




The Flinders
Ranges Council

The FLINDERS RANGES COUNCIL


2023-2024

RATING DISCUSSION PAPER

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

Contents

HISTORY	3
LOCAL GOVERNMENT ACT, 1999	7
RATE TAXATION SYSTEM SUMMARY.....	9
VALUATIONS	11
MINIMUM RATE	12
FIXED CHARGE	13
SEPARATE RATES.....	14
ANNUAL SERVICE CHARGE	15
OTHER COUNCILS.....	19
REBATES	20
Community Organisations	20
Capping Rebate	20
Vacant Land Cradock.....	21
REGIONAL LANDSCAPE LEVY.....	21
ANNUAL BUSINESS PLAN, BUDGET & LONG TERM FINANCIAL PLAN.....	22

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

HISTORY

The Flinders Ranges Council was formed in January 1997 when the former District Council of Hawker and the former District Council of Kanyaka-Quorn amalgamated.

The policy adopted for rates in that year (which has been adopted in all subsequent years until 2006-2007) was:

- Capital Values as the preferred basis for rating
- Differential rates for based on land use and location
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS (formally STEDS)

A Garbage Collection Annual Service Charge was introduced for the first time in the 2002-2003 rating year. Capping was introduced for the first time in the 2005-2006 rating year.

In 2009-2010 rating year, Council amended its policy. The following being the basis of rating:


- Capital Values as the preferred basis for rating
- Differential rates based on land use and location
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties and between Quorn & Hawker.
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis with a differential for residential and commercial
- No Sec 153(3) capping on principle residence
- Capping at 10% with exemptions for properties bought after 1 July 2008 and properties with building/development approval over \$20,000 after 1 July 2008, subdivisions/amalgamations and change of land use

In 2010-2011 rating year, Council amended its policy. The following being the basis of rating:

- Capital Values as the preferred basis for rating
- Differential rates based on land use and location. However, the location differential was not implemented, which meant that the rates for each land use were the same in each locality of Quorn Township, Quorn Rural Area, Hawker Township, and Hawker Rural Area.
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties and between Quorn & Hawker
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis with a differential for residential and commercial
- No Sec 153(3) capping on principle residence
- Capping at 14% with exemptions for properties bought after 1 July 2009 and properties with building/development approval over \$20,000 after 1 July 2009, subdivisions/amalgamations and change of land use

In 2011-2012 rating year, Council amended its policy. The following being the basis of rating:

- Capital Values as the preferred basis for rating
- Differential rates based on land use and location. However, the location differential was not implemented, which meant that the rates for each land use were the same in each locality of Quorn Township, Quorn Rural Area, Hawker Township, and Hawker Rural Area.
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties and between Quorn & Hawker
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis. No differential for Commercial. Separate charges for normal waste and recycling
- No Sec 153(3) capping on principle residence
- Capping at 20% with exemptions for properties bought after 1 July 2010 and properties with building/development approval over \$20,000 after 1 July 2010, subdivisions/amalgamations and change of land use

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

In 2012-2013 rating year, Council amended its policy. The following being the basis of rating:

- Capital Values as the preferred basis for rating
- Differential rates based on land use and location. However, the location differential was not implemented, which meant that the rates for each land use were the same in each locality of Quorn Township, Quorn Rural Area, Hawker Township, and Hawker Rural Area.
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis. No differential for Commercial. Separate charges for normal waste and recycling
- No Sec 153(3) capping on principle residence
- Capping at 50% with exemptions for properties bought after 1 July 2011 and properties with building/development approval over \$20,000 after 1 July 2011, subdivisions/amalgamations, change of land use and objection to valuation since 1st July 2010.

In 2013-2014 rating year, Council amended its policy. The following being the basis of rating:

- Capital Values as the preferred basis for rating
- Differential rates based on land use and location. However, the location differential was not implemented, which meant that the rates for each land use were the same in each locality of Quorn Township, Quorn Rural Area, Hawker Township, and Hawker Rural Area.
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis. No differential for Commercial. Separate charges for normal waste and recycling
- No Sec 153(3) capping on principle residence
- Capping at 100% with exemptions for properties bought after 1 July 2012 and properties with building/development approval over \$20,000 after 1 July 2012, subdivisions/amalgamations in 2012-13 year, change of land use and objection to valuation since 1 July 2011.


In 2014-2015 rating years, Council amended its policy. The following being the basis of rating:

- Capital Values as the preferred basis for rating
- Differential rates based on land use and location. However, the location differential was not implemented, which meant that the rates for each land use were the same in each locality of Quorn Township, Quorn Rural Area, Hawker Township, and Hawker Rural Area.
- A minimum rate with exemptions for contiguous land
- An Annual Service Charge for CWMS with a differential for vacant and occupied properties
- An Annual Service charge for Garbage Collection at 100% of the anticipated costs of collection based on a per property basis. No differential for Commercial. Separate charges for normal waste and recycling
- No Sec 153(3) capping on principle residence
- No Capping pursuant to Sec 166(1)(l)

The Policy for rates raising for 2015-2016 through to and including 2022-2023 remained unchanged from the basis used in the 2014-2015 year.

The Regional Landscape Levy, formerly the Natural Resources Management (NRM) Levy, was introduced through State Government legislation in 2004 and was first collected in the 2006-2007 rating year. It was subsequently updated through legislation in 2019 when it became the Regional Landscape Levy. Council has no effective say or input into the Regional Landscape Levy, which is a State Government tax, collected on behalf of the State Government by Council. This levy increased by 488.3% from \$6,878.45 in 2006-2007 to \$32,119.25 in 2010-2011. The levy for 2011-2012 reduced slightly to \$30,977 and increased again to \$33,600 in 2012-2013. In 2013-2014 the levy reduced slightly to \$32,853 and in 2014-2015 increased again to \$33,957 in 2015-2016 and a huge 22.6% increase to \$41,630 in 2016-2017. In 2017-2018 the levy again increased to \$43,452 (4.4% increase), in 2018-2019 the levy increased to \$44,412 (2.2% increase), to \$45,611 (2.7% increase) in 2019-2020, to \$46,458 (1.9% increase) in 2020-2021, to \$46,943 (1.0% increase) in 2021-2022 and in 2022-2023 the levy increased to \$48,116 (2.5% increase).

Under the Regional Landscape Levy arrangements, there were three 'transitional financial years' during which the Minister made decisions about the levy. The Minister wrote to the Local Government Association, indicating: "For 2020/2021, it is proposed that the transition scheme provide for Council contributions to be set consistently with 2019/2020 adjusted by CPI. This will provide for consistency in the levy rates paid by ratepayers, noting that changes to land values and the number of rateable properties also influence council contributions and levy rates. While

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

Councils will be liable to pay contributions to the new Landscape Boards, in practice Councils that are in two NRM regions currently would set different rates based on current NRM boundaries in 2020/2021” The Minister further advised that “Councils will be directly notified of council contribution amounts and provided with other information ahead of preparing for the setting of levies and issue of rates notices for the 2020/2021 financial year”. Advice was received that a CPI increase of 1.0% applied for the 2021-2022 financial year increasing Council’s contribution to \$48,492. Similarly a CPI increase of 2.5% was applied for 2022-2023 increasing Council’s contribution to \$48,116.

The total increase over that 16 year period was 605% or an average of 37.8% each year!

