

FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Operating activities		
Income		
Rates revenues	141,895,852	144,724,565
Statutory charges	3,531,500	3,892,005
User charges	7,596,456	8,640,868
Grants, subsidies and contributions	17,837,772	18,874,810
Investment income	53,000	12,200
Reimbursements	1,636,307	1,715,095
Other income	525,235	1,019,285
Share of operating profit from equity accounted investees	-	-
Total income	173,076,122	178,878,828
Expenditure		
Employee costs	68,495,287	74,272,347
Contracts	46,715,000	45,470,526
Materials	11,765,202	12,030,444
Depreciation	35,265,000	35,434,051
Finance costs	3,217,627	2,991,096
Other expenses	13,563,021	13,218,027
Total expenses	179,021,136	183,416,491
Operating surplus / (deficit)	(5,945,014)	(4,537,663)
Capital projects		
Renewal		
Project expenses	28,413,682	31,716,423
<i>Less:</i>		
Grants, subsidies and contributions	84,000	1,601,630
Developer contributions	-	-
Other income	1,065,999	4,097,599
Net renewal expense	27,263,683	26,017,194
New and Significant Upgrades		
Project expenses	27,539,841	18,614,523
<i>Less:</i>		
Grants, subsidies and contributions	9,353,000	4,205,195
Developer contributions	200,000	280,000
Other income	-	-
Net new and significant upgrade expense	17,986,841	14,129,328
Capital Project Expenditure	45,250,524	40,146,522

FUNDING STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Other		
Loans		
New loans	15,732,457	13,415,572
<i>Less:</i>		
Loan principal repayments	4,278,373	4,964,852
Net loan movement	11,454,084	8,450,720
Reserves		
Transfer from reserves	7,086,857	4,123,849
<i>Less:</i>		
Transfer to reserves	2,526,403	1,722,805
Net reserve movement	4,560,454	2,401,044
Adjust:		
Depreciation - included in operating result, funded by renewal	35,265,000	35,434,051
Grants, subsidies and contributions (renewal) - included in operating result	(84,000)	(1,601,630)
Funding Surplus / (deficit)	-	-
Grand Total Income	206,514,435	205,001,043
Grand Total Expense	206,514,435	205,001,043
Funding Surplus / (deficit)	-	-

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Operating income		
Rates	141,895,852	144,724,565
Statutory charges	3,531,500	3,892,005
User charges	7,596,456	8,640,868
Grants, subsidies and contributions	17,837,772	18,874,810
Investment income	53,000	12,200
Reimbursements	1,636,307	1,715,095
Other income	525,235	1,019,285
Net gain - joint ventures and associates	-	-
Total operating income	173,076,122	178,878,828
Operating expenses		
Employee costs	68,495,287	74,272,347
Materials, contracts and other expenses	72,043,223	70,718,997
Finance costs	3,217,627	2,991,096
Depreciation	35,265,000	35,434,051
Net loss - joint ventures and associates	-	-
Total operating expenses	179,021,136	183,416,491
Operating surplus/(deficit) before capital amounts	(5,945,014)	(4,537,663)
Capital income		
Amounts received specifically for new or upgraded assets	9,553,000	4,485,195
Physical resources received free of charge	5,854,280	5,854,280
Net surplus/(deficit)	9,462,266	5,801,812
Other comprehensive income		
Changes in revaluation surplus - infrastructure, property, plant and equipment	73,917,529	3,287,411
Non-operating items - joint ventures and associates	-	-
Total other comprehensive income	73,917,529	3,287,411
Total comprehensive income	83,379,795	9,089,223

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Current assets		
Cash and cash equivalents	-	-
Trade and other receivables	10,919,219	10,123,892
Inventories	89,651	89,651
Other non-current assets held for sale	-	-
Total current assets	11,008,870	10,213,543
Non-current assets		
Financial Assets	650,692	950,692
Equity accounted investments in council businesses	10,939,000	11,439,000
Infrastructure, property, plant and equipment	2,348,019,792	2,335,742,454
Other non-current assets	16,315,944	18,315,944
Total non-current assets	2,375,925,428	2,366,448,090
Total assets	2,386,934,298	2,376,661,633
Current liabilities		
Trade and other payables	13,744,895	11,334,920
Short term borrowings	3,276,931	3,701,448
Short term provisions	13,039,567	12,070,130
Other current liabilities	6,870,353	7,313,018
Total current liabilities	36,931,746	34,419,516
Non-current liabilities		
Long term borrowings	114,282,194	112,928,832
Long term provisions	1,594,000	1,694,000
Total non-current liabilities	115,876,194	114,622,832
Total liabilities	152,807,940	149,042,348
Net assets	2,234,126,358	2,227,619,285
Equity		
Accumulated surplus	552,942,864	547,231,673
Asset revaluation reserve	1,658,354,541	1,656,658,229
Other reserves	22,828,953	23,729,383
Total equity	2,234,126,358	2,227,619,285

