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Responsible Officer:	Chief Executive Officer
Applicable Legislation:	<i>Local Government Act 1999</i>
Relevant Policies:	
Related Procedures:	
Compliance Standard:	Section 123 Local Government Act

1. COUNCIL'S DUTIES AND POWERS

Council's powers to raise rates are found in Chapter 10 of the [Local Government Act 1999](#) ("the Act"). The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to compulsory features of the rating system, as well as the policy choices that the Council has made on how it imposes and administers the collection of rates.

Compulsory features of the rating system are recognised by references, in footnotes, to relevant sections of the Act.

All land within a Council area, except for land specifically exempt (e.g. Crown Land, Council occupied land and a few other limited categories)¹ is rateable.

Rates are not fees for services. They constitute a system of taxation for Local Government purposes,² Local Government functions are defined broadly in the Act.³

All systems of taxation try to balance various principles of taxation (see below).

In addition to rates, Council also raises some revenue through:

- Optional user charges (e.g. hire of community facilities); and
- Expiation fees (e.g. for parking infringements); and
- A compulsory "service charge" for waste collection and community wastewater management systems. These items will be collected along with rates and will be itemised separately on the rates notice.

¹ See section 147 of [the Act](#).

² Section 150(a) of [the Act](#).

³ Section 7 of [the Act](#).

2. PRINCIPLES OF TAXATION

This Policy represents the Council's commitment to balancing the five main principles of taxation:⁴

- i) **Benefits received** (i.e. services provided, or resources consumed). Reliance on this principle suggests that (all other things being equal) a person who received more benefits should pay a higher share of tax.
- ii) **Capacity to pay.** This principle suggests that a person who has less capacity to pay should pay less; and that persons of similar means should pay similar amounts.
- iii) **Administrative simplicity.** This principle refers to the costs involved in applying and collecting the tax and how difficult it is to avoid.
- iv) **Economic efficiency.** This refers to whether or not the tax distorts economic behaviour.
- v) **Policy consistency.** The principle that taxes should be internally consistent, and based on transparent, predictable rules that are understandable and acceptable to taxpayers.

3. VALUATION OF LAND

Council is permitted to adopt one of three valuation methodologies to value the properties in its area.⁵ 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.

Council uses capital value as the basis for valuing land. Council considers that this method provides the fairest way to distribute the rate burden across all ratepayers on the following basis:

- the 'capacity to pay' 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 a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). Capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

Council adopts the valuations made by the State Valuation Office as provided to the Council each year. If ratepayers are dissatisfied with the valuation made by the State Valuation Office, the rates notice will include information about how to object to the valuation. The Council has no role in this process. The lodgment of an objection does not change the due date for the payment of rates.

Certain properties may be eligible for a "notional value" under the *Valuation of Land Act 1971*. This may apply if the property is the principal place of residence, and its value is enhanced by unrealised subdivision potential or a different potential land use. A notional value is generally less than the capital value and therefore would result in reduced rates. An application for a notional value must be made to the State Valuation Office.

⁴ Balancing these principles is not a "compulsory" aspect of rating policy. Nevertheless, these principles are broadly accepted throughout the world in a variety of contexts.

4. COMPONENTS OF RATES

4.1 A rate in the dollar

The largest component of rates is the component that is calculated by reference to the value of the land. Every year, the Council officially “declares” what percentage of the value of land will be payable in rates. The Act allows councils to impose rates that differ (i.e. higher or lower) based on the location of land, or the uses to which the land is put (residential, commercial, primary production, industrial, vacant, etc).⁶

Property values reflect, among other things, the relative availability of and access to Council services. This applies to all types of land use, and to land in all locations. Acknowledging the taxation principles of economic efficiency and policy consistency, the Council has chosen to adopt a single rate-in-the-dollar to apply to all rateable land.