For the 2023-2024 financial, with the end of the transition period and implementation of an equalisation system, there will be both a substantial increase in the contribution made by Council and a change to the basis of the calculation of the levy from one being based on a rate in the dollar based on capital value, to a differential fixed charge based levy, differing on the basis of land use.

Whilst Council is still to be formally advised of the final basis to be approved by the Minister, and the individual Council contributions to the SA Arid Lands (SAAL) Board, it is expected that the levy will be imposed on the following basis:-

- | | |
|---|--------------|
| • Residential, Vacant & Other Land Uses | Base Rate |
| • Commercial | 2x Base Rate |
| • Industrial | 5x Base Rate |
| • Primary Production | 5x Base Rate |

The Base Rate is anticipated to be in the vicinity of \$45. Single Farm Enterprise and Contiguous (or adjoining) property adjustments will also apply under the proposed basis and where applicable, would reduce multiple levies to one.


It is anticipated that Council’s overall contribution will be in the vicinity of \$92,000 for 2023-2024, an increase of just over 90% on the 2022-2023 contribution.

The following summary shows the history of the actual general rates and service charges (excluding the Landscape Levy / NRM Separate Rate) raised since amalgamation (in \$):

Financial Year	General Rates	CWMS (STEDS) Service Charge #	Garbage Service Charge	Capping Rebate	Rebates & Remissions	Total	% increase in general rates *
1997-1998	483,758	15,925			(3,233)	496,450	
1998-1999	499,439	15,760			(2,968)	512,232	3.3
1999-2000	519,827	16,015			(3,636)	532,206	4.0
2000-2001	538,312	16,010			(12,834)	541,488	1.8
2001-2002	554,930	15,844			(10,091)	560,683	3.7
2002-2003	588,134	19,970	40,205		(12,893)	635,416	5.6
2003-2004	628,226	18,100	49,490		(13,022)	682,794	6.9
2004-2005	696,804	91,427	50,605		(6,592)	832,244	12.2
2005-2006	818,682	135,520	44,725	(48,220)	(13,099)	937,609	9.7
2006-2007	801,116	177,122	57,750	(10,351)	(14,449)	1,011,188	2.5
2007-2008	911,917	196,487	64,745	(66,763)	(17,313)	1,089,073	6.6
2008-2009	972,362	197,420	72,556	(60,546)	(28,786)	1,153,006	6.7
2009-2010	1,037,974	208,550	109,503	(70,848)	(27,290)	1,257,889	6.4
2010-2011	1,149,290	217,080	141,460	(80,682)	(34,758)	1,392,390	10.0
2011-2012	1,253,261	227,660	172,265	(79,847)	(34,461)	1,538,878	10.2
2012-2013	1,351,425	235,860	177,330	(31,594)	(36,206)	1,696,815	12.7
2013-2014	1,462,477	234,300	212,240	(30,478)	(40,865)	1,837,674	8.4
2014-2015	1,581,966	236,745	231,615		(56,253)	1,993,685	9.7
2015-2016	1,649,476	243,470	203,065		(59,192)	2,036,819	4.2
2016-2017	1,715,562	241,920	191,250		(60,359)	2,088,373	4.0
2017-2018	1,791,573	242,310	192,900		(71,911)	2,154,872	3.9
2018-2019	1,878,061	243,530	229,435		(86,268)	2,264,758	4.2
2019-2020	1,927,939	243,950	238,120		(89,956)	2,320,053	2.6
2020-2021	1,936,973	241,570	237,510		(85,449)	2,330,604	0.4
2021-2022	1,982,821	250,645	251,940		(86,519)	2,398,887	2.85
2022-2023	2,082,126	263,595	264,915		(89,664)	2,569,162	4.7

* rates = general rates less capping rebate and rebate and remissions (i.e. excludes CWMS & Garbage Service Charge) but includes growth from valuation increases due to new houses

CWMS – new Quorn scheme commenced 2004-2005, and Hawker CWMS charges started to increase to the SA Water country sewer rate over 5 years in 2007-2008 which finished in 2012-2013.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

LOCAL GOVERNMENT ACT, 1999

Chapter 10 of the *Local Government Act 1999* is the chapter pertaining to Rates and Charges on Land. It comprises Section numbers 146 through to 188.

The *Local Government (Financial Management and Rating) Amendment Act 2005* was assented to on 1 December 2005. Most of these amendments took effect on 25 January 2007 with the Gazettal of the Regulations.

The *Local Government (Accountability Framework) Amendment Act 2009* was assented to on 10 December 2009. These amendments took effect on the 8 April 2010, 1 July 2010 and 10 December 2011. However, some of these amendments require Regulations to take effect and the *Local Government (Financial Management) Regulations 2011* were Gazetted 13 September 2012. These Regulations predominantly effected the operation of Sec 155 of the *Local Government Act 1999* which pertains to Service Charges (refer page 14).

The *Local Government (General) Regulations 1999* have been replaced in entirety by *Local Government (General) Regulations 2013* which were gazetted on 19 December 2013 and commence on 1 January 2014. The new Regulations were largely unchanged, apart from some small clarifications and additions, with the exception of regulations 11 and 35.

The *Local Government (Rates) Amendment Act 2013* passed through Parliament and received assent on 5 December 2013. The *Local Government (Rates) Amendment Act 2013* had the effect of preventing Councils from rating a marina berth on the basis of a fixed charge, a minimum rate or making an adjustment for specified values.

The *Statutes Amendment (SACAT) Act 2014* passed through Parliament and received assent on 11 December 2014. The *Statutes Amendment (SACAT) Act 2014* had the effect of adding the South Australian Civil and Administrative Tribunal (SACAT) to Section 169 as an additional body of review of valuations.

The *Local Government (Accountability & Governance) Amendment Act 2015* was assented to on 5 November 2015. Section 155(5a) – delete “that fixes a price” and substitute “regulating prices, conditions relating to prices, and price-fixing factors” and added reference to ESCOSA determinations. Section 169 (15aa) added to not allow Council to seek a review by SACAT. The *Local Government (Accountability & Governance) Amendment Act 2015* also repealed the remaining Sections of the *Local Government Act 1934*.

The *Real Property (Electronic Conveyancing) Amendment Act 2016* was gazetted 30 June 2016 taking effect 4 July 2017 and removed subsection 184(16) relating to lost Certificates of Title and the sale of land for non-payment of rates.

The *Local Government (Building Upgrade Agreements) Amendment Act 2015* was gazetted 25 July 2017 taking effect 1 August 2017 and related to Certificates of Liabilities issued by Council under Section 187.

The *Statutes Amendment (SACAT No 2) Act 2017* was gazetted 12 December 2017 taking effect 4 October 2018 and related to change of appeal process from District Court to SACAT.


The *Statutes Amendment (Local Government Review) Act 2021* was assented to on 17 June 2021 with a range of commencement dates and impacting on a range of areas within the rating and business plan areas.

Section 146 of the *Local Government Act 1999* states that:

“A council may impose rates and charges of the following kinds on land within its area:

- (a) general rates;
- (b) separate rates;
- (c) service rates;
- (d) service charges.”

