



A Review of the Basis of Rating Consultation Paper Yorke Peninsula Council

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	Wednesday 29th May to 5 pm Thursday 27th June
Information Session	Wednesday 5th June at 5.30 pm at the Minlaton Town Hall, 57 Main Street, Minlaton
Public Meeting	Wednesday 26th June at 5.30 pm At the Minlaton Town Hall, 57 Main Street, Minlaton

Submissions

Written submissions to:

**Chief Executive Officer
Yorke Peninsula Council
PO Box 57
Maitland SA 5573**

Email: admin@yorke.sa.gov.au

Verbal and written submissions will be accepted at the Public Meeting

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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 Yorke Peninsula Council (**The Council**) is considering making changes to the basis upon which rates are charged. When considering making these changes, a 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 Council's current rating system has been in place for many years, and the Council wishes to review its basis for rating to develop some rating principles that achieve some key objectives.

The Council wishes to work towards equity in rating across different rating categories but also taking into account the following:

- acknowledgement of the impact on the Council's road infrastructure from heavy industry activities
- encourage the building of housing and discourage the potential for 'land banking'.

3. Proposed Changes to Rates

The Elected Members have considered the information that is contained in this paper over a number of workshops. Rating methods available, proposed changes and likely impacts are detailed in this paper and are now provided for public consultation.

The changes proposed in this paper are:

- Increase the differential Rate in the Dollar (RID) for Vacant Land to 150% compared to the RID for Residential properties.
- Create two new rating categories for heavy industry based on a combination of Locality and Land Use being:
 - Employment Bulk Handling with the Land Use 'Commercial Other'
 - Resource Extraction with the land Uses of 'Commercial Other' and 'Industry Other'.
 - Both of these rating categories to have a differential RID of 425% compared to the RID for Residential properties.
- An additional 5% Road Maintenance and Renewal Loading Levy applied above inflation to Primary Production properties as a total.

The increased rates received from Vacant Land that are above inflation will be used to fund strategic projects.

The increased rates received from Heavy Industry properties that are above inflation will be used to fund road renewal projects.

The additional funds from the Primary Production properties that are above inflation will be used to fund identified Asset & Infrastructure Improvement and Renewal projects on the unsealed road network. The proposed changes and their likely effect on Ratepayers are detailed in section 17 of this paper.

4. Support for Ratepayers

Changes to the way the Council sets its rates will result in some ratepayers paying higher rates than previously.

There is assistance for ratepayers who need help paying their rates due to these changes, and the following support is available:

- 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, whose services are available free of charge.

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:
Wednesday 29th May to 5 pm Thursday 27th June.**

5.1. Information Session

The Council will hold an information session. There will be a small presentation at this session to explain the changes, and members of the public will be able to ask questions and make submissions.

Ratepayers attending this session will be able to speak to staff to see the possible changes for their properties.

**Information Session: Wednesday 5th June at 5.30 pm
At the Minlaton Town Hall, 57 Main Street, Minlaton**

5.2. Public Meeting

The Council will hold a public meeting where members of the public can make submissions.

**Public Meeting: Wednesday 26th June at 5.30 pm
At the Minlaton Town Hall, 57 Main Street, Minlaton**

5.3. 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 Thursday 27th June**.

Written Submissions to:

**Chief Executive Officer
Yorke Peninsula Council
PO Box 57
Maitland SA 5573**

Email: admin@yorke.sa.gov.au

Verbal submissions can be made at the Public Meeting on the 26th of June at 5.30 pm.

5.4. Further Information

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

Phone 8832 0000 and ask for the 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 Council's collect rates.
- Council's current rating methodology
- The legislative framework for setting Council rates.
- Rating options available
- The right option for Yorke Peninsula?
- Consultation Requirements

7. Why Council's Collect Rates

Council's 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, Council's provide significant levels of infrastructure in the form of roads, drainage, buildings, parks, and recreation facilities. This infrastructure needs to be maintained and replaced. Council's 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. Council's 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. Council's are responsible for raising their revenue through property taxation (Rates) and user charges as prescribed by legislation. Council's 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, Council's have hardship policies that can be used to assist ratepayers who find it difficult to pay their rates.

