to its land use, then they may object (to Council) to that land use with 60 days of being notified. A ratepayer may discuss the matter with a Rates Officer in the first instance. Alternatively, ratepayers can submit an online objection through Council's website ([available here](#)).
- 6.4.4 Council will provide, on request, a copy of Section 156 of the Local Government Act 1999 (as amended), which sets out the rights and obligations of ratepayers in respect of objections to a land use classification.

Note: It is also important to note that the lodgement of an objection does not change the due date for the payment of rates

6.5 Minimum Rate

- 6.5.1 Council may impose a minimum amount payable by way of rates over all or part of its area if it has not imposed a fixed charge. 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.
- 6.5.2 In accordance with Section 158 of the Act, Council imposes a minimum rate, as it considers it appropriate that all rateable properties make a base level contribution to the cost of:
- Administering the Council's activities; and
 - Creating and maintaining the physical infrastructure that supports each property.
- 6.5.3 Council will increase the minimum rate annually at the same level as the percentage increase in general rates, excluding growth. Therefore, as the cost of services changes, the 'contribution' paid by ratepayers on the minimum rate will also change. Adjusting the minimum rate helps ensure equity is maintained by avoiding a shift in the rates burden to other ratepayers.
- 6.5.4 Section 158(2) of the Act provides direction on which properties will

be exempt from the minimum rate. In accordance with Section 158(2) (d), Council will ensure that the minimum rate will not apply to more than 35% of total properties subject to the general rate within the City.

6.6 Regional Landscapes Levy

- 6.6.1 The City of Burnside falls in the Green Adelaide region and is required under the Landscape South Australia Act 2019 to make a specified contribution to the Green Adelaide Board. It does so by imposing a separate rate against all rateable properties in the City.
- 6.6.2 The Regional Landscapes Levy is a State Tax. Councils are required to collect it under the Landscape South Australia Act 2019. Revenue from this levy is not retained by the Council, nor does the Council determine how the revenue is spent. Enquiries should be directed to Green Adelaide Board.

6.7 Rate Rebates

- 6.7.1 Council has determined that rebates of rates will be granted when the applicant satisfies the requirements for mandatory rebates under Section 159 to 165 of the Act. Applications for discretionary rebates lodged under Section 166 of the Act will be considered under Council's Discretionary Rebates of Rates Policy.
- 6.7.2 The Discretionary Rebates of Rates Policy provides the full details regarding rate rebates permissible under the Act. This policy document supports our main Rating Policy.

Vacant Land Construction Rebate

- 6.7.3 Under Section 166(1)(a) of the Act, and for the purpose of securing the proper development of the area, a rebate of general rates will be granted in respect of an Assessment classed as vacant land in the Council's Assessment Book where the land is in a Residential zone in the Development Plan, or any replacement zone created by the authorisation of a Plan Amendment Report applicable to the Council's area;
- if the Principal Ratepayer of the Assessment applies to the Council for the rebate prior to 30 June;
 - a dwelling has been substantially commenced on the property
- by 30 June; and
- the Council is satisfied that the intention of the Principal Ratepayer is to reside in that dwelling upon completion for at least 1 year.
- 6.7.4 The amount of the rebate is determined based on the timing of the pouring of the footings. If the footings are poured prior to 31 December, a full rebate will be given but if the footings are poured after 31 December, a 50% rebate will be given with the rebate being the difference in monetary terms between the rates that would have been paid in respect to the Assessment if it had been used at the date of declaration of the rates for residential purposes and the actual amount paid after deducting any other rebate granted within the rating period.

Rebate of Rates – Private Water Suppliers

- 6.7.5 Section 166(1)(j) states “A council may grant a rebate where the land is being used by an organisation which, in the opinion of the council provides a benefit or service to the local community up to (and including) 100%”.
- 6.7.6 Council has assessed the specific issue of private water suppliers in the suburb of Skye and considers that charging full rates on parcels of land that are used for providing water provision infrastructure, is not in the interest of the community. Council rates will be charged on a rate in the dollar basis, on the capital value of the property, with no application of a minimum rate.

