

## Rating 2019–20 Policy

### Contents

1	Preamble.....	3
2	Policy purpose .....	3
3	Principles.....	3
4	Definitions .....	4
5	Detail .....	5
5.1	Objectives .....	7
5.2	Strategic and budget considerations .....	8
5.3	Rating Strategies and methodologies .....	8
5.3.1	Valuation methodology .....	9
5.3.2	Differential rating.....	9
5.3.3	Contribution methodology .....	10
5.3.4	Different rates.....	11
5.3.5	Fixed charge .....	12
5.3.6	Rate Rebates .....	12
5.3.7	CWMS rebates .....	14
5.3.8	Remission and postponed rates .....	14
5.4	State Government NRM levy – Separate Rate .....	15
5.5	Service rates and charges.....	15
5.5.1	Waste and minor trade waste.....	16
5.5.2	Major trade waste .....	16
5.6	Building Upgrade Finance .....	17
5.6.1	Building Upgrade Finance mechanism .....	17
5.6.2	Building Upgrade Charge.....	17
5.6.3	Building Upgrade Agreement Fees .....	17
5.6.4	Default on Building Upgrade Agreement Charge .....	18
5.7	Payment of rates .....	18
5.7.1	Payment methods and Electronic notice delivery* .....	18
5.7.2	Late payment of rates.....	18
5.7.3	Application of payments.....	19
5.7.4	Recovery of outstanding rates.....	19

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5.8	Objectives .....	20
5.8.1	Valuation objections .....	20
5.8.2	Land Use Objections .....	21
5.8.3	Fixed Charge Objections .....	21
5.9	Disclaimer .....	21
5.10	Community engagement .....	21
6	Attachments .....	21
7	Relevant legislation and references .....	22
8	Further information .....	22
9	Document control.....	23

## 1 Preamble

Council has adopted this policy setting out the objectives that it aspires to achieve within its area. Where Council commits to achieving standards or requirements that are not imposed upon it by statute, its commitment is to endeavour to achieve those standards or requirements within available resources.

The contents and commitments in this policy are not intended to be and should not be interpreted to be any more than a statement of Council's general position and to facilitate its aspirations wherever it is reasonable to do so.

## 2 Policy purpose

The purpose of this policy is to outline Council's approach towards rating its communities and to meet the requirements of the *Local Government Act 1999* (SA) (the Act) with particular reference to Section 123. 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.

## 3 Principles

This Council's policy directions are guided by the three themes that are central to achieving our vision: *People – vibrant and resilient; Place – liveable, connected and green; Prosperity – opportunity, diversity and adaptability*, which are detailed in *Onkaparinga 2035*.

Council's role is to ensure that our communities have continual access to an appropriate range of facilities and services.

In all things we consider if our direction aligns with the principles that define who we are. We believe in:

- putting people first
- enabling equity
- promoting strengths
- seeking to understand
- being resourceful
- encouraging investment
- working strategically towards our vision.

Council must raise revenue sufficient for the purpose of governance, administration and to provide for appropriate goods and services for the community. The goods and services are especially those that would not be provided by private businesses eg infrastructure, street lighting, regulatory and compliance activities.

Chapter 10 of the Act empowers local government to levy rates and charges on land and provides some principles for consideration when developing rating policies. The key principle in levying rates recognises that rates constitute a system of taxation on the community for local government purposes (generally based on the value of land).

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In developing this policy Council has also given consideration to the following five principles previously identified by the local government industry (*Local Government Rating – A Consultation Paper, April 2001*) that apply to the imposition of taxes on communities:

- equity (taxpayers with the same income pay the same tax (horizontal equity), wealthier taxpayers pay more (vertical equity))
- benefit (taxpayers should receive some benefits from paying tax, but not necessarily to the extent of the tax paid)
- ability-to-pay (in levying taxes the ability of the taxpayer to pay the tax must be taken into account)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (eg tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayers behaviour a tax is inefficient)
- simplicity (the tax must be understandable, hard to avoid, easy to collect).

The principle of 'benefit' (above) supports the philosophy that rates should not be regarded as a user pays system and it should also be recognised that benefits are consumed differently over the life cycle of a ratepayer.

To some extent these principles are in conflict with each other in practice. Councils must therefore strike a balance between:

- the application of the principles
- the policy objectives of taxation
- the need to raise revenue
- the effects of the tax on the community.

#### 4 Definitions

'Act' refers to the *Local Government Act 1999 (SA)*.

'BUF' refers to *Building Upgrade Finance* which is a scheme that enables owners to access finance for environmental upgrades and heritage works from a lending institution that are repaid through a council-based rating mechanism under Schedule 1B of the *Act*.

