

12.17. RATING TRANSITION TO CAPITAL VALUE – COMMUNITY CONSULTATION**REPORT PURPOSE**

The purpose of this report is for Council to review and adopt the Rate Review Consultation Paper for the 2024/25 financial year and endorse the consultation process for the purposes of commencing community consultation.

RECOMMENDATION

That Council:

- 1. Having reviewed the Rate Review Consultation Paper as tabled, confirms it is satisfied that the requirements of Section 151 of the Local Government Act 1999 have been met; and**
- 2. Endorse the Rate Review Consultation Paper (document ID 28795) as tabled for the purpose of community consultations; and**
- 3. Endorse the community consultation plan as outlined with the consultation period covering Tuesday 21 May 2024 to Wednesday 12 June 2024; and**
- 4. Endorse that one hour will be set aside at the June Ordinary Meeting of Council to be held on Monday 17 June 2024 at 6.30pm, to allow members of the public the opportunity to ask questions and make submissions to the Elected Members with respect to Council's Rating Transition and Rate Review Consultation Paper.**

12.18. BOSTON SPORTS ASSOCIATION COMMUNITY INFRASTRUCTURE INVESTMENT REQUEST**REPORT PURPOSE**

The purpose of this report is to present the Community Infrastructure Investment Request application from Boston Sports Association (BSA) for Council to consider endorsing in-principle support to co-contribute \$400,000, representing 25% of total project cost of \$1.6M, in respect of an Expression of Interest Grant Funding Application that has been submitted by BSA under the Federal "Play Our Way" grant funding program through the Department of Health and Aged Care.

RECOMMENDATION

That Council:

- 1. Provide in-principle financial support to the Boston Sports Association, in respect of the "Play Our Way" grant funding Expression of Interest submission made by the Boston Sports Association for the proposed construction of two new large unisex change room facilities at Poole Oval, in the amount of \$400,000; and**
- 2. Subject to the formal confirmation of a successful application for funding, authorise that the CEO be delegated authority to sign all relevant documentation with Boston Sports Association with respect to Council's co-contribution of \$400,000, which will include the co-contribution funding terms and conditions as determined by the CEO and agreed by both parties.**

12.17 RATING TRANSITION TO CAPITAL VALUE – COMMUNITY CONSULTATION

REPORT INFORMATION									
Report Title	Rating Transition to Capital Value – Community consultation								
Document ID	29326								
Organisational Unit	Corporate & Community								
Responsible Officer	Manager Finance & Business - Bonnie Kelso								
Report Attachment/s	Yes 28795 Port Lincoln Rate Review Consultation Paper								
REPORT PURPOSE									
The purpose of this report is for Council to review and adopt the Rate Review Consultation Paper for the 2024/25 financial year and endorse the consultation process for the purposes of commencing community consultation.									
REPORT DECISION MAKING CONSIDERATIONS									
Council Role	Regulate - Specific role in response to legislation and compliance - direct, specific or general in nature (such as duty of care)								
Strategic Alignment	SDP GOAL: Not Applicable SDP ACTION: Not Applicable								
Annual Business Plan 2023/24	ABP INITIATIVE: Not Applicable ABP PROJECT: Not Applicable								
Legislation	Local Government Act 1999								
Policy	Not Applicable								
Budget Implications	Not Applicable <table border="1"> <thead> <tr> <th>DESCRIPTION</th> <th>BUDGET AMOUNT \$</th> <th>YTD \$</th> </tr> </thead> <tbody> <tr> <td>See comments</td> <td></td> <td></td> </tr> </tbody> </table> Budget assessment comments: As detailed in the report			DESCRIPTION	BUDGET AMOUNT \$	YTD \$	See comments		
DESCRIPTION	BUDGET AMOUNT \$	YTD \$							
See comments									
Risk Implications	Low Risk								
Resource Implications	Not Applicable								
Public Consultation	Yes - Mandatory								
IAP2 Commitment	CONSULT - We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public feedback input has influenced the decision.								
OFFICER'S RECOMMENDATION									
That Council: 1. Having reviewed the Rate Review Consultation Paper as tabled, confirms it is satisfied that the requirements of Section 151 of the Local Government Act 1999 have been met: and									

2. **Endorse the Rate Review Consultation Paper (document ID 28795) as tabled for the purpose of community consultations; and**
3. **Endorse the community consultation plan as outlined with the consultation period covering Tuesday 21 May 2024 to Wednesday 12 June 2024; and**
4. **Endorse that one hour will be set aside at the June Ordinary Meeting of Council to be held on Monday 17 June 2024 at 6.30pm, to allow members of the public the opportunity to ask questions and make submissions to the Elected Members with respect to Council's Rating Transition and Rate Review Consultation Paper.**

REPORT DETAIL

The City of Port Lincoln is required by legislation to change from rating against the site value of properties to rating against the capital value of properties. As part of this process, Council is required to undertake a rating review and consider the best way for Council to distribute the rate burden against the properties within its community.

