

Rating Policy

Policy Number	F15
Responsible Officer(s)	Manager of Finance
Policy Adopted	April 2023
Next Review Date	April 2027
Minutes reference	2023/04-06
Applicable Legislation	<i>Local Government Act 1999.</i>
Related Policies	Debt Collection Policy; Hardship Policy for Residential Customers of CWMS & Recycled Water Services.

1. POLICY PRINCIPLE

The purpose of this policy is to set a clear and equitable rating strategy and methodology that guides Council's rating decisions on an annual basis.

2. LEGISLATIVE CONTEXT

This policy has been developed pursuant to Chapter 10, Part (1) of the *Local Government Act 1999*.

3. STRATEGIC CONTEXT

The development of this policy has been influenced by the community's 10-year strategic plan - Wakefield 2030, significant capital valuation fluctuations across Land Use Categories and an unintended distortion of Council's rating differentials.

3.1 Wakefield 2030

Wakefield 2030's vision is to create a thriving and connected regional community known for its lifestyle, vibrant towns and economic prosperity. To achieve this vision a number of key economic strategies have been established which include:

- attraction of new businesses and industries to the region;
- enticing developers to the area to facilitate residential growth; and
- supporting existing businesses and industries and encouraging their expansion.

This Policy provides specific strategies to help positively influence business and investment behaviour, ensure the successful delivery of Wakefield 2030.

3.2 Capital Valuation Fluctuations

Over recent years some Land Use Categories have experienced significant increase in valuations compared to other Land Use Categories. An example is Primary Production which has experienced annual valuation increases exceeding 10%, while other categories such as Residential has experienced only 2% valuation increase on average.

This Policy provides specific strategies that considers capital valuation fluctuations across all Land Use Categories and provides appropriate safety nets to protect all ratepayers from large annual valuation increases.

3.3 Rating Differential Imbalance

Previously, Council focused on raising rates as a percentage contribution from each Land Use Category. Unfortunately, this rating methodology has been negatively impacted by large variations in capital valuations, resulting in an unplanned and unsustainable distortion of Council's rating differentials.

4. POLICY SCOPE

This Policy provides specific strategies to progressively correct the distortion to rating differentials and to better support key strategic objectives identified within Wakefield 2030.

This policy will:

- detail Council's long-term rating strategy;
- set Council's basis of rating;
- prescribe Council's rate modelling methodology;
- guide Council's annual rating decisions;
- describe available rate capping provisions;
- present strategic rebate opportunities;
- outline additional charges that appear on rate notices; and
- inform ratepayers of mandatory and discretionary rate rebates and financial hardship support.

5. POLICY OBJECTIVE

The objective of this policy is to balance the strategic objectives of Council (Wakefield 2030) with rating equity (share of rate burden), rating fairness (annual adjustments) and external influences including capital valuation changes and the economic environment.

Council's decision regarding its rating is underpinned by:

- accountability and transparency with its community;
- equitable and fair distribution of the general rate responsibility across the whole community; and
- consistency with Council's strategic and financial direction and budgetary requirements.

6. BASIS OF RATING

6.1 Method Used to Value Land

Councils may adopt one of three valuation methodologies to value the properties in their areas. They are:

- Capital Value – the value of the land and all the improvements on the land.
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

Council has adopted the methodology, Capital Value, as the basis for rating within the Council area. Council considers that this method provides the fairest distribution of the rate burden across all ratepayers.

6.2 Adoption of Capital Valuations

A Council may employ or engage a valuer to value the land in the area or it may use the valuations provided by the Valuer-General, or it may use a combination of both subject to certain restrictions. Council will adopt, on an annual basis, the most recent valuations made available by the Valuer-General.

The Valuer-General recognizes the following Land Use Categories as part of the annual valuation process:

1. Residential
2. Primary Production
3. Vacant Land
4. Commercial
5. Industry
6. Other (e.g. community facilities, windfarms, roadside structures).

6.3 Objection to Capital Valuation

A person may object to a valuation of the Valuer-General by notice in writing, setting out the reasons for the objections, and the Valuer General must consider the objection.