4.2 Fixed Charge [or Minimum rate, or neither]

Council has a discretion to apply either:

- a fixed charge (applying equally to all rateable properties);⁷ or
- a minimum rate (to lower-value properties)⁸

(or neither) but cannot use both of these mechanisms.⁹

Council applies a minimum rate as it considers it appropriate that ratepayers in respect of all rateable land make a contribution to the cost of administering Council's activities and that ratepayers in respect of all rateable land make a contribution to the cost of creating and maintaining the physical infrastructure that supports that land and the basic services provided to all ratepayers.

The minimum rate is levied against the whole of an Allotment. Only one minimum rate is levied against two or more pieces of adjoining land (whether separated by a road or not) if they are owned by the same ratepayer and occupied by the same occupier. This is described as contiguous land.

4.3 Natural Resources Management Levy

The Council is required under the [Natural Resources Management Act 2004](#) to make a specified contribution to the South East Natural Resources Management Board. It does so by imposing a separate rate against all rateable properties.

This separate rate is effectively a State tax that Councils are required to collect, and return to a State Government agency, the local NRM Board. Even though it appears on the Council's rates notice, enquiries about this component should be directed to the South East Natural Resources Management Board.

5. HELP WITH RATES

5.1 Concessions

In the past, the State Government funded some concessions on Council rates. These concessions were formerly available to the holders of pensioner concession cards, veterans, low-income earners, unemployed, students, and self-funded retirees. However, these concessions were all abolished by the State Government with effect from 30 June 2015. From 1 July 2015, the State Government elected to replace these concessions with a single “cost-of-living concession” provided directly to those entitled. Those who receive this concession can decide whether to use it to offset part of their Council rates, or for other purposes.

⁶ Section 156 of [the Act](#).

⁷ Section 152 of [the Act](#).

⁸ Section 158 of [the Act](#).

⁹ Section 158 (2)(e) of [the Act](#).

5.2 Remission of Rates

The Council has a discretion to partially or wholly remit (i.e. waive) rates on the basis of hardship.¹⁰ If ratepayers are suffering financial hardship, they may contact the Council's Rates Administrator to discuss the matter. Such inquiries are treated confidentially, and any application will be considered on its merits.

5.3 Postponement of Rates

If ratepayers hold a State Seniors Card then (unless they have a mortgage entered into before 2007 that is greater than 50% of the home's value) they are eligible to postpone, on a long-term basis, a large component of the rates on their principal place of residence.¹¹ The postponed amount is subject to a monthly interest charge, with the accrued debt falling due for payment only when the property is sold or transferred to someone else. However, some or all of the debt may be paid at any earlier time.

At least \$500 of the annual Council rates bill must be paid as it falls due, but any amount in excess of \$500 per year may be postponed. The minimum amount of \$500 may be reduced further, if the ratepayer is eligible for any concessions (see above) and/or any Council remissions.

Persons other than the holders of a Seniors Card may also apply for postponement of rates.¹² The Council will consider each case on its merits, but any successful applicant should expect that any postponed rates would be subject to accruing interest charges in the same manner as the Seniors Rate Postponement Scheme.

5.4 Rebate of Rates

5.4.1 Compulsory rebates

Councils are required to rebate (discount) the rates payable on some land.

A 100% rebate must be applied to land used for:

- health services,¹³
- religious purposes,¹⁴
- public cemeteries,¹⁵
- the Royal Zoological Society;¹⁶

¹⁰ Section 182 (1)(b) of [the Act](#).

¹¹ Section 182A of [the Act](#).

¹² Section 182 of [the Act](#).

¹³ Section 160 of [the Act](#).

¹⁴ Section 162 of [the Act](#).

¹⁵ Section 163 of [the Act](#).

¹⁶ Section 164 of [the Act](#).

