

### **12.3. REVIEW OF THE BASIS OF RATING CONSULTATION PAPER – COMMUNITY CONSULTATION REPORT**

#### **REPORT PURPOSE**

The purpose of this report is for Council to receive the Review of the Basis of Rating Consultation Paper - Community Consultation Report and to endorse the report as a summary of the consultation process, the submissions received, matters raised through the consultation process, and for the report to be published on Council's website.

Please note that the Review of the Basis of Rating Community Consultation Report will be circulated under separate cover.

#### **RECOMMENDATION**

**That Council:**

- 1. Having regard to the process undertaken, is satisfied the community consultation has met the requirements of Council's Public Consultation and Community Engagement Policy and the relevant provisions within the Local Government Act 1999;**
- 2. Endorse the Review of the Basis of Rating Consultation Paper - Community Consultation Report as a summary of the consultation process, the submissions received (including XXX submissions received at this Council meeting), matters raised through the consultation process, and that the report be published on Council's Website.**

### **12.4. DRAFT FEES & CHARGES 2024/25 FOR ADOPTION**

#### **REPORT PURPOSE**

The purpose of this report is to present the Draft Fees and Charges Schedule 2024/2025 for review and adoption by Council, effective 1 July 2023.

#### **RECOMMENDATION**

**That Council adopt the Draft Fees and Charges Schedule 2024/2025 as presented as an attachment to this report, effective 1 July 2024.**

### **12.5. ELECTOR REPRESENTATION REVIEW**

#### **REPORT PURPOSE**

The purpose of this report is for Council to consider the Representation Review Discussion Paper and determine (in principle) the future composition and structure which it believes should come into effect at the next Local Government elections in 2026.

#### **RECOMMENDATION**

**That Council:**

- 1. Receives and notes the Discussion Paper pertaining to the Representation Review (document number 31442 dated May 2024); and**

**12.3 REVIEW OF THE BASIS OF RATING CONSULTATION PAPER – COMMUNITY CONSULTATION REPORT**

| REPORT INFORMATION  |  |                  |        |
|---|--|------------------|--------|
| <b>Report Title</b>   | Review of the Basis of Rating Consultation Paper - Community Consultation Report   |                  |        |
| <b>Document ID</b>  | 32438  |                  |        |
| <b>Organisational Unit</b>  | Corporate & Community  |                  |        |
| <b>Responsible Officer</b>  | Manager Finance & Business - Bonnie Kelso  |                  |        |
| <b>Report Attachment/s</b>  | Yes<br>32472 – Rating Review Consultation Summary  |                  |        |
| REPORT PURPOSE  |  |                  |        |
| The purpose of this report is for Council to receive the Review of the Basis of Rating Consultation Paper - Community Consultation Report and to endorse the report as a summary of the consultation process, the submissions received, matters raised through the consultation process, and for the report to be published on Council’s website. |  |                  |        |
| REPORT DECISION MAKING CONSIDERATIONS   |  |                  |        |
| <b>Council Role</b>   | Regulate - Specific role in response to legislation and compliance - direct, specific or general in nature (such as duty of care)  |                  |        |
| <b>Strategic Alignment</b>  | SDP GOAL: Goal 3: Governance and Leadership<br>SDP ACTION: 3.5 Implement Business Excellence and continuous improvement, including service reviews for relevance, efficiency and effectiveness |                  |        |
| <b>Annual Business Plan 2023/24</b>   | ABP INITIATIVE: Not Applicable<br>ABP PROJECT: Not Applicable  |                  |        |
| <b>Legislation</b>  | Local Government Act 1999  |                  |        |
| <b>Policy</b>   | Public Consultation & Community Engagement 2.63.1  |                  |        |
| <b>Budget Implications</b>  | Not Applicable   |                  |        |
|   | DESCRIPTION  | BUDGET AMOUNT \$ | YTD \$ |
|   |  |                  |        |
|   | Budget assessment comments:  |                  |        |
| <b>Risk Implications</b>  | Low Risk   |                  |        |
| <b>Resource Implications</b>  | Not Applicable   |                  |        |
| <b>Public Consultation</b>  | Yes - Mandatory  |                  |        |
| <b>IAP2 Commitment</b>  | 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 regard to the process undertaken, is satisfied the community consultation has met the requirements of Council's Public Consultation and Community Engagement Policy and the relevant provisions within the Local Government Act 1999;**
- 2. Endorse the Review of the Basis of Rating Consultation Paper - Community Consultation Report as a summary of the consultation process, the submissions received (including XXX submissions received at this Council meeting), matters raised through the consultation process, and that the report be published on Council's Website.**