Section 151 of the *Local Government Act 1999* (**Act**) states that Council must produce a public report that must address the following when changing their basis of rating:

- The reasons for the proposed change.
- The relationship of the proposed change to the Council's overall rates structure and policies.
- As far as practicable, the likely impact of the proposed change on ratepayers.
- Issues concerning equity within the community.
- Any other issues that the Council considers relevant.

Over the last 12 months Councillors have attended several information sessions outlining the requirement of Council to transition to Capital Value for the purposes of Rating. These information sessions have covered a variety of rating options available.

Council covered the following areas during the information sessions:

- Moving from Site to Capital Value (note this is legally required)
- Retaining Land Use Categories
 - Residential
 - Commercial (Shop, Office and Other)
 - Industrial (Light and Other)
 - Vacant Land
 - Primary Production
 - Other
 - Marina Berths
- Creating an additional Rating Category based on the Zone – Employment Bulk Handling
- Setting differentials for each rating category, taking into consideration taxation principles and easing some of the effects of the change, resulting in all business land uses being a higher rate in the dollar compared to residential properties.
- Setting higher differentials for Vacant Land to discourage the holding of vacant land and encourage the conversion of vacant land to housing.
- Increasing the Fixed Charge to \$650, to diminish some of the impact of moving from Site to Capital Value for some properties.
- Providing a Capping Rebate to diminish the impact, with the Capping Rebate not applying to the properties in the Employment Bulk Handling Zone.

The Differentials proposed are shown below and compared to the Rate in the Dollar for Residential Properties:

• Residential	100%
• Commercial Shop	130%
• Commercial Office	130%
• Commercial Other	130%
• Industry Light	130%
• Industry Other	130%
• Primary Production	130%
• Vacant Land	300%
• Other	100%
• Marina Berths	100%
• Employment Bulk Handling Zone	400%

In addition, the below table details the largest increases and decreases in rates charged in each rating category as proposed:

Rating Category	One property has the greatest decrease of \$	One property has the highest increase of \$	Average Change \$	Average Change %
Residential	-5,095	1,458	94	11%
Commercial Shop	-3,073	9,311	107	4%
Commercial Office	-3,866	1,299	41	8%
Commercial Other	-18,333	9,088	30	10%
Industrial Light	-4,222	553	-45	4%
Industrial Other	-4,214	1,814	60	6%
Primary Production	-3,115	1,547	-700	-19%
Vacant Land	-340	801	93	6%
Other	-6,057	2,400	-384	-15%
Marina Berths	-179	73	-77	-28%
Employment Bulk Handling		205,162	21,181	90%

The attachment to this report provides further information and will be included as part of the consultation process.

Community Consultation

Community Consultation for the Rate Review Consultation Paper will commence on Tuesday 21 May 2024 and conclude on Wednesday 12 June 2024.

During this time the following advertising will take place inviting community members to comment:

- Radio Advertising
- Council's Social Media Platforms
- Council's Website
- Public Notices and advertising in Local Newspapers

The above advertising will direct all interested parties to Council's online Engagement Hub platform and dedicated "Your Say" website page. This will allow people to easily review the draft documents and submit their feedback through one source.

Community Information sessions are scheduled for Tuesday 11 June 2024 at 2pm and 6pm where information will be provided regarding the Rating Transition and Rate Review Consultation Paper as well as the opportunity for the community to ask questions to staff and Councillors.

Council will set aside one hour at the Ordinary Council Meeting to be held on Monday 17 June 2024 at 6.30pm, to allow members of the public the opportunity to ask questions and make submissions with respect to the Rating Transition and Rate Review Consultation Paper.

After considering community and stakeholder feedback and any new or revised information, Council will determine the final rating settings in order to adopt the Annual Business Plan 2024/25 and Annual Budget 2024/25.

At the Audit & Risk Committee Meeting held on 13 May 2024, the following recommendations were endorsed:

AUDIT&RISK 24/066

Moved: Ian Swan

Seconded: Greg Eden

That the Audit & Risk Committee:

- 1. Notes the Rate Review Consultation Paper as presented in the attachments Doc 28795; and**
- 2. Recommend that Council consider endorsing the Rate Review Consultation Paper as presented in the attachments Doc 28795, for the purpose of public consultation as required by Section 151 of the Local Government Act 1999.**
- 3. Notes the amount of work and analysis that was provided by the administration and support provided by UHY Haines Norton.**

CARRIED



A Review of the Basis of Rating Consultation Paper

This paper is presented to the community to provide information and invite feedback on required and possible changes to the Council's basis of rating.