Comment: Council currently uses general rates and service charges only. The Regional Landscape Levy (formerly Natural Resources Management Levy) imposed by the State Government is collected on behalf of the State Government by Council utilising a Separate Rate. Refer to page 21 for further details.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

Section 150 of the *Local Government Act 1999* states that:

“A council should, when making and adopting policies and determinations concerning rates under this Act, take into account the following principles:

- (a) rates constitute a system of taxation for local government purposes (generally based on the value of land);
- (b) rating policies should make reasonable provision with respect to strategies to provide relief from rates (where appropriate), and any such strategies should avoid narrow or unreasonably restrictive criteria and should not require ratepayers to meet onerous application requirements;
- (c) the council should, in making any decision, take into account the financial effects of the decision on future generations,

(but a challenge to a rate cannot be based on the extent to which a council has (or has not) applied these principles).”

Comment: This means that rates are not a fee for service but a system of general taxation which should be raised on a reasonable basis for all ratepayers, unless there is justification for a differentiation. This includes giving consideration to inter-generational issues (e.g. maintenance and replacement of infrastructure).

Section 151(5) of the *Local Government Act 1999* states that:

“Before a council—

- (a) changes the basis of the rating of any land (including by imposing differential rates on land that has not been differentially rated in the preceding financial year, or by no longer imposing differential rates on land that has been differentially rated in the preceding financial year); or
- (b) changes the basis on which land is valued for the purposes of rating; or
- (c) changes the imposition of rates on land by declaring or imposing a separate rate, service rate or service charge on any land,

the council must—

- (d) prepare a report on the proposed change; and
- (e) follow the relevant steps set out in its public consultation policy.”

Section 151(8a) of the *Local Government Act 1999* states that:

“Subject to complying with the requirements of this section—

- (a) a report required under subsection (5)(d) may form part of the council's draft annual business plan (and that plan as adopted); and
- (b) the public consultation required under subsection (7) may be undertaken as part of the public consultation required with respect to the council's draft annual business plan.”

Comment: This means that Council cannot change the basis of its Rating Policy without going through a public consultation process, this can be undertaken in conjunction with the annual business plan (which mandates public consultation). However, the rate in the dollar, the minimum rate and the CWMS and garbage charges can be changed without public consultation on the specific dollar amounts. Further, differential rating does not mean that the rate in the dollar for the different land uses or location cannot be the same, it just means that (without undertaking public consultation about any change) rates can be differentiated by the current definitions of land use and location.

Section 153(2) of the *Local Government Act 1999* states that:

“A council must, in fixing its rates for the purposes of this section, consider issues of consistency and comparability across council areas in the imposition of rates on various sectors of the business and wider community”

Comment: This is in relation to setting the general rate and means that the Council should be especially cautious about declaring rates that are significantly higher or lower than rates in other (especially neighbouring council areas who provide a comparable range and level of services), taking into account governance and administration requirements of the Local Government Act 1999 and other legislation and Council's capacity to spread this “fixed” cost over its ratepayer base.

Section 153(3) & (4) of the *Local Government Act 1999* states that:

- “(3) A council must, in declaring a general rate under this section, determine whether it will fix a maximum increase in the general rate to be charged on any rateable land within its area that constitutes the principal place of residence of a principal ratepayer (and a council is, by force of this subsection, authorised to fix such a maximum).

- (4) For the purposes of subsection (3)—
- (a) any maximum increase may be set according to such method as the council thinks fit; and
 - (b) the council may fix conditions that may apply in order for a ratepayer to qualify for the benefit of a maximum increase (including that some or all of any increase in the general rate for particular land is not attributable to a change in the valuation of the land due to development (including by virtue of a change in use) that has been undertaken (or occurred) in relation to the land)."

Comment: This means that the council must specifically consider "rate capping" for a principal place of residence only, but Council is not mandated to apply "rate capping" under this section. Council has chosen not to apply Section 153(3) each year since its inclusion in the Local Government Act 1999 as it has applied in the past a broader relief (capping rebate) through Section 166(1)(l)(ii) which is available to all properties, not just the principal place of residence. Refer to the Rebate section on page 18 for further information.

Section 153(5) of the *Local Government Act 1999* states that:

"A council must not—

- (a) declare a general rate until after it has adopted its annual business plan and its budget for the financial year to which the rate relates; and
- (b) except in a case involving extraordinary administrative difficulty, declare a general rate for a particular financial year after 15 August in that financial year."

RATE TAXATION SYSTEM SUMMARY

The following table shows the date of declaration and date the rates were raised since amalgamation:

Year	Declaration	Raised
1997-1998	16 Jul 97	22 Aug 97
1998-1999	14 Jul 98	15 Jul 98
1999-2000	08 Jun 99	23 Jul 99
2000-2001	03 Jul 00	13 Jul 00
2001-2002	26 Jun 01	20 Jul 01
2002-2003	09 Jul 02	26 Jul 02
2003-2004	10 Jun 03	20 Jul 03
2004-2005	12 Jul 04	20 Jul 04
2005-2006	25 Jul 05	27 Jul 05
2006-2007	11 Jul 06	24 Jul 06
2007-2008	14 Aug 07	17 Aug 07
2008-2009	12 Aug 08	13 Aug 08
2009-2010	14 Jul 09	22 Jul 09
2010-2011	13 Jul 10	19 Jul 10
2011-2012	19 Jul 11	25 Jul 11
2012-2013	17 Jul 12	24 Jul 12
2013-2014	09 Jul 13	12 Jul 13
2014-2015	08 Jul 14	15 Jul 14
2015-2016	21 Jul 15	24 Jul 15
2016-2017	19 Jul 16	20 Jul 16
2017-2018	27 Jul 17	28 Jul 17
2018-2019	12 Jun 18	04 Jul 18
2019-2020	02 Aug 19	06 Aug 19
2020-2021	21 Jul 2020	22 Jul 2020
2021-2022	21 Jul 2021	10 Aug 2021
2022-2023	01 Aug 2022	09 Aug 2022

The later dates in 2007-2008 and 2008-2009 reflected the additional requirements of the 2005 amendments to the *Local Government Act 1999*, specifically the Annual Business Plan, which required consultation.

Basis of differential rates

Section 156(1) of the *Local Government Act 1999* states the following:

“Differential rates may vary—

- (a) according to the use of the land; or
- (b) according to the locality of the land; or
- (c) according to the locality of the land and its use; or
- (d) on some other basis determined by the council.”

Since 2014-2015, Council has differentiated according to the locality of the land and its use but set the same rate in the dollar for all localities.

Comment: Where changes in valuations vary between locations (e.g. Quorn -10% & Hawker +10%) it is beneficial to be able to have differential rates according to locality to allow for similar dollar rate increases in both areas. Whether this is combined with land use or not the flexibility it affords when setting rates is valuable. However, Council has maintained the same rate in the dollar for all locations forcing increases greater than the average for a location.

Section 156(3) & (4) of the *Local Government Act 1999* states the following:

- “(3) If land has more than one use, the use of the land will, for the purpose of rating, be taken to be its predominant use.
- (4) A particular land use must not be used as a differentiating factor affecting the incidence of differential rates unless the land use is declared by the regulations to be a permissible differentiating factor.”