Rate Relief – Residential Maximum Rate Increase/Rate Capping

- 6.7.7 Council will decide on an annual basis on whether it will provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to rapid changes or anomalies in valuation. A cap will not be applied where the rate increase is because of an increase in valuation recognising significant capital improvements on the property (regardless of when the development was undertaken) or where there has been a change in the land use or ownership since the commencement of the previous financial year.
- 6.7.8 Rate capping for residential properties (subject to certain criteria) recognises that in some circumstances residents have no control over increases in property valuations. Where a significant valuation increase is because of market forces and not because of purchasing the property, significant capital development on the property or a change in land use, the rates levied because of that valuation increase should be capped at a level that minimises the impact to a reasonable level.
- 6.7.9 Ratepayers who could be eligible for the Rate Cap Rebate will have the rebate applied automatically against their rates and the amount of rebate provided by Council will be displayed on the first Instalment rates notice. This rebate is applied under Section 153(3) of the Act.
- 6.7.10 Should a ratepayer who has been provided with the automatic rate

cap subsequently put in a valuation objection to the Valuer General which is successful and results in a reduction in valuation and hence rates, then the credit provided to the ratepayer will take into consideration the amount of rate cap already provided.

Remission of Rates – Residential Properties

- 6.7.11 Council will provide remission of rates in accordance with Section 182 of the Act to provide flexibility in respect to its rating policy and:
- To provide additional relief for people receiving concessions under the Rates and Land Tax Remissions Act 1986; and/or
 - To provide relief from hardship.
- 6.7.12 Council may, on receipt of an application and subject to the

ratepayer substantiating the hardship (such as providing a statement of income and expenses), consider granting a remission of rates in respect of an assessment.

- All applications for Remission of Rates will be assessed on a case-by-case basis and are not contingent on the level of increase in rates payable.
- All remissions of rates will be subject to the principal ratepayer making application in the prescribed form available on Council's website ([available here](#)).
- A remission of rates will be available on any residential property where the principal ratepayer satisfies the application criteria.

6.7.13 Retrospective or continuing annual remissions will not be considered. Any penalties/interest incurred prior to a remission of rates accepted by Council will not be remitted.

Postponement of Rates for Seniors

6.7.14 Section 182A of the Act provides the option for State Senior Card holders to apply to postpone their annual Council rates more than \$500 on a long-term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. Postponement is similar to a reverse mortgage by relying on the equity in the property. A ratepayer who has a State Seniors Card may apply for a postponement of their Council rates more than \$500 payable on the property they own if it is their principal place of residence and if no other person other than their spouse has an interest as owner of the property and there is appropriate equity in the property.

6.7.15 All applications for postponement of rates must be in writing on the prescribed application form ([available here](#)) and provide supporting documentation.

6.7.16 Postponement of rates payment, authorised by Section 182 of the Act, provides a useful approach to relief for some ratepayers. Postponement enables ratepayers to defer payment of rates until such time as the property is sold or their circumstances change.

6.7.17 The amount postponed can be up to 100 per cent of the rates payable for the assessment (after deducting pensioner or other concessions). All applications for postponement will be assessed on a case-by-case basis and must satisfy the application criteria. The individual circumstances will determine whether Council agrees to the postponement of the whole or part of the rates payable and will not exceed rates payable as set by Council annually.

6.7.18 For more information please refer to the Financial Hardship Policy & Guidelines available on Council's website ([available here](#)).

6.8 Payment of Rates

Due Dates for Payments

- 6.8.1 As required by Section 181 (1) of the Act, ratepayers may pay their rates in four equal instalments in the months of September, December, March, and June of each financial year. The total outstanding balance of rates may be paid in full at any time.
- 6.8.2 Rates can be paid over the counter at any branch of Australia Post, through Bpay, Direct Debit, in person at the Council office or via the mail. Council also has telephone and internet options for receiving payments and the rates notice provides further information on payment options.
- 6.8.3 Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements may apply for a payment arrangement or extension of time through Council's online form ([available here](#)). Fines and interest will not apply during the period of an agreed arrangement if the payments are being met on time. If an extension of time is requested prior to the due date, fines and interest will not apply during the period of an agreed extension.

Late Payment of Rates

- 6.8.4 Section 181(8) of the Act requires Council to impose a fine of two (2) percent if an instalment of rates is not paid on or before the last day for payment. Any amount that continues to be overdue is then charged an interest rate, which is set in accordance with Section 181(17) of the Act.
- 6.8.5 The purpose of the fine and/or interest 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 incur because it has not received the rates on time.
- 6.8.6 Where rates are overdue, Council provides ratepayers with a grace period of two (2) working days after the due date for payment. This allows time for payments to be received if paid on the due date via Bpay, telephone or through Council's website. Thereafter fines for late payment are imposed and an Overdue/reminder notice is sent.
- 6.8.7 Council will consider applications for remission of fines in certain extenuating circumstances. A request for waiver of fines must be in writing, setting out detailed reasons why a fine remission has been requested. Applications for Remission of Fines and Interest are available from Council's website ([available here](#)). Please also refer to Council's Fines and Interest Remission Guidelines for more information ([available here](#)).

