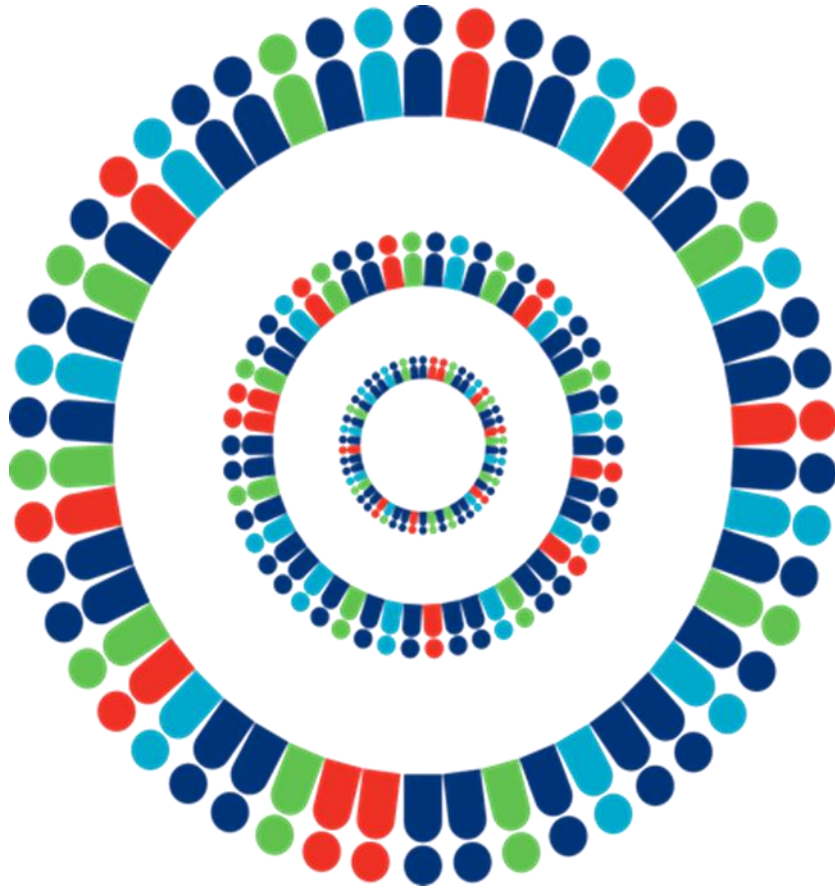


Rating Review Completion Report

January 2024





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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 District Council of Tumby Bay 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.

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. Proposed Change sent to Consultation

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 distribution of the rating costs across ratepayers, with some ratepayers paying less than previously and others paying more.

The Council is therefore also considering some other changes to diminish the impact on ratepayers as much as possible.

Council's current rating system is based on a combination of Locality and Land Use, which has limited capacity to differentiate properties in a way that allows the Council to identify where rating changes impact different ratepayers. The Council is considering moving to a rating system based on Land Use (except for Silos) instead of where properties are.

In summary, the changes proposed in the Rate Review Consultation Paper were;

- Move from Site to Capital Value (note this is legally required)
- Move to a differential rating structure based on Land Use instead of Locality (except for Silos). These Land Uses would be:
 - Residential
 - Commercial (Shop, Office and Other)
 - Industrial (Light and Other)
 - Vacant Land
 - Primary Production
 - Other
 - Marina Berths
- That all Land Use categories would have the same Rate in the Dollar

- That the Employment Bulk Handling Zone rating category would be retained. This zone includes the Silo properties.
- That the Employment Bulk Handling Zone properties as a whole would provide the same total rates as currently, and the Rate in the Dollar is set accordingly.
- That the Fixed Charge would be retained.

4. Consultation Undertaken

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 Thursday, 26th October, to Thursday, 23rd November, and exceeded the minimum legislative requirement of 21 days.

Advertising of Consultation

The Council provided information on the rating review via;

- Eyre Peninsula Advocate
- Council's Community Newsletter
- Council's Website
- Council's Facebook and Instagram

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 Council offices, the Information Session, Drop-In Sessions, and the Public Meeting.