A compulsory rebate of at least 75% (or more, at the Council's discretion) must be applied to land used by:

- community service organisations;¹⁷ and
- schools and universities.¹⁸

5.4.2 Discretionary rebates

In addition, the Council is allowed a wide discretion to rebate any percentage of rates for a number of other purposes, such as:

- securing proper development of an area;
- assisting or supporting a business;
- preservation of historically significant places;
- land used for educational, agricultural/horticultural/floricultural exhibitions, hospital or health centre, residential aged care facility;
- facilities or services for children or young persons;
- accommodation for the aged or persons with disability; or
- other purposes.¹⁹

5.5 Rate Capping Rebate – Maximum Increase on Rates

Council will apply a maximum increase on rates in accordance with Section 166 (1) (l) (i) (ii) of the Local Government Act 1999. A maximum increase of 10% will apply to all assessments within the Council area on the general rates liability, except in the following circumstances:

- Where the increase is due to a valuation increase which has occurred as a direct result of capital improvement (excluding capital improvements \$30,000 or less) or development of the land; or
- Where the ownership of the property has changed since 1 July of the preceding financial year and the new owners have purchased the property at the current market value; or
- Where a boundary realignment, subdivision or amalgamation has occurred, therefore the property is a different property to the previous financial year for valuation purposes (with the exception of subdivisions to facilitate land acquired by any government entity e.g. for the purpose of drain construction or alteration and with the exception of rural properties where the boundary realignment, subdivision or amalgamation has not made a material difference).

The "Rate Capping" provision aims to provide relief to those ratepayers who may be unfairly affected due to the change to the basis of rating (implementation of "land use" based rating) and to minimise significant rate increases where volatile valuation movements have occurred.

The impact of "Rate Capping" will be reviewed on an annual basis and the rate cap percentage adjusted accordingly as determined by Council.

Ratepayers can apply for a discretionary rate rebate and may apply by contacting the Council's Rate Administrator.

Each rebate that is granted either reduces the Council's revenue and hence its capacity to provide services, or else it effectively increases the amount that must be collected from other ratepayers. Therefore, decisions on these applications must be carefully considered. After considering the application, the Council may refuse to grant any rebate, or may grant a rebate of rates subject to specific conditions.²⁰

¹⁷ Section 161 of [the Act](#).

¹⁸ Section 165 of [the Act](#).

¹⁹ For the full list of purposes, see Section 166.

²⁰ There are fines for falsely claiming eligibility for rebates, and for failing to notify the Council when eligibility no longer applies. See Section 159 of [the Act](#).

²¹ Section 181(8) of [the Act](#).

6. PAYMENT OF RATES

Rates are declared annually, and may be paid, at the ratepayer's discretion, either in one lump sum, or in quarterly instalments that fall due in early September, December, March and June. The exact date that rates fall due, and various options for paying rates, are clearly indicated on the rates notice.

If ratepayers have (or are likely to have) difficulty meeting these payments, they should contact the Council's Rates Administrator to discuss alternative payment arrangements. Such inquiries are treated confidentially.

6.1 Late Payment

The Council will impose a penalty of a 2 per cent fine on any late payment for rates.²¹ This fine may be remitted (waived) in whole, or in part, at the Council's discretion. See under the heading "Remission of Rates" at 5.2 above.

A payment that continues to be late is then charged an interest rate (which is adjusted by legislation each year)²² for each month it continues to be in arrears, including the amount of any previous unpaid fine and including interest from any previous month. 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 Council to recover the administrative cost of following up unpaid rates and to cover any interest cost Council may meet because it has not received the rates on time.

Council issues a fines notice for payment of rates when rates are overdue i.e. unpaid by the due date.²⁴ Should rates remain unpaid, debt collection will be commenced. This attracts additional fees that are recoverable from the ratepayer.

When Council receives a partial payment of overdue rates, the Council must apply the money as follows:

- first – to satisfy any costs awarded in connection with court proceedings (if applicable);
- 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).²³

6.2 Sale of Land for Non-Payment of Rates

Council may sell any property where the rates have been in arrears for three years or more.²⁴ Council is required to notify the owner of the land of its intention to sell the land, provide the owner 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.

FURTHER INFORMATION

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.robe.sa.gov.au

Royal Circus, Robe SA 5276

Copies will be provided to interested parties upon request. Email council@robe.sa.gov.au

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.

POLICY REVIEW

This policy may be amended at any time and must be reviewed at least every four years since its adoption (or latest amendment).

²³ Section 183 of [the Act](#).

²⁴ Section 184 of [the Act](#).