Comment: Council uses the land use determined by Valuation SA on the annual “Gazettal List”

The following table details the rating system utilised for the 2022-2023 year:

Land Use	Quorn Township	Quorn Rural Area	Hawker Township	Hawker Rural Area
Residential	\$0.006850	\$0.006850	\$0.006850	\$0.006850
Commercial – Shop	\$0.008150	\$0.008150	\$0.008150	\$0.008150
Commercial – Office	\$0.009400	\$0.009400	\$0.009400	\$0.009400
Commercial – Other	\$0.009400	\$0.009400	\$0.009400	\$0.009400
Industry – Light	\$0.009400	\$0.009400	\$0.009400	\$0.009400
Industry – Other	\$0.010400	\$0.010400	\$0.010400	\$0.010400
Primary Production	\$0.005280	\$0.005280	\$0.005280	\$0.005280
Vacant Land	\$0.006850	\$0.006850	\$0.006850	\$0.006850
Other	\$0.010450	\$0.010450	\$0.010450	\$0.010450

Comment: Council in 2009-2010 set different rates in each location to try to address the imbalance between “dollar” rates paid in Hawker to those paid in Quorn. Rates reverted to the same rate for each location in 2010-2011 and since as Elected Members believed that this was more equitable.

In addition to the above, all capping rebates pursuant to Section 166(1)(l) of the *Local Government Act 1999* ceased in 2014-2015 and have not been reintroduced (refer to the Rebate section on page 20).

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

VALUATIONS

The *Valuation of Land Act 1971* provides the basis on which land can be valued by the Valuer-General.

Section 11 of the *Valuation of Land Act 1971*, states that:

- “(1) The Valuer-General must make or cause to be made general valuations of land within the areas of the State.
- (2) For the purposes of each such general valuation, the Valuer-General must determine or cause to be determined, with respect to all land subject to the general valuation, the annual value, the capital value, the site value and the unimproved value of the land so far as those values are required for the purpose of levying or imposing any rate, tax or impost.
- (3) A separate valuation roll must be prepared in respect of each area.”

Section 5 of the *Valuation of Land Act 1971*, states the following definitions of the above methods of valuation:

Annual Value – “means a value computed as three-quarters of the gross annual rental that the land might reasonably be expected to realise if leased upon condition that the landlord were liable for all rates, taxes and other imposts on the land and the insurance and other outgoings necessary to maintain the value of the land, or as five per cent of the capital value of the land”

Capital Value – “means the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale, but if the value of the land has been enhanced by trees planted on the land (other than commercial plantations), or trees preserved on the land for the purpose of shelter or ornament, the capital value must be determined as if the value of the land had not been so enhanced”

Site Value – “means the capital amount that an unencumbered estate in fee simple in the land might reasonably be expected to realise upon sale assuming that any improvements on the land, the benefit of which is unexhausted at the time of valuation, had not been made”

Unimproved Value – “means the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale assuming that any improvements on the land (except, in the case of land not used for primary production, any site improvements), the benefit of which is unexhausted at the time of valuation, had not been made”

Council has continued to adopt the *Capital* valuations provided by Valuation SA as at a specific date each year, pursuant to Section 167(2)(a) of the *Local Government Act 1999*. These dates were 19 July 2015 (for the 2015-2016 year), 17 July 2016 (for 2016-2017), 17 July 2017 (for 2017-2018), 12 June 2018 (for 2018-2019), 2 August 2019 (for 2019-2020), 21 July 2020 (for 2020-2021), 21 July 2021 (for 2021-2022) and 1 August 2022 for the 2022-2023 financial year.

Council receives from the Valuation SA each year, usually in the March to May period, a General Valuation List (or Gazettal List), which details, among other items, the Capital and Site Values of all current assessments, along with ownership and other coding details (including land use and zone). Council receives weekly Supplementary Valuations and monthly LOTS reports which amend the ownership and valuations of the General Valuation List. Council normally adopts the valuation on the Supplemental Valuation date immediately prior to the date of Declaration. Valuation data for the 2023-2024 financial year has just been received, it is still to be reviewed and updated into the Council rating system.


Valuation SA is yet to provide a formal summary of changes in the property valuations of township and rural properties for the 2023-2024 year, which will ultimately be reflected in the final Capital Valuations for the 2023-2024 financial year.

At this time, from the initial overarching review of the recently provided data, the overall capital valuation for the Council area will increase in the vicinity of 17%. Analysis has not yet been undertaken as to how this overall increase flows through or has applied to rateable and non-rateable properties, and across the different land use categories and locations throughout the Council area. (Total capital valuation is proposed to increase from \$318,520,900 to \$372,910,800 although the valuations are not finalised as yet and subject to further change).

More information in this respect will be provided as it is reviewed and analysed over the coming months in the lead up to the new rating year.

It should also be noted that Council has received an increasing number of objections to valuations each year which needs to be considered when setting rates as the valuation change generally results in refunding rates. Property amalgamations and splits also have an impact on valuations. Refunds and adjustments impact on Council rates and historically, Council can refund up to \$16,000 per year.

As there is no mechanism to recover this lost revenue, and Valuation SA is not accountable for their valuations, an overall increase needs to be considered to balance the budget.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

MINIMUM RATE

Section 158(1-6) of the *Local Government Act 1999* states the following:

- “(1) A council can do one or both of the following:
- (a) fix a minimum amount payable by way of rates or charges under this Part (which may vary according to factors prescribed by the regulations);
 - (b) alter the amount that would otherwise be payable by way of rates in respect of land that falls within a range of values determined by the council.
- (1a) Subsection (1) does not apply to, or in relation to, rateable land consisting of a marina or marina berth (within the meaning of section 152).
- (2) However—
- (a) a minimum amount cannot be imposed against land that constitutes less than the whole of a single allotment; and
 - (b) a minimum amount cannot be imposed against each supported accommodation unit or independent living unit within a group or complex of units; and
 - (ba) a minimum amount cannot be imposed against—
 - (i) each site in a caravan park; or
 - (ii) each site in a residential park within the meaning of the Residential Parks Act 2007; and
 - (bb) if 2 or more pieces of rateable land within the area of a council constitute a single farm enterprise, a minimum amount may only be imposed against 1 of the pieces of land; and
 - (c) if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, a minimum amount may only be imposed against the whole of the land and not against individual pieces of it; and
 - (d) a council may not apply this section so as to affect or alter the rates that would be otherwise payable under this Part in relation to more than 35 per cent of the total number of properties in the area subject to the separate assessment of rates; and
 - (da) a council may not apply this section so as to affect or alter a separate rate that would be otherwise payable under section 154 in relation to more than 35% of the total number of properties in the area that should be subject to the separate rate; and
 - (e) a council cannot apply this section in respect of a general rate or a separate rate if the council has included a fixed charge as a component of that rate.
- (3) In subsection (2), an allotment is—
- (a) the whole of the land comprised in a certificate of title; or
 - (b) the whole of land subject to a separate lease or licence, other than a lease or licence of a prescribed class (if any).
- (4) Subsection (2) does not apply in relation to a service rate or annual service charge.
- (5) However, the ability to fix a minimum amount payable by way of a service rate or annual service charge will apply subject to any restriction, limitation or condition made by the regulations (including a provision that only allows the fixing of a minimum amount in prescribed circumstances).
- (6) In this section—
single farm enterprise has the same meaning as under section 152.”

Comment: Council imposed a minimum rate of \$850.00 in 2022-2023 (\$812.00 in 2021-2022) applicable to all land uses except Land Use 7, primary production (no minimum). The minimum rate is not formulated on any basis but has been applied consistently over the years.