Information Sessions and Public Meeting

The Council held the following sessions;

- Information Session at the Senior Citizens Club on Wednesday, 8th November 2023, at 6 pm
- Drop-In or Call Sessions at the Council Office on;
 - Thursday 9th November 2023 from 2.30 pm to 4.30 pm
 - Tuesday 14th November 2023 from 5 pm to 7 pm
- Public Meeting at the Senior Citizens Club on Tuesday, 21st November 2023, at 5.30 pm

At each of these sessions, members of the public could ask questions and view an estimate of how the rating changes were likely to affect their properties.

Attendance at Information Session & Public Meeting

19 members of the general public attended the information session on the 8th of November, and 35 attended the Public Meeting on the 21st of November.

5. Submissions Received

The community was invited to make submissions in writing.

The Council received four written submissions prior to the close of consultation, and one written submission after consultation had closed.

Questions

Questions at the Information Session and the Public Meeting

The following questions were raised at either the Information Session on the 8th of November or the Public Meeting on the 21st of November, and answers were provided verbally on the night.

The questions raised are shown below, with answers in italics;

- Are you able to appeal to the Valuer General if you believe the Capital Value is too high?

Yes, Your Rates Notice sets out how to object to your valuation with the Valuer General; a ratepayer has 60 days to object after receiving their notice.

- Can the Council object to the Valuer General if they think the value is too low?

The Council can discuss valuations with the Valuer General and would do that if valuations seem noticeably inconsistent. The Council doesn't investigate the valuation of individual properties.

- Need a committee established to watch values and report back to the Valuer General.

The Valuer General has qualified valuers on staff. There is no requirement for a council to duplicate or investigate the work of the Valuer General. The Council can discuss inconsistencies with the Valuer General at any time.

- Fixed Charge – Single Farm Enterprise. Query regarding occupancy of several houses on different farms: do they still have only one fixed charge?

S152 (2)(d) of the Local Government Act 1999 states that if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.

S152 (5)(b) of the Local Government Act 1999 states that a single farm enterprise is two or more pieces of rateable land.

(i) Which:

(A) Are farmland

(B) Are farmed as a single enterprise and

(C) Are occupied by the same person or persons.

Whether or not the pieces of land are contiguous or

(ii) Which:

(A) As to all pieces except one, are farmland farmed as a single enterprise occupied by the same person or persons and

(B) As to one piece contiguous with at least one of the other pieces, is the principal place of residence of that person or one of those persons.

Applications to the Council for consideration as a Single Farm Enterprise must satisfy the requirements set out in the Local Government Act 1999.

- Land Use – Rate in the Dollar – are all rates being assessed with the same rate in the dollar?

The Council is proposing that all the Land Use Rating Categories will have the same Rate in the Dollar. The Employment Bulk Handling Zone Rating Category will have a Rate in the Dollar set to ensure that the properties as a total in this category will still pay the same rates as they did previously.

The differential between the Land Use Rating Categories and the Employment Bulk Handling Zone Rating Category will be retained in future years.

- Can the yearly increase for rating be capped when going to capital value?

Yes, the Council can consider a yearly cap.

- There was concern about the Council staying with differential rating systems. Did they look at other alternatives?

The Council considered a number of alternatives. If the Council had one Rate in the Dollar for all properties, they would not be able to set a differential rate for the Silos. Moving from Site to Capital Value without a higher Rate in the Dollar for the Silos would result in a significant decrease in rates from that group of properties. This would increase the rates required from all other properties.

- Why do the Silos pay a higher rate?

Historically the Silos paid rates set by legislation; when this legislation ceased, many Councils set their Rate in the Dollar for this category of properties to achieve the same total rates that they had previously paid. The differential, i.e. the difference between the Rate in the Dollar for Silo properties compared to Residential or Township properties, continued each year as rates were set.

The Silos are owned by a Corporation and not a local landowner. Many Councils also note that the Silos impact road maintenance due to heavy vehicle traffic. Taking into account the impact on council roads and the 'ability to pay' taxation principle, many councils set the Rate in the Dollar higher for the Silo properties.