**REPORT DETAIL****Statutory Compliance**

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; and
- Any other issues that the Council considers relevant.

**Process**

The Review of the Basis of Rating Consultation Paper community engagement process followed a strategic communication action plan in line with Council's Public Consultation and Community Engagement Policy to ensure the community would be informed and feedback was invited and carefully considered.

In addition to fortnightly information and notices in the Port Lincoln Times, the consultation included:

- Media Advertising –Radio and Print
- Media Release
- Website Information
- Social Media posts
- Community Information Sessions
- An hour set aside at the commencement of the June Ordinary Council Meeting held on 17 June 2024 to allow members of the public an opportunity to make a verbal submission.

As part of this process, Council commissioned an independent review of its rating system which included numerous information sessions with Elected Members and included comprehensive modelling to work towards what Council believes is a responsible and practical outcome across all ratepayers. This formulated the Review of the Basis of Rating Consultation Paper for presentation to the community for community consultation and feedback.

The consultation process was run through Council's online community engagement platform, YourSay Engagement Hub, where community are able to review the relevant documentation, read the Frequently Asked Questions section, and make their submissions.

Council's engagement hub reported that 101 individuals accessed the Review of the Basis of Rating Consultation Paper.

At the completion of the consultation period, Council had received 1 written submission.

Running concurrently with the Review of the Basis of Rating Consultation Paper was the community consultation on Council's Draft Annual Business Plan 2024/25 and Draft Long Term Financial Plan Summary 2025-2034.

This allowed community to also have their say with respect to the financial strategic documents which incorporated the rating transition changes.

Two community information sessions were held on Tuesday 11 June 2024 at 2pm and 6pm, where briefings were held, and ratepayers were given the opportunity to make specific enquiries with respect to changes to their rates.

In total, seven community members attended both these sessions.

Council's Audit & Risk Committee would usually review this report prior to the Council meeting, however, on this occasion, the dates for meetings could not be aligned. The Audit & Risk Committee will be presented with this report on Wednesday 19 June 2024, to review the process undertaken meets Council's legislative and regulatory requirements.

