



**I hereby give notice that a Special Meeting of Council will be held on:**

**Date:** Wednesday, 22 May 2024  
**Time:** 5.30pm  
**Location:** Council Chamber  
Minlaton Town Hall  
57 Main Street  
Minlaton

# **AGENDA**

## **Special Council Meeting**

**22 May 2024**

A handwritten signature in blue ink, appearing to read "A. Cameron", is positioned above the printed name and title.

**Andrew Cameron**  
**CHIEF EXECUTIVE OFFICER**

### CONFLICT OF INTEREST

Members are reminded of the requirement for disclosure by Members of general conflicts of interest relating to private interests that might be considered to result in the Member acting in a manner that is contrary to their public duty in accordance with Section 74 of the Local Government Act 1999 (Act), or a material conflict of interest being any benefit or loss (direct or indirect, personal or pecuniary in nature) to any persons identified within Section 75(1), in accordance with Section 75 of the Act, in items listed for consideration on the Agenda.

Section 75B of the Act requires that Members inform the meeting of any general conflict of interest in any matter to be discussed at a meeting, whether or not the Member proposes to participate in the meeting in relation to the matter and if the member proposes to participate in the meeting in relation to the matter, how the Member intends to deal with the interest and the Members reasons for participating in relation to the matter.

Section 75C of the Act requires that Members inform the meeting of material conflicts of interest in any matters to be discussed at a meeting and leave the meeting room (such that the member cannot view or hear any discussion or voting at the meeting) and stay out of the meeting room while the matter is being discussed and voted on.

These requirements do not apply where a Member is not regarded as having a conflict of interest in accordance with Section 75A of the Act.

Each Member of a Council has a duty to vote at all meetings unless excepted by legislation. The major exception being where a Member has a conflict of interest.

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**1 WELCOME AND ACKNOWLEDGEMENT OF COUNTRY BY MAYOR**

Meeting declared open

**2 OPENING PRAYER**

**3 PRESENT**

**4 LEAVE OF ABSENCE**

Nil

**5 APOLOGIES**

Nil

**6 CONFLICT OF INTEREST**



# DEBATE AGENDA

**DEBATE AGENDA**



**7 CHIEF EXECUTIVE OFFICER****7.1 REQUEST FOR COMMUNITY CONSULTATION ON THE GENERAL RATE REVIEW****Document #:** 24/44257**Department:** Executive Services**PURPOSE**

To seek Council's endorsement to undertake community consultation in relation to the review of Council's basis of rating following endorsement of a preferred rating model for the 2024/2025 financial year and the policy position in relation to future increases to the differential rate in the dollar for the Primary Production land use category.

**RECOMMENDATION A**

That Council:

1. Receive the Rating Review - Section 151(5) report; and
2. Endorse the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024', for Community Consultation from Wednesday 29 May 2024 to 5.00pm on Thursday 27 June 2024, as presented and with amendments made in accordance with the outcomes of recommendations B and C below.

And

**RECOMMENDATION B**

That Council endorse model \_\_\_\_ as presented and attached to this report for inclusion in the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024' for public consultation.

And

**RECOMMENDATION C**

That Council endorse inclusion of a proposed change to the rating policy to facilitate a gradual increase to the Primary Production differential rate in the dollar to:

- a) 50% of the residential rate in the dollar over a period of 2 years in the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024' for public consultation; or
- b) 60% of the residential rate in the dollar over a period of 4 years in the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024' for public consultation; or
- c) 70% of the residential rate in the dollar over a period of 6 years in the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024' for public consultation; or
- d) 80% of the residential rate in the dollar over a period of 8 years in the 'A review of the basis of Rating Consultation Paper – Yorke Peninsula Council – May 2024' for public consultation.

**LINK TO STRATEGIC PLAN****Goal:** 5 Responsible Governance and Leadership**Strategy:** 5.2 Effective leadership and informed decision making

### 5.3 Meet all legislative requirements and compliance with Council's internal controls

#### BACKGROUND

Council has engaged independent consulting firm UHY Haines Norton Chartered Accountants (UHY) to assist in undertaking a review of its current rating system. Four information and briefing sessions have been held with various rating scenarios presented to ensure that Council is informed of the likely impact of proposed changes on its ratepayers.