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Cash flows from operating activities		
Receipts		
Operating receipts	173,023,122	178,866,628
Investment receipts	53,000	12,200
Payments		
Operating payments to suppliers and employees	(140,538,509)	(144,991,344)
Finance payments	(3,217,627)	(2,991,096)
Net cash flows from operating activities	29,319,986	30,896,388
Cash flows from investment activities		
Receipts		
Grants specifically for new or upgraded assets	9,553,000	4,485,195
Sale of replaced assets	1,065,999	4,097,599
Payments		
Expenditure on renewal/replacement of assets	(28,413,682)	(31,716,423)
Expenditure on new/upgraded assets	(27,539,841)	(18,614,523)
Net cash flows from investment activities	(45,334,524)	(41,748,152)
Cash flows from financing activities		
Receipts		
Proceeds from borrowings	15,732,457	13,415,572
Payments		
Repayments of borrowings	(4,278,373)	(4,964,852)
Net cash flows from financing activities	11,454,084	8,450,720
Net increase/(decrease) in cash held	(4,560,454)	(2,401,044)
Cash and cash equivalents at beginning of reporting period	-	-
Cash and cash equivalents at end of reporting period	(4,560,454)	(2,401,044)
Represented by:		
<i>Cash and cash equivalents</i>	-	-
<i>Less: Short term cash advance drawdowns</i>	(4,560,454)	(2,401,044)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Accumulated surplus		
Balance at end of previous reporting period	538,920,144	539,028,817
Surplus/(deficit) from operations	9,462,266	5,801,812
Transfers to other reserves	(2,526,403)	(1,722,805)
Transfers from other reserves	7,086,857	4,123,849
Balance at end of period	552,942,864	547,231,673
Asset revaluation reserve		
Balance at end of previous reporting period	1,584,437,012	1,653,370,818
Gain on revaluation of infrastructure, property, plant and equipment	73,917,529	3,287,411
Balance at end of period	1,658,354,541	1,656,658,229
Community wastewater management systems reserve		
Balance at beginning of period	319,360	724,831
Transfers to reserve	1,412,496	758,386
Transfers from reserve	(589,976)	(767,467)
Balance at end of period	1,141,880	715,750
Hazel McKenzie car park		
Balance at beginning of period	14,476	14,841
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	14,476	14,841
Stormwater management		
Balance at beginning of period	2,044,339	2,321,459
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	2,044,339	2,321,459
Footpath reserve		
Balance at beginning of period	1,481,896	1,664,898
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	1,481,896	1,664,898
One Council		
Balance at beginning of period	569,871	1,113,074
Transfers to reserve	-	-
Transfers from reserve	-	(1,000,000)
Balance at end of period	569,871	113,074

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Open space development reserve		
Balance at beginning of period	1,645,850	2,183,065
Transfers to reserve	150,000	100,000
Transfers from reserve	(600,000)	(500,000)
Balance at end of period	1,195,850	1,783,065
Sturt linear land purchase reserve		
Balance at beginning of period	-	-
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	-	-
Coast parks reserve		
Balance at beginning of period	1,740	1,740
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	1,740	1,740
Court recoating reserve		
Balance at beginning of period	68,625	24,274
Transfers to reserve	-	-
Transfers from reserve	(50,000)	-
Balance at end of period	18,625	24,274
Committed expenditure reserve		
Balance at beginning of period	-	-
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	-	-
Contingency reserve fund		
Balance at beginning of period	8,873,491	4,964,891
Transfers to reserve	-	-
Transfers from reserve	(4,756,722)	(471,691)
Balance at end of period	4,116,769	4,493,200
Commercial activity reserve		
Balance at beginning of period	493,927	544,484
Transfers to reserve	984,428	993,373
Transfers from reserve	(372,659)	(504,691)
Balance at end of period	1,105,696	1,033,166
Revolving resources reserve		
Balance at beginning of period	2,542,476	2,456,350
Transfers to reserve	-	34,157
Transfers from reserve	(380,000)	(365,000)
Balance at end of period	2,162,476	2,125,507

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Developer contributions (roads)		
Balance at beginning of period	97,883	97,883
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	97,883	97,883
Urban Tree Fund		
Balance at beginning of period	38,372	55,075
Transfers to reserve	10,000	10,000
Transfers from reserve	-	-
Balance at end of period	48,372	65,075
Plant and fleet reserve		
Balance at beginning of period	5,508,394	6,308,138
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	5,508,394	6,308,138
Seaford Library fund		
Balance at beginning of period	172,463	228,641
Transfers to reserve	84,274	84,274
Transfers from reserve	-	-
Balance at end of period	256,737	312,915
Innovation and Improvement reserve		
Balance at beginning of period	235,000	235,000
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	235,000	235,000
Climate change response fund		
Balance at beginning of period	548,802	454,465
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	548,802	454,465
Economic Development Reserve		
Balance at beginning of period	837,707	633,595
Transfers to reserve	-	-
Transfers from reserve	(284,500)	(515,000)
Balance at end of period	553,207	118,595