Consultation Period

9 am Tuesday 21st May to 5pm Wednesday 12th June 2024.

Public Meetings at the Media Room at the Nautilus Arts Centre.

Entry via Washington Street

Tuesday 11th June 2024

- **2pm and**
- **6pm**

Submissions

Written submissions may be made:

- through Council's online Engagement Hub platform and dedicated "Your Say" website page on: <http://yoursay.portlincoln.sa.gov.au>
- Or emailed to: yoursay@plcc.sa.gov.au
- Or manual submissions addressed to:
Chief Executive Officer
City of Port Lincoln
PO Box 1787
Port Lincoln SA 5606

Verbal and written submissions will be accepted at the Public Meetings

May 2024

Contents

1. Introduction	3
2. Reason for Proposed Changes	3
3. Proposed Changes to Rates	3
4. Support for Ratepayers	4
5. Consultation	4
5.1. Public Meetings	5
5.2. Submissions	5
5.3. Further Information	5
6. The Purpose of this Consultation Paper	5
7. Why Councils Collect Rates	5
7.1. Nature of Council Rates	6
7.2. Principles of Taxation	6
8. Legislative Framework for Setting Council Rates	7
9. Rating Options Available	7
9.1. How Rates Are Calculated	7
9.2. A General Rate	8
9.3. A Differential Rate	8
9.4. Fixed Charge	9
9.5. Minimum Rate	9
9.6. Separate Rates	10
10. Service Rates & Charges	10
11. Non-Rateable Properties	10
12. Rate Rebates	11
12.1. Postponement of Rates	11
12.2. Unusual Events	11
13. City of Port Lincoln's Current Rating System	12
13.1. Land Valuation	12
13.2. Differential Rates Based on Locality and Land Use	12
13.3. Fixed Charge	12
14. City of Port Lincoln Profile	13
14.1. Australian Bureau of Statistics	13
15. Issues and Impact of the Current Rating System on the Community	14
16. Rating Structure – Potential Changes and the Impact	14
17. Likely Impact on Ratepayers	15
18. Consultation Requirements	16
18.1. Legislative Requirements for Consultation	16

1. Introduction

Councils are responsible for delivering a broad range of services to their communities. Each community is unique and has different priorities. Councils receive income from several sources to pay for their services, with the largest revenue source being rates.

The City of Port Lincoln (**The Council**) is required by legislation to change from rating against the site value of properties to rating against the capital value of properties. As part of this process, the Council is required to undertake a rating review and consider the best way for the Council to distribute the rate burden against the properties within its community.

Section 151 of the *Local Government Act 1999* (**Act**) states that the Council must produce a public report that must address the following when changing their basis of rating:

- The reasons for the proposed change.
- The relationship of the proposed change to the Council's overall rates structure and policies.
- As far as practicable, the likely impact of the proposed change on ratepayers.
- Issues concerning equity within the community.
- Any other issues that the Council considers relevant.

2. Reason for Proposed Changes

The Act has undergone significant reform, introduced over the past few years.

A significant change has been that Councils in South Australia can no longer use the Site Value of properties as the basis to calculate rates but must use the Capital, the Improved Value, of those properties.

Councils must change to Capital Value for the 2024/25 Financial Year's Rating at the latest. The City of Port Lincoln and other Councils in the Eyre Peninsula are currently going through the process of making this change to their rating systems.

3. Proposed Changes to Rates

The main change is to change from Site to Capital Value as the basis for rating as required by legislation. This change will result in a redistribution of the rating costs across ratepayers, with some ratepayers paying less than previously and others paying more.

The Council's current rating system is based on Land Use, and the Council is considering adding a rating category based on the locality of the Development Zone, 'Employment Bulk Handling'.

In summary, the changes proposed in this paper are:

- Move from Site to Capital Value (note this is legally required)
- Retain the Land Use Categories
 - Residential
 - Commercial (Shop, Office and Other)
 - Industrial (Light and Other)
 - Vacant Land
 - Primary Production
 - Other

- Marina Berths
- Create an additional Rating Category based on the Zone – Employment Bulk Handling
- Set the differentials for each rating category, taking into consideration taxation principles and easing some of the effects of the change.
 - Taxation principles are included in section 7.2 of this report.
 - Detail on Differentials is included in section 17 of this report.
- Increase the Fixed Charge to \$650, which will diminish some of the impact of moving from Site to Capital Value for some properties.

The proposed changes and their likely effect on Ratepayers are detailed in section 17 of this paper.