'BUA' refers to a *Building Upgrade Agreement* under Schedule 1B of the *Act*.

'BUA Fees' refers permissible fees enabling administrative cost recovery under Schedule 1B of the *Act*.

'Capital value' refers to the valuation methodology used in determining the value of land, as defined in the *Valuation of Land Act 1971*.

*'Council* (with a capitalised C) refers to the elected Council body.

*'council* (with a non- capitalised c) refers to council as the organisation.

*'CWMS* refers to the Community Wastewater Management System within the Council area formerly referred to as Septic Tank Effluent Disposal Schemes (STEDS).

*'Different rate'* refers to a rate that may be applied to a category of land that is different to the rate applied to other land categories (termed differential rates under the Act).

*'Fixed charge'* refers to a charge that must apply equally to each separate piece of rateable land in the area under Section 152(1) of the Act.

*'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. Please note that the 'General Rate' is also referred to as the Differential General Rate under the Act and also includes the fixed charge component charged.

*'Postponed rates'* refers to any rates postponed under Section 182 or 182A of the Act.

*'Rating'* refers to the overall process of raising revenue by way of levying rates and charges.

*'Rebates'* refers to an amount that a rate or charge may be reduced in accordance with Chapter 10, Division 5 of the Act.

*'Remissions'* refers to any reduction in amount payable granted in accordance with Section 182 of the Act.

*'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 discretionary rebate provisions of Section 166(1)(l) of the Act.

*'Service charge'* refers to a charge imposed for the provision of a prescribed service under Section 155(1) of the Act.

*'Separate rate'* refers to a rate that applies in addition to other rates and charges, which is used to fund specific activities in accordance with Section 154 of the Act.

## **5 Detail**

Council is faced with balancing its service levels, the needs and expectations of the community and setting appropriate tax levels to adequately resource its roles and responsibilities. In setting its rates for the financial year Council needs to give primary consideration to strategic directions, budget considerations, the current economic environment and likely impacts on our communities.

Over previous years significant valuation movements in the residential property sector were resulting in a shift in rate responsibility to residential ratepayers. In recognition of this trend, Council undertook a major public consultation and rating review for 2004–05 that resulted in a revised rating structure incorporating strategies to address the items identified during the consultation process (ie break the direct link between valuations and rates, prevent inequitable shifts in rate responsibility, collect a base contribution from all rateable properties etc).

In developing rating policy each year the effectiveness of the rating strategies are reviewed. These reviews continue to indicate that the strategies have been effective in addressing the items identified and that the progressive shift of rate responsibility to the residential sector has been halted.

An independent review of our rating policy and strategies was undertaken over a two year period (in developing 2010–11 and 2011–12 policies). This review tested the veracity of the principles applied in the current policy to ensure our rating position is equitable and that the basis of the revenue contribution from each land use group is appropriate.

This review concluded that overall our policy was sound, the rating objectives and strategies adequately address the overall direction and goals expressed in our Community Plan and at the same time meet the requirements of our communities. It further identified that each component of our rating strategy rated highly against the principles of taxation, that the policy position of applying the same rate in the dollar to all commercial and industrial properties be maintained along with the current approach for determining the primary production rate revenue contribution. The review also identified that the rate contribution methodology used by council is considered to be rating 'best practice'.

In developing the Rating Policy for 2019–20 Council has undertaken a community engagement process including information provision and community education as a key focus.

One theme consistently raised by our communities relates to the financial issues faced by pensioners. To assist pensioners and self-funded retirees meet their rating obligations Council will continue to apply the remission and postponement provisions available under the Act.

From 1 July 2015 the State Government introduced a new 'cost of living concession' to replace the previous pensioner council rate concession. The 'cost of living concession' is paid directly to concession holders.

From 1 July 2017 the State Government also determined that the Community Wastewater Management Systems (CWMS) concessions will be paid directly to concession holders and not to Council. This concession payment is in addition to the cost of living concession payment.

We will continue to actively encourage concession holders to make an equivalent payment to their rates account immediately upon receipt of the 'cost of living concession' and 'CWMS concession' payment from State Government.

## 5.1 Objectives

In developing rating policy Council must make political and professional judgements based on a number of guiding principles and objectives. These principles and objectives are often competing and must be balanced to achieve the desired outcome.

Council has identified and developed the following key objectives in response to the outcomes of our community engagement activities and on-going annual reviews:

### *Equity for our communities*

A key consideration in developing a taxation system is the equity principle. In developing rating policy we have endeavoured to ensure that the rating responsibility is distributed in an equitable manner across and within our communities. To achieve this objective our policy is designed to:

- improve equity in rate distribution across our communities
- prevent inequitable shifts in rate responsibility
- collect a base contribution from all rateable properties
- equally distribute the responsibility of rates across the community (unless some compelling application of the other taxation principles should be applied)
- raise an equitable level of contribution from each land use sector.