Information and briefing sessions were held with Corinne Garrett on:

- 12 September 2023 – Independent general rate review (presentation)
- 1 May 2024 – Independent general rate review (continuation)

Additional information and briefing sessions were facilitated by Council staff on:

- 14 February 2024 – Rates review
- 17 April 2024 – Update on valuation movements from the Valuer General/possible rate modelling scenarios

In accordance with Section 151(5) of the Local Government Act 1999, a report must be tabled to detail any proposed changes to the basis of rating. Section 151(6) of the Local Government Act 1999 provides the following guidance on the information that must be addressed in the report:

- 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.

#### DISCUSSION

The consultation paper (Attachment 1) written by UHY's Manager Government Consulting, Corrine Garrett, addresses all requirements in accordance with the Local Government Act 1999 to enable community consultation to commence. Options for selection of a proposed rating model for 2024/2025 and endorsement of a policy position in relation to any proposed future increases to the differential rate in the dollar for the Primary Production land use category have been provided in attachments to this report. The consultation paper contains highlighted sections which will be updated prior to public consultation based on decisions made by Council in relation to these matters with information provided in Attachment 2. Corrine Garrett will also attend the public meeting and will be available to answer any questions ratepayers may have in relation to the proposed review of the rating system of Council.

Public consultation will occur from Wednesday 29 May 2024 for greater than the minimum 21 days and close at 5.00pm on Thursday 27 June 2024. In accordance with Council's public consultation policy, Council must allow interested persons to attend a public meeting or to make written submissions during the consultation period.

A public information session is scheduled to take place on Wednesday 5 June 2024.

The public meeting is scheduled to take place on Wednesday 26 June 2024.

#### COMMUNITY ENGAGEMENT PLAN

Level 3 - Participate

Refer to attached Community Engagement Plan (Attachment 3)

#### CONSULTATION PROCESS

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Accountant - Financial Management
- Manager Economic Development and Business Sustainability

In preparing this report, the following external parties were consulted:

- UHY Haines Norton
- Kelledy Jones Lawyers

### **POLICY IMPLICATIONS**

PO091 Risk Management Policy

PO142 Budget Reporting and Amendment Policy

### **BUDGET AND RESOURCE IMPLICATIONS**

Direct cost associated with the general rate review project are included in Council's current year budget. Indirect costs, in particular staff time, have exceeded original expectations with attendance at Council additional information and briefing sessions, delivery of additional staff presentations and data extraction tasks contributing to increased demand on Council's staff which has been managed within the present staff allocation.




The outcome of the general rate review has the potential to have positive budget implications for Council, its long term financial sustainability and with regards to equity for its ratepayers.

### **RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

### **ATTACHMENTS**

1. **Consultation paper - A review of the basis of rating consultation paper** [↓](#) 
2. **Additional material - rate model option information for inclusion in a review of the basis of rating consultation paper** [↓](#) 
3. **Community engagement plan - review of the basis of rating consultation** [↓](#) 



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

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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.

<b>Consultation Period</b>	<b>Wednesday 29<sup>th</sup> May to 5 pm Thursday 27<sup>th</sup> June</b>
<b>Information Session</b>	<b>Wednesday 5<sup>th</sup> June at 5.30 pm at the Minlaton Town Hall, 57 Main Street, Minlaton</b>
<b>Public Meeting</b>	<b>Wednesday 26<sup>th</sup> June at 5.30 pm At the Minlaton Town Hall, 57 Main Street, Minlaton</b>

### **Submissions**

Written submissions to:

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

**Email: [admin@yorke.sa.gov.au](mailto:admin@yorke.sa.gov.au)**

Verbal and written submissions will be accepted at the Public Meeting

May 2024

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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.
- Primary Production REFER TO APPENDIX ON MODELS

- Primary Production differential RID to gradually increase to xxx% of the Residential RID over a period of xxx years. REFER TO APPENDIX FOR OPTIONS (Model 5 provides an example of the Primary Production differential RID at 47% of the Residential RID for 2024/25).