4. Support for Ratepayers

The change to Capital Value will result in some ratepayers paying lower rates than previously and others paying more.

Whilst the main change of moving to Capital Value is outside of the Council's control, the Council is aware that ratepayers affected by increased rates may find this difficult to manage.

There is assistance for ratepayers who need help paying their rates due to the changes that are occurring from changing from Site to Capital Value.

The following support is available:

- A proposed capping rebate to assist ratepayers whose rates increase by more than a set percentage compared to the previous year's rates. Capping is explained in Section 17 of this report.
- Payment Plans for ratepayers who apply for assistance.
- Seniors can postpone a portion of rates. The postponed portion would not require payment until a property is sold. Interest would still apply.
- Residents experiencing financial hardship may be eligible for further support based on the recommendation of a financial counsellor.

5. Consultation

It is important for the Council to receive feedback from the community when making decisions that affect ratepayers. The council is required to consult when reviewing rating methods, and your comments are very useful to help the Council understand the community and make decisions that soundly reflect your current and future needs.

The consultation will be open for the following period:

9 am Tuesday 21st May to 5 pm Wednesday 12th June 2024.

5.1. Public Meetings

The Council will hold two public meetings where a presentation will be made to explain the changes. At these meetings, members of the public can ask questions and make submissions. Ratepayers attending these meetings will be able to speak to staff to see the possible changes for their properties.

The Public Meetings will be held at the Media Room at the Nautilus Arts Centre, entry via Washington Street.

The meetings will be on Tuesday, the 11th of June 2024 at:

- 2 pm and 6 pm

5.2. Submissions

Community members are invited to write submissions expressing their views on the future structure of the Council's basis of rating and the information contained within this consultation paper. Submissions will be accepted until **5 pm on Wednesday 12th June 2024.**

Written Submissions are to be made through the Council's online Engagement Hub platform and dedicated 'Your Say' website on:

<http://yoursay.portlincoln.sa.gov.au>

This will allow easy review of the consultation paper and submission of feedback through one source.

Alternatively, written submissions may be emailed to:

Email: yoursay@plcc.sa.gov.au

5.3. Further Information

Ratepayers can contact the Council and speak to the Senior Rates Officer to see the possible changes for their properties.

Phone 8621 2300 and ask for the Senior Rates Officer

6. The Purpose of this Consultation Paper

The purpose of this consultation paper is to provide our community with information concerning the following, which the Council has considered as background to the proposed changes:

- Why Councils collect rates
- Council's current rating methodology
- The legislative framework for setting Council rates
- Rating options available
- The right option for Port Lincoln
- Consultation Requirements

7. Why Councils Collect Rates

Councils are responsible for delivering a broad range of services to the community. The range of services continues to grow.

To support the provision of services and to improve the quality of life for the community, whether residential or business, Councils provide significant levels of infrastructure in the form of roads, drainage, buildings, parks, and recreation facilities. This infrastructure needs to be maintained and replaced. Councils also provide a vast range of other services to their communities.

Each Council provides unique services for their communities as different communities have different priorities. Councils are therefore faced with the challenges of:

- Establishing a level of infrastructure and services for its community
- Equitably distributing revenue raising that provides funding for infrastructure and services.

As each Council faces different circumstances and provides diverse services to its community, its revenue requirements likely differ from those of its neighbours. The capacity of each Council to raise revenue and how the ratepayers will share in providing the revenue will also be different in each Council.

7.1. Nature of Council Rates

Taxation is the primary source of revenue for Governments. Councils are responsible for raising their revenue through property taxation (Rates) and user charges as prescribed by legislation. Councils also receive Government grant funding.

Rates are a tax against the value of a property. The principle is that the more property, or the higher the property's value, the more you should pay. Many ratepayers will question the value they individually receive from their rates; however, rates are raised as a form of taxation for services for the whole community.

One problem with a property tax is that someone who owns a property with a high value may not have the income to pay a higher level of taxation. To address this, Councils have hardship policies that can be used to assist ratepayers who may find it difficult to pay their rates.

7.2. Principles of Taxation

When setting taxes, Governments and Councils need to be mindful of the principles of taxation. The principles are:

- Equity – taxpayers with the same income pay the same tax (horizontal equity), and wealthier taxpayers pay more tax (vertical equity). With rating, this means those with higher-valued properties pay more rates.
- Benefit – taxpayers should receive some benefit from paying tax, but not necessarily to the extent of the tax paid. The community should receive the benefit from the tax.
- 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 a tax is intended to be neutral in its effect on taxpayers and it changes taxpayers' behaviour, the tax is inefficient.
- Simplicity – the tax must be understandable, hard to avoid and easy to collect.