### *Benefit to our communities*

A further consideration in developing a taxation system is the benefit principle. Our rating structure has been developed to address objectives identified as outcomes of our community engagement activities. Our communities sought a movement away from a purely valuation based rating system to a system which provided some recognition of the benefits received by particular groups. To achieve this objective our policy is designed to:

- minimise the impact of property valuation movements
- move away from valuation based rating by breaking the direct link between valuation and rates
- maintain the relativity within differing communities and between communities
- recognise communities where there is a greater consumption of services and resources.

### *Economic and property development*

Our rating policy seeks to balance Council's economic and property development focus and to achieve this objective our policy is designed to:

- facilitate a strong and vibrant economic environment
- support the growth of business within the area

- balance the issue of consumption of resources with economic development objectives
- encourage development on vacant land
- recognise the importance of arable land suitable for viable primary production.

#### *Taxation principles*

While balancing the community needs and Council's broader economic and development objectives we have developed a policy which also provides a balance against the principles of taxation. Our policy objectives, methodologies and strategies have been developed with this in mind and rank highly against the principles of taxation.

### **5.2 Strategic and budget considerations**

Council has determined that the application of a annual Rating Policy should be developed within a framework which integrates strategic planning through to service delivery. The strategic directions for the City and the Organisation are outlined in *Onkaparinga 2035*.

*Onkaparinga 2035* establishes the overall directions for the City of Onkaparinga looking at a 20-year horizon but with a 5-year focus and annual reporting. *Onkaparinga 2035* contains 3 themes that are central to achieving our vision: *People – vibrant and resilient; Place – liveable, connected and green; Prosperity – opportunity, diversity and adaptability.*

*Onkaparinga 2035* builds on the strong progress to improve the function of our city and respond to our social, recreational, educational and employment needs. Our investment in integrated infrastructure, our delivery of programs in youth and active ageing are testament to our commitment to the communities we serve.

The Rating Policy for 2019–20 has been reviewed to reflect the strategic directions set in *Onkaparinga 2035*.

Our financial planning framework provides a 20-year financial plan to resource our strategic directions. As part of the financial planning and budget processes, the rate revenue required to meet expenditure needs is calculated taking into account other sources of revenue. The structure of the rating system is then determined having consideration for how the rates are levied between, and within, various categories of ratepayers.

### **5.3 Rating Strategies and methodologies**

The following key strategies and methodologies have been developed consistent with our policy principles to meet the rating objectives:

- valuation methodology based on capital value
- different rates for different land use categories

- contribution methodology to determine the different rates is based on a percentage of total rate revenue required from each category (adjusted for growth)
- incorporating a fixed charge as a component of the general rate
- rate rebates (including rate capping for residential properties and discretionary rebates)
- rate remissions.

These strategies rank highly against the principles of taxation and are consistent with our strategic and financial planning. Each of these strategies is discussed in the relevant sections below.

### 5.3.1 Valuation methodology

Council has adopted the use of **capital value as the basis for valuing land** within the Council area. Council considers that this method of valuing land provides the best of the options available to Council as prescribed in the Act and therefore the fairest method of distributing the rate responsibility across all rate payers.

Councils may adopt one of the following three valuation methodologies to value the properties in its area (Section 151 of the Act):

- capital value: the value of land, buildings and other improvements
- site value: the value of land and any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements
- annual value: the value of the rental potential of the property.

Of these available options Section 151 of the Act further identifies that the value of land for the purpose of rating is capital value.

Using capital value as the basis for valuing land more appropriately addresses the principles of taxation and is a better indication of capacity to pay.

Council does not determine property valuations but chooses to exercise the right under Section 151 of the Act to adopt the capital valuations as assessed by the Valuer-General (VG) through the State Valuation Office (SVO). If a ratepayer is dissatisfied with a property valuation then an objection may be made as detailed in Section 5.7.1.

### 5.3.2 Differential rating

The Act allows Councils to 'differentiate' rates based on the use of the land, the locality of the land, the use and locality of the land or on some other basis determined by the council.

The City of Onkaparinga applies **different rates on the basis of land use**.

The Act further allows Council the option to use a combination of factors (land use and locality) to apply different rates. Land use is recognised by other State taxing agencies and is easily identified and understood by our communities. It is therefore considered the most appropriate method for applying different rates by the majority of councils.

Differential rates better reflect consumption of council services but can also be tailored to support other key objectives e.g. economic development, encourage capital development or recognise the value of a specific land use sector. The differential rating strategy assists in addressing all of our rating objectives.