Comment: Section 2(bb) requires that Council apply only one minimum rate to all land that is operated as a single farm enterprise no matter who is the owner. This applies only on application by the single farm enterprise and will have no real effect on Council rate revenue as most rural properties are above the minimum rate and minimum rates are not charged on primary production, Land Use 7.

FIXED CHARGE

Section 152(1-6) of the *Local Government Act 1999* states the following:

- (1) A general rate may—
 - (a) be a rate based on the value of the land subject to the rate; or
 - (c) be a rate that consists of two components—
 - (i) one being based on the value of the land subject to the rate; and
 - (ii) the other being a fixed charge.
- (2) The following provisions apply in relation to a fixed charge under subsection (1)(c):
 - (a) except as provided by the following paragraphs, a fixed charge must apply equally to each separate piece of rateable land in the area;
 - (b) a fixed charge cannot be imposed against land that constitutes less than the whole of a single allotment;
 - (ba) a fixed charge cannot be imposed against—
 - (i) each site in a caravan park; or
 - (ii) each site in a residential park within the meaning of the *Residential Parks Act 2007*; or
 - (iii) each marina berth within a marina;
 - (c) if two or more pieces of contiguous rateable land are owned by the same owner and occupied by the same occupier, only one fixed charge may be imposed against the whole of that land;
 - (d) if two or more pieces of rateable land within the area of the council constitute a single farm enterprise, only one fixed charge may be imposed against the whole of the land.
- (3) Subsection (2)(d) only applies if the council is satisfied, on application to the council and by provision of such information or evidence as the council may reasonably require, that the relevant land is within the ambit of the provision.
- (4) If the grounds on which land is within the ambit of subsection (2)(d) cease to exist, the person who has the benefit of the provision must immediately inform the council of that fact.
Maximum penalty: \$5 000.
- (5) In this section—
 - (a) an allotment is—
 - (i) the whole of the land comprised in a certificate of title; or
 - (ii) the whole of land subject to a separate lease or licence, other than a lease or licence of a prescribed class (if any);
 - (b) a reference to a single farm enterprise is a reference to two or more pieces of rateable land—
 - (i) which—
 - (A) are farm land; and
 - (B) are farmed as a single enterprise; and
 - (C) are occupied by the same person or persons,
 whether or not the pieces of land are contiguous; or
 - (ii) which—
 - (A) as to all the pieces except one, are farm land farmed as a single enterprise occupied by the same person or persons; and
 - (B) as to one piece contiguous with at least one of the other pieces, is the principal place of residence of that person or one of those persons.
- (6) In this section—


marina means a facility comprising pontoons, jetties, piers or other structures (whether on water or land) designed or used to provide berths, moorings or dry storage for vessels;

marina berth means a piece of rateable land within a marina—

 - (a) used for the berthing or mooring of a vessel; or
 - (b) used for the dry storage of a vessel (commonly known as a hard stand).

Comment: Council has not imposed a fixed charge in the past because it has chosen to have a minimum rate and the two are mutually exclusive under Section 158(2)(e). The basic difference between a fixed charge and a minimum rate is the ability to vary the minimum rate based on land use and/or locality (depending on the basis on which the rates are set).

A fixed rate has a similar effect to a minimum rate, in that it provides for a recovery of a certain level of rates from each rate payer. If Council were to consider a fixed rate, it should be done on a measurable basis. Commonly this is set to recover the full cost of governance, members and administration expenses plus any other expenses Council may wish to include (e.g. regulatory, public order and safety).

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--


SEPARATE RATES

Section 154 of the *Local Government Act 1999* states the following:

- (1) A council may declare a separate rate on rateable land within a part of the area of the council for the purpose of planning, carrying out, making available, supporting, maintaining or improving an activity that is, or is intended to be, of particular benefit to the land, or the occupiers of the land, within that part of the area, or to visitors to that part of the area.
- (2) A separate rate may be based on—
 - (a) the value of land subject to the rate; or
 - (b) a proportional measure or other proportional basis related to the relevant land or the area, or to the estimated benefit to the occupiers of the land in the part of the area subject to the rate; or
 - (c) a fixed charge.
- (4) A council may declare a separate rate in respect of a particular activity despite the fact that the activity is not to be directly undertaken or provided by the council.
- (5) A separate rate—
 - (a) may be declared for a specified period (eg the time taken to carry out a capital project);
 - (b) may be declared for a period exceeding one year.
- (6) Except where a separate rate is declared for more than one year, a separate rate must not be declared more than one month before the commencement of the financial year to which the rate relates.
- (7) A council may declare differential separate rates.
- (8) A council must, at the time that it declares a separate rate, identify the land to which the rate will relate.
- (9) If a council declares a separate rate, the council must, in each rate notice sent to each ratepayer who is liable to pay the separate rate, specify—
 - (a) the purpose or purposes for which the rate is declared; and
 - (b) the basis on which the rate is declared; and
 - (c) the amount payable for the particular financial year; and
 - (d) if relevant, the period for which the rate will apply (according to a determination of the council under subsection (5)).
- (10) If a separate rate is declared to raise funds for a particular purpose and—
 - (a) the council resolves not to carry the purpose into effect; or
 - (b) there is an excess of funds over the amount required for that purpose, the revenue raised by the rate or the excess (as the case may be) must, according to a determination of the council, be—
 - (c) credited against future liabilities for rates in respect of the land on which the separate rate was imposed; or
 - (d) refunded to the persons who paid the rate, in proportion to the amounts paid by each person.

Comment: Council has previously charged a separate rate to recover the Natural Resource Management (NRM) contribution imposed by the Northern & Yorke NRM Board on behalf of the State Government. This changed in 2020-2021 to the Regional Landscape Levy as prescribed by Section 69(2) of the Landscape South Australia Act 2019. (Refer to earlier sections within this report and to page 21 for more detail.)

Comment: The Flinders Ranges Council have not used Separate rates in the past for any other purpose. Separate Rates could be used for purposes such as halls, swimming pools, caravan parks, Community Development Boards and tourism. These separate rates could be different for each town, maybe depending on the amount of community fund raising support for the various purposes.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--


ANNUAL SERVICE CHARGE

Section 155 of the *Local Government Act 1999* states the following:

(1) In this section—

prescribed service means any of the following services:

- (a) the treatment or provision of water;
 - (b) the collection, treatment or disposal (including by recycling) of waste;
 - (ba) a television transmission (or retransmission) service;
 - (c) any other service prescribed by the regulations for the purposes of this definition.
- (2) A council may impose—
- (a) a service rate, an annual service charge, or a combination of a service rate and an annual service charge, on rateable land within its area to which it provides, or makes available, a prescribed service;
 - (b) an annual service charge on non-rateable land to which it provides, or makes available, a prescribed service.
- (2a) Subsection (2) does not apply in prescribed circumstances.
- (3) A service rate, or annual service charge, may vary—
- (a) according to whether the land to which it applies is vacant or occupied; or
 - (b) according to any other factor prescribed by the regulations and applied by the council.
- (4) If a council provides more than one prescribed service of a particular kind in its area, a different service rate or annual service charge may be imposed in respect of each service.
- (5) A council must not seek to recover in relation to a prescribed service an amount by way of service rate, annual service charge, or a combination of both exceeding the cost to the council of establishing, operating, maintaining, improving and replacing (including by future capital works and including so as to take into account the depreciation of any assets) the service in its area (being a cost determined taking into account or applying any principle or requirement prescribed by the regulations).
- (5a) Subsection (5) is subject to the qualification that if the Essential Services Commission (**ESCOSA**) makes a determination under another Act that fixes a price for the provision of a prescribed service that is inconsistent with that subsection, the determination made by ESCOSA will prevail to the extent of the inconsistency (and ESCOSA may, in acting under another Act in a case that is relevant to the operation of this section, apply or take into account a factor or principle that is in addition to a matter referred to in subsection (5)).
- (6) Subject to subsection (7), any amounts held in a reserve established in connection with the operation of subsection (5) must be applied for purposes associated with improving or replacing council assets for the purposes of the relevant prescribed service.
- (7) If a prescribed service under subsection (6), is, or is to be, discontinued, any excess of funds held by the council for the purposes of the service (after taking into account any expenses incurred or to be incurred in connection with the prescribed service) may be applied for another purpose specifically identified in the council's annual business plan as being the purpose for which the funds will now be applied.
- (8) An annual service charge may be based on—
- (a) the nature of the service; or
 - (b) the level of usage of the service; or
 - (c) any factor that applies under subsection (3); or
 - (d) a combination of 2 or more factors under the preceding paragraphs.
- (9) A service charge imposed by a council under this section is recoverable as if it were a rate (even as against non-rateable land).
- (10) A council may declare a service rate or an annual service charge in respect of a particular prescribed service despite the fact that the service is provided on behalf of the council by a third party.
- (11) If a prescribed service, in relation to a particular piece of land, is not provided at the land and cannot be accessed at the land, a council may not impose in respect of the prescribed service a service rate or annual service charge (or a combination of both) in relation to the land unless the imposition of the rate or charge (or combination of both)—
- (a) is authorised by the regulations; and
 - (b) complies with any scheme prescribed by the regulations (including regulations that limit the amount that may be imposed or that require the adoption of a sliding or other scale established according to any factor, prescribed by the regulations, for rates or charges (or a combination of both) imposed under this section).

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--


The Regulations referred to in Subsection (11) of Section 155 above are contained in Section 12 and 13 of the *Local Government (General) Regulations 2013*.

12—Service rates and charges

- (1) In this regulation—
CWMS Property Units Code means the *Code for Establishing and Applying Property Units as a Factor for the Imposition of Annual Service Charges for Community Wastewater Management Systems* published by the LGA on 20 April 2006, as in force at the time that this regulation is made.
- (2) For the purposes of this regulation—
 - (a) the LGA is declared to be a prescribed body under section 303(4) of the Act; and
 - (b) the Code is adopted by these regulations pursuant to section 303(4) of the Act; and
 - (c) the principal office of the LGA (at 148 Frome Street, Adelaide, 5000 or, if the LGA moves its principal office, at that new address) is specified for the purposes of section 303(7)(c) of the Act.
- (3) For the purposes of section 155(2a) of the Act, the prescribed circumstances in which section 155(2) of the Act does not apply are where the land is non-rateable land of 1 of the following classes and the prescribed services are not made use of at the land:
 - (a) unalienated Crown land used wholly or primarily for—
 - (i) the conservation or protection of natural resources within the meaning of the *Natural Resources Management Act 2004*; or
 - (ii) recreational or sporting activities;
 - (b) unalienated Crown land within the meaning of the *Crown Land Management Act 2009*;
 - (c) land constituted as a reserve under the *National Parks and Wildlife Act 1972*;
 - (d) land constituted as a wilderness protection area or wilderness protection zone under the *Wilderness Protection Act 1992*;
 - (e) land vested, under section 15 of the *Harbours and Navigation Act 1993*, in the Minister to whom that Act is committed.
- (4) Pursuant to section 155(3)(b) of the Act, the following factors are prescribed:
 - (a) any category of land use declared as a permissible differentiating factor under regulation 14;
 - (b) in respect of a service for the collection, treatment or disposal of wastewater or effluent—the number of property units that apply with respect to the relevant land, as determined under the CWMS Property Units Code.
- (5) For the purposes of section 155(5) of the Act, the cost of capital (as understood as an economic concept) may be taken into account when determining the cost to the council of establishing, operating, maintaining, improving or replacing the relevant service.

13—Rates and charges for services not provided at the land

- (1) For the purposes of section 155(11), a council is authorised to impose a service rate or annual service charge (or a combination of both) for a prescribed service in respect of the collection of domestic waste in accordance with the scheme set out in subregulation (2).
- (2) For the purposes of subregulation (1), the following provisions apply to the imposition of rates or charges in relation to a particular piece of land:
 - (a) if the prescribed service is provided no more than 500 metres from the access point to the land—the full service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
 - (b) if the prescribed service is provided more than 500 metres but no more than 2 kilometres from the access point to the land—75% of the service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
 - (c) if the prescribed service is provided more than 2 kilometres but less than 5 kilometres from the access point to the land—50% of the service rate or annual service charge (or a combination of both) may be charged for the prescribed service;
 - (d) if the prescribed service is provided 5 kilometres or more from the access point to the land—no rate or annual service charge may be charged for the prescribed service (but nothing in this paragraph prevents a council from entering into an agreement for the provision of a prescribed service in respect of the collection of waste that involves the payment of an amount for the provision of the prescribed service).
- (3) In this regulation—
access point means the point on the land where the land is generally accessed;
domestic waste means waste produced in the course of a domestic activity.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

Comment: Historically, the imposition of a CWMS annual service charge was to recover the cost of loan repayments and operational maintenance. They did not include a component for the replacement of the scheme at some future date. The State Government has “encouraged” councils to set their CWMS charges at a “sustainable” level (as Council did with Quorn in 2005-2006) and Council is required to now license each scheme through the Essential Services Commission of South Australia (ESCOSA) This should generate enough funds to replace the scheme at the end of its useful life. This would also be consistent with the requirements of Section 150 of the Local Government Act 1999, to set rates and charges at a level that “takes into account the financial effects of the decision on future generations”. In the 2005-2006 year Council started to increase the CWMS rates for Hawker to a sustainable level, with 2012-2013 being the year in which the CWMS rates in both Hawker and Quorn equalised. The CWMS charge for 2022-2023 was \$435 for occupied properties and \$425 for unoccupied properties for both Quorn and Hawker.

Comment: Council commenced charging a Garbage annual service charge in 2002-2003 for the collection and disposal of waste from residential and commercial properties. This charge had a differential between residential and commercial premises up to 2009-2010, and was the same in Quorn and Hawker. This annual service charge did not recover 100% of the budgeted cost of collection and disposal of waste in Quorn and Hawker. In 2010-2011 Council introduced a new kerbside waste and recycling service, with most of the cost of that service being collected via the Garbage annual service charge. Fees for 2022-2023 were \$200 (\$190 in 2021-2022) for the weekly household waste and \$135 (\$130 in 2021-2022) for the fortnightly recycling collections. The Garbage annual service charge has been calculated to recover 100% of the anticipated cost of the collection and disposal of garbage and recycling. Council does not charge an annual service charge for garbage to properties outside the township that are not provided at the land. All properties outside the township are invoiced separately as a sundry debtor for the garbage service they received and therefore Council is not affected by regulation 13 above.