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Water Business Unit reserve		
Balance at beginning of period	118,795	(35,199)
Transfers to reserve	(118,795)	(257,385)
Transfers from reserve	-	-
Balance at end of period	-	(292,584)
Community Corporation 20224		
Balance at beginning of period	28,966	29,966
Transfers to reserve	4,000	-
Transfers from reserve	(3,000)	-
Balance at end of period	29,966	29,966
Carparking Contribution Scheme		
Balance at beginning of period	42,416	77,091
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	42,416	77,091
Hackham South East Infrastructure		
Balance at beginning of period	502,508	502,508
Transfers to reserve	-	-
Transfers from reserve	-	-
Balance at end of period	502,508	502,508
Strategic Acquisitions		
Balance at beginning of period	1,202,050	1,529,357
Transfers to reserve	-	-
Transfers from reserve	(50,000)	-
Balance at end of period	1,152,050	1,529,357
Total reserves	1,681,183,494	1,680,387,612
Total equity	2,234,126,358	2,227,619,285

UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget
Operating surplus/(deficit)		
Operating income	173,076,122	178,878,828
Less: Operating expenses	(179,021,136)	(183,416,491)
Operating surplus/(deficit) before capital amounts	(5,945,014)	(4,537,663)
Less: Net outlays on existing assets		
Capital expenditure on renewal and replacement of existing assets	(28,413,682)	(31,716,423)
Less: Depreciation, amortisation and impairment	35,265,000	35,434,051
Less: Proceeds from sale of replaced assets	1,065,999	4,097,599
Net outlays on existing assets	7,917,317	7,815,227
Less: Net outlays on new and upgraded assets		
Capital expenditure on new and upgraded assets	(27,539,841)	(18,614,523)
Less: Grants and contributions for new and upgraded assets	9,553,000	4,485,195
Net outlays on new and upgraded assets	(17,986,841)	(14,129,328)
Net lending / (borrowing) for financial year	(16,014,538)	(10,851,764)

KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget

Operating surplus ratio
The percentage by which the major controllable income source varies from day to day expenses

Calculated as:

Operating surplus/(deficit) before capital amounts	(5,419,785)	(4,537,663)
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Divided by:

Operating income	173,076,122	178,878,828
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Operating income	173,076,122	178,878,828
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Expressed as a percentage	(3.1%)	(2.5%)
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Target*	>0%	>0%
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Net financial liabilities ratio
How significant is the net amount owed compared with income

Calculated as:

Net financial liabilities	134,354,050	137,878,113
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Divided by:

Total operating income	171,110,642	178,878,828
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Total operating income	171,110,642	178,878,828
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Expressed as a percentage	79%	77%
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Target	<100%	<100%
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Interest cover ratio
How much income is used in paying interest on loans

Calculated as:

Finance costs	3,217,627	2,991,096
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Less: Investment income	(53,000)	(12,200)
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Net finance costs	3,164,627	2,978,896
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Divided by:

Total operating income	173,076,122	178,878,828
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Less: Investment income	(53,000)	(12,200)
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Total operating income	173,023,122	178,866,628
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Expressed as a percentage	1.8%	1.7%
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Target	<5%	<5%
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KEY FINANCIAL INDICATORS FOR THE YEAR ENDING 30 JUNE 2022

	2020-21	2021-22
	Budget	Budget

Asset renewal funding ratio
What percentage of assets are being replaced at the rate they are consumed

Calculated as:

Expenditure on renewal/replacement of assets	28,413,682	31,716,423
Less: Sale of replaced assets	(1,065,999)	(1,097,599)
Net expenditure on renewal/replacement of assets	27,347,683	30,618,824

Divided by:

Projected asset renewal funding requirement	31,251,870	34,265,000
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Expressed as a percentage
88%
89%
Target
90-110%
90-110%
Debt servicing ratio
The proportion of total operating revenue required to service debt

Calculated as:

Fixed term repayments plus Interest (finance costs)	7,496,000	7,955,948
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Divided by:

Total Operating Revenue	173,076,122	178,878,828
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Expressed as a percentage
4.3%
4.4%
Target
Total debt servicing will be below an upper debt servicing limit of 10% and above a lower limit of 3% Operating revenue

Calculated as:

Total Operating Revenue	173,076,122	178,878,828
Upper debt servicing limit 10% of Operating revenue	17,307,612	17,887,883
Lower debt servicing limit 3% of Operating revenue	5,192,284	5,366,365

Debt Servicing
7,496,000
7,955,948

Rating Policy 2021–22

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1 Preamble

Council adopts this policy to set the rating objectives within its area. Where Council is committed to achieving standards 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 is a statement of Council's general position.

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 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.