An objection to a valuation must be made within 60 days after the date of service of the notice of the valuation to which the objection relates. If the person then remains dissatisfied with the valuation, they have a right to a review.

The Office of the Valuer-General can be contacted via:

Telephone: 1300 653 346
Email: OVGobjections@sa.gov.au

6.4 Capital Valuation Fluctuations

Capital valuation is a core component of the rating calculation and determined on an annual basis by the Valuer-General. Council recognises that annual capital valuation adjustments can vary greatly across Land Use Categories, which can cause large year on year rate adjustments for individual property owners and dramatically shift the rate burden amongst ratepayers.

7. MODELLING METHODOLOGY

In setting this policy Council has recognised that a rigid policy approach may not meet the policy's overall objective of balancing the strategic objectives of Council (Wakefield 2030) with rating equity (share of rate burden), rating fairness (annual adjustments) and external influences including capital valuation changes and the economic environment.

Council will therefore employ a flexible differential rating methodology which is directly linked to differences in annual capital valuation increases between each land use category. This will ensure that Council is able to proactively monitor and balance the rate burden across ratepayer groups.

7.1 Fixed Charge

Council will impose a fixed rating charge on each property assessment. A fixed charge ensures that all rateable properties make a base level contribution as Council delivers services and activities to support the whole community.

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

The balance of the rates due per assessment is determined by the capital valuation of the property, with a rate in the dollar applied against the capital valuation to determine total rates payable; this may be a single rate in the dollar or a differential rate in the dollar.

7.2 Single Rate in the Dollar Annual Reference Point

On an annual basis Council will calculate a single rate in the dollar annual reference point, which will guide Council's determination of the final rate in the dollar for each Land Use Category. The single rate in the dollar annual reference point will be calculated as follows:

Total Rates to be Raised / Total Capital Valuation / 100 = Single Rate in the Dollar Annual Reference Point

For example:

- Total Rates to be Raised = \$9,302,065 Annual Capital Valuation = \$2,489,798,424
- $\$9,302,065 / \$2,489,798,424 / 100 = 0.003736$
- Single Rate in the Dollar Annual Reference Point = 0.003736

The single rate in the dollar annual reference point is considered to be the most equitable base upon which the rate in the dollar for each Land Use Category should be calculated.

Council will make annual adjustments to each Land Use Category rate in the dollar using the latest annual capital valuation for each land use category.

7.3 Adjustment Parameters

When making annual adjustments to the Land Use Category rate in the dollar, Council will follow the following parameters:

1. Movement of the rate in the dollar for each Land Use Category will be determined by that year's annual capital valuation for each category.
2. The overall average rate adjustment for a Land Use Category, will not exceed 5% above that year's general rate rise as set by Council.

7.4 Differential Rating

The single rate in the dollar annual reference point will be calculated annually utilising the actual capital valuations for that year. Since annual capital valuation changes are not usually consistent across Land Use Categories, differentials will continue to exist, although they are expected to progressively reduce overtime, subject to annual capital valuation movements.

This will in turn improve rating equity and fairness and better support the objectives of Wakefield 2030 which include:

- attraction of new businesses and industries to the region;
- enticing developers to the area to facilitate residential growth; and
- supporting existing businesses and industries and encouraging their expansion.

8. SINGLE FARM ENTERPRISE

A single farm enterprise is determined when two or more pieces of rateable land are farm land and are farmed as a single enterprise and are occupied by the same person or persons, whether or not the pieces of land are contiguous.

If two or more pieces of rateable land within the area of the Council constitute a single farm enterprise, only one fixed charge will be imposed against the whole of the land. A single farm enterprise fixed charge provision will only apply if Council is satisfied, on application to the Council, and by provision of such information or evidence as Council may reasonably require, that the relevant land is within the ambit of this provision. If the grounds on which land is within the ambit this provision cease to exist, the person who has the benefit of the provision must immediately inform Council of that fact.

Application forms are available from the Council office and Council website.

9. RATE CAPPING

Council will provide relief to an individual ratepayer who experiences a significant annual capital valuation change, which causes their annual rates to increase significantly.

Council will provide a rate cap, where a ratepayer's annual rate increase is 7% above that year's general rate rise as set by Council, excluding a change in valuation as a result of property improvements.