Definitions of the use of the land are prescribed by regulation and are categorised as follows for rating purposes:

- Residential
- Commercial – Shops
- Commercial – Office
- Commercial – Other
- Industrial – Light
- Industrial – Other
- Primary Production
- Vacant Land
- Other
- Marina Berths.

As part of the valuation assessment process the SVO applies a land use to each assessment to identify the predominant use of the land. This land use is applied by various taxing authorities. Council generally applies this land use for general rating purposes, however under the Act, Council is the relevant authority that determines land use for rating purposes. The rating land use applied by Council must meet the definitions under Development Regulations. As such the local government land use may vary from that used by other taxing authorities.

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made as detailed in Section 5.7.2.

### 5.3.3 Contribution methodology

**The 'percentage of total rate revenue required from each land use category (adjusted for growth)' will be used in determination of the rate in the dollar (differential rate) for each category.**

Council's underlying philosophy is that the responsibility of rates should be equitably distributed across the community, unless some compelling application of the other taxation principles is applied to change the incidence of the tax.

To minimise the impact of valuation movements, prevent inequitable shifts in rate responsibility and improve equity in rate distribution across the community, Council has determined that the proportion of total rate revenue contribution payable by each of the land use sectors should be maintained at the same level as that paid in the previous year (adjusted for growth).

The contribution methodology is an integral component of our overall rating strategy that assists in achieving a number of our rating objectives, by:

- improving equity in rate distribution across the community
- preventing inequitable shifts in rate responsibility
- minimising the impact of property valuation movements
- raising an equitable level of contribution from each land use sector
- maintaining the relativity within differing communities and between communities
- recognising communities where there is a greater consumption of services and resources
- ranking highly against the principles of taxation.

We have undertaken comparative analysis of differential rates across the 19 metropolitan councils. The analysis indicates our average rates paid in all land use categories consistently remains at the lower end of the scale.

#### 5.3.4 Different rates

##### **Residential**

Council has determined that a **different rate of 0.296670 cents in the dollar** will be applied for 2019–20 to all assessments attributed with a land use of Residential. This rate will achieve the same percentage level of total general rate revenue contribution as that of 2018–19 (84.61%), adjusted for growth.

##### **Commercial and Industrial**

Council has determined that a **different rate of 0.444796 cents in the dollar** will be applied for 2019–20 to all assessments attributed with a land use of Commercial and Industrial. This rate will achieve the same percentage level of total general rate revenue contribution as that of 2018–19 (8.11%), adjusted for growth.

##### **Primary Production**

Council has determined that a **different rate of 0.316332 cents in the dollar** will be applied for 2019–20 to all assessments attributed with a land use of Primary Production. This rate will achieve the same percentage level of total general rate revenue contribution as that of 2018–19 (3.98%), adjusted for growth.

### Vacant Land

Council has determined that a **different rate of 0.418109 cents in the dollar** will be applied for 2019–20 to all assessments attributed with a land use of Vacant Land. This rate will achieve the same percentage level of total general rate revenue contribution as that of 2018–19 (2.55%), adjusted for growth.

### Other

Council has determined that a **different rate of 0.371344 cents in the dollar** will be applied for 2019–20 to all assessments attributed with a land use of Other. This rate will achieve the same percentage level of total general rate revenue contribution as that of 2018–19 (0.75%), adjusted for growth.

#### 5.3.5 Fixed charge

Council has determined that a **fixed charge of \$515.00 will be applied to rateable assessments for 2019–20.**

The Act allows Councils to impose a fixed charge on each rateable property in its area, providing that it has not also imposed a minimum rate (Section 152 of the Act).

The primary reason for imposing a fixed charge is to ensure that all rateable properties make a base contribution to the cost of administering Council activities and maintaining the services and physical infrastructure that supports each property.

A fixed charge has the effect of reducing the rate in the dollar that will be applied to the property valuations, which in turn assists in addressing our policy objectives developed in response to the outcomes of our community engagement activities.

In applying a fixed charge only one charge can be imposed on two or more adjoining assessments with the same owner and occupier (contiguous).

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments an objection may be made as detailed in Section 5.7.3.

#### 5.3.6 Rate Rebates

Council has determined that **rebates of rates will be granted when the applicant satisfies the requirements for mandatory rebates under Sections 159 to Section 165 of the Act.** Applications for **discretionary rebates lodged under Section 166 of the Act will be considered under Council's Rate Rebate Policy** and will be assessed against guidelines prepared by the Local Government Financial Management Group.