To some extent, these principles conflict with each other. Governments and Councils must balance the application of the principles, the policy objectives of taxation, the need to raise revenue and the effects of the tax on the community.

8. Legislative Framework for Setting Council Rates

The Act sets out the framework of Rating for Councils. The Act can be accessed at <https://www.legislation.sa.gov.au>.

The legislation outlines the following topics that are relevant for the Council when considering changing its basis of rating.

Chapter 10 – Rates and Charges

- **Part 1 – Rates and charges on land**
 - Division 1 - Preliminary
 - Division 2 – Basis of Rating
 - Division 3 – Specific characteristics of rates and charges
 - Division 4 – Differential rating and special adjustments
 - Division 5 – Rebates of rates
 - Division 6 – Valuation of land for the purpose of rating

Section 151(2) of the Act sets out that the value of the land for the purpose of rating is its capital value.

9. Rating Options Available

There are several alternative rating options available under the Act. The options that can be considered are:

- A General Rate
- A Differential Rate
- Fixed Charge
- Minimum Rate
- Separate Rates

All rating options provide different ways to distribute the cost of running the Council among ratepayers. Councils need to consider the profile and issues of their communities and determine the method that distributes the rates tax burden in the most appropriate manner for their community.

The following areas of this section explain how rates are calculated and how different rating options work.

9.1. How Rates Are Calculated

The example below shows how rates are calculated when a Council uses a Fixed Charge. Note that this is an example only.

Example:

- | | |
|--|-----------------|
| • A council needs to raise rates of | \$15,000,000 |
| • The value of all the rateable properties in the Council is | \$3,400,000,000 |
| • Council Charges a Fixed Charge of | \$650 |
| • The number of properties that pay a Fixed Charge | 8,000 |

Rates Raised from the Fixed Charge = 8,000 x \$650	\$5,200,000
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The Council still needs to raise the remaining rates.

i.e. \$15,000,000 rates needed less what has already been raised
 from the Fixed Charge = \$15,000,000 less \$5,200,000 \$9,800,000

The rates still needed are then divided by the total property values to get the Rate in the Dollar (RID)

= \$9,800,000 divided by \$3,400,000,000 0.00288

The Rate in the Dollar is 0.00288

The Rate in the Dollar (RID) is then adjusted to provide for rebates and any higher or lower differentials allocated against specific categories of ratepayers. For the example below, the RID has not been adjusted.

A property with a Value of \$300,000 would have the following rate calculation:

Fixed Charge	\$650
Property Valuation of \$300,000 x RID of .00288	<u>\$865</u>
 Total Rates	 \$1,515

If the value of all or some of the properties increases and the Council still needs to raise the same amount of rates, the RID will decrease. Council does not receive additional rates when values go up; however, valuation changes are not uniform across all types of properties, and this may result in some properties paying more rates and some paying less than previously.

Moving from Site to Capital results in a higher valuation used for this calculation than when using Site Value, resulting in a lower RID.

9.2. A General Rate

All properties are charged the same RID, regardless of Land Use or Locality. This is very simple to administer.

9.3. A Differential Rate

This means there are different RIDs set for different categories of properties. A Council can use either Land Use, Locality (Zones), or a combination. Differentiating properties based on Locality and Land Use are described below.

A differential rate allows a Council to structure their rating strategy more closely with its community's needs and profile and to use rating as a tool to assist in achieving the Council's strategic goals.

9.3.1. Locality

Rating by Locality is rating according to where a property is located. The Development Zone determines the locality of the property. For example, some Councils set a different RID for different townships or whether a property is inside or outside a township(s).

9.3.2. Land Use

This is where the RID is set depending on what the property is used for. The Land Use types in accordance with the Local Government Regulations and as determined by the Valuer General are:

- Residential
- Commercial (Shop)
- Commercial (Office)
- Commercial (Other)
- Industrial (Light)
- Industrial (Other)
- Primary Production
- Vacant Land
- Other
- Marina Berths

Differential rates based on Land Use can make it easier for a Council to understand what factors are impacting different types of ratepayers and how different rating strategies are affecting them.

Differentials can also be used based on Locality and Land Use combinations, and Councils that use this combination can have more complex rating structures.

Differential rates allow a Council to set policy direction regarding their rating, such as:

- A Lower RID to assist or encourage a specific type of Land Use.
- A higher RID to deter a specific type of land use or as an acknowledgement that a particular land use group needs to pay a higher contribution to the rate burden for the community.

9.4. Fixed Charge

Under this system, a fixed amount is first applied evenly against all ratepayers. The remaining amount of rate revenue required is then divided by the total valuations of all the properties to result in the RID. Properties are charged the Fixed Charge and the rate calculation.