'Primary Production' for rating purposes is defined as per section 5(1) of the *Valuation of Land Act 1971*:

(definition of 'business of primary production');
'the business of agriculture, pasturage, horticulture, viticulture, apiculture, poultry farming, dairy farming, forestry or any other business consisting of the cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.'

4 Principles & Objectives

In developing the rating policy, Council is required to make judgements based on several guiding principles and objectives. These principles and objectives are often competing and need to be balanced to achieve the desired outcome for the community.

Council's policy directions are guided by four themes that are central to achieving our vision as outlined in the Community Plan 2030: People, Place, Prosperity and Performance.

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

In all things, council considers if its direction aligns with the principles that defines who it is. Council believes in:

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

Council is required to raise revenue for the purpose of governance, administration and the provision of appropriate goods and services required by the community. The goods and services are especially those that would not be provided by private businesses e.g. infrastructure, street lighting, regulatory and compliance activities.

Chapter 10 of the Act requires 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).

In developing this policy Council has considered the following five principles:

- 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 considered)
- efficiency (if a tax is designed to change consumers behaviour and the behaviour changes the tax is efficient (e.g. tobacco taxes), if the tax is designed to be neutral in its effect on taxpayers and it changes taxpayer's behaviour a tax is inefficient)
- simplicity (the tax must be understandable).

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

To some extent, in practice these principles conflict with each other. Council 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.

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

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

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

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

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

Feedback from our communities indicates a desire to lower the rate in the dollar to reduce rapid rate increases from valuation movements.

Council achieves a reduction in the above risk by setting an appropriate fixed charge. Applying a fixed charge at the required level ensures an equitable base contribution is achieved from all rateable properties, reducing the reliance on the rate in the dollar component and equitably distributing the rates burden.

Council determines the total rate revenue as part of the financial planning and budgeting process and the amount raised from the fixed charge is a component of the total revenue. Increasing the total raised from the fixed charge does not increase the overall rate revenue, but simply reduces the revenue raised against the property valuation. This has the effect of lowering the rate in the dollar and assists in managing large valuation movements.

The current rating objectives and strategies meet the direction and goals expressed in the Community Plan 2030 and Long Term Financial Plan, with each component of our rating strategy rating highly against the principles of taxation.

In developing the Rating Policy for 2021–22 Council has undertaken a community engagement process including information provision and community education as a key focus.

4.1 Strategic and budget considerations

Council has determined that the application of an 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 the Community Plan 2030.

The Community Plan 2030 represents our shared vision for the next ten years, and is reviewed every four years. It sets the focus for Council, clearly outlining the key outcomes we want to achieve, which together form our vision of strong, vibrant communities.

The Rating Policy for 2021–22 has been reviewed to reflect the strategic directions set in the Community Plan 2030.

Our financial planning framework provides a long term 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 considering 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.

4.2 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.

4.2.1 Valuation methodology

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.

Council adopts 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 most equitable distribution of the rates burden as it identifies the land and improvements and is consistent with the taxation principle indicating a person's 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). If a ratepayer is dissatisfied with a property valuation, an objection may be made as detailed in Section 4.6.5.

4.2.2 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 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 council's 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 VG recommends a land use to each assessment, identifying 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 property has been wrongly classified as to its land use, then an objection may be made as detailed in Section 4.6.6.

4.2.3 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 ensure the equity 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 a similar 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 metropolitan councils in the state. The analysis indicates our average rates paid in all land use categories sit around mid-scale.

4.2.4 Different rates

Council adopts differential general rates primarily based upon land use and the assessed capital value of the land, including any improvements thereon. The differentiating factors are the permitted land use categories.

Council has determined that a different rate will be applied for 2021–22 to all assessments attributed with the following land use:

Residential - different rate of 0.233107 cents in the dollar

Commercial and Industrial - different rate of 0.402894 cents in the dollar

Primary Production - different rate of 0.274545 cents in the dollar

Vacant Land - different rate of 0.331781 cents in the dollar

Other - different rate of 0.254877 cents in the dollar

4.2.5 Fixed charge

Council has determined that **a fixed charge of \$705.00 will be applied to rateable assessments for 2021–22.**

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 services and physical infrastructure.

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 policy objectives developed in response to the outcomes of 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 4.6.5.

4.2.6 Rate Rebates

Council will grant a mandatory rebate **upon the applicant satisfying the requirements under Sections 159 to 165 of the Act.**

Applications for **discretionary rebates lodged under Section 166 of the Act will be considered under Council's Rate Rebate Policy.**

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. On this basis some rebates under the Act are applied as a mandatory requirement however further discretionary provisions allow Council to determine whether other desirable land uses may be offered rate relief.