7.2. Principles of Taxation

When setting taxes, Governments and Council's 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 Council's 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 Council's. 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. Council’s 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 | \$27,000,000 |
| ● The value of all the rateable properties in the Council is | \$13,000,000,000 |
| ● Council Charges a Fixed Charge of | \$410 |
| ● The number of properties that pay a Fixed Charge | 12,000 |

Rates Raised from the Fixed Charge = 12,000 x \$410	\$4,920,000
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The Council still needs to raise the remaining rates.

i.e. \$27,000,000 rates needed less what has already been raised. from the Fixed Charge = \$27,000,000 less \$4,920,000	\$22,080,000
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The rates still needed are then divided by the total property values to get the Rate in the Dollar (RID)

= \$22,080,000 divided by \$13,000,000,000	0.001698
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The Rate in the Dollar is 0.001698.

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. If one group of ratepayers pay a lower RID, then the other ratepayer groups will pay a higher RID.

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	\$410
Property Valuation of \$300,000 x RID of .001698	<u>\$510</u>
Total Rates	\$920

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 Council's 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 Council's 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 + the rate calculation.

The Act states that a Council must not seek to set a Fixed Charge at levels that will raise more than 50% of all general rate revenue.

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 at the lower Rate in the dollar.

Contiguous Land provisions within the Act provide that only one fixed Rate 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).

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).

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.

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. Council's 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.

No changes to Service Rates and Charges are being considered as part of this Rating Review.

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 will still incur Service Rates and Charges.

12. Rate Rebates

The Act requires Council's 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

Council's 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

Council's 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

12.1.1. Hardship

Council's can wholly, or partially, postpone rates based on hardship in accordance with Section 182 of the Act.

12.1.2. Businesses

Council's can grant postponements of rates to assist or support a business in its area.

12.1.3. Seniors

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

Council's 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. Yorke Peninsula Council's Current Rating System

13.1. Land Valuation

The Yorke Peninsula Council uses Capital Valuations provided annually by the Valuer-General to rate property within its area.

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 Land Use

The Council 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
.00263238	Residential Land Use
.00263238	Commercial Shop Land Use
.00263238	Commercial Office Land Use
.00263238	Commercial Other Land Use
.00263238	Industry Light Land Use
.00263238	Industry Other Land Use
.00120004	Primary Production Land Use
.00263238	Vacant Land, Land Use
.00263238	Other Land Use
.00263238	Marina Berths

13.3. Fixed Charge

The Council declares a Fixed Charge, being \$410 for 2023/24. Rates are calculated by levying the Fixed Charge against each property and then multiplying the property value by the rate in the dollar. The two calculations are added together.

14. The Yorke Peninsula Council Profile

14.1. Australian Bureau of Statistics

Understanding the community profile is essential before making decisions affecting the community. The Australian Bureau of Statistics (ABS) 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	Yorke Peninsula
Estimated Resident Population (2022)	11,921
Percentage of Population of Working Age (15 to 64 years) (2022)	50%
People 65 and older (2022)	35%
Pensioners – Age Pension (2023)	2,545
People on Job Seeker (2023)	608
Family Households (2021)	
<ul style="list-style-type: none"> Couple families without children 	1,986
<ul style="list-style-type: none"> Couple families with non-dependent children 	180
<ul style="list-style-type: none"> Couple families with children under 15 or dependent students 	660
<ul style="list-style-type: none"> One-parent families with children under 15 or dependent students 	175
<ul style="list-style-type: none"> One-parent families with non-dependent children 	128
Access to the Internet at home	72%

Income

ABS data published in 2021	Yorke Peninsula
Median household income - Year	
<ul style="list-style-type: none"> Earning \$1-\$499 per Week (\$52 to \$25,948 per year) 	30%
<ul style="list-style-type: none"> Earning \$500-\$999 per Week (\$26,000 to \$51,948 per year) 	31%
<ul style="list-style-type: none"> Earning \$1000-\$1999 per Week (\$52,000 to \$103,948 per year) 	21%
<ul style="list-style-type: none"> Earning \$2000-\$2999 per Week (\$104,000 to \$144,948 per year) 	4%
<ul style="list-style-type: none"> Earning \$3000 or more per Week (\$156,000 or more per year) 	2%
<ul style="list-style-type: none"> Earning nil income 	2%

