

 <p>DISTRICT COUNCIL of TUMBY BAY</p>	<p>POLICY# 5.22</p> <p>Rating</p> <p>POLICY AREA</p> <p>Finance & Internal Control</p>	Version No:	2
		Issued:	Oct 2011
		Next Review:	Annually (ABP)

1. Introduction

This document sets out the policy of the District Council of Tumby Bay for setting and collecting rates from its community.

The policy covers:

- method used to value land
- adoption of valuations
- business impact statement
- Council's revenue raising powers
- fixed charge
- service charges
- payment of rates
- late payment of rates
- rebate and postponement of rates
- sale of land for non-payment of rates
- disclaimer

2. Contact Details for Further Information

Telephone: 08 8688 2101, E-mail dctumby@tumbybay.sa.gov.au or in person at the Council office, Corner of Mortlock Street and West Terrace Tumby Bay.

3. Strategic Focus

In setting its rates the Council considers the following:

- the current economic climate and relevant factors such as inflation and interest rates;
- the specific issues faced by our community, which are:
- the need to replace and upgrade essential infrastructure assets;
- the provision of funds to maintain daily operational services.
- input from electors and community organisations
- the budget for the current financial year;
- the impact of rates on the community, including:
- householders, businesses and primary producers;
- the broad principle 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 circumstance which warrants variation from the broad principle
- to provide the Council with sufficient revenue to meet inflationary costs and the rural and towns works program.

The Council encourages feedback at any time and such comments may be sent to:

District Council of Tumby Bay
 Chief Executive Officer
 PO Box 61, TUMBY BAY SA 5605

4. Annual Adoption Of The Rating Policy

Section 171 of the Local Government Act 1999 requires a Council to prepare and adopt each year, in conjunction with setting the rates, a rates policy. The policy must be available at the principal office of the council and a summary version must be distributed with the rates notice.

This policy is available for inspection at the Council Office, Mortlock Street, Tumby Bay.

5. Method Used To Value Land

The Council may adopt one of three valuation methodologies to value the properties in its area. They are:

Capital Value - the value of the land and all of 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.

The Council has decided to continue to use site value as the basis for valuing land within the Council area. Whilst no valuation method is considered perfect the site value method was considered the most equitable because:

- It accords with the taxation principles, that people should contribute to the community's social and physical infrastructure, in accord with their assumed capacity to pay, as measured by property wealth
- It is the fairest method of distributing the rate burden across all ratepayers *when* applying the equity of taxation
- It encourages development

6. Principles Of Taxation

The Local Government Act, 1999, defines rating as a system of taxation but does not specifically address the matter of the "principle of taxation".

It has been left to Local Government to develop its own set of taxation principles. The paper "Local Government Rating – A Consultation Paper, April, 2001" proposed the following five principles:

(i) Equity

Taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more tax (vertical equity).

(ii) Benefit

Taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid.

(iii) Ability-to-pay

In levying taxes the ability of the taxpayer to pay the tax must be taken into account.

- (iv) **Efficiency**
If a tax is designed to change consumers' behaviour and the behaviour changes, the tax is efficient. If a tax is designed to be neutral in its effect on taxpayers and it changes taxpayers' behaviour the tax is inefficient.
- (v) **Simplicity**
The tax must be understandable, hard to avoid, and easy to collect.

The Paper commented that "to some extent these principles are in conflict with each other. Governments must balance the application of the principles, the policy objectives of taxation, the need to raise revenue and the effects of the tax on the community."

7. Adoption Of Valuations

The Council adopts the valuations made by the Valuer-General as provided to the Council in May each year. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing, within 60 days of receiving the notice of the valuation, explaining the basis for the objection, provided they have not: (a) previously received a notice of this valuation under the Local Government Act 1999, in which case the objection period is 60 days from the receipt of the first notice; or (b) previously had an objection to the valuation considered by the Valuer-General. The address of the Office of the Valuer-General is:

State Valuation Office
GPO Box 1354, ADELAIDE SA 5001
e-mail: lsg.objections@saugov.sa.gov.au

and the telephone number is 1300 653 346. Please note that the 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.

8. Business Impact Statement

The Council considers the impact of rates on all businesses in the Council area, including primary production. In considering the impact, Council assesses the following matters:

- The equity of the distribution of the rate burden,
- That all ratepayers receive broadly comparable services and are generally similarly impacted upon by prevailing economic conditions.
- Current local, state and national economic conditions and expected changes during the next financial year. The general economic climate is stable and appears likely to continue to be stable over the next twelve months. The major concern is the likely increase in inflation and interest rates in the next 12 months.
- Changes in the valuation of townships and primary production properties from the previous financial year.