- Should charge higher rates for businesses utilising road infrastructure, i.e. dump, hydrogen plant, Cape Hardy etc,

Councils can choose to rate different ratepayers differently but can only do this within the current legislation. Councils in South Australia can only differentiate ratepayers by Land Use and/or Development Zoning. When considering a higher Rate in the Dollar for any particular group of ratepayers, the Council must consider whether they are able to isolate those properties via Land Use and/or Development Zones and whether other non-targeted Ratepayers will also be affected.

- Land Use/Zoning should be changed to capture extra funding required to cover costs for damage to the road network.

The Land Use for properties is provided to councils by the Valuer General. It is the predominant use of the land. There are only 10 categories available. Development Zones are set under Planning Legislation. There is an extensive process to undertake if a council wants to change Development Zones.

- What are the valuations of certain Silos? How do they value non-working facilities?

The Valuer General's website has a factsheet on the process of valuations. This fact sheet states that the Valuer General's qualified valuers analyse property sales and market trends that occur to determine the levels of value. Factors that influence property values include:

- *Location (views, aspect and elevation)*
- *Site Details (land classification, zoning, land area and heritage restrictions)*
- *Site Influences (Shape, topography, nearby uses and frontages)*
- *Site Use (the highest and best use of the land)*
- *Buildings (the size, age, condition, style, improvements and construction type)*

Property values are calculated by comparing properties to similar properties recently sold with appropriate adjustments made for any differences.

- There has been no indication of a levy for the Tumby Bay Jetty included in the consultant's report. Will this be addressed?

A Council can set a separate rate for many reasons including upgrading of specific infrastructure. A Separate Rate can only be used for the purpose it is designed for. Therefore, to consider a Separate Rate, the Council needs to have full knowledge of the costs of the specific infrastructure. This information is not yet known for the Tumby Bay Jetty, and therefore, consideration of a Separate Rate is not possible at this stage.

- Primary producer rates will go up. Will this new system attract greater government grants?

The Grants Commission has informed a number of councils that setting significantly lower Rates in the Dollar for farming properties compared to Residential properties, could impact the amount of grants provided to those councils. This is based on the Grants Commission's assessment that those properties have a higher capacity to pay rates.

Setting the same Rate in the Dollar for Primary Production properties compared to Residential Properties will not result in higher grants from the Grants Commission but could result in the Grants Commission not reducing grants to the Council in the future.

- Is a productive producer rated the same as an unproductive producer?

The Valuer General considers many aspects when setting the valuation for a property, in particular, the recent sale price of similar properties. Productivity is not specifically measured; however, if there are aspects of the land that affect productivity, such as soil type, rainfall, etc., these same aspects could also affect sale prices in that area and consequently affect valuations.

- The block next door has the same site value, but they are paying less; why?

The Council will be rating by Capital Value, not Site Value. Two properties next to each other can have the same Site Value but different Capital Values, depending on the improvements, such as buildings on the properties.

- The District Council of Lower Eyre Peninsula have 3 different rates – rural is lower and townships are higher.

Every Council has to consider the Rating system that they feel is best and fairest for their community. The District Council of Tumby Bay has considered that rates are a tax based on the value of the property. As with income tax, where higher incomes result in higher taxes, property taxation sets out that higher property valuations should result in a higher level of taxation.

Using the same Rate in the Dollar for both Residential and Primary Production supports this concept.

- Does a vacant property worth \$80,000 have a fixed charge?

Yes

- Does the Council pay rates on council-owned facilities?

No

- With the financial relief that is provided, is there interest charged on unpaid rates?

The financial relief provided includes payment plans and Senior Postponement. Both incur interest but not fines on unpaid rates.

- How did you come up with this proposal? How many other scenarios were looked at?

The Council members attended a workshop where a number of different scenarios were considered, including:

- *A Minimum Rate instead of a Fixed Charge*
- *Retaining the current differential system based on Locality.*
- *Using Land Use for all properties except for Silos*
- *Changing the Fixed Charge level*
- *Capping Rebates*

The proposal in the Consultation Paper was chosen for the following reasons:

- *It allows the Council to have more understanding of impacts on different rating categories by predominantly using Land Use instead of Locality,*
- *It retains the level of rating from the Silos.*
- *It follows taxation principles that higher valued properties should pay higher rates by setting the Rate in the Dollar the same for all Land Use Categories*
- *It diminishes some of the effect on properties with the change from Site to Capital and also increasing the Rate in the Dollar differential for Primary Production Properties by retaining the Fixed Charge at the same level.*

- The information only focuses on one option; should all options be put out in the proposal?