Each year Council reviews the 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 2021–22-year Council has determined that **a rebate be applied to properties with a Residential land use to cap any increase in the total rates (valuation component and fixed charge) 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 from 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 (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 Residential Rate Cap Rebate may lodge an application. Council rebates or remissions are not included in the capping calculation process. The application must be lodged prior to 31 August 2021. This rebate is applied under the discretionary rebate provisions of Section 166(1)(l) of the Act. The Residential Rate Capping Application Form appears as an attachment to the Rate Rebate Policy 2021–22.

4.2.7 CWMS rebates

For the 2021–22 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 mitigate increases to ratepayers arising from 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 more than 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.

4.2.8 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 requests for remission of fines and interest in certain extenuating circumstances. A request for waiver of fines and/or interest should provide detailed reasons why a remission has been requested.

Council will accept requests for postponement of rates from ratepayers suffering on-going or extreme financial hardship through a qualified financial counsellor and will consider the recommendation on a case by case basis.

Council will consider a request for remission of rates when the property is being sold due to a ratepayer experiencing financial hardship. Financial hardship must be confirmed in writing by a qualified financial counsellor at the time of application for remission of rates or postponement for hardship.

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'.

To assist seniors, Council markets and supports ratepayers to consider options such as postponement of rates for seniors. Under this scheme eligible ratepayers can annually postpone or defer any rate amount above \$500. In addition, should a ratepayer elect to pay more than the \$500 in any given year, the amount paid in excess is applied to the balance outstanding.

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. 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.

The remission of fines and interest 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.

4.3 State Government Regional Landscape Levy – Separate Rate

The South Australian Government has introduced a major legislative reform program with the introduction of the Landscape South Australia Act 2019 (the Act) which replaces the *Natural Resources Management Act 2004*.

The legislation provides the framework for how the State's natural resources will be managed with a stronger emphasis on effective water management, pest plant and animal control, soil and land management and decentralised decision-making. These changes aim to provide communities a greater voice in natural resources management.

The Regional Landscape Act has implications for local government, particularly in relation to the land-based levy collection process and the realignment of boundaries. The Act creates nine landscape management regions with NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, being Green Adelaide. The levies raised for 2021–22 will be based on the Regional Landscape Boundaries.

The landscape levy collection process for 2021–22 remains largely the same as previous arrangements under the *Natural Resources Management Act 2004*. There are no proposed changes to the basis of the regional landscape levy. The Regional Landscape Act imposes a cap on levies across the state and limits future increases in the levy to CPI.

Councils will continue to recover ongoing collection costs from regional landscape boards.

All Council contributions and the basis of the regional landscape levy will be set out in the landscape board (and Green Adelaide) business plans. The landscape boards will have responsibility for notifying councils of their share and Council will continue to set a levy rate under the *Local Government Act 1999* in accordance with the advice provided by the Department of Environment and Water.

Money raised through the imposition of the levy is paid to the central Landscape Administration Fund for later distribution to the landscape boards.

Council is required to collect this mandatory state government levy as a separate rate for Natural Resources Management. This levy for 2021–22 is applicable to land previously 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 2021–22 the regional landscape levy for the properties previously located in the previous Natural Resources Management Board regions will now be known as either Green Adelaide or as Hills and Fleurieu.

Regional Landscape Levy for 2021-22:

Green Adelaide – 0.009179 cents in the dollar

Hills & Fleurieu - 0.009179 cents in the dollar

Council is required to forward the revenue raised to the state government and does not determine how the revenue is to be spent.

4.4 Service rates and charges

Council provides a Community Wastewater Management System (CWMS) to seven districts within the City. 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).

4.4.1 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 2021–22:

- **occupied allotments - \$999.51 per property unit**
- **vacant allotments - \$999.51 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 2021–22 Council will provide a rebate of \$207.51 to assist with the transition to full cost recovery pricing requirements (Refer 5.3.7 above).

4.4.2 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. 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.

4.5 Building Upgrade Finance

4.5.1 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.

4.5.2 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.

4.5.3 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 now form part of the Fees and Charges Schedule and reviewed annually.

4.5.4 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.

4.6 Payment of rates

Rates are payable by quarterly instalments which will be due on **1 September 2021, 1 December 2021, 1 March 2022 and 1 June 2022**. The total outstanding balance of rates may be paid in full at any time.

4.6.1 Payment methods

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

- Australia Post
- BPay
- Centrepay (Centrelink direct debit system)
- Council's 'Online Payments' system on www.onkaparingacity.com
- Onkaparinga Pay by Phone - 1300 276 468
- in person at Council offices

4.6.2 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, have trouble 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.

4.6.3 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).

4.6.4 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.

4.6.5 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:

Valuation General

GPO Box 1354
Adelaide SA 5001
Email 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.

4.6.6 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.

4.6.7 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.

4.7 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.

4.8 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.