Debt Recovery

- 6.8.8 The Council will issue one (1) letter of Demand for payment of rates when rates are unpaid by the due date. Should rates remain unpaid more than seven (7) days after the date of issue of the letter of Demand, Council will refer the debt to a debt collection agency for collection when the amount in arrears has been outstanding for two or more quarterly instalments or the rates value outstanding is \$500 or more.

- 6.8.9 Should the rates still be outstanding by the next instalment due date then this amount shall be added to the arrears amount already referred to Council's debt collection agency.
- 6.8.10 A notice of intention to issue a claim will be forwarded by the debt collector and court proceedings will be instigated if the payment is still overdue after 21 days.
- 6.8.11 The debt collection agency will charge collection fees to Council. All fees and court costs incurred are recoverable from the ratepayer.
- 6.8.12 When Council receives a payment in respect of overdue rates 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; and
 - Fourth – in payment of rates, in chronological order (starting with the oldest accounts first).

Sale of Land for Non-Payment of Rates

- 6.8.13 Where rates have been in arrears for three (3) years or more and Council has unsuccessfully pursued all reasonable attempts to secure payment giving regard to hardship constraints by the ratepayer, then Council has the option under Section 184 of the Local Government Act 1999 to pursue recovery of rate arrears through the sale of land.
- 6.8.14 This option will not apply to rate arrears that have resulted due to an arrangement for postponement of rates unless the postponement ceases to have effect.
- 6.8.15 Council recognises the severe impact that such action could have on a property owner and accordingly this action will be instigated in line with the following steps:
- 6.8.16 If a rate debt has been in arrears for two (2) years, Council will provide a written notice to the ratepayer stating that if rates remain in arrears for three (3) years, Council intends to rely on Section 184 to recover rates via the sale of the ratepayer's land (without any threat to proceed) and requesting their co-operation by making arrangements to pay the outstanding debt.
- 6.8.17 When a ratepayer's rate debt has been in arrears for three (3) years a letter will be forwarded to the ratepayer advising:
- Commencement of action to recover overdue rates debt;
 - Details of the process and the timing of implementing Section 184 actions;
 - That all interested parties, such as mortgagees will be notified if an arrangement to clear the debt is not forthcoming; and
 - That a minimum of one (1) calendar month will be allowed to respond.
- 6.8.18 If the ratepayer does not contact Council or make appropriate arrangements to clear the outstanding debt within the required timeframe the following action will be instigated:
- The Elected Members will be informed of the commencement of the action without releasing personal details of the ratepayer;

- A Section 184 Notice will be issued to the relevant ratepayer, including the details of any appeal rights e.g. the opportunity to make a deputation to Council. A copy of the notice will be forwarded to any mortgagee of the land as shown on the Certificate of Title;
- Once the Notice has been issued all legal costs involved with the Section 184 process and all arrears on the property must be paid in full to prevent the sale from occurring;
- Council will commission a solicitor to proceed with Section 184 proceedings – if the relevant debt has not been satisfied.
- The Elected Members will be informed of the outcome when either the land is sold, or payment is received in full.

6.8.19 Should reasonable attempts to sell the land fail, Section 185 of the Act 1999 allows Council to apply to the Minister responsible for the administration of the Crown Lands Act 1929 for an order that the land be transferred to Council.

6.8.20 Council's approach to non-payment of rates aims to ensure that all residents and ratepayers are treated fairly and equally regarding the recovery of long-term rate debts and acknowledges that the Community should not be required to bear the financial burden of any long-term rate debts.

6.9 Changes to Assessment Records

6.9.1 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.

6.10 Disclaimer

6.10.1 In accordance with Section 171(5) of the Act, a rate cannot be challenged based on non-compliance with this policy and must be paid in accordance with the required payment provisions.

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

7 Review and Authority

7.1 In line with the requirements of the Act, this Policy will be reviewed annually along with the adoption of the Annual Business Plan.

8 Availability

8.1 The Policy is available to be downloaded, free of charge, from Council's website www.burnside.sa.gov.au.

8.2 The Policy can be purchased at a fee as set annually by Council.

9 Further Information

9.1 For further information about this policy please contact:

City of Burnside Civic Centre; 401 Greenhill Road, Tasmore SA 5065
Telephone; 8366 4200; Email; burnside@burnside.sa.gov.au