A council is required by legislation to provide the community with a proposal. Rating is complex and practically, providing more than one proposal can be very confusing for the community to understand and confusing for the Council to understand the feedback received.

- Unable to provide feedback when only supplied with a little bit of information.

The Consultation Paper provides considerable information on rating and the proposal put forward by the Council.

- If the Fixed Charge is raised, would it ease the burden on higher rates?

If the Fixed Charge is raised, higher-valued properties would have lower rates, but lower-valued properties would have higher rates.

- Can a rebate cap be put on?

The Council can consider setting a rebate cap.

- With the income from Fixed Rates, when will they know what the rates are on Capital Value?

Councils receive updated information on Capital Values from February onwards and must set their Rates in the Dollar based on the latest valuation supplied by the Valuer General prior to the adoption of their Annual Business Plan, Budget and Rates.

The Council will go to consultation on their Annual Business Plan, Budget and Rating for the 2024/25 financial year sometime between April and June 2024 and will use the valuation information they have been provided at the time. Those valuations will continue to change during the consultation and up to the adoption.

- Capital Value is what is on the Emergency Services Levy?

Yes

- Is the size of the land taken into account for valuing?

The size of the land is one of the factors that the Valuer General takes into account when valuing properties.

- Is the Fixed Charge charged against all properties regardless of value?

Yes, but only one Fixed Charge is charged against contiguous properties or Single Farm Enterprises.

- What is the CWMS Charge?

The CWMS is the charge for the Community Wastewater Management Scheme that treats effluent. This charge is not part of this rating review.

- RLL, what is it?

RLL is not a rating category being considered as part of this Rating Review.

- Can grants be allocated to fix roads?

Council receives grants from Federal and State Governments for roadworks.

- Is there assistance for younger people and not just seniors?

Younger people can apply for assistance under the Council's Hardship Policy and can apply to pay rates on payment terms. Younger people can also apply to defer rates in the same manner as Seniors, however this could result in a considerable rate debt over time.

Any ratepayer who is having difficulty paying rates should contact the Council's administration to discuss what options are available.

- Is the debt held against the house?

Rates debt is held against the property. If a property is sold, Council rates are paid on settlement.

- If there are businesses in the residential zone, how are they rated?

Council is proposing to rate by Land Use and not Locality (Zone) except for Silos. Business properties have the following Land Uses:

- *Commercial Shop*
- *Commercial Office*
- *Commercial Other*
- *Industry Light*

- *Industry Other*
- *Primary Production*

Council is proposing that all the Rates in the Dollar for all Land Use Categories to be the same.

- The flyer issued was confusing with the differential rates in the \$

The Council did not issue the flyer

- What is the rate now to raise relevant rates?

The total rates (after rebates were applied) for 2023/24 was \$5 million. Council will determine the level of rates required for 2024/25 after considering its Annual Business Plan and Budget requirements along with the requirements of the Council's Long Term Financial Plan.

- Can the Council stop the misinformation with regard to these emails and letters being sent out by random people?

The Council cannot control what information is provided to others from individuals within the community. The Council encourages the community to consider information provided officially by the Council.

Written Submissions

Council received four written submissions prior to the close of consultation, and one after consultation had closed.

The key points that relate to the Rating Review Consultation contained within the submissions are included below. We have provided any relevant responses in italics. Some submissions contained considerable information on topics that are not relevant to the Rating Review. The Council may wish to consider this information when formulating its Strategic Plans, Asset Management Plans and Annual Business Plans. However, this information is not included in this report.

Submission 1

The annual rate in the dollar has as a precursor the consideration of the financial needs of the Council to undertake its activities as detailed in the long-term financial plan and the other plans that inform the LTFP. In short, the financial management of the Council is based upon a needs assessment and then setting priorities in accordance with the strategic plan.