The effect of a Fixed Charge is a lower rate in the dollar, so higher-valued properties pay less than they would if there were no Fixed Charge, and lower-valued properties pay more.

Developers with several adjoining blocks will only pay one Fixed Charge, and all the remaining properties will be charged only the at the Rate in the dollar amount.

Contiguous Land provisions within the Act provide that only one Fixed Charge is payable across adjoining land owned and occupied by the same ratepayer (as if they were one property).

Single Farm Enterprises are only subject to one Fixed Charge (where applicable).

Marina Berths are not charged a Fixed Charge.

9.5. Minimum Rate

A minimum rate is only applied where the calculated rates (valuation x RID) is lower than a point that the Council has set as a minimum to pay. This ensures that all ratepayers pay at least a certain amount.

The legislation specifies that the number of properties on the minimum rate cannot exceed 35% of the total number of properties.

Contiguous Land provisions within the Act provide that only one Minimum Rate is payable across adjoining land owned and occupied by the same ratepayer (as if they were one property). Developers with adjoining blocks will have only one Minimum applied.

Single Farm Enterprises are also only subject to one Minimum Rate (where applicable).

The Council does not apply a minimum Rate.

9.6. Separate Rates

A Council can set a Separate Rate for the whole or part of an area for the purpose of planning, carrying out, making available, supporting, maintaining, or improving an activity that is of particular benefit to the occupiers of the land within that area.

The City of Port Lincoln does not charge Separate Rates and Separate Rates are not being considered as part of this Rating Review.

10. Service Rates & Charges

A service charge is raised where a service is provided. Councils often raise service charges for the following:

- Treatment of water, i.e., Community Wastewater Management System (CWMS)
- Collection of domestic waste, i.e., Mobile Garbage Bin Collection
- Provision of Water

The legislation provides that Service Rates and charges must cover the costs of the services provided, including the cost of replacement infrastructure, such as replacing pipes and pumps within a Community Wastewater Management System.

The City of Port Lincoln does not provide the treatment of wastewater or the provision of water, and the collection of domestic waste charges is not under review as part of this Rating Review. The Council may consider an increase in their Service Charges as part of their budget process.

11. Non-Rateable Properties

Section 147 of the Act sets out the land which is exempt from rates as being:

- Crown Land
- Land held by the Crown or an instrumentality of the Crown for a public purpose.
- Land occupied by a university.
- Land exempt from rates and taxes under the Recreation Grounds Rates and Taxes Exemption Act 1981
- Land occupied by the Council except where under a lease or licence.
- Land occupied by a subsidiary.
- Land occupied or held by an emergency service organisation.
- Land exempt from Council rates by another Act

Non-rateable properties may still incur Service Rates and Charges.

12. Rate Rebates

The Act requires Councils to rebate the rates payable for certain Land Uses ('Mandatory' Rate Rebates):

- Section 160 – Health Services
- Section 161 – Community Services
- Section 162 – Religious Purposes
- Section 163 – Public Cemeteries
- Section 164 – Royal Zoological Society of SA
- Section 165 – Educational Purposes

Councils also have a general power to grant discretionary rebates and remissions in accordance with Sections 166 & and 182 of the Local Government Act 1999. The exercise of this power allows for the following:

- Local discretion
- The pursuit of local policy objectives
- Assistance to community organisations
- Assistance to local businesses
- Assistance in the case of hardship

Councils can provide Rate Rebates for many reasons, including to assist ratepayers:

- To support certain activities
- Where there are significant increases in valuations for only some properties, resulting in substantial increases in rates
- Where there is a change in the basis of rating, some ratepayers may face significant rate increases.

The Council must be mindful that when providing rebates, the same level of rates is still required for the Council's budget. If some ratepayers are provided rebates, all the other ratepayers will need to pay more.

12.1. Postponement of Rates

Ratepayers who hold a Seniors Card can apply to the Council to postpone payment of the portion of rates on their principal place of residence that exceeds \$500. A Council may reject an application for a postponement if the amount postponed exceeds 50% of the capital value of the land. Postponed rates remain a charge on the land and are only required to be repaid once the property is sold or disposed of.

Interest accrues on the amount affected by the postponement in accordance with the prescribed interest rate.

12.2. Unusual Events

Councils may assist ratepayers affected by unusual events by postponing payments, not charging fines and interest, or offering rebates. Unusual events can include:

- Fire

- Flood
- Drought
- Pandemic

13. City of Port Lincoln's Current Rating System

13.1. Land Valuation

The City of Port Lincoln currently uses the **Site Value** provided annually by the Valuer-General to rate property within its area. Legislation changes now require that the Council move from Site Value to Capital Value.