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 29<sup>th</sup> May to 5 pm Thursday 27<sup>th</sup> 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 5<sup>th</sup> June at 5.30 pm  
At the Minlaton Town Hall, 57 Main Street, Minlaton**

## 5.2. Public Meetings

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

**Public Meeting:**                    **Wednesday 26<sup>th</sup> 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 Wednesday 29<sup>th</sup> May 2024**

**Written Submissions to:**

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

**Email:** [admin@yorke.sa.gov.au](mailto:admin@yorke.sa.gov.au)

Verbal submissions can be made at the Public Meeting on the 26<sup>th</sup> 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 Councils 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 Councils Collect Rates

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

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



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

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

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

### 7.1. Nature of Council Rates

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

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

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

### 7.2. Principles of Taxation

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

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

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

## 8. Legislative Framework for Setting Council Rates

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

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

#### Chapter 10 – Rates and Charges

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

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

## 9. Rating Options Available

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

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

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

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

### 9.1. How Rates Are Calculated

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

Example:

- |  |                  |
|--|------------------|
| • A council needs to raise rates of                          | \$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)

$$= \$22,080,000 \text{ divided by } \$13,000,000,000 \qquad 0.001698$$

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>
<b>Total Rates</b>	<b>\$920</b>

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

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

**9.2. A General Rate**

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

**9.3. A Differential Rate**

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

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

**9.3.1. Locality**

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

**9.3.2. Land Use**

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

- Residential
- Commercial (Shop)

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

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

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

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

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

#### 9.4. Fixed Charge

Under this system, a fixed amount is first applied evenly against all ratepayers. The remaining amount of rate revenue required is then divided by the total valuations of all the properties to result in the RID. Properties are charged the Fixed Charge + 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. Councils often raise service charges for the following:

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

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

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

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

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

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

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

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

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

### 12.1. Postponement of Rates

#### 12.1.1. Hardship

Councils can wholly or partially postpone rates based on hardship in accordance with Section 182 of the Act.

#### 12.1.2. Businesses

Councils 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

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

- Fire
- Flood
- Drought
- Pandemic



## 13. 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 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"> <li>Couple families without children</li> </ul>	1,986
<ul style="list-style-type: none"> <li>Couple families with non-dependent children</li> </ul>	180
<ul style="list-style-type: none"> <li>Couple families with children under 15 or dependent students</li> </ul>	660
<ul style="list-style-type: none"> <li>One-parent families with children under 15 or dependent students</li> </ul>	175
<ul style="list-style-type: none"> <li>One-parent families with non-dependent children</li> </ul>	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"> <li>Earning \$1-\$499 per Week (\$52 to \$25,948 per year)</li> </ul>	30%
<ul style="list-style-type: none"> <li>Earning \$500-\$999 per Week (\$26,000 to \$51,948 per year)</li> </ul>	31%
<ul style="list-style-type: none"> <li>Earning \$1000-\$1999 per Week (\$52,000 to \$103,948 per year)</li> </ul>	21%
<ul style="list-style-type: none"> <li>Earning \$2000-\$2999 per Week (\$104,000 to \$144,948 per year)</li> </ul>	4%
<ul style="list-style-type: none"> <li>Earning \$3000 or more per Week (\$156,000 or more per year)</li> </ul>	2%
<ul style="list-style-type: none"> <li>Earning nil income</li> </ul>	2%

**Expenses**

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



## Business

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

- o Employment Bulk Handling with the Land Use Commercial Other
- o Resource Extraction with the land Uses of Commercial Other and Industry Other.
- o Both of these rating categories to have a differential RID of 425% compared to the RID for Residential properties.

- Primary Production REFER TO APPENDIX ON MODELS
- Primary Production differential RID to gradually increase to xxx% of the Residential RID over a period of xxx years. REFER TO APPENDIX FOR OPTIONS (Model 5 provides an example of the Primary Production differential RID at 47% of the Residential RID for 2024/25.

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.

Finish tables once the Council determines which model goes to consultation.

Rating Category	RID compared to Residential	Rate in Dollar (RID) (Indicative)
Residential		
Commercial Shop		
Commercial Office		
Commercial Other		
Industrial Light		
Industrial Other		
Primary Production		
Vacant Land		
Other		
Marina Berths		
Heavy Industry		

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		
Commercial Shop		
Commercial Office		
Commercial Other		
Industrial Light		
Industrial Other		
Primary Production		
Vacant Land		
Other		
Marina Berths		
Heavy Industry		

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 of \$	One property has the highest increase of \$	Average Change \$	Average Change %
Residential				
Commercial Shop				
Commercial Office				
Commercial Other				
Industrial Light				
Industrial Other				
Primary Production				
Vacant Land				
Other				
Marina Berths				
Heavy Industry				

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.

Information to be input into Consultation Paper once Rating Model determined. – Only Primary Production changes.