The total Rates the Council needs are determined after consideration of the financial needs of the Council. The Rate in the Dollar is determined as follows:

- *The Total Rates Required*
- *The amount levied via the Fixed Charge*
- *The remaining amount required divided by the Total Valuations of all rateable properties calculates an initial Rate in the Dollar*
- *This is then adjusted to take into account differentials such as the Silos and also for all rebates to reach a final Rate in the Dollar.*

Valuer General valuations of the capital value of the property are based upon recent sales. The impact of inflated sale prices has a potential impact on all valuations. It is assumed that the Council recognises the fact that rate valuations can be appealed.

The Council recognises and allows for some objections by Ratepayers to the Valuer General, which could result in adjustments to valuations on some properties and, consequently, adjustments to the level of rates calculated.

The figure identified as \$5M+ rate revenue has no declared basis of fact in the model. It is suggested that disclosure of the modelling used to derive this figure be presented, the unfunded liability of the Council be clearly identified, and that the final modelling examine a rate in the dollar scheme that equitably generates the desired revenue upon which the Council can operate.

A total of \$5,033,170 in rates (after rebates) was used to calculate the Rates in the Dollar for the consultation. This total was the rates achieved (after rebates) for the rates for the 2023/24 year. The rates from the 2023/24 year were used in modelling so that ratepayers could compare the changes proposed compared to the rates they received.

The Council will need to consider the total rates needed for 2024/25, taking into account the requirements of the Annual Business Plan and Budget for 2024/25 and the Long-Term Financial Plan.

The total rates required for 2024/25 will be used to calculate the Rate in the Dollar, taking into account the amount resulting from the Fixed Charge and the total capital valuations of properties at that time.

The model (which, in essence, is a taxation model) must take into consideration the ability to pay, recognising that primary production is a commercial enterprise and must be so considered.

The modelled RID fails to recognise this distinction.

The ability to pay is just one of the principles of taxation that assumes that the higher the value of the property, the greater the ability to pay is for the ratepayer. A Rate in the Dollar that is the same for all rating categories takes this factor into consideration, as higher-valued properties will pay higher rates.

A model based upon the concept of a general rate, which is charged to all rateable properties, is to be preferred. In this model, the declared \$779 p.a. fee is removed.

A general rate means there is only one rating category. We assume the \$779 fee referred to means the Fixed Charge. A council that sets a general rate can still have a Fixed Charge.

If the Fixed Charge is removed, then the Rate in the Dollar will increase for all rating categories.

If the Council sets a general rate (i.e. only one rating category), they will not have a separate rating category for the Silos. This will result in lower rates for those properties as a whole, thus increasing the Rate in the Dollar for all other properties.

The Fixed Charge results in some of the effect of moving from Site to Capital being reduced for those ratepayers facing increases.

The current model presented for community consultation appears to be a simplistic translation of the existing model for determining the rate in the dollar (based on site value) rather than a comprehensive review of the factors that determine the needs of the Council based upon the following elements (not necessarily in order of priority).

- Strategic Plan
- Long Term Financial Plan
- Asset/Infrastructure Management Plans
- Annual Budgets

The proposal in the community consultation is based on achieving the same level of rates as achieved for 2023/24 in order for ratepayers to compare the impact of changes compared to their current rate notices.

The total rates levied by Council for 2023/24 took into account the requirements of the Strategic Plan, Long Term Financial Plan, Asset/Infrastructure Management Plans and the Annual Budget.

It is noted in the draft document that the rate in the dollar for residential and commercial is the same.

The question is, how does the proposed system differentiate RID for residential or commercial outside of the assigned capital value?

Council's proposal is that the Rate in the Dollar is the same for all the Land Use categories except for Silos. The higher the Capital Value, the higher the rates will be.

Councils can set different Rates in the Dollar for different Land Use categories, in this case, the Council is not proposing to do this.

What comparisons have been made between the Tumby model and other jurisdictions?

The 68 Councils in South Australia have a wide range of different rating strategies. Each council needs to determine its own strategy that suits its community, taking into account the total rates needed and the types of ratepayers in their communities.

Council members considered different strategies at a workshop to develop a strategy to consult on with their community.

Submission 2

We understand from community discussion that the Council seeks to reduce the impact of the rate change on high-value properties, predominantly located in the farming community, by introducing a fixed charge of \$775, which will result in a lower general rate in the dollar.

We believe that this will shift an unfair rate burden onto those occupying lower-value properties, predominantly located in townships, where a compulsory CWMS levy of \$616 and optional bin levy of \$285 are added to their council rate bill.