5 Attachments

Attachment 1 – Application for Postponement of rates for seniors

Attachment 2 – Application for Rate Capping

6 Relevant legislation and references

Printed documents	<i>Council policy, Rate Rebate 2021-22</i>
	<i>Council Policy, Financial Hardship Policy (Rates)</i>
	<i>City of Onkaparinga, Community Plan 2030</i>
	<i>City of Onkaparinga, Long Term Financial Plan 2021-22 to 2030-31</i>
	<i>LGA Annual Service charges for Community Wastewater Management Systems</i>
	<i>City of Onkaparinga, Building Upgrade Finance Enforcement Procedure</i>
	Legislation
<i>Landscape South Australia Act 2019</i>	
<i>Valuation of Land Act 1971</i>	
<i>Water Industry Act 2012</i>	

7 Further information

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

It is also available for inspection, downloading or printing from our website
www.onkaparingacity.com.au.

8 Document control

Author (to whom changes are to be recommended):			
Position		Name	
Team Leader Revenue		Justin Rice	
Stakeholders (audience – engagement groups):			
Community, Elected Members, Directors, Managers and Staff			
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Position		Name	Date reviewed
CFO		Anthony Spartalis	15/05/2021
Approved by (document owner):			
Position / Group	Name	Approval date	Approval ECM number
Council	Council	15/06/2021	ECM 5449986
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Date	Author	Version	Nature of change
06/04/2021	Justin Rice	V 1.0	Reviewed annually in February
Related documents: (internal documents that need to be reviewed when this document is amended)			
Title of document			Document number
Application for Rate Capping 2021-22			ECM 4534626
Postponement for Seniors Application 2021–22			ECM 4526663
Document location:			
Published location			Original in ECM
Onkanet and public website Telephone: (08) 8384 0666 Web address: www.onkaparingacity.com Email: mail@onkaparinga.sa.gov.au Postal: City of Onkaparinga, PO Box 1, Noarlunga Centre SA 5168			ECM 4519000

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Rate Rebate 2021–22 Policy

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1 Preamble

Where Council commits to achieving standards or requirements that are beyond those imposed by law it will endeavour to achieve those standards or requirements to the best of its ability.

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

2 Policy purpose

The purpose of this policy is to assist Council in deciding applications for and to provide guidance to the community as to the grounds upon which they may be entitled to a rebate of rates in accordance with the requirements of the *Local Government Act 1999 (SA) (the Act)*.

In accordance with the Act this policy sets out the type of use in respect of land which the Council must grant a rebate of rates and the amount that this rebate must be and those types of land uses where the Council has discretion to grant a rebate of rates.

3 Principles

Council's policy directions are guided by the four themes that are central to achieving our vision as outlined in the Community Plan 2030: People, Place, Prosperity and Performance.

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 recognises that adverse economic conditions may from time to time impact on the economic base(s) within the City of Onkaparinga and will consider requests for rebates based on individual merit.

Chapter 10 of the Act empowers local government to levy rates and charges on land and provides some general principles for consideration when developing rating policies. Our Rating Policy is the lead document in respect to the application of rates within the City of Onkaparinga and provides detailed explanations of our principles and objectives.

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

In summary those principles are:

- equity
- benefit
- ability-to-pay
- efficiency
- simplicity.

4 Definitions

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

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

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

'Discretionary Rebate' refers to rebates where Council may apply a rebate in accordance with criteria specified in the Act.

'Mandatory Rebate' refers to rebates that Council must grant in accordance with 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.

5 Detail

The Act is the principal legislative document that directs Council on the rebate of rates. 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. Further discretionary provisions allow for Council to determine whether other desirable land uses may be offered rate relief. In determining discretionary rebates primary consideration would be directed towards Council's strategic directions, budget considerations, the current economic climate and likely impacts on our communities.

The Act provides:

- for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see section 5.2 below)
- that where Council must grant a rebate of rates under the Act, and the amount of that rebate is fixed by the Act at less than 100 per cent, Council may increase the amount of the rebate
- in Section 166, for Council to provide a discretionary rebate of rates in the cases set out in that Section (see Clause 5.3 below).

5.1 Rating Objectives

In developing rating policy Council has identified and developed key principles and objectives in response to the outcomes of our community engagement activities and on-going annual reviews. For further details regarding the guiding key principles and objectives, please refer to Council's Rating Policy 2021–22.

5.2 Mandatory rebates

Council must grant a rebate in the amount specified in respect of those land uses which the Act provides will be granted a rebate.

Rates on the following land will be rebated at 100 per cent:

- Health services (Section 160)
 - land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the *South Australia Health Commission Act 1976*
- Religious purposes (Section 162)
 - land containing a church or other building used for public worship (and any grounds) or land solely used for religious purposes
- Public cemeteries (Section 163)
 - land being used for the purposes of a public cemetery
- Royal Zoological Society of SA (Section 164)
 - land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated.

Rates on the following land will be rebated at 75 per cent:

- Community services (Section 161)
 - land being predominantly used for service delivery or administration (or both) by a community services organisation. A 'community services organisation' is defined in the Act as a body that:
 - is incorporated on a not for profit basis for the benefit of the public

- provides community services without charge or for a charge that is below the cost to the body of providing the services
- does not restrict its services to persons who are members of the body.