#### Model 1 – 2% Road Maintenance and Renewal Loading

Extra from Primary Production above Council nominated inflation: \$447,186 (as per LTFP & draft ABP)

Amount above Council nominated inflation through Vacant Land: \$436,355

Amount above Council nominated inflation through Heavy Industry properties: \$318,355

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	40%	0.001009338
Vacant Land	150%	0.003798616
Other	100%	0.00253241
Marina Berths	100%	0.00253241
Heavy Industry	425%	0.010762744

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
Primary Production	1,170	1,880
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

Rating Category	One property has the greatest decrease 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	-2,030	3,583	203	8%
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%

**Model 2 - 3% Road Maintenance and Renewal Loading**

Extra from Primary Production above Council nominated inflation: \$223,593 + (\$447,186 included in LTFF & draft ABP)

Amount above Council nominated inflation through Vacant Land: \$436,355

Amount above Council nominated inflation through Heavy Industry properties: \$318,355

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	41%	0.001033786
Vacant Land	150%	0.003798616
Other	100%	0.00253241
Marina Berths	100%	0.00253241
Heavy Industry	425%	0.010762744

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
Primary Production	741	2,309
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

Rating Category	One property has the greatest decrease 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	-1,991	3,801	276	11%
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%



**Model 3 - 4% Road Maintenance and Renewal Loading**

Extra from Primary Production above Council nominated inflation: \$447,467 + (\$447,467 included in LTFF & draft ABP)

Amount above Council nominated inflation through Vacant Land: \$436,355

Amount above Council nominated inflation through Heavy Industry properties: \$318,355

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	42%	0.001058247
Vacant Land	150%	0.003798616
Other	100%	0.00253241
Marina Berths	100%	0.00253241
Heavy Industry	425%	0.010762744

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
Primary Production	432	2,618
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

Rating Category	One property has the greatest decrease 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	-1,953	4,142	349	13%
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%

**Model 4 - 5% Road Maintenance and Renewal Loading**

Extra from Primary Production above Council nominated inflation: \$670,779 + (\$447,186 included in LTFFP & draft ABP)

Amount above Council nominated inflation through Vacant Land: \$436,355

Amount above Council nominated inflation through Heavy Industry properties: \$318,355

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

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
Primary Production	308	2,742
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

Rating Category	One property has the greatest decrease 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%

**Model 5 – Primary Production RID same as 23/24**

Extra from Primary Production above Council nominated inflation: \$1,753,219 + (\$447,186 included in LTFP & draft ABP)

Amount above Council nominated inflation through Vacant Land: \$436,355

Amount above Council nominated inflation through Heavy Industry properties: \$318,355

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	47%	0.00120004
Vacant Land	150%	0.003798616
Other	100%	0.00253241
Marina Berths	100%	0.00253241
Heavy Industry	425%	0.010762744

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
Primary Production	230	2,820
Vacant Land	3	1,524
Other	10	63
Marina Berths	-	1
Heavy Industry	-	9

Rating Category	One property has the greatest decrease 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	-1,729	6,510	772	27%
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%



**COMMUNITY ENGAGEMENT PLAN: GENERAL RATE REVIEW**

SF215  
 Responsible Officer: Community Development & Engagement Officer  
 Issue Date: 09/12/2021  
 Next Review Date: December 2025

PROJECT NAME:

Stakeholders	Level 1 INFORM	Level 2 CONSULT	Level 3 PARTICIPATE	Level 4 COLLABORATE	Responsibility	Start Date	End Date	Status	Evaluation Method
All residents			Public Notice		Manager Financial Services	29/05/2024	27/06/2024	NS	# submissions received
All residents			Website		Community Development & Engagement Officer	29/05/2024	27/06/2024	NS	# webpage hits
All residents			Social Media		Community Development & Engagement Officer	29/05/2024	27/06/2024	NS	# engagements
All residents			Information Session		Manager Financial Services	5/06/2024	5/06/2024	NS	# submissions received
All residents			Ability to appear before Council		Manager Financial Services	26/06/2024	26/06/2024	NS	# presentations made

**7.2 DRAFT ANNUAL BUSINESS PLAN AND BUDGET 2024/2025****Document #:** 24/44139**Department:** Executive Services**PURPOSE**

Each year Council develops and adopts an Annual Business Plan (ABP) and Budget. The ABP explains the context in which the Budget has been developed, provides information on what Council plans to achieve in the coming financial year and describes how this will be funded.