Expenses

ABS data published in 2021	Yorke Peninsula
Median Household Mortgage Repayments (month) (year) <i>Note that interest rates are higher in 2023 and 2024</i>	\$997 \$11,964
Median Household Rental Payments (week) (year) <i>Note that Rental Increases have occurred across Australia in 2023 and 2024</i>	\$200 \$10,400
Private dwellings (2021)	
<ul style="list-style-type: none"> Owned outright 	2,728
<ul style="list-style-type: none"> Owned with a mortgage 	1,092
<ul style="list-style-type: none"> Rented 	857
Mortgage and Rent affordability (2021) – <i>Interest and Rent have increased considerably across Australia since 2021.</i>	
<ul style="list-style-type: none"> Households where mortgage payments are more than 30% of income 	13%
<ul style="list-style-type: none"> Households where rent payments are more than 30% of income 	28%

Business

ABS data published in 2021 and 2022	Yorke Peninsula
Number of Businesses (2022)	1,371

ABS data published in 2021 and 2022	Yorke Peninsula
Types of Businesses (Most Common)	
• Agriculture – Gross Production in 2021 was \$434.1m, employed 24% of workers	582
• Rental, Hiring and Real Estate	216
• Construction	124
• Retail Trade	85
• Accommodation & Food Services	61
Turnover of Businesses (2022)	
• \$10m or more	4
• \$5m to less than \$10m	17
• \$2m to less than \$5m	108
• \$200k to less than \$2m	623
• \$50k to less than \$200k	413
• Less than \$50k	200
Main Industries of Employment	
• Agriculture	24%
• Health Care and Social Assistance	11%
• Retail Trade	9%
• Education and Training	8%

Socio-economic Index

The Australian Bureau of Statistics produces Socio-economic Indices from census data. An area could be considered disadvantaged if there were many households with low incomes, many people with no qualifications or many people in low-skill occupations.

The latest socioeconomic indices are from the 2021 census data. We have used the Index of Relative Socio-Economic Disadvantage for the information in this section. With this index, higher scores are areas with less disadvantage, and lower scores are areas with more disadvantage.

The Council with the highest score (least disadvantaged) in the state is Burnside, with a score of 1,083. The Council with the lowest score (most disadvantaged) is Peterborough, with a score of 773.

Yorke Peninsula Council has an overall score of 952, with 46 Council's having a higher score and 21 councils having a lower score.

However, there is quite a range of scores across the Council, as shown in the table below (this information is about residents, not people who might own property in these areas but not live there).

Council	Score
Peterborough	773 (most disadvantaged)
Yorke Peninsula	952
Burnside	1,083 (least disadvantaged)
Yorke Peninsula Suburb	Score
Point Pearce	428 (most disadvantaged)
Clinton	881
Edithburgh	895
Warooka	900
Marion Bay	914
Port Victoria	937
Ardrossan	941

Yorke town	942
Minlaton	945
Maitland	950
Corny Point	959
Price	972
Stansbury	974
Port Vincent	993
Point Turton	994
Black Point	1,014
Arthurton	1,041
Wauraltee	1,048
Balgowan	1,081

14.2. Our Properties

The table below shows the average, lowest and highest value for each rating category for 2023/24 and also with the latest valuations for 2024/25. Valuations will continue to be adjusted by the Valuer General until the Council adopts their rates. Therefore, the figures for 2024/25 will change.

Rating Category	2023/24 Values			Indicative 2024/25 Values		
	Average	Lowest	Highest	Average	Lowest	Highest
Residential	334,939	2,000	2,175,000	386,372	28,714	2,175,000
Commercial Shop	215,250	33,456	3,000,000	217,418	31,415	3,300,000
Commercial Office	146,953	44,607	414,189	172,070	35,000	455,608
Commercial Other	294,693	240	3,600,000	339,587	260	3,950,000
Industry Light	184,647	77,000	320,000	196,817	85,000	350,000
Industry Other	412,923	2,200	2,860,001	377,771	33,000	1,775,000
Primary Production	2,440,628	240	21,300,000	2,987,937	300	25,150,000
Vacant Land	144,873	3,600	680,000	167,231	2,200	780,000
Other	187,604	5,000	2,457,993	204,806	2,200	2,697,797
Marina Berths (total)	2,860,001	2,860,001	2,860,001	3,140,001	3,140,001	3,140,001
Heavy Industry	3,893,864	64,773	16,950,000	4,136,955	71,591	18,650,000

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

In Yorke Peninsula, the differential RID for Primary Production is low compared to other Councils. The South Australian Grants Commission provides the following information: (the differential percentage compares the RID for a category against the Residential RID).