9. Council's Revenue Raising Powers

All land within a Council area, except for land specifically exempt (e.g. crown land, Council occupied land and other land prescribed in the Local Government Act 1999 - refer Section 147 of the Act), 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 apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. 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. The list of applicable fees and charges is available from the Council Office.

Council commenced investigating the equity of its current rating system during 2009/10 with further investigations in 2010/11. The current rating system was adopted following further consultation in 2013/2014.

10. Differential General Rates

The Council has decided to impose four differential general rates on the following properties:

1. rateable land within the Townships excluding any land with a land use code of Commercial / Industrial;
2. rateable land with a land use code of Commercial / Industrial;
3. rateable land within the Commercial (Bulk Handling) zone under the Council's Development Plan;
4. all other rateable land within the district.

11. Fixed Charge

As well as a differential general rate, Council also imposes a fixed charge on rateable land within its area.

The reasons for imposing a fixed charge are:

Council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

Council considers it appropriate that all rateable properties make a more equitable contribution to the cost of governance and administering Council's activities

Council includes a fixed charge as part of its rate declaration in an effort to increase the level of rates paid by lower valued properties.

12. Service Charge

Community Wastewater Management Scheme

The Council provides a septic tank effluent disposal system to properties in Tumby Bay. This includes the operation of the treatment plant and supply of treated water to parks, gardens & ovals in Tumby Bay. The Council will recover this cost through the imposition of a service charge on each Property Unit. Where the service is provided to non-rateable land, a service charge is levied against the land. Details on what constitutes a service charge for each Property Unit, and other information about the scheme, are available from the Council Office on 8688 2101.

Refuse Collection, Treatment & Disposal Service

A weekly 140 litre squat bin waste collection service is provided to all properties within the Lipson, Port Neill, Tumby Bay and Ungarra Townships. The cost of collection, treatment and disposal of the waste is recovered from property owners by way of an annual service charge.

13. Separate Rates

Port Neill Soldiers Memorial Hall

Following a request from the ratepayers of the Port Neill Township and the Hundred of Dixon Council has agreed to levy a Separate Rate on the properties with in these areas to raise funds (i.e. approximately two thirds coming from the Township and one third from the Rural Area) for the maintenance of the Port Neill Soldiers Memorial Hall.

14. Natural Resource Management Levy

Council is required under the Natural Resource Management Act to collect a levy from the properties affected to assist in the funding of the Eyre Peninsula Natural Resources Management Board (EPNRM). A levy is applied against all properties that have a Council Fixed Charge.

Council is operating as a revenue collector for the EPNRM Board and does not retain this revenue or determine the amount of revenue raised and how the revenue is spent. For further information contact the EPNRM on 8682 7555

15. Pensioner Concessions

Rate Concessions

State Government Concessions – From 1 July 2015, the State Government elected to replace the concession on Council rates with the “cost of living payment” provided directly to those entitled. The payment may be used for any purpose, including offsetting Council rates. To check eligibility contact the Concessions Hotline on 1800 307 758 or at www.sa.gov.au/.

The separate concession entitlements for Council Community Waste Water Schemes (CWMS) will cease from 1 July 2017. Should a ratepayer be entitled to the State Government funded concession on CWMS rates they will receive a direct payment from the State Government. Ratepayers who believe they are entitled to a concession should contact the Department for Communities and Social Inclusion.

State Seniors’ Card Ratepayer (Self Funded Retiree)

The State Government no longer provides concessions for self funded retirees. Those who would like further information should contact the Department for Communities and Social Inclusion.

Other Concessions

Recipients of the following cards or income may be eligible for State Government Assistance:

1. Holders of current Centrelink or Department of Veterans’ Affairs (DVA) Pension ‘Cards, DVA Gold Card (TPI, EDA, WW) and State Concession Card.
2. Centrelink Allowees and low income earners who meet CYFS low income threshold level.

16. Payment of Rates

Electors are now given the opportunity to pay their Council rates in four equal, or approximately equal, instalments with instalments due in September, December, March and June.

Those choosing to pay rates by instalments, Council will send you a rate notice at least 30 days before the due date of the instalments. There will be NO discount granted for early payment of rates this financial year.