**RECOMMENDATION**

That Council endorse the draft 2024/2025 Annual Business Plan including the draft 2024/2025 Budget for the financial year ending 30 June 2025, for public consultation following amendments relating to selection of the proposed rating model for 2024/2025 as part of the general rate review, debate agenda item 7.1 Request for Community Consultation on the General Rate Review – 22 May 2024.

**LINK TO STRATEGIC PLAN****Goal:** 5 Responsible Governance and Leadership**Strategy:** 5.2 Effective leadership and informed decision making

5.3 Meet all legislative requirements and compliance with Council's internal controls

**BACKGROUND**

As required by the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2011 (the Regulations), Council must prepare its ABP and Budget in a timely fashion and make both available for public consultation prior to adoption.

As part of this process, Council consults with the community and will consider all feedback prior to adoption of the ABP and Budget. As per previous years, members of the public will have the opportunity to provide verbal submissions in relation to the ABP and Budget, at its meeting on Wednesday, 26 June 2024. The opportunity to provide written submissions will also be available.

**DISCUSSION**

The draft 2024/2025 ABP, incorporating the draft Budget, has been developed considering legislative requirements, Council's 2021-2025 Strategic Management Plan, the parameters of Council's recently updated and adopted Long Term Financial Plan 2025-2034 (LTFP) and Asset Management Plans (AMP).

The draft ABP sets out all capital projects and the budgeted statutory financial statements for the 2024/2025 financial year.

**2024/2025 Draft Budget**

The key parameters (consistent with the LTFP) used in the development of the draft Budget were:

- Inflation (CPI) estimate based on December 2023 quarter Adelaide City Annual CPI of 4.8%.
- No change in service levels other than those endorsed by Council.
- Appropriate spending on asset renewal in line with existing AMPs and funding in accordance with Council's LTFP to maintain and upgrade ageing infrastructure.
- Emphasis on achieving financial sustainability in accordance with Council's recently adopted LTFP.

The 2024/2025 draft Budget is based on a 6.8% increase (approximately \$1.5m) to total general rate revenue on the prior year. This is in accordance with Council's endorsed LTFP. However, Council is presently conducting a general rate review, the outcome of which may alter rating assumptions and impact multiple line items within the draft budget and ABP.

Should Council elect to undertake community consultation on the review of the basis of its rating on any rating model other than the 6.8% increase detailed in the current draft ABP and Budget, the draft ABP and Budget will be updated prior to being released for public consultation.

The 2024/2025 draft Budget has also considered cost pressures and challenges, cuts to discretionary spending and 'one off' projects requiring completion. Full details can be found in the attached draft ABP.

The proposed Capital Budget of \$17.7m is \$0.4m above the funding allocation provided for in Council's recently endorsed LTFP due to make up of capital projects selected. The draft Budget proposes a total of \$14.7m to be invested in renewal of assets and \$3.0m for upgrade to existing assets along with the purchase and creation of new assets.

A full list of projects is included in the attached draft ABP.

Inspection of the draft ABP and Budget reveals that Council's operating deficit has reduced by \$0.5m when compared to the endorsed LTFP. The LTFP forecasts an operating deficit of \$0.6m whereas the draft Budget is forecasting an operating deficit of \$0.1m. This variance is due to several factors which are detailed in the attached draft ABP.

### **Rates Income**

The draft 2024/2025 Budget is based on a 6.8% increase in total general rate income, which provides total forecast general rate income is \$23.9m, which is an increase of \$1.5m when compared to 2023/2024.

Of the total rate increase, 4.8% (\$1.1m) is related to the CPI forecast in Council's LTFP, while the additional 2.0% (\$0.4m) to be applied toward the maintenance and capital renewal of rural roads and intersections. The additional 2.0% also assists in addressing the entrenched inequity which is evident in Council's historical rating methodology. While the 4.8% increase will be spread across all rate payers, the additional 2.0% rate increase will be borne in entirety by Primary Production ratepayers.

It should be noted that while the attached ABP and Budget are based on a 6.8% total general rate increase, Council has not formally endorsed a preferred rating model for 2024/2025. Five additional rating models are to be considered by Council as part of a review of the basis of its rating, refer to debate agenda item 7.1 Request for Community Consultation on the General Rate Review – 22 May 2024.

### **ESCOSA Local Government Advice**

All South Australian councils are required under section 122 of the Local Government Act 1999 to prepare several long-term strategic management plans which include (but are not limited to) LTFP and Infrastructure and Asset Management Plan (IAMP).