Over recent year the costs associated with Waste Management have seen a considerable increase to the extent that Council is now drawing on funds previously set aside in reserve for future waste management expenses. It will be necessary to continue to increase the annual charge until this situation stabilises.

The situation within the CWMS area is slightly different whereby considerable reserves are now in place for future maintenance expenditure. It is likely that Council will be able to offset some on the likely increases in the waste management service charges with a reduction in the CWMS service charges.

Comment: Council cannot use any surplus generated for future replacement purposes for any other purpose than that for which the surplus was raised for. This surplus has been held in a fully funded reserve account. Any surplus revenue above expenses is to be held in a reserve for the specific purpose for which it was raised and used against future liabilities (Sec 155(6)(a)) which includes replacement and upgrade costs.

Comment: Ratepayers exempt from general rates (eg Hospitals, Schools and other Government Buildings) are not necessarily exempt from applicable Annual Service Charges.

Council's CWMS Annual Service Charge and Garbage Annual Service Charge are summarised in the following table:

	Quorn CWMS		Hawker CWMS		Quorn & Hawker Garbage		Quorn & Hawker Garbage	
	Vacant	Occupied	Vacant	Occupied	Resident	Commercial	Waste Bin (week)	Recycle Bin (f/n)
1997-1998	\$ 80	\$ 80	\$ 35	\$ 55				
1998-1999	\$ 80	\$ 80	\$ 35	\$ 55				
1999-2000	\$ 80	\$ 80	\$ 35	\$ 55				
2000-2001	\$ 80	\$ 80	\$ 35	\$ 55				
2001-2002	\$ 80	\$ 80	\$ 35	\$ 55				
2002-2003	\$ 80	\$ 80	\$ 35	\$ 55	\$ 65	\$100		
2003-2004	\$ 90	\$ 90	\$ 40	\$ 60	\$ 75	\$110		
2004-2005	\$168	\$188	\$ 70	\$ 90	\$ 75	\$110		
2005-2006	\$360	\$390	\$110	\$150	\$ 75	\$110		
2006-2007	\$360	\$390	\$125	\$165	\$ 85	\$120		
2007-2008	\$360	\$390	\$140	\$180	\$ 95	\$130		
2008-2009	\$360	\$390	\$190	\$220	\$105	\$145		
2009-2010	\$360	\$390	\$220	\$240	\$155	\$200		
2010-2011	\$360	\$390	\$270	\$300			\$110	\$80
2011-2012	\$360	\$390	\$320	\$350			\$130	\$95
2012-2013	\$360	\$390	\$360	\$390			\$140	\$95
2013-2014	\$360	\$390	\$360	\$390			\$170	\$110
2014-2015	\$375	\$390	\$375	\$390			\$185	\$120
2015-2016	\$390	\$400	\$390	\$400			\$200	\$130
2016-2017	\$390	\$400	\$390	\$400			\$150	\$100
2017-2018	\$390	\$400	\$390	\$400			\$150	\$100
2018-2019	\$390	\$400	\$390	\$400			\$175	\$120
2019-2020	\$390	\$400	\$390	\$400			\$180	\$125
2020-2021	\$390	\$400	\$390	\$400			\$180	\$125
2021-2022	\$400	\$415	\$400	\$415			\$190	\$130
2022-2023	\$425	\$435	\$425	\$435			\$200	\$135

Comment: The new Quorn CWMS commenced in the 2005-2006 year and is reflected in the above charges. Prior to 2005-2006 the Quorn service was a small scheme serving Wolseley and South Terrace area only.

OTHER COUNCILS

Section 153(2) of the *Local Government Act 1999*, states that:

“A council must, in fixing its rates for the purposes of this section, consider issues of consistency and comparability across council areas in the imposition of rates on various sectors of the business and wider community.”

Comment: Council should be especially cautious about charging rates that are significantly higher or lower than rates in other (especially neighbouring) council areas (per capita and per assessment) of a similar size and undertaking a compatible range and level of services, taking into account governance and administration requirements of the Local Government Act 1999 and other legislation imposed on Council and Councils capacity to spread this “fixed” cost over its small ratepayer base. Council should consider the sustainable level of rates it requires to maintain the services and infrastructure that the community desire and work toward this target rate. As all Councils provide a core range of services, the average rate per assessment in the table below, may give an indication of the required level of rating.

The Grants Commission produces a statistical comparison between all Councils from individual Council Financial Reports, Annual Reports and General Information Returns. The Grants Commission reporting utilises the Australian Classification of Local Government (ACLG) categories, which are based on location and estimated population as at 30 June 2021. The Flinders Ranges Council is categorised as Rural Agricultural Small (RAS), that is having a population of less than 2,000 at a density of less than 30 people per square kilometre average. This is the latest set of comparative data available


The following table shows a comparison between all Councils classified as RAS for the 2020-2021 financial year (this is the latest report available) and using Capital Value for rating. Please note the use of general rates which excludes Annual Service Charges (eg CWMS, Garbage) and Separate Rates. Mt Remarkable is classified as Rural Agricultural Medium (RAM) and Pt Augusta is classified as Urban Regional Small (URS).

Council	Site * / Capital Value (\$million)	No. Of Rateable Property	Min ^ / Fixed Rate (\$)	General Rate Revenue (\$,000)	Rates per Capita (\$)	General Rates per Rateable Property (\$)	Total Operating Revenue (TOR) (\$,000)	General Rates as a % of TOR
Cleve	654	1,530	487	2,946	1,988	1,925	6,463	46%
Elliston	458	1,314	275	2,266	2,586	1,725	5,315	43%
FRC	252	1,664	^790	1,921	1,389	1,154	6,251	31%
Franklin Harbour	283	1,193	390	1,356	1,340	1,137	4,558	30%
Karoonda E M	299	1,114	^350	1,491	1,565	1,338	6,220	24%
*Kimba	305	896	^300	1,692	1,823	1,888	4,213	40%
Orroroo	255	1,305	300	1,061	1,458	813	3,083	34%
Peterborough	188	1,682	380	1,480	1,201	880	5,107	29%
Robe	1,179	2,420	^710	4,118	3,714	1,702	7,725	53%
Wudinna	322	1,063	^470	1,896	1,677	1,784	5,515	34%
W/Ave (excl. FRC)		1,522		2,437	2,212	1,580	5,662	39%
*Port Augusta	1,546	7,667	^1,340	17,902	1,495	2,335	33,771	53%
Mt Remarkable	797	3,139	326	3,154	1,404	1,005	9,168	34%

Comment: The General rate revenue does not include CWMS or other service charges and is net of rebates.

Comment: Whilst the above table shows that The Flinders Ranges Council charges the third lowest rates per capita (28% below average) and fourth lowest per property (21% below average) for RAS councils, caution is required in making any direct comparisons due to other influencing factors such as demographics, socio-economic makeup of the council area (e.g. disposable income levels, housing affordability, etc.) and the level and range of council services provided. Council should continue to consider the program to increase rates toward the average level of per Capita and per property rates. This will be reflected in the rates as a percentage of total revenue which currently shows as 31% (in 2019-2020 this was 47%) however this has been significantly influenced by funding through the Drought Communities Program. From an historical perspective, this percentage was 25% in 2011-2012, which to be sustainable needs to be around 50%. It should be noted that the advance payment of Grants Commission and other Government Funding in advance can impact on these percentages.