We advocate for a General Rate applied to all assessments with a minimum rate of \$300.

Residential total valuations of 19.55% generate 31.45% of total revenue. Primary Production, with total valuations of 75.94%, only generates revenue of 59.52%.

Veolia Environmental Services has access to Glenfield Landfill in primary production land within the Council district to dispose of waste collected from the City of Whyalla, the City of Port Lincoln, the District Council of Tumby Bay and other local government bodies. An investigation should be completed detailing the reasons why it's not possible to rate this commercial operation at a special rate similar to that collected from the Viterro Silos.

The Council is not considering introducing a Fixed Charge. Council already levies a Fixed Charge. The Council is considering retaining the Fixed Charge at its current level of \$774.

The CWMS and Bin Levy are fees for services and are only charged to those properties where that service is available. These charges are not part of the Rate Review.

The proposal, including the Fixed Charge of \$774, has the following effect on Residential and Primary Production Properties:

Residential Properties –

762 Residential Ratepayers charged lower rates and 413 Residential Ratepayers being charged higher rates compared to the rates charged in 2023/24.

The decrease in rates ranges from \$1 less to \$3,529 less.

The increase in rates ranges from \$1 increase to \$1,000 increase.

Primary Production Properties –

8 Primary Production Ratepayers charged lower rates and 785 Primary Production Properties being charged higher rates compared to the rates charged in 2023/24.

The decrease in rates ranges from \$1 less to \$1,629 less.

The increase in rates ranges from a \$1 increase to a \$2,233 increase.

Previously, Rural Properties (predominantly Primary Production properties) were charged a lower Rate in the Dollar than Township Properties (predominantly Residential properties)

The proposal to set all the Rates in the Dollar the same for the Land Use Rating Categories means that Primary Production properties are generally paying more than previously, and many Residential properties are paying less.

Removing the Fixed Charge and replacing this with a Minimum Rate would further increase rates for the Primary Production properties.

The Council could consider this in the future. However, the Council considered that changing to the same Rate in the Dollar along with the change to Capital Valuations is a significant impact at this time.

A General Rate would mean only one Rating Category and not allow for the higher Rate in the Dollar for the Silos. If this were used, the Silos as a group would pay lower rates than previously, and the Rate in the Dollar would increase for all other ratepayers.

The combination of Land Use and Zoning for the Landfill site would also pick up other properties that are not in the same situation as the Landfill site.

Submission 3

The 2023 proposed rates review for the rating period 2023-24 reverses the deleterious position of the inequality of the more recent levied annual rates that maintained an unfair balance of equality to the imposition of rates to favoured sectors of ratepayers.

The rates provision (RID), based on 100% of residential rates, across all sectors provides an equality that has my qualified support.

Additionally, a fixed charge at a similar levy to that of the rates structure of 2022/2023 being \$774.00 is also supported. These two factors will provide the Tumby Bay & District Council with a more balanced rates income basis than has been the case for many years; noting that the Employment Bulk Handling Zone (Silos) RID has been set outside of these parameters to achieve the same total rate as that of the current year.

That support for the proposed rate (estimated RID at .1695006) is offered with the caveat of equality of the rates, based on the rates of residential properties, for other sectors –

- Commercial shop
- Commercial office
- Commercial Other
- Industrial light

- Industrial other
- Primary production
- Vacant land
- Other
- Marina berths

being maintained at a level of 100% as compared to that of the residential rate.

In regard to the Fixed charge, there was some discussion during the consultation meeting (21 November 2023) of the equality of one fixed charge being applied, as required under legislation, to single farm enterprises and is a matter that could be brought to the table for future community rate consultations with a view to considering the abolition of a fixed charge in favour of a general rate.

A General Rate can still have a Fixed Charge. A General Rate would mean only one Rating Category and not allow for the higher Rate in the Dollar for the Silos. If this were used, the Silos as a group would pay lower rates than previously, and the Rate in the Dollar would increase for all other ratepayers.

Using Land Use categories enables the Council to have a deeper understanding of what is happening for different types of ratepayers.

The matter of limited detail and lack of reference to supporting documentation provided in the document 'A Review of the Basis of Rating – Consultation Paper' is a matter of concern.