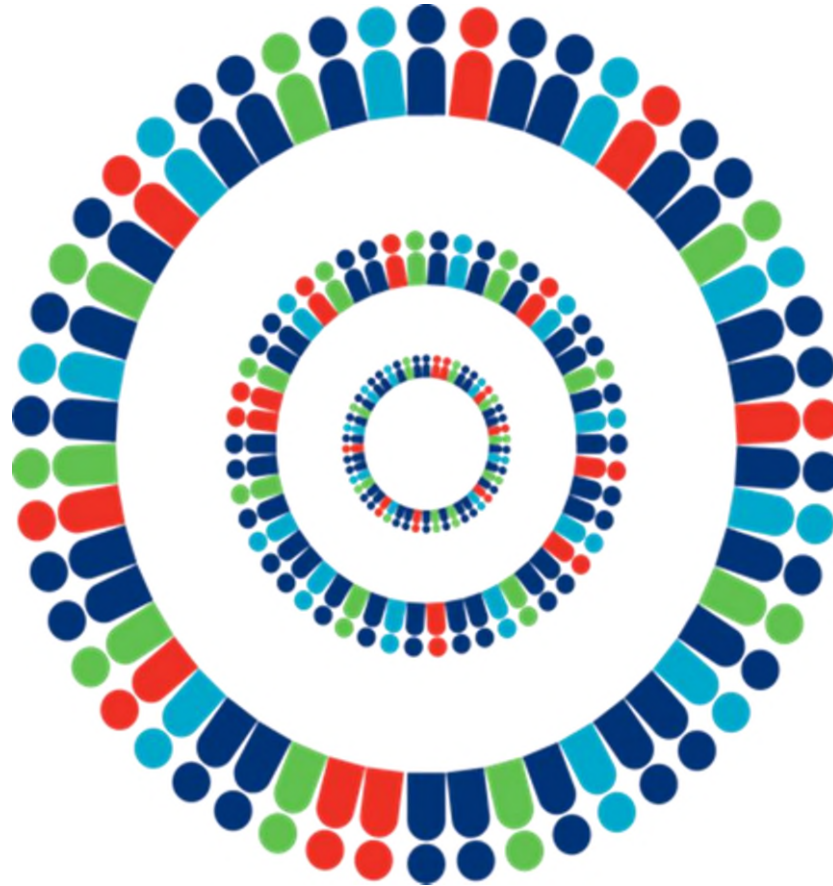


# Rating Review Completion Report

---

June 2024





**Disclaimer:** This document is for the exclusive use of the person/entity named on the front of this document ('Recipient'). This document must not be relied upon by any person who is not the Recipient. UHY Haines Norton does not take responsibility for any loss, damage or injury caused by the use, misuse, or misinterpretation of the information in this document by any person who is not the Recipient. This document may not be reproduced in whole or in part without permission.

Liability is limited by a scheme approved under Australian Professional Standards Legislation.

**Lead Report Author: Corinne Garrett**

**UHY Haines Norton**

**25 Peel Street, Adelaide, SA 5000**

**Tel 08 8110 0999**

**ABN: 37 223 967 491**

## Contents

|   |          |
|---|----------|
| <b>1. Background .....</b>  | <b>4</b> |
| <b>2. Legislation .....</b>   | <b>4</b> |
| <b>3. Reasons for Proposed Changes Provided in the Consultation .....</b> | <b>4</b> |
| <b>4. Proposed Change sent to Consultation. ....</b>                      | <b>5</b> |
| <b>5. Consultation Undertaken .....</b>                                   | <b>5</b> |
| <b>6. Questions and Submissions.....</b>                                  | <b>6</b> |

## 1. Background

The *Local Government Act 1999* 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.

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.

A rating review includes consultation with the community to gain feedback on the Council's proposed changes.

This report details the consultation process undertaken by the Council.

## 2. Legislation

Section 151 of the *Local Government Act 1999* states that a 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.
- And any other issues that the council considers relevant.

## 3. Reasons for Proposed Changes Provided in the Consultation

The reasons for the proposed changes that were provided to the community were:

- Legislation changes mean that the Council must move from using the Site Value of properties as the basis to calculate rates to using the Capital Value instead.
- When the Council considered the impact of this legislated change, they also sought to modify the rating system to diminish some of the impacts on Residential properties and to distribute the rating burden across the community in line with the Council's strategies and also in line with taxation principles. In particular:
  - Set the Rate in the Dollar for business properties to higher than the Rate in the Dollar for Residential properties
  - Set the Rate in the Dollar for Vacant Land higher than most other Rating Categories to discourage land banking and encourage conversion of vacant land to housing
  - Set the Rate in the Dollar for heavy industry activities such as Silos higher than other Rating Categories as these industries impact the Council's infrastructure assets.
- Increase the Fixed Charge to decrease the Rate in the Dollar, which diminishes some of the impact of moving from Site to Capital Value.
- Provide a capping rebate to support ratepayers that face significant increases in their rates due to changing from Site to Capital Value



## 4. Proposed Change sent to Consultation.

The proposed changes that were provided to the community were:

- Move from Site to Capital Value (noting that this is legally required)
- Retain the Land Use Rating Categories
- Create an additional Rating Category based on the Zone – Employment Bulk Handling
- Set the differentials of the Rating Categories to the following: (the Residential Rate in the Dollar is the base Rate in the Dollar, and the other categories are shown as percentages in comparison to the Residential Rate in the Dollar.)
  - Residential 100%
  - Commercial Shop 130%
  - Commercial Office 130%
  - Commercial Other 130%
  - Industry Light 130%
  - Industry Other 130%
  - Vacant Land 300%
  - Primary Production 130%
  - Vacant Land 300%
  - Other 100%
  - Marina Berths 100%
  - Employment Bulk Handling Zone 400%
- Increase the Fixed Charge to \$650.
- Provide a Capping Rebate to properties where the rates for 2024/25 increase by more than 25% compared to the rates for 2023/24. This rebate would not be available to properties in the Employment Bulk Handling Zone.

## 5. Consultation Undertaken

The council provided the Rate Review Consultation Paper to the community as per the requirements of Section 151 of the *Local Government Act 1999*. This document should be read in conjunction with this report.

### Consultation Period

The consultation period was from 9 am Tuesday 21<sup>st</sup> May to 5 pm Wednesday 12<sup>th</sup> June 2024.

### Advertising of Consultation

The Council provided information on the rating review via;

- The Port Lincoln Times
- Radio – Magic and 5CC
- Council’s Facebook page
- Council’s Website

The community were able to access the Consultation paper on the Council's website.

Hard copies of the Consultation Paper and a Summary were available at the Council office and the Public Library and the Public Meeting.

## Public Meeting

The Council held two Public Meetings, at 2 pm and 6 pm, on Tuesday 11<sup>th</sup> June at the Nautilus Arts Centre. A presentation was made at the Public Meetings to explain the changes. Members of the public could ask questions.

## Attendance at the Public Meetings

Three members of the general public attended the Public Meeting at 2 pm, and four attended the 6 pm Public Meeting.

## 6. Questions and Submissions

The community was invited to make submissions, both written and verbal, and were able to ask questions at the Public Meetings.

### Questions

#### Questions at the Public Meeting

The following questions were raised at the Public Meetings, and answers were provided verbally at the meeting.

The questions raised are shown below, and answers, including additional information, are provided in italics below;

- What is the 6.3% increase? Is it on top of the Capital Value transition increase?  
*The 6.3% is the total amount that rates are increasing for the 2024/25 budget compared to the 2023/24 rates. This is not on top of the Capital Valuation changes. The Council's total rates increase by 6.3%, and this total amount of rates is then distributed to ratepayers to pay. The rating review is looking at how the rates are distributed between ratepayers.*
- Is there a cost to change over to Capital Value? Does the Council have to pay a fee to do this?  
*The Council does not have to pay a fee to change to Capital Value. However, the Council has had to pay for the costs of doing the Rate Review, and the Council pays the Valuer General for the supply of valuations of properties.*
- What happens if our property value decreases?  
*The Rate in the Dollar (RID) is calculated by dividing the rates that the Council needs by the total value of rateable properties. If properties as a whole increase, the RID decreases. If properties as a whole decrease, the RID increases.*
- Capping Rates – can the cap be reduced to help with ratepayer affordability vs Council needs?  
*Capping Rates in this question refers to capping the increase to total rates that the Council charges. NSW caps its rates and has done so since the 70's. The result of this capping is that many country councils have not been able to increase rates enough over many years to cover the costs of infrastructure with the result that roads and other infrastructure deteriorates.*

*There is no mandatory rate capping in South Australia. A Council needs to increase rates by at least inflation to just cover the costs of delivering the same services to the community as the previous year. When a council provides additional services or new and upgraded assets, it needs to increase rates by more than inflation to pay for these additional costs.*

