

Policy Name:	Strategic Rating
Classification:	Council Policy
Adopted:	23 May 2023
Frequency of Review:	Annual
Last Review:	May 2023
Next Review Due:	May 2024
Responsible Officer(s):	Executive Manager Finance & Corporate Governance
Policy and Code of Practice Manual File Ref:	CC10/2601
Council File Reference:	CR23/5995
Legislation Authority:	Local Government Act 1999
Related Policies and Codes:	N/A
Related Procedures:	N/A

1. PURPOSE

- 1.1 The purpose of this policy is to provide policy direction relating to the formulation and composition of annual Rates and Service Charges applied pursuant to Chapter 10 (Rates and Charges) of the Local Government Act 1999.
- 1.2 An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:
 - (a) **Public accountability and transparency** – Policies and procedures publicly document the Council's position on which it will base its decisions. They demonstrate the Council's commitment to sound financial management and establish transparency for audit purposes;
 - (b) **Ensuring a considered approach** – The formal adoption of carefully documented policies and procedures helps ensure that the Council's position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
 - (c) **Consistency of decision making** – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;

- (d) **Clear guidance for staff** – Explicit policies and procedures set out the required approach responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of financial mismanagement as long as the policies and procedures are followed.

2. DEFINITIONS

- 2.1 **Rateable Land** - All land within a Council area, except for land specifically exempt (e.g. crown land, Council occupied land and other land prescribed in Sec 147 of the Local Government Act 1999).
- 2.2 **General rates** levied by the Council are a form of property-based taxation, and not a fee for service, and are used by Council to fund the delivery of services to the community.
- 2.3 **Service rates and charges** are a fee for service, with the service rate/charge being levied to recover the cost of providing the related activity from users of the service.

3. POLICY

3.1 Property Valuations

- 3.1.1 The Council uses capital value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- (a) 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.
- (b) Property value is a relatively good indicator of wealth and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

- 3.1.2 The Council will adopt the valuations made by the Office of the Valuer-General on an annual basis.

3.2 General Rates

3.2.1 General Rates

Council endorses differential general rates by land-use, based on the capital valuation of rateable properties. In accordance with the Clause 10 (Differentiating factors) of the Local Government (General) Regulations 1999, the following land use codes are utilised for rating purposes:

- (a) Residential
- (b) Commercial – Shop
- (c) Commercial - Office
- (d) Commercial – Other
- (e) Industry – Light
- (f) Industry – Other
- (g) Primary Production
- (h) Vacant Land
- (i) Other

- 3.2.1.1 Council will determine a base general rate (for properties contained within Residential, Primary Production and Other land use codes). Percentage loadings (on the base general rate) will then apply on all other land use categories.
- (a) A differential rate loading (above the base general rate) will apply on all Vacant land properties as a disincentive towards land banking;
 - (b) A differential rate loading (above the base general rate) will apply on all Commercial and Industrial properties in consideration of the following factors:
 - i. Valuation methods involved within capital compared to site value;
 - ii. Overall service levels related to infrastructure maintenance and Council services;
 - iii. Tax deductibility;
 - iv. Relative rates in neighbouring Councils; and
 - v. Other relevant factors.
 - (c) In recognition of enhanced economies of scale and capacity to pay for large high-valued businesses (such as major supermarket/retail chains and hotels), and to act as an economic stimulus in support of small low-valued businesses, the differential rate loadings for Commercial and Industrial properties will be applied on a progressive taxation basis (via the application of discretionary rate adjustments for various property valuation range brackets pursuant to Section 158(1)(b) of the Local Government Act 1999).
- 3.2.1.2 Differential rate loadings applied will be reviewed annually by the Council prior to adoption of annual General rates.
- 3.2.1.3 Additionally, Council may specifically determine to amend the distribution of general rate revenue due to the following factors:
- (a) Where the Council may elect to increase the revenue collected from a specific land use sector in recognition of the disproportionate impact such sector has on Council's expenditure;
 - (b) Where the Council may elect to provide rate relief to a certain land use sector in recognition of specific economic and financial hardship being experienced within the sector.
- 3.2.1.4 Should Council elect to redistribute general rate revenue due to either of the above two factors, Council will invite and consider public submissions (in accordance with its Public Consultation policy) prior to adoption.
- 3.2.1.5 Instances where either of the above occur will result in an adjustment of the proportion of general rate revenue collected from other land use sectors.
- 3.2.2 Minimum Rate
- 3.2.2.1 Council applies a minimum rate on rateable property to represent the minimum contribution towards the day-to-day operations of the Council.

3.2.2.2 The minimum rate set by Council will be reviewed on an annual basis.

3.3 Separate Rates

3.3.1 The Council, pursuant to Section 154 of the Local Government Act 1999, may levy a separate rate.

3.3.2 Section 154(1) states that a Council may declare a separate rate on rateable land within a part of the area of the Council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area.

3.3.3 Should Council wish to consider the introduction of a separate rate it will invite and consider public submissions (in accordance with its Public Consultation policy) prior to adoption.

3.3.4 **Business Development Separate Rate (Town Centre / Non-Town Centre)**

This separate rate is levied against commercial and industrial properties for the purpose of developing and promoting business. The funds generated are to cover the costs of operations of the Gawler Business Development Group, which also acts as an advocate for the business community within Gawler.