The Act acknowledges that there are particular land uses that are economically disadvantaged and provide local community benefit and therefore must be offered rate relief in order to be sustainable. Some rebates under the Act are applied as a mandatory requirement however further discretionary provisions allow for Council to determine whether other desirable land uses may be offered rate relief.

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Each year we develop a Rate Rebate Policy which provides the full details regarding rate rebates permissible under the Act. This policy document supports our main Rating Policy.

The rate rebate strategy addresses the following objectives:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation.

### **Residential rate cap rebates**

For the 2019–20 year, Council has determined that **a rebate be applied to properties with a Residential land use to cap any increase in the general rates at 10%, subject to specific criteria.**

A rebate cap will not be applied where the rate increase is as a result 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 since the commencement of the previous financial year or a change in ownership or licence to occupy during the two prior financial years.

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 as a result of market forces and not as a result of purchasing the property, the rates levied as a result of that valuation increase should be capped at a level that minimises the impact to a reasonable level.

The rate capping strategy addresses the following objectives:

- improves equity in rate distribution across the community
- prevents inequitable shifts in rate responsibility
- minimises the impact of property valuation movements
- ranks highly against the principles of taxation.

The rate cap will be applied automatically to properties that can be readily identified as being eligible. Where this rebate is not applied automatically, ratepayers who consider they could be eligible for the Rate Cap Rebate may lodge an application form, which will be assessed against the eligibility criteria. Council rebates or remissions are not included in the capping calculation process. The application must be lodged by 31 August 2019. This rebate is applied under the discretionary rebate provisions of Section 166(1)(I) of the Act. The Residential Rate Capping Application Form appears as an attachment to the Rate Rebate Policy 2019–20.

### 5.3.7 CWMS rebates

**For the 2019–20 year, Council has determined that a rebate be applied to properties subject to Community Wastewater Management Systems (CWMS) Service charges. This rebate is to assist with the transition to the Essential Services Commission of SA (ESCOSA) full cost recovery pricing requirements.**

CWMS service charge rebates will be applied where funds available within Council's CWMS Reserve are in excess of funds forecast to be required in order to manage CWMS in a financially sustainable manner. The level of service charge rebate applicable (if any) for a financial year will be approved by Council as part of the budget process for that year.

### 5.3.8 Remission and postponed rates

**Application for remission of rates and charges, fines and interest or postponement of rates will be considered under the discretionary provisions of Sections 181 and 182 of the Act.**

Council will accept applications for remission of fines and interest in certain extenuating circumstances. A request for waiver of fines should provide detailed reasons why a fine remission has been requested.

Council will accept applications for remission or postponement of rates from ratepayers suffering on-going or extreme financial hardship, and will consider each application on its own merits. These applications are assessed subject to evidenced on-going or extreme hardship criteria.

Requests must be lodged in writing or submitted on the Application for Remission or Postponement of Rates and/or Fines form (Attachment 1 to this Policy). Hardship applications will be considered under the provisions of council's Hardship Policy and treated accordingly. Monthly interest at the prescribed rate will be applied to rates postponed under Section 182 of the Act.

**Application for postponement of rates and charges for holders of a State Seniors Card will be considered under the provisions of Section 182A of the Act – 'Postponement of rates – Seniors'.**

Applications must be lodged in writing and must provide evidence of eligibility plus other evidence as required. Requests must be lodged on the Application Form for Postponement of Rates Seniors (Attachment 2 to this Policy). Monthly interest at the prescribed rate will be applied to rates postponed under Section 182A of the Act.

Where an application for postponement under Section 182A is granted, a presumption of on-going annual postponement will be assumed subject to receipt of an annual signed declaration of continued eligibility.

Ratepayers requesting postponement of rates will initially be referred to the availability of reverse mortgage loans through financial institutions.

Seniors granted postponement of rates are required to pay a minimum of \$500 of rates and charges levied in each financial year in compliance with the Local Government (General) Regulations.

The rate remission and postponement strategy addresses the following objectives and taxation principles:

- improves equity in rate distribution across the community
- ranks highly against the principles of taxation.

#### 5.4 State Government NRM levy – Separate Rate

Council is required to collect this mandatory state government levy as a separate rate for Natural Resources Management. This levy is applicable to land within the area of the Adelaide and Mt Lofty Ranges Natural Resources Management Board and the SA Murray-Darling Basin Natural Resources Management Board.

For 2019–20 the **levy for properties in the Adelaide and Mt Lofty Ranges Natural Resources Management Board region will be 0.009807 cents in the dollar**, and for the **SA Murray-Darling Basin Natural Resources Management Board region will be 0.021650 cents in the dollar**.