The rate cap will be applied to the rates raised in that year and considered on an annual basis.

The rate cap does not apply when there is a change in property ownership.

10. STRATEGIC REBATE

Council may provide a rate and service charges relief to encourage development or to support businesses and industries within its area.

In support of Wakefield 2030, Council will consider a 'Strategic Rebate' to attract new businesses and industries, encourage regional investment, facilitate residential growth and support the expansion of existing businesses and industries.

Council may approve a Strategic Rebate of up to 100%, for a period exceeding one year, but not exceeding 10 years, provided the project or initiative supports the delivery of Wakefield 2030.

Application forms are available from the Council office and Council website.

11. OTHER RATE NOTICE CHARGES

11.1 Community Wastewater Management System Service Charge

Council provides Community Wastewater Management Systems to defined properties in the townships of Balaklava, Blyth, Hamley Bridge, Port Wakefield and Snowtown. Council recovers the cost of operating and maintaining the service through the imposition of a service charge or levy. The purpose of the service charge is to recover the cost of providing the services, which includes contractor fees, desludging costs and current and future capital renewal requirements. Council will review the CWMS service charge on an annual basis to ensure full cost recovery of this service.

11.2 Mobile Garbage Bin Service charge

Council provides a mobile garbage bin (MGB) collection and disposal service within defined areas of the region. The purpose of the service charge is to recover the cost of providing this service, which includes collection and disposal fees, state government levies and the provision of bins. Council will review the MGB service charge on an annual basis to ensure full cost recovery of this service.

11.3 Regional Landscape Levy

Council is required under the Landscape South Australia Act 2019, to collect the Landscape Levy on behalf of the Landscape Administration Fund for distribution to the Northern and Yorke Landscape Board.

It is important to note that Council is operating as a revenue collector for the Landscape Administration Fund and does not retain this revenue or directly determine how the revenue is spent.

The State Government will determine the Regional Landscape Levy on an annual basis and advise Council of the amount to be collected.

12. RATE REBATES

12.1 Mandatory Rebates

Council will provide the following mandatory rate rebates:

Health Services

The rates on land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australian Health Commission Act 1976 will be rebated at 100%.

Community Services

The rates on land being predominantly used for service delivery or administration (or both) by a community service organisation will be rebated at 75% (or, at the discretion of the council, at a higher rate). A community services organisation is a body that is a not-for-profit for the benefit of the public and provides community services without charge or for a charge that is below the cost to the body of providing the services.

Religious Purposes

The rates on land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes, will be rebated at 100%.

Public Cemeteries

The rates on land being used for the purposes of a public cemetery will be rebated at 100%.

Royal Zoological Society of SA

The rates on land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated will be rebated at 100%.

Educational Purposes

The rates on land occupied by a government school under a lease or licence and being used for educational purposes; or occupied by a non-government school registered under the Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes, will be rebated at 75% (or, at the discretion of the council, at a higher rate).

12.2 Discretionary Rebates

A council may grant a discretionary rebate of rates or service charges where the rebate is desirable for the purpose of assisting or supporting an organisation which, in the opinion of Council, provides a benefit or service to the local community or provides assistance or relief to disadvantaged persons.

A council may grant a rebate under this section of up to 100% of the relevant rates or service charge and for a maximum period of one year.

All discretionary rebates requests will be considered on an annual basis. Application forms are available from the Council office and Council website.

12.3 Discretionary Rebates Guidelines

Following criteria will apply to assess application for general rates discretionary rebates:

Criteria	Rate Rebate %
Where the organisation qualifies under Section 161 or 165 of the Local Government Act 1999	75% (Mandatory)
Where the organisation qualifies under Section 166 (1) of the Local Government Act 1999	50% (baseline discretionary rebate)
Where the organisation is owned by or under Council's care and control (land and / or building)	25% (*additional discretionary rebate)
Where organisation is primarily run by volunteers	25% (*additional discretionary rebate)
Where organisation has limited ability to raise funds	25% (*additional discretionary rebate)

**Total additional discretionary rebate up to maximum 50%*

Rebates for Community Waste Water Management System and Mobile Garbage Bin collection and disposal will attract the same rebate determined from above criteria assessment for properties occupied by community groups and community sporting organisations including hall committee, country women associations, town committees, pool committees, scouts and church buildings used for public worship or solely for religious purposes.