The Local Government Advice Scheme commenced in April 2022 (following changes to section 122) and requires councils to provide information relating to these plans to the 'designated authority' (currently the Essential Services Commission of SA (ESCOSA)), once in every 'prescribed period' (currently set as four years).

ESCOSA has developed a Schedule of Councils allocating all councils across a four-year cycle for the purposes of the SMP Advice Scheme (known as the relevant financial year). Yorke Peninsula Council was in the first round (2022/23), the next relevant financial year will be 2026/27.

Council was required to submit information to ESCOSA in September 2022. ESCOSA then provided advice back to council, in late February 2023, on the appropriateness of:

- material amendments made, or proposed to be made, to the LTFP and/or IAMP;
- the revenue sources outlined in the funding plan (contained within the LTFP); and

- advice on any other aspect of the council's LTFFP and/or IAMP.

Council is required to include a copy of ESCOSA's advice and any council response to the advice in its draft and adopted Annual Business Plans (ABP) each year until their next relevant financial year. As such, Council's 2024/2025 ABP and Budget contains both the ESCOSA advice and Council's initial response to ESCOSA. Council is not required to accept and/or act upon ESCOSA's advice.

### **Community Consultation**

In accordance with the Act and Regulations, Council will consult with the community on the draft 2024/2025 ABP and Budget for a minimum of 21 days.

As shown within Attachment 1, the consultation period will commence on Wednesday, 29 May 2024 and end at the close of business on Thursday, 27 June 2024. Advertisements will be placed in the Yorke Peninsula Country Times and on Council's website and Facebook page, inviting submissions. Copies of the Draft Plan will be available on Council's website and hard copies will be available for inspection at Council offices. All Progress Associations will be contacted in accordance with the attached Community Engagement Plan alerting them to the consultation period.

The opportunity to provide verbal submissions will also be available at a Special Council meeting to be held on Wednesday 26 June 2023. All written and verbal submissions received, will be considered at a Special Council meeting on 3 July 2024.

### **COMMUNITY ENGAGEMENT PLAN**

Level 2 - Consult

Refer to attached Community Engagement Plan (Attachment 1)

### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Corporate Management Team
- Manager Financial Services
- Accountant - Financial Management
- Manager Economic Development and Business Sustainability

In preparing this report, the following external parties were consulted:

- Kelledy Jones
- UHY Haines Norton

### **POLICY IMPLICATIONS**

PO091 Risk Management Policy

PO142 Budget Reporting and Amendment Policy

### **BUDGET AND RESOURCE IMPLICATIONS**

The draft 2024/2025 ABP and Budget generally aligns with Council's AMPs, LTFFP and Council's key financial direction of reducing the operating deficit and maximising funds for the renewal of assets. While a 'business as usual' approach is forecast in 2024/2025, it is acknowledged that there are some deviations from the LTFFP for several reasons as stated throughout this report and the attached ABP.

### **RISKS/LEGAL/LEGISLATIVE/ IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

**ATTACHMENTS**

1. **Community engagement plan - Draft Annual Business Plan and Budget 2024-2025** [!\[\]\(687b6c142f51ac6f390f8bd444e38d03\_img.jpg\)](#) 
2. **Draft Annual Business Plan and Budget 2024-2025 (under separate cover)**





<b>COMMUNITY ENGAGEMENT PLAN: ANNUAL BUSINESS PLAN AND BUDGET 2024/25</b>		SF215
		Responsible Officer: Community Development & Engagement C
		Issue Date: 08/12/2021
		Next Review Date: December :
PROJECT NAME:		

Stakeholders	Level 1 INFORM	Level 2 CONSULT	Level 3 PARTICIPATE	Level 4 COLLABORATE	Responsibility	Start Date	End Date	Status	Evaluation Method
Residents		Public Notice			Manager Financial Services	29/05/2024	27/06/2024	NS	# submissions received
Residents		Website			Community Development and Engagement Officer	29/05/2024	27/06/2024	NS	# webpage hits
Residents		Social Media			Community Development and Engagement Officer	29/05/2024	27/06/2024	NS	# engagements
Residents		Ability to appear before Council			Manager Financial Services	26/06/2024	26/06/2024	NS	# presentations made

**8 NEXT MEETING**

Wednesday 12 June 2024

**9 CLOSURE**