Natural Resources Management Boards were established under the *Natural Resource Management Act 2004*. The Natural Resources Management Levy replaced the previous water catchment levy applied under the *Water Resources Act 1997* and Local Government Animal and Plant Control Board contributions from 2006–07. Council is required to make a specified contribution to these NRM Boards and then collect this contribution back from property owners through a separate rate based on capital value. Such a rate must be fixed and calculated so as to raise the same amount as Council's share to be contributed to the board (taking into account any rebates/remissions under Section 159-166 of the Act).

Previously, under the provisions of the *Water Resources Act 1997*, properties that paid a water-based levy (Water Licence) under Section 138(11) or (12) were exempt from paying a land based catchment levy through Council. However, under the *Natural Resources Management Act* there is no provision for exemptions in these circumstances. All properties are subject to a Natural Resources Management Levy.

Council is required to remit revenue raised, and does not determine how the revenue is to be spent.

#### 5.5 Service rates and charges

Council provides a Community Wastewater Management System (CWMS) to seven districts within the City. These were formerly known as the septic tank effluent disposal scheme (STEDS). To fund the provision of this service Council imposes a service charge to recover the cost to the council of establishing, operating, maintaining, improving and replacing infrastructure (taking into account depreciation of any assets and including future capital works).

### 5.5.1 Waste and minor trade waste

Council will recover the cost of this service through the imposition of a uniform service charge on each of the relevant assessments (including non-rateable land) for the disposal and treatment of residential waste and minor trade waste.

The CWMS service charges will be as follows for 2019–20:

- **occupied allotments - \$985.00 per property unit**
- **vacant allotments - \$985.00 per property unit**

In the case of a single residential household a 'Property Unit' will equal one. In the case of higher use properties (such as schools, hospitals and other multiple tenancy properties etc) an equivalent unit charge is calculated. In calculating property units Council adheres to the LGA Community Wastewater Management Systems (CWMS) Code issued in April 2006.

CWMS Service Charges where Aerobic or Sand Filter systems are in use:

- Owners of aerobic or sand filters systems shall be entitled to a 50% remission on the annual charge provided they show evidence of an annual maintenance contract and have been issued with an exemption by an Environmental Health Officer. No new exemptions will be issued.
- Owners of aerobic systems who do not show evidence of an annual maintenance contract and any property owners with a conventional subsurface disposal system who discharges effluent above ground or into stormwater systems intentionally or otherwise will be required to connect to the CWMS system immediately.
- Connection to the system and/or the payment of the full connection fee shall be compulsory on the sale of an occupied property or the development of a vacant block.

For 2019–20 Council will provide a rebate of **\$193.00** to assist with the transition to full cost recovery pricing requirements (Refer 5.3.7 above).

### 5.5.2 Major trade waste

Council imposes a service charge or rate to recover the costs incurred by the Council. This charge is for the disposal and treatment of major trade waste based on the nature and the level of usage of the service.

This service charge shall be set in compliance with our obligations under the Water Industry Act 2012 and related Price Determinations for Minor and Intermediate Retailers as determined by the Essential Services Commission of South Australia. Council will impose an annual service charge to recover the costs incurred by Council for the disposal and treatment of major trade waste.

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This service charge to be calculated on either a per kilolitre basis or an annual amount (as negotiated with the customer). The service charge will be inclusive of:

- the cost of service provision (based on the nature and the level of usage of the service), depreciation, return on assets plus other regulatory requirements.

## **5.6 Building Upgrade Finance**

### **5.6.1 Building Upgrade Finance mechanism**

Schedule 1B of the Act the Building Upgrade Finance (BUF) came into operation from August 2017. This legislation enables owners of existing commercial, industrial and agricultural buildings to access finance for environmental upgrades and heritage works from a lending institution that are repaid through a council-based rating mechanism. Under the BUF mechanism a council issues payment notices, collects repayments from building owners and passes the repayments onto financiers. The mechanism allows these owners to approach a financial institution to be the financier for the loan and participate in a BUF Agreement (BUA) through Council which enables the loan to become a charge on the land under Schedule 1B of the Act.

Council approved participation in this optional scheme at its meeting of 30 January 2018.

### **5.6.2 Building Upgrade Charge**

For each BUA accepted by Council the amount of the Quarterly Loan Repayment must be individually declared as a BUF Charge. Under Schedule 1B it also permits Council to delegate certain powers to the CEO.

At its meeting of 30 January 2018 Council resolved (in part):

In exercise of the power contained in Section 44 of the *Local Government Act 1999*, hereby delegates Section 44(3a) of the Local Government Act 1999 to the person occupying the office of Chief Executive Officer, being the power to:

- enter into, or vary or terminate, a Building Upgrade Agreement
- declare and levy a Building Upgrade Charge under a Building Upgrade Agreement.