13. FINANCIAL HARDSHIP SUPPORT

13.1 Confidentiality

Any information disclosed by a ratepayer regarding their financial situation will be treated strictly as confidential and will not be used for any purpose other than the assessment of a request for assistance.

13.2 Flexible Payment Options

Council is committed to supporting ratepayers who are experiencing financial stress, through the provision of flexible rates and services charge payment options. Council will treat ratepayers experiencing payment difficulties with respect, compassion and confidentiality, with a focus on helping them maintain control over their financial situation.

For ratepayers identified as experiencing short term payment difficulties due to a temporary change in circumstances (e.g. serious illness, disability, family crisis, loss or change in income, accident, or other temporary financial difficulty), Council will offer reasonable flexibility or an alternative payment arrangement and temporary assistance, such as an extension of time to pay.

For ratepayers identified as experiencing ongoing payment difficulties (e.g. those on low or fixed incomes), Council will offer ongoing payment plans and/or other assistance. If requested by the ratepayer, Council will work with his/her accredited financial counsellor to help determine the payment arrangement and instalment amount that best suits the ratepayer and their individual circumstances.

Where a ratepayer has engaged assistance in accordance with this Policy, but has failed to fulfil their obligations under an existing arrangement, Council may renegotiate the support arrangements or reconsider the individual's circumstances and future support arrangements.

13.3 Debt Recovery Relief

Council will not engage in legal action or commence proceedings for the recovery of a debt if the ratepayer has agreed to a payment arrangement and continues to adhere to the terms of that arrangement.

13.4 Waiver of Late Payment Fees

Council may waive fees for late payment of a bill for a ratepayer identified as experiencing payment difficulties and may be included on Council's 'Fines Exclusion' list for an initial period of 12 months. This arrangement will be reviewed every 12 months.

13.5 Payment Plans

Where a payment plan is offered to a ratepayer, Council will inform the ratepayer in writing, within 10 business days of an agreement being reached. Written confirmation will include:

- the duration of the plan;
- the amount of each instalment payable under the plan;
- the frequency of instalments and the date by which each instalment must be paid;
- if the customer is in arrears – the number of instalments to pay the arrears; and
- if the customer is to pay in advance – the basis on which instalments are calculated.

13.6 Departing from Payment Plan

Prior to completion of an agreed payment plan, Council will communicate with the ratepayer how and when they will return to the regular billing cycles (and collection), including debt recovery, should they cease to make payments according to Council's payment requirements.

13.7 Postponement of Rates for Seniors

A ratepayer who holds a State Senior's Card may apply to Council for a postponement of the payment of the prescribed proportion of rates for the current or a future financial year if:

- the person is a prescribed ratepayer, or is the spouse or domestic partner of a prescribed ratepayer;
- the rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
- the land is owned by the ratepayer or the ratepayer and his or her spouse or domestic partner, (and no other person has an interest (as owner) in the land).

Any rates that are within the ambit of a postponement under this section with respect to a particular financial year will become due and payable when the title to the relevant land is transferred to another person or there is a failure to comply with a condition that applies to the postponement of rates.

If a postponement of the payment of rates occurs under this section, interest will accrue on the amount affected by the postponement at the prescribed rate per month (applied with respect to the amount postponed and compounded on a monthly basis) until the amount is paid. Nothing prevents the payment of the relevant rates in whole or in part, together with any interest that has accrued, at an earlier time.

If an entitlement for postponement of rates ceases to exist, the owner of the land must inform Council in writing of that fact (unless the liability to the relevant rates has been discharged).

Application forms are available from the Council office and Council website.

14. REVIEW

This policy will be reviewed at least once in the term of the Council, or more frequently if legislation or Council requires. No revision or amendment of this policy will affect any process that has already commenced.

Document history:

Version	Adopted	Description of Change
1.0	April 2022	New Policy
2.0	April 2023	Inclusion of clause 12.3: Discretionary Rebates Guidelines.