A higher proportion of the funds generated from the Separate Rate are sourced from properties within the Town Centre (refer **Appendix 1**), in recognition of additional services provided to such properties from the Gawler Business Development Group.

The funding split between Town Centre / Non-Town Centre properties will be reviewed on an annual basis in consultation with the Gawler Business Development Group.

Council has a signed agreement to collect the Separate rate on behalf of the Gawler Business Development Group which expires on 30 June 2024.

3.3.5 **Gawler East Separate Rates (Transport, Community, and Traffic Interventions infrastructure)**

These proportional separate rates are levied for the purpose of securing developer contributions towards construction of the Gawler East Link Road, community infrastructure, and traffic interventions infrastructure which will be of direct benefit to the land and occupiers of the land within the Gawler East Development Area.

The application of the separate rates is done pursuant to Council's *Gawler East Development – Infrastructure Funding Policy*.

The properties which are levied these separate rates are outlined in **Appendix 2**.

3.4 Rate Rebates

3.4.1 Discretionary rate rebates provided will be reviewed by Council on an annual basis each year (for application from the following financial year) and mandatory rebates will be provided in accordance with the relevant provisions of the Local Government Act 1999.

3.4.2 Requests for additional discretionary rate rebates (i.e. over and above those approved by Council each year) shall be referred to Council for consideration.

3.4.3 Consideration of rate rebate applications will be done pursuant to Council's *Rate Rebates Policy*.

3.5 Rate Incentives – Discount

The Council will not provide a rate discount incentive for early payment in full.

3.6 Rate Capping

3.6.1 Pursuant to Section 153 (3) of the Local Government Act 1999, Council will consider each year whether a maximum increase in the general rate to be charged on any rateable land that constitutes the principal place of residence of a ratepayer will apply.

3.6.2 If a residential rate cap percentage is adopted, the rate cap percentage for self-funded retirees and ratepayers on fixed government benefits will be set at 50% of the adopted rate cap percentage.

3.7 Service Rates and Charges

3.7.1 Council will recover the cost of providing a kerbside refuse/recycling service via a bin-based service charge levied pursuant to Section 155 of the Act.

3.7.2 The kerbside refuse/recycling service is levied against all properties to which the service is made available (excluding Primary Production properties with no, or minimal, built form and Vacant Land properties).

3.7.3 Should Council wish to consider the introduction of a new service rate/charge it will invite and consider public submissions (in accordance with its Public Consultation policy) prior to adoption.

3.8 Adoption of Rates

3.8.1 The adoption of rates will not occur until Council has adopted its annual Business Plan / Budget for the financial year to which the rates relate, pursuant to Section 153 (5) of the Local Government Act 1999.

3.8.2 The adoption will ideally occur on or before the normal July Council meeting each year.

3.9 Rate Payment Methods

The following methods will be provided for the payment of rates:

- (a) Payment over the counter at the Town of Gawler Administration Centre (Cash/Cheque/EFTPOS);
- (b) Payment by mail;
- (c) Payment at Australia Post outlets (either over the counter / phone / internet);
- (d) Payment by B-Pay;
- (e) Payment via Council website;
- (f) Payment via Direct Debit;
- (g) Payment via B-Pay View

3.10 Withholding of Discretionary Rate Reductions for commercial properties in the Town Centre (refer shaded area within **Appendix 1**) in a state of neglect

3.10.1 The Council may, in its discretion, withhold the discretionary rate reductions otherwise provided by the Council to commercial properties in the Town Centre, pursuant to Section 158(1)(b) of the Local Government Act 1999, if it determines the property, or any part of the property, to be in a state of neglect that detracts significantly from the amenity of the locality.

3.10.2 In making any such determination the Council will have regard to the following considerations:

- (a) The features which establish the amenity of the locality in which the property is situated;

- (b) The aspects of the amenity of the locality which the Council seeks to preserve or encourage; and
- (c) The reasons why the particular property significantly detracts from the amenity of the locality; and
- (d) Any other matters the Council considers relevant, including comment from affected property owners, if provided.

3.10.3 The value of discretionary rate reductions withheld in accordance with Clause 3.10.1 will be retained in a Property Improvement Reserve Fund. The money in the Fund will be made available to property owners or businesses (including those contributing reductions) in the Town Centre for improving the appearance of their premises. Council will establish an application and merit assessment process.

4. REFERENCES AND RELEVANT LEGISLATION

- (a) Chapter 10 (Rates and Charges) of Local Government Act 1999
- (b) Clause 10 (Differentiating factors) of Local Government (General) Regulations 1999
- (c) Local Government Association of SA 'Financial Policies' Information Paper – August 2008

5. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed on an annual basis.

The Chief Executive Officer will report to Council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced. The Policy will be reviewed after each general election of Council.

6. FURTHER INFORMATION

Further information about this Policy can be obtained by:-

Telephone: 8522 9211

Email: council@gawler.sa.gov.au

Appointment: Town of Gawler Administration Centre, 43 High Street, Gawler East

Letter: PO Box 130, Gawler SA 5118

7. AVAILABILITY OF POLICY

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

A printed copy may be purchased on request from the Council's Administration Centre.

Appendix 1 – shaded area represents Town Centre area referenced in Clauses 3.3.4 and 3.10



TOWN OF GAWLER POLICY



Appendix 2 –Gawler East Development Area. The properties which are levied the separate rates as outlined in Cl 3.3.5