As such declaration of BUA Charges does not form part of the annual rates declaration process.

### **5.6.3 Building Upgrade Agreement Fees**

In resourcing and administering a BUA council will incur the costs of assessing and processing the application fee, initial setup costs, costs associated with quarterly administration, late payment administration and costs associated with any variation to the agreement.

Under Schedule 1B, Councils are able to set appropriate fees and charges to recover these costs from building owners. The BUA Fees were approved by Council on 20 March 2018 and will now form part of the Fees and Charges Schedule and reviewed annually.

#### 5.6.4 Default on Building Upgrade Agreement Charge

Under Section 11(1) of Schedule 1B it requires that council must use its best endeavours to recover a building upgrade charge in accordance with the terms of the BUA under which the charge is authorised. Where a building owner is in default of the agreement and charges fall into arrears they will be subject to recovery action as outlined in council's Building Upgrade Finance Enforcement Procedure.

Section 11(2) of Schedule 1B it also provides that a council is not liable for any failure by a building owner to pay a building upgrade charge and any such failure does not make the council liable to pay any outstanding amount to the finance provider.

#### 5.7 Payment of rates

Rates are payable by quarterly instalments which will be due on **11 September 2019, 1 December 2019, 1 March 2020 and 1 June 2020**. The total outstanding balance of rates may be paid in full at any time.

##### 5.7.1 Payment methods and Electronic notice delivery\*

Council has determined that rates may be paid by the following methods (detailed on the back of the rate notice):

- Australia Post Billpay (at any Post Office, via telephone or via Internet)
- Bpay – including notices delivered via BPayVIEW\*
- Credit Cards – Mastercard and Visa Cards only
- Debit Card
- Ezybill\* – email delivery of Rate Notices (Online payment onkaparingacity.com)\*
- Centrepay (Centrelink direct debit system)
- Council's 'Online Payments' system on [www.onkaparingacity.com](http://www.onkaparingacity.com)
- Onkaparinga Pay by Phone - 1300 276 468
- in person at Council offices
- by mail to City of Onkaparinga, PO Box 1, Noarlunga Centre SA 5168.

##### 5.7.2 Late payment of rates

Council has determined that **penalties for late payments will be imposed** in accordance with the provisions of Section 181(8) of the Act and relevant Council procedures.

Fines and interest for late payment are levied in accordance with the provisions of Section 181(8) of the Act. These provisions are the only provisions available to Council to ensure that all ratepayers pay promptly.

The Act provides that:

*If an instalment of rates is not paid on or before the date on which it falls due:*

- (a) the instalment will be regarded as being in arrears*
- (b) a fine of two percent of the amount of the instalment is payable*
- (c) on the expiration of each full month from that date, interest of the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fine and including interest from any previous month) accrues.*

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact Council to discuss alternative payment arrangements. It should be noted that fines and interest are still levied in accordance with the Act under any payment arrangement.

Council will consider applications for remission of fines in certain extenuating circumstances. A request for waiver of fines should be made in writing, setting out detailed reasons why a fine remission has been requested or may be submitted on the Application for Remission of Rates and/or Fines Form (Attachment 1 to this Policy).

### **5.7.3 Application of payments**

Council has determined that **rate payments will be applied in accordance with the provisions of Section 183 of the Act.**

Section 183 of the Act provides that when the Council receives a payment in respect of rates, the Council applies the money received as follows:

- first – to satisfy any costs awarded in connection with court proceedings
- second – to satisfy any interest imposed
- third – in payment of any fines imposed
- fourth – in payment of rates, in chronological order (starting with the oldest amount first).

### **5.7.4 Recovery of outstanding rates**

In accordance with sound financial management principles, the Revenue Section will apply prudent debt management practices to Rate Debtors. This includes an on-going review of rates in arrears and following a systematic debt recovery approach.

Rates that remain in arrears for a period exceeding 30 days will be subject to recovery action in accordance with Council's normal debt recovery procedures.

Section 184 of the Act provides that Council may sell any property where any rates have been in arrears for three years or more. Council is required to notify the owner of the land of its intention to sell the land if payment of the outstanding amount (by cash or bank cheque) is not received within one month. Except in extraordinary circumstances, Council will enforce the sale of land for arrears of rates.

## 5.8 Objectives

Council rates are imposed under the provisions of the Act, and within the City of Onkaparinga are based on the Capital Valuation and the Land Use Category applied for the current financial year, plus the fixed charge declared by Council. Where a ratepayer believes the level of rates charged on an assessment is excessive, the avenues for appeal are to lodge a formal objection to the Capital Value, the Land Use or to the fixed charge (where multiple adjoining properties are involved).