Rating Category	State Average RID	State Average Differential	Yorke RID	Yorke Differential
Residential	.0037	100%	.0026	100%
Commercial	.0066	178%	.0026	100%

Industrial	.0078	211%	.0026	100%
Rural/Primary Production	.0033	89%	.0012	46%
Other	.0043	116%	.0026	100%

In Yorke Peninsula:

Residential properties are 29% of the total value of all properties and provide 52% of the rates.
 Primary Production properties are 57% of the total value and provide 40% of the rates.

The table below shows the average differentials for country councils across the state;

Rating Category	Average Differential
Residential	100%
Commercial Shop	125%
Commercial Office	126%
Commercial Other	129%
Industry Light	131%
Industry Other	129%
Primary Production/Rural	85%
Vacant Land	143%
Other	106%
Silos (7 councils)	426%
Employment Zone – Industry Other (1 council)	982%
Heavy Industry (various combinations of locality) (1 council)	1,387%

16. Rating Structure – Potential Changes and the Impact

All country Council's in South Australia face challenges with funding required infrastructure and services. The Council has considered these challenges along with the information contained in this paper over a number of workshops.

The Council's current rating system has been in place for many years, and the Council wishes to review its basis for rating to develop some rating principles that achieve some key objectives.

The Council wishes to work towards equity in rating across different rating categories but also taking into account the following:

- acknowledgement of the impact on the Council's road infrastructure from heavy industry activities
- encourage the building of housing and discourage the potential for 'land banking'.

The changes proposed are:

- Increase the differential Rate in the Dollar (RID) for Vacant Land to 150% compared to the RID for Residential properties.
- Create two new rating categories for heavy industry based on a combination of Locality and Land Use being:
 - Employment Bulk Handling with the Land Use Commercial Other

- Resource Extraction with the land Uses of Commercial Other and Industry Other.
- Both of these rating categories to have a differential RID of 425% compared to the RID for Residential properties.
- An additional 5% Road Maintenance and Renewal Loading Levy applied above inflation to Primary Production properties as a total.

The increased rates received from Vacant Land that are above inflation will be used to fund strategic projects.

The increased rates received from Heavy Industry properties that are above inflation will be used to fund road renewal projects.

The additional funds from the Primary Production properties that are above inflation will be used to fund identified Asset & Infrastructure Improvement and Renewal projects on the unsealed road network.

17. Likely Impact on Ratepayers

The information in this section shows the effect of the proposed changes compared to the current 23/24 Rates.

The rating categories, differential and RID, are shown in the table below. The RID is indicative only as the Valuer General will 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%	0.00253241
Commercial Shop	100%	0.00253241
Commercial Office	100%	0.00253241
Commercial Other	100%	0.00253241
Industrial Light	100%	0.00253241
Industrial Other	100%	0.00253241
Primary Production	43%	0.001082681
Vacant Land	150%	0.003798616
Other	100%	0.00253241
Marina Berths	100%	0.00253241
Heavy Industry	425%	0.010762744

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	306	8,648
Commercial Shop	24	120
Commercial Office	7	17
Commercial Other	44	198
Industrial Light	6	17
Industrial Other	1	33

Rating Category	Number of Properties that Decrease	Number of Properties that Increase
Primary Production	308	2,742
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

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

Rating Category	One property has the greatest decrease (or smallest increase) of \$	One property has the highest increase of \$	Average Change \$	Average Change %
Residential	-224	1,201	100	7%
Commercial Shop	-302	497	26	3%
Commercial Office	-15	138	22	2%
Commercial Other	-215	440	42	3%
Industrial Light	-27	227	33	5%
Industrial Other	-13	462	68	8%
Primary Production	-1,914	4,550	422	16%
Vacant Land	-56	2,173	259	37%
Other	-93	167	5	11%
Marina Berths	13	13	13	0%
Heavy Industry	600	156,106	34,275	288%

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.