The Capital Value includes the land's value and any improvements to the land (such as housing). This method results in higher-valued properties (such as land with a larger, more expensive house) being rated higher than lower-valued properties (such as land with a small house).

The Valuer-General analyses the sales of all property types to determine market movements, if any. This analysis of sales happens continuously throughout the year. The Valuer-General advises that different market movements can occur amongst varying property types and localities.

Certain properties may be eligible for a notional (concessional) value under the *Valuation of Land Act 1971*. This can relate to certain primary production land or where there is a state heritage recognition. A notional value is generally less than the capital value and will reduce rates.

13.2. Differential Rates Based on Locality and Land Use

The City of Port Lincoln currently calculates its rates depending on the differential factors of Land Use. The categories and the current RID for 2023/24 are set out in the following table;

The Rate in Dollar (RID) Declared for 2023/24	Rating Category
.008911	Residential Land Use
.008911	Commercial Shop Land Use
.008911	Commercial Office Land Use
.008911	Commercial Other Land Use
.008911	Industry Light Land Use
.008911	Industry Other Land Use
.008911	Primary Production Land Use
.008911	Vacant Land, Land Use
.008911	Other Land Use
.008911	Marina Berths

13.3. Fixed Charge

The City of Port Lincoln declared a Fixed Charge, being \$485.00 for 2023/24. Rates were calculated by levying the Fixed Charge against each property and then multiplying the property site value by the rate in the dollar. The two calculations are added together.

From 2024/25, the City of Port Lincoln will use the Capital Value for this calculation.

Note that contiguous properties and Single Farm Enterprises are only charged one Fixed Charge, and Marina Berths are not charged the Fixed Charge.

14. City of Port Lincoln Profile

14.1. Australian Bureau of Statistics

Understanding the community profile is essential before making decisions affecting the community. The Australian Bureau of Statistics has considerable data that can be used. The data only reflects the 'permanent' residents of the district. The table below shows some of the data for the Council area.

Note that percentages in the following tables do not always add up to 100% as not all data is included, and some census respondents did not respond in all categories.

People

ABS data published in 2021, 2022 and 2023	Pt Lincoln
Estimated Resident Population (2022)	14,956
Percentage of Population of Working Age (15 to 64 years) (2022)	61%
People 65 and older (2022)	21%
Pensioners – Age Pension (2023)	2,013
People on Job Seeker (2023)	843
Family Households (2021)	
• Couple families without children	1,661
• Couple families with non-dependent children	217
• Couple families with children under 15 or dependent students	1,089
• One-parent families with children under 15 or dependent students	490
• One-parent families with non-dependent children	239
Access to the Internet at home	76%

Business

ABS data published in 2021 and 2022	Port Lincoln
Number of Businesses (2022)	1,525
Types of Businesses (Most Common)	
• Agriculture, forestry and fishing	315
• Construction	236
• Rental, hiring and real estate services	231
• Retail Trade	114
• Transport, postal and warehousing	81
• Professional, scientific and technical services	81
Turnover of Businesses (2022)	
• \$10m or more	22
• \$5m to less than \$10m	25
• \$2m to less than \$5m	86
• \$200k to less than \$2m	633
• \$50k to less than \$200k	454
• Less than \$50k	297
Main Industries of Employment	
• Health care and social assistance	16%
• Retail Trade	13%
• Agriculture, forestry and fishing	9%
• Education and Training	9%

15. Issues and Impact of the Current Rating System on the Community

The City of Port Lincoln's rating is based on Site Value. Property taxation is based on higher values, resulting in higher rates; however, Site Value doesn't consider a property's entire value. This means that two properties next to each other that are the same land size pay the same rates when using Site Value, even if one property has a large, expensive house and the other a small, moderate house. Capital Value means that the larger, more expensive house is rated higher than the smaller house.

16. Rating Structure – Potential Changes and the Impact

Council has held Information Sessions with Elected Members to explore the issues around the current rating structure, the legislation requirements of moving to Capital Value, and to consider potential improvements in the existing structure. The Information Sessions covered the following;

- Move from Site to Capital Value (note this is legally required)
- Retain Land Use Categories
 - Residential
 - Commercial (Shop, Office and Other)
 - Industrial (Light and Other)
 - Vacant Land
 - Primary Production
 - Other
 - Marina Berths
- Create an additional Rating Category based on the Zone – Employment Bulk Handling
- Set the differentials for each rating category, taking into consideration taxation principles and easing some of the effects of the change, resulting in all business land uses being a higher rate in the dollar compared to residential properties.
- Set the differential for Vacant Land higher to discourage the holding of vacant land and encourage the conversion of vacant land to housing.
- Increase the Fixed Charge to \$650, which will diminish some of the impact of moving from Site to Capital Value for some properties.
- Providing a Capping Rebate to diminish the impact, with the Capping Rebate not applying to the properties in the Employment Bulk Handling Zone.