*Whilst ratepayers think of inflation in terms of the Consumer Price Index (CPI), which measures the inflation on general household goods, the majority of a council's expenditure is on expenses that are not included in the CPI measurement, such as road-making materials, construction contractors, etc. These costs have increased much more than CPI over the past few years.*

- *Would amalgamation with another council help with the rate burden?  
The advantages and disadvantages of amalgamating councils are quite complex but not part of the considerations for this rating review.*
- *Does this change impact SA Water bills because they are already high?  
We understand that SA Water is already charging according to the Capital Value of properties.*
- *How is Capital Value determined?  
The Council engages the Valuer-General to provide valuation information on properties within the council area. The Valuer General's website explains the valuation the following process:*

*“Qualified valuers analyse property sales and market trends that occur to determine levels of value. Factors influencing values include location, site details, site influences, site use and buildings. Property values are calculated by comparing properties to similar properties recently sold with appropriate adjustments made for any differences.*

- *How much has the Council increased total Revenue for the budget?  
The Council's 24/25 budget is proposed to have rates increase by a total of 6.3% compared to the total rates raised in 2023/24.*
- *Can the Council reduce the increase to 6% instead of 6.3% to assist with the burden on ratepayers?
  - *The CEO responded that the Council's Long Term Financial Plan required an increase of 7.3%, but the Elected Members and staff worked through the budget to reduce the required rates increase from this figure to 6.3%**
- *Ratepayers' wage increases are not currently tracking in line with expenses increases.  
This can be true. Rates are increasing by a total of 6.3%, but this factor, in combination with the changing from Site to Capital Value, will mean that many properties will have higher rates than in 2023/24, but also many properties will have lower rates.*

*Ratepayers can speak to staff available at this meeting or at the Council office to see what is likely happening with their individual rates.*

*The other changes that the Council is proposing in the Rate Review are alleviating some of the increases being faced by Residential ratepayers.*

*The Council has a Hardship Policy. If a Ratepayer is having any difficulty paying their rates, please contact the Council staff to discuss your situation.*

- *Those who have more than a 25% increase – what happens to them?*

- *The CEO responded that the Council had discussed continuing the cap for 3 years.*
- Do ratepayers have to apply for the cap?  
*No, the cap will be applied automatically.*

## Submissions

### Written Submissions

The Council placed the Rating Consultation Paper on its website. The website data shows the following:

- 101 individuals accessed the information provided regarding the Rating Review
- 50 users accessed the Frequently Asked Questions Tool with the following access to individual questions;
  - Will I receive a discount if I pay my rates in full on time? 5 users
  - How much will my rates go up? 9 users
  - How are my rates calculated? 9 users
  - What is a Differential Rate? 9 users
  - When are my Rates due? 4 users
  - Difficulty paying rates? 3 users
  - Why are these changes occurring? 4 users
  - What changes are taking place regarding rates? 7 users

There was 1 written submission made, detailed below:

Worried about the increase for small businesses given the other increases in cost and potential stalling of profits due to the general consumer having less disposable funds. Noticed you said there is an average increase of 11%. This is more than CPI and inflation and more than general income increase.

Ratepayers who have less of an increase have to cover the rebate of others. It feels very like the poor are propping up the rich; I really do not like this, even though I am one of those who have the rebate.

I am seriously concerned that pensioners can defer payments...somewhat indefinitely. I presume this is then paid for by the recipients of their will on their death. What a horrible surprise for the next generation. I would hope that counselling is provided to these pensioners to ensure they understand the implications of this decision and that they are not getting out of paying for it. How is the council going to absorb this cost if a large portion of pensioner ratepayers takes up this option?

I can appreciate the effort the council members have made to minimise the impact. However, I would like consideration to go into tightening the spending belt, even though I know you have already.

I would ask decision-makers to reconsider renewables. They tend to cost more money and do not always alleviate environmental damage in the long run, e.g. the landfill of wind farm blades, the dumping of lithium car batteries, etc. It looks good to say we are using renewables, but I am not convinced of their benefit.