It is important to note that the lodgement of any objection does not change the due date for payment of rates. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

The following provides information on lodging objections.

### 5.8.1 Valuation objections

If a ratepayer is dissatisfied with a property valuation then an objection may be made to the State Valuation Office in writing, within 60 days of receiving notice of the valuation, explaining the basis for the objection – provided they have not:

- previously received a notice of this valuation, under the Act, in which case the objection period is 60 days from the receipt of the first notice, or
- previously had an objection to the valuation considered by the State Valuation Office in the current financial year.

It should be noted that under the *Valuation of Land Act 1971* the VG has the discretion to extend the allowable objection period where it can be shown there is reasonable cause.

Objections to valuations should be addressed to:

State Valuation Office

GPO Box 1354

Adelaide SA 5001

Email [lsgobjections@sa.gov.au](mailto:lsgobjections@sa.gov.au)

Telephone 1300 653 345

The City of Onkaparinga has no role in this process and it is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by Council.

### 5.8.2 Land Use Objections

If a ratepayer believes that a particular property has been wrongly classified as to its land use, then an objection may be made (to council) within 60 days of being notified of the land use classification. Council may exercise its discretion to extend the allowable objection period where it can be shown there is reasonable cause.

It is important to note that the lodgement of an objection does not change the due date for payment of rates. Rates must be paid in accordance with the rate notice until otherwise notified by council.

### 5.8.3 Fixed Charge Objections

Where a ratepayer believes that they may be eligible for a reduction in the fixed charge applied to contiguous assessments, they must lodge their objection in writing to:

Chief Executive Officer

City of Onkaparinga

PO Box 1

Noarlunga Centre SA 5168

The objection must contain full details of the ownership, occupants (tenants), dates of any lease agreements and date of purchase for each assessment subject to objection. Rates must be paid in accordance with the Rate Notice until otherwise notified by Council.

### 5.9 Disclaimer

In accordance with Section 171(5) of the Act, **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 Council has failed to properly apply this policy they should raise the matter with Council.

### 5.10 Community engagement

In accordance with Council's desire to inform and involve the community, and in keeping with good practice, **a community engagement process will be undertaken annually** on the development of budget and rating processes and policy.

Community engagement is undertaken when developing the annual budget and rating policies as part of the draft annual business plan to ensure that transparency of the process is maintained and to provide an avenue for the community to contribute their opinion.

## 6 Attachments

Attachment 1 – Application for Remission of rates and/or fines

Attachment 2 – Application for Postponement of rates for seniors

## **7 Relevant legislation and references**

Printed documents	<i>Council policy, Rate Rebate 2018-19</i> <i>Council Policy, Hardship 2016–20</i> <i>City of Onkaparinga, Onkaparinga 2035</i> <i>Long Term Financial Plan 2017-18</i> <i>LGA Annual Service charges for Community Wastewater Management Systems</i> <i>City of Onkaparinga, Building Upgrade Finance Enforcement Procedure</i>
Legislation	<i>Local Government Act 1999</i> <i>Natural Resources Management Act 2004</i> <i>Valuation of Land Act 1971</i> <i>Water Industry Act 2012</i>

## **8 Further information**

This policy is available for inspection, during business hours at:  
City of Onkaparinga, Ramsay Place, NOARLUNGA CENTRE SA 5168.

It is also available for inspection, downloading or printing from our website:

[www.onkaparingacity.com](http://www.onkaparingacity.com)

**9 Document control**

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<b>Position</b>		<b>Name</b>	<b>Date reviewed</b>
Chief Financial Officer		Anthony Spartalis	11/07/2019
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<b>Position / Group</b>	<b>Name</b>	<b>Approval date</b>	<b>Approval ECM number</b>
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<b>History:</b>			
<b>Date</b>	<b>Author</b>	<b>Version</b>	<b>Nature of change</b>
04/07/2018	Joan Murrell	V 1.0 2018–19	Reviewed annually in June
<b>Related documents: (internal documents that need to be reviewed when this document is amended)</b>			
<b>Title of document</b>			<b>Document number</b>
Attachment 1 - Rate Remission Application 2019–20			ECM 4534411
Attachment 2 - Postponement for Seniors Application 2019–20			ECM 4526680
<b>Document location:</b>			
<b>Published location</b>			<b>Original in ECM</b>
Onkanet and public website Telephone: (08) 8384 0666 Web address: <a href="http://www.onkaparingacity.com">www.onkaparingacity.com</a> Email: <a href="mailto:mail@onkaparinga.sa.gov.au">mail@onkaparinga.sa.gov.au</a> Postal: City of Onkaparinga, PO Box 1, Noarlunga Centre SA 5168			ECM 4519000

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