The Differentials proposed are shown below and compared to the Rate in the Dollar for Residential Properties.

• Residential	100%
• Commercial Shop	130%
• Commercial Office	130%
• Commercial Other	130%
• Industry Light	130%
• Industry Other	130%
• Primary Production	130%

- Vacant Land 300%
- Other 100%
- Marina Berths 100%
- Employment Bulk Handling Zone 400%

17. Likely Impact on Ratepayers

Changing from Site to Capital Value will redistribute the rates and affect ratepayers differently, with some properties paying lower rates than previously and some paying more.

The information in this section shows the effect of changing from Site to Capital Value compared to the current 2023/24 Rates.

The information in this section shows the likely effect on ratepayers of:

- Changing from Site to Capital Value
- Increasing the differential for various rating categories
- Increasing the Fixed Charge.

The Council has modelled a Capping Rebate of 25%, except for properties in the Employment Bulk Handling Zone. This will mean that, except for properties in the Employment Bulk Handling Zone, the maximum rate increase that a ratepayer will incur in 2024/25 will be 25%. Any increase over 25% will received a rebate to equate back to 25%

When a rebate is provided to a group of ratepayers, all other ratepayers will pay more to cover this rebate.

The rating categories, differential and RID, are shown in the table below. The RID is indicative only as this could change during the setting of the Council's 2024/25 Annual Business Plan and total rating requirements. The Valuer General will also update property valuations before the Council sets its rates for 2024/25, and changes in final valuations will change the RID.

Rating Category	RID compared to Residential	Rate in Dollar (RID) (Indicative)
Residential	100%	0.002725765
Commercial Shop	130%	0.003543494
Commercial Office	130%	0.003543494
Commercial Other	130%	0.003543494
Industrial Light	130%	0.003543494
Industrial Other	130%	0.003543494
Primary Production	130%	0.003543494
Vacant Land	300%	0.008177294
Other	100%	0.002725765
Marina Berths	100%	0.002725765
Employment Bulk Handling Zone	400%	0.010903058

The table below shows the number of properties where rates will increase and the number where rates will decrease for each rating category.

Rating Category	Number of Properties that Decrease	Number of Properties that Increase
Residential	1587	5344
Commercial Shop	88	129
Commercial Office	39	85
Commercial Other	103	283
Industrial Light	32	75
Industrial Other	22	44
Primary Production	24	6
Vacant Land	107	335
Other	29	10
Marina Berths	111	48
Employment Bulk Handling	0	12

The table shows the property with the most significant decrease and increase in each rating category and the average change. All other properties have changes between these two extremes.

Rating Category	One property has the greatest decrease of \$	One property has the highest increase of \$	Average Change \$	Average Change %
Residential	-5,095	1,458	94	11%
Commercial Shop	-3,073	9,311	107	4%
Commercial Office	-3,866	1,299	41	8%
Commercial Other	-18,333	9,088	30	10%
Industrial Light	-4,222	553	-45	4%
Industrial Other	-4,214	1,814	60	6%
Primary Production	-3,115	1,547	-700	-19%
Vacant Land	-340	801	93	6%
Other	-6,057	2,400	-384	-15%
Marina Berths	-179	73	-77	-28%
Employment Bulk Handling		205,162	21,181	90%

Ratepayers attending the information session will be able to see how their individual property will likely be affected. Ratepayers unable to attend the consultation session can contact the Council and ask how their property will likely be affected.

18. Consultation Requirements

18.1. Legislative Requirements for Consultation

There is a legal requirement for Councils to consult with their communities when considering changes to their rating methodology.

S151 (5) of the Act states that a Council must prepare a report before:

- changing the basis of rating of any land or
- changing the basis on which land is valued for rating purposes or
- imposing separate rates, service rates or service charges,

S 151(7) of the Act states that the Council must follow the steps of its public consultation policy but must at least:

- Publish a notice.
 - Describing the proposed change
 - Notifying that a Rate Review Report is being prepared.
 - Inviting interested persons to
 - attend a public meeting.
 - make written submissions.
- Organise a public meeting, which must be held at least 21 days after the publication of the notice.
- Ensure copies of the report are available.
 - at the meeting
 - during the consultation period
 - for inspection at the Council's office for free or
 - for purchase for a fee set by the Council

The Council must consider any written submissions received during consultation and any verbal submissions made at the public meeting.