It is necessary for a community services organisation to satisfy all of the above criteria to be eligible for the mandatory 75 per cent rebate.

The Act further provides that eligibility for a rebate by a community services organisation is subject to the provision of one or more of the following community services as the predominate use of the land:

- emergency accommodation
- food or clothing for disadvantaged persons (i.e. persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability)
- supported accommodation (i.e. residential care facilities in receipt of Commonwealth funding or accommodation for persons with mental health, intellectual, physical or other difficulties who require support in order to live an independent life), essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities and also including accommodation for persons provided by housing associations registered under the Community Housing Providers National Law
- legal services for disadvantaged persons
- drug or alcohol rehabilitation services
- the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.
- educational purposes (Section 165)
 - land occupied by a government school under a lease or licence and being used for educational purposes
 - land occupied by a non-government school registered under Part 5 of the Education Act 1972 and being used for educational purposes, or
 - land being used by a university or university college to provide accommodation and other forms of support for students on a not for profit basis.

Where Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100 per cent or 75 per cent rebate, Council will grant the rebate of its own initiative. Where Council is not satisfied it will require the person or body to apply for the rebate in accordance with Clause 5.4 of this policy.

Where a person or body is entitled to a rebate of 75 per cent Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25 per cent. Council may grant the further 25 per cent rebate upon application or on its own initiative. In either case Council will consider those matters set out at Clause 5.4 of this policy.

Where an application is made to Council for a rebate of up to a further 25 per cent the application will be made in accordance with Clause 5.4 of this policy and Council will provide written notice to the applicant of its determination of that application.

5.3 Discretionary rebates

Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166(1) of the Act:

1. where it is desirable for the purpose of securing the proper development of the area (or a part of the area)
2. where it is desirable for the purpose of assisting or supporting a business in its area
3. where it will be conducive to the preservation of buildings or places of historic significance
4. where the land is being used for educational purposes
5. where the land is being used for agricultural, horticultural or floricultural exhibitions
6. where the land is being used for a hospital or health centre
7. where the land is being used to provide facilities or services for children or young persons
8. where the land is being used to provide accommodation for the aged or disabled
9. where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the *Aged Care Act 1987* (Commonwealth) or a day therapy centre
10. where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community
11. where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment
12. where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to:
 - a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates
 - a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.
13. where the rebate is considered by the Council to be appropriate to provide relief in order to avoid what would otherwise constitute:
 - a liability to pay a rate or charge that is inconsistent with the liabilities that were anticipated by the Council in its Annual Business Plan

- a liability that is unfair or unreasonable.
14. where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2 of the Act (Internal Review of council actions)
 15. where the rebate is contemplated under another provision of this Act

Council may grant a rebate of rates up to and including 100% of the relevant rates or service charges. Council may grant a rebate for a period exceeding one year, but not exceeding 10 years in respect of those cases identified at 5.3(1), 5.3(2) or 5.3(11) above.

Council has an absolute discretion:

- to grant a rebate of rates or service charges in the above cases
- to determine the amount of any such rebate.

Persons or bodies who seek a discretionary rebate will be required to submit an application form to council and provide such information as stipulated on the application form and any other information that the Council may reasonably require.

5.3.1 Rate capping

In developing the rating policy for 2004–05 Council undertook a major review in full consultation with the community that resulted in structural change. The review was required to address the impact of significant valuation movements on rates paid, particularly the effect on the residential sector, which created hardship in many instances. Council identified the most appropriate mechanism to deal with this issue is to apply a rate 'cap' under the discretionary rebate provisions of Section 166(1)(l) of the Act. Rate capping has been applied since the 2004–05 rating year.

For the 2021–22 year, Council has determined that the maximum total rates payable on properties with a Residential land use will be the amount payable for 2020-21 plus 10% of that amount (noting that the amount payable includes this capping but excludes any other concession or relief), 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. Council rebates or remissions are not included in the capping calculation process.

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.

The application must be lodged by 31 August 2021. A copy of the Residential rate capping application appears at Attachment 2.

5.3.2 CWMS rebates

In developing rating policy for the 2021–22 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.

5.4 Applications

Council will inform the community of the provisions for rate rebates under the Act by the inclusion of suitable details in the Rating policy summary distributed with the annual rate notice.

Persons or bodies who seek a rebate of rates (and/or service charges) either:

- pursuant to Section 159(4) of the Act and Clause 5.1 of this policy
- pursuant to Section 166 of the Act and Clause 5.2 of this policy

must make written application to council pursuant to Section 159(1) of the Act in the manner and form determined by the Council and supply information as the Council may reasonably require.

Two application forms have been developed for the convenience of ratepayers:

- Rate rebate application - Attachment 1 (designed for general rebate applications)
- Residential rate capping application - Attachment 2.