It would seem that the author of that document provided a limited focus on any option outside of that promoted, relying on selective use of advice received from consultants UHY Haines Norton of Adelaide.

Such bias in a presentation of this importance is one that should not sit well with the council or with members of the community. Any well researched, qualitative consultation paper must provide a balanced overview of the matter, provide full reference to all material used as basis for argument and decision making and must not be subjective.

The Consultation Paper was produced in accordance with legislation requirements.

The District Council of Tumby Bay has offered the rate payers the proposition of equality of rates that has been the subject of discord for a number of years.

The proposition as detailed in the document 'A Review of the Basis of Rating – Consultation Paper' should be embraced by the elected members in an effort to bring the financial structure of the council into line with an acceptable local government matrix.

This support may assist the focus toward alleviating the disquiet voiced in seeking community funding from the Commonwealth Grants Commission and the disquiet they have expressed of the disproportionate levy of rates within the district.

Submission 4

Capital v Site Value

I support the State Government's mandated proposal to use Capital Value as the basis of rating on the basis that this system supports the equity principle of taxation under which a person with greater wealth will pay more rates (taxation) than a person with lesser wealth, and that property value is generally a fair reflection of capacity to pay.

Land Use as the Basis of Rating

The move to rating by land use is supported on the basis that it will afford more flexibility to the Council in setting differential rates.

Fixed Charge

The inclusion of a fixed charge is supported on the basis that a fixed charge ensures that all property owners make a reasonable base-level payment towards the administration of the Council and towards the maintenance and upgrade of Council facilities. While the equity principle of taxation is supported, land owners of higher-valued property do not use Council facilities to any greater extent than owners of lower-valued property.

The fixed charge is essentially a tool to flatten the rate burden to some extent, reflecting the use of Council services.

Differential Rates

It is noted that the average change to Primary Production properties will be an addition of \$401, while all other categories of land use will see a decrease in rates payable ranging from \$55 (Marina Berths) to \$396 (Industrial Other), while Residential rates will reduce by \$173 on average.

Assuming that rates collected from the rural areas have previously generally reflected Council expenditure in the rural area, then it would be reasonable for the Tumby Bay Council to consider a slightly lesser rate in the dollar being applied to the Primary Production land use. By way of example, a 4% reduction to the Primary Production land use differential rate would result in around \$400 less rates being paid on a \$5m property, effectively roughly maintaining the status quo.

This seems to be a reasonable approach as it was stated at the public meeting that the purpose of land use codes is to enable the Council to easily apply differing differential rates across the various land use codes.

If the Council is adamant that the Primary Production differential rate should be the same differential rate as the Residential rate, then the Council may consider phasing towards this position over five years, perhaps reducing the discount applied to Primary Production land use by 1% per annum until it reaches the rate applied to Residential Land.

While it is agreed that Council services are available to all landowners, it is worth considering that road works in rural areas are mainly used by Primary Production landowners, while services and facilities such as jetties and foreshores are mainly used by the townspeople. A way to consider this is to apportion a percentage of Council expenditure on various activities to the various land use codes, e.g. 80% of rural roads is apportioned to Primary Production, and 80% of jetties/foreshore/lighting/footpaths etc, is apportioned to Residential land use etc.

Cap on Rate Increase

I support a cap being imposed on the annual rate increase across all land use categories as a means of smoothing the impact of the rating changes across the district. It is likely that such a measure will assist many township landowners who have highly valued properties compared to an adjoining vacant block, and it will also assist farming enterprises with significant capital development.

A 10% rate cap may be reasonable in this regard.

It is noted that such a rate cap would be applied against the previous year's rates and would not include any percentage increase in total rate revenue across the Council district.

Council rates are a tax and not a fee for service. Calculating the use of council facilities to determine rating is not relevant in a tax.

The Council can consider a rebate cap. A cap would need to be adjusted according to the total percentage that rates are increasing. If this does not occur, the cost of the cap becomes too high. All other ratepayers pay for the cap.

Submission 5 – Received after the close of consultation.

After attending the community meeting mid Nov at the senior citizens centre I am happy to support the proposal presented at the meeting. The rating method proposed including a fixed rate charge appears to be the most equitable for all.