Rates may be paid in person, at the Council Office at Mortlock Street, Tumby Bay during the hours of 8.30am to 4.30pm, Monday to Friday, by post to PO Box 61, Tumby Bay SA 5605, with credit cards (Visa or Master Card) over the counter, by phone, cash, cheque or EFTPOS or by Bpay or via Council's website at www.tumbybay.sa.gov.au

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard payment arrangements is invited to contact the Chief Executive Officer, Mr Trevor Smith, on 86882101 to discuss alternative payment arrangements. Such inquiries are treated confidentially by the Council.

The Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make available extended payment arrangements.

17. Late Payment of Rates

The Local Government Act provides that councils impose a penalty of a fine on any payment for rates that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Local Government Act, for each month it continues to be late. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow Councils to recover the administrative cost of following up unpaid rates on time and for the interest cost the Council may meet because it has not received the rates on time.

The Council is prepared to remit penalties for late payment of rates where ratepayers can demonstrate hardship.

The Council issues a final notice for payment of rates when rates are overdue i.e. unpaid by the due date. Should rates remain unpaid more than 3 years, Council has the power to sell the property to recover the amount outstanding including the sale costs.

18. Debt Recovery

An instalment notice will be sent to ratepayers at least 30 days before the instalment falls due and if payment is not received by the instalment due date the following recovery procedure will come into effect:

1. Fines and interest as provided by the Act will be added.
2. An overdue notice will be forwarded within 7 days of the imposition of a late payment penalty.
3. The debt will be placed in the hands of a debt collector if payment or arrangement for payment is not made within 7 days. A notice of intention to issue a claim will be forwarded by the debt collector.
4. Court proceedings will be instigated if the payment is still overdue after 21 days.

When Council receives a payment in respect of overdue rates the Council applies the money received as follows:

1. first - to satisfy any interest costs;
2. second - in payment of any fines imposed;
3. third - in payment of rates, in chronological order (starting with the oldest amount first).

19. Rebate of Rates

Under the Act

The Local Government Act requires Councils 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 75% to 100% and will be applied upon application.

Discretionary

Discretionary rebates of up to 100% may be applied by the Council under Section 166 of the Act. It is recognised that Council has a requirement to balance the benefits of supporting community organisations, with the impact that such rebates have on our overall rating income. To promote the transparency of this process, Council has adopted a Rates Rebate Policy. A copy of this policy is available at the Council Office or on Council's website at www.tumbybay.sa.gov.au

Remission of Rates

Under Section 182 (1) of the Act Council may remit all or part of the rates if it is satisfied that the payment of these rates would cause hardship.

Postponement of Rates

Under Sections 182 (1) (a) and (2) of the Act a postponement of rates may be granted if Council is satisfied that the payment of these rates would cause hardship. Council may, on application and subject to the ratepayer substantiating the hardship, consider granting a postponement of payment of rates in respect of an Assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the prescribed percentage rate as defined in Section 181 of the Local Government Act 1999 and if the ratepayer satisfies the following criteria:

- (a) the property is the principal residence of the ratepayer and is the only property owned by the ratepayer, and
- (b) the property has been owned by the ratepayer and has been their principal residence for a minimum of 5 years and
- (c) the ratepayer is able to produce one of the following identification cards:
 - Pensioner Concession Card – Centrelink
 - Pensioner Concession Card – Veteran Affairs
 - TPI Card – Veteran Affairs

or can demonstrate to Council that they are a self-funded retiree with an income of less than \$30,000 per year.

Applications

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, District Council of Tumby Bay, PO Box 61 Tumby Bay SA 5605 and include sufficient details to identify the relevant property and support the application.

Further information on rebates is available from the Council Offices, Mortlock Street, Tumby Bay or on telephone 8688 2101.

20. Sale Of Land For Non-Payment Of Rates

The Local Government Act 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 District Council of Tumby Bay enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

21. Changes To Assessment Records

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

22. 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 Mr Trevor Smith, Chief Executive Officer, to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to District Council of Tumby Bay, PO Box 61, Tumby Bay, 5605.

Strategic Link:

Delegation:

Documentation: Nil

Authority:

Adopted by Council:	10/10/2011	{Motion 19c/102011}
Reviewed by Council:	10/11/2015	{Motion 7c/112015}
Reviewed by Council:	14/07/2016	{Motion 2sp/072016}
Amended by Council:	14/02/2017	{Motion 6c/022017}

SIGNED:

Responsible Officer

Date: ____/____/____