Both application forms are available from council's website www.onkaparingacity.com or may be obtained from council offices located at:

- Noarlunga Office, Ramsay Place, Noarlunga Centre
- Aberfoyle Park Office, The Hub, Aberfoyle Park
- Willunga Office, St Peter's Terrace, Willunga
- Woodcroft Community Centre, 175 Bains Rd, Morphett Vale
- Aldinga Office, 11 Central Way, Aldinga Beach.

In considering applications for rebates Council may take into account matters considered relevant by Council including but not limited to the following:

- the community need that is being met by activities carried out on the land for which the rebate is sought
- the extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons
- why there is a need for financial assistance through a rebate

- the level of rebate (percentage and dollar amount) being sought and why it is appropriate
- the extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies
- whether the applicant has made/intends to make applications to another Council
- whether, and if so to what extent, the applicant is or will be providing a service within the Council area
- whether the applicant is a public sector body, a private not for profit body or a private for profit body
- whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term
- the desirability of granting a rebate for more than one year in those circumstances identified at Clause 5.2 of this policy
- consideration of the full financial consequences of the rebate for Council
- the time the application is received
- the availability of any community grant to the person or body making the application
- whether the applicant is in receipt of a community grant
- any other matters and policies of Council, which are considered to be relevant.

All persons or bodies that wanted to apply to Council for a discretionary rebate for the 2021-22 year (excluding a Residential rate cap) were required to make application prior to 31 March 2021. On this basis the closing date for applications for 2022–23 is 31 March 2022. Applications received after this date will be considered for the following financial year. However, applicants who satisfy the criteria for a mandatory rebate will be granted the rebate at any time prior to 30 June 2022.

All persons or bodies that wish to apply to Council for a Residential Rate Cap Rebate are encouraged to do so as soon as possible after receipt of the annual rate notice. Early receipt of applications will assist to streamline the rebate process and reduce the quarterly payment amounts due. Applicants who satisfy the criteria for a Residential rate cap rebate will be granted the rebate provided the application is lodged prior to 31 August 2021.

The Act provides that Council may grant a rebate of rates or charges on such conditions as Council thinks fit in relation to discretionary rebates listed at Clause 5.3 of this policy.

Council delegates the authority to grant a Residential rate cap rebate under Section 166(1)(l) of the Act to the Chief Executive Officer.

Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies. Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year Council is entitled to recover

rates or rates at the increased level (as the case may be) proportionate to the remaining part of the financial year.

It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act. The maximum penalty for this offence is \$5,000.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist the person or body must immediately inform Council of that fact and (whether or not Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence. The maximum penalty for this offence is \$5,000.

Council will advise rebate applicants of its determination in relation to each application in writing.

5.5 Review

A person or body that is aggrieved by a determination of Council in respect of an application for a rebate may seek a review of that by written application to Council within 21 days of the date of which the notice of determination is given pursuant to Clause 5.3 of this policy.

5.6 Availability of policy

This policy is available for inspection at council offices and also available on our website www.onkaparingacity.com. Persons may also obtain a printed copy of this policy upon payment of the fee set by the Council.

6 Attachments

- Attachment 1 – Rate rebate application
- Attachment 2 – Residential rate capping application

7 Relevant legislation and references

- Printed documents *Council policy, Rating Policy 2021–22*
 Council Policy, Financial Hardship Policy
 Norman Waterhouse and SA Local Government Financial
 Management Group, 2001, *Rate Rebate Policies*.
 Wallmans Lawyers and SA Local Government Financial
 Management Group, February 2008, *Rate Rebate Policies*
- Legislation *Local Government Act, 1999*
 Health Care Act 2008
 Community Housing Providers National Law Act 2013
 Aged Care Act 1987 (Commonwealth)
 Community Titles Act 1996
- Websites www.onkaparingacity.com

8 Further information

This policy is available for inspection, during business hours at:
 City of Onkaparinga, Ramsay Place, NOARLUNGA CENTRE SA 5168
 Telephone: 8384 0666, Email: mail@onkaparinga.sa.gov.au.

It is also available for inspection, downloading or printing from our website
www.onkaparingacity.com.au.

9 Document control

Author (to whom changes are to be recommended):	
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Team Leader Revenue	Justin Rice
Stakeholders (audience – engagement groups):	
Community, Elected Members, Directors, Managers and Staff	

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COUNCIL CUSTOMER SERVICE

Aberfoyle Park

The Hub, Aberfoyle Park
Mon to Fri 9.30am–5pm

Aldinga Beach

11 Central Way, Aldinga Beach
Mon to Fri 9.30am–1pm

Noarlunga Centre

Ramsay Place, Noarlunga Centre
Mon to Fri 8.30am–5pm

Willunga

St Peters Terrace, Willunga
Mon to Fri 8.30am–5pm

Woodcroft Community Centre

175 Bains Road, Morphett Vale
Mon to Fri 9am–5pm