A low % of general rates against total revenue shows the Council's continued reliance on grant income and its inability to determine its own future with any confidence. Comment: Council had an independent report from Council's previous Auditor that rates need to increase by around 50% in real terms from the 2010-2011 level.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

REBATES

Sections 159 to 166 of the *Local Government Act 1999* pertain to Rebates of Rates.

Council is required to provide statutory rebates under **Sec 159 to 165** of the *Local Government Act 1999* for:

- Sec 160** – health services;
- Sec 161** – community services;
- Sec 162** – religious purposes;
- Sec 163** – public cemeteries;
- Sec 164** – Royal Zoological Society of SA; and
- Sec 165** – educational purposes.

Council may consider a discretionary rebate under **Sec 166** of the *Local Government Act 1999*. Council applied two different discretionary rebates in 2022-2023 being:

- Sec 166 (1)(j)** – 100% - community organisations; and
- Sec 166 (1)(l)(ii)** – 70% - vacant land in Cradock township

Community Organisations

The following community organisations received a discretionary 100% rebate on their general rates under **Sec 166 (1)(j)** in 2022-2023:

Wirreanda Cottages, Hawker Community Sports Centre Inc., Quorn Masonic Lodge No. 59, Flinders House Home for the Aged and Pichi Richi Railway Preservation Society Inc.

Capping Rebate

The 2005 amendments to the *Local Government Act 1999* added **Sec 153(3) & (4)** to specifically require the consideration of a maximum increase in the general rate (capping rebate) for the principal place of residence only (i.e. would not apply to farms or businesses).

Sec 153(3) & (4) state that:


- “(3) A council must, in declaring a general rate under this section, determine whether it will fix a maximum increase in the general rate to be charged on any rateable land within its area that constitutes the principal place of residence of a principal ratepayer (and a council is, by force of this subsection, authorised to fix such a maximum).
- (4) For the purposes of subsection (3)—
 - (a) any maximum increase may be set according to such method as the council thinks fit; and
 - (b) the council may fix conditions that may apply in order for a ratepayer to qualify for the benefit of a maximum increase (including that some or all of any increase in the general rate for particular land is not attributable to a change in the valuation of the land due to development (including by virtue of a change in use) that has been undertaken (or occurred) in relation to the land).”

Section 166 (1)(l) states:

- “(l) where the rebate is considered by the council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a ratepayer due to—
 - (i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the council's rates; or
 - (ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations,”

Comment: Council can choose to apply a “capping” rebate under Section 153(3) for the “principal place of residence” only or a “capping” rebate under section 166(1)(l) on all properties. Council has the option in both cases to apply conditions to the application of the rebate.

Council previously chose the Sec 166 (1)(l) option in the 2005-2006 financial year with a capping rebate of 10% each year until 2010-2011 when it was 14%, 2011-2012 when it was 20%, 2012-13 when it was 50% and 2013-2014 when it was 100% (except 2007-2008 when it was 5%). In the 2014-2015 year the capping rebate was discontinued. Council considered the equitability of capping rebates and agreed to phase them out over several years.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

Council imposed the following conditions on ineligibility for the capping rebate in 2013-2014 and previous years (did not apply in 2014-2015 due to discontinuance of the rebate):

- *A change of ownership (for whatever reason) of the rateable property since 1st July 2012, or*
- *Where the use of the land is different for rating purposes on the date the Council declared its general rates in 2013-2014 financial year than on the date Council declared its general rates for the 2012-2013 year; or*
- *Properties with building or structural improvements of value greater than \$20,000 since 1st July 2012; or*
- *Properties subdivided or amalgamated in 2012-2013 year, or*
- *Properties on which an objection of valuation or land use has been lodged and subsequently amended (whether increased or decreased) including objections lodged subsequently (after receiving the 2013-2014 rates notice) in 2013-2014 year.*

Vacant Land in Cradock township

Council granted a 70% rebate under **Sec 166 (1)(I)(ii)** on vacant land within the “township” of Cradock where the minimum rate applies to effectively reduce the minimum rate from \$850.00 to \$255.00 on blocks of land with relatively low valuations.

Comment: Council could choose to apply a rebate under Sec 166(1)(I)(ii) on all vacant blocks within old surveyed towns where the minimum rate applies.

REGIONAL LANDSCAPE LEVY (formerly NRM Levy)

Council is required by the State Government to collect the Regional Landscape Levy which commenced in the 2006-2007 financial year. This levy replaced the Water Catchment Levy, Animal & Pest Plant contribution & Soil Board contribution. Council was previously wholly within the Northern & Yorke (NY) NRM Board area but from July 2020 moved to be under the SA Arid Lands (SAAL) Board. Once the Landscape SA Boards have declared their budgets, the SAAL Board informs Council of the total amount of levy that it is mandated to collect on behalf of the State Government.


The Regional Landscape Levy for 2022-2023 was \$48,116 (2021-2022 was \$46,943, 2020-2021 was \$46,478. Council has, since inception, set the levy on a capital value basis throughout the whole council area. To date, Council has not been advised of the amount we are required to collect for 2023-2024 and does expect notification in the near future due to the transition and equalisation processes.

Comment: The levy amount to be collected and the basis of collection is outside Council's control. Council is required by the Landscape South Australia Act 2019 to collect whatever monies the State Government (through the SAAL Board) asks us to collect on a basis determined by each Board. However, Council will continue to advise all ratepayers that this is a State Government charge which Council collects on behalf of the State Government and they should contact the State Government or SAAL Board with all their enquiries and complaints. Since inception, the NYNRM Board and then the SAAL Board has chosen Capital value to determine Council's share of the total levy budget.

This levy increased by 488.3% from \$6,878.45 in 2006-2007 to \$32,119.25 in 2010-2011. However due to capital values in other council areas increasing at a higher rate relative to The Flinders Ranges Council values, the large increases have not occurred since 2011-2012, except in 2016-2017 when the levy increased by 22.6% from the previous year. The increase in 2021-2022 was 1% (2020-2021 was 1.9%). Total increases imposed by the State Government for this levy have averaged 37.8% per annum over the 16 years of its operation up until this year.

As noted in an earlier section within this report, a significant change to the basis of collection and the contributions of constituent Council will take effect in the 2023-2024 financial year. This is associated with the end of the 3 year transition period and the implementation of equalisation across the Councils within the SAAL board area.

Whilst still to be formally advised, indications are that the total contribution by this Council will increase to something in the vicinity of \$92,000, which includes an indicative 8.4% CPI increase. Council's contribution to the SAAL Board in 2022-2023 was \$48,116 so the new “equalised” contribution will be a likely 90% increase. Please refer back to pages 4 and 5 of this report for further information regarding these changes.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

ANNUAL BUSINESS PLAN, BUDGET & LONG TERM FINANCIAL PLAN

The Long Term Financial Plan forms part of Council's suite of Strategic Management Plans pursuant to **Section 122 (1a)** of the *Local Government Act 1999*:

- “(1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—
- (a) a long-term financial plan for a period of at least 10 years; and
 - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,
- (and these plans will also be taken to form part of the council's strategic management plans).”

The Regulations relevant to **Section 122 (1a)(a)** above are as follows from *Local Government (Financial Management) Regulations 2011* (which replaced the former 1999 regulations):

“5—Long-term financial plans


- “(1) A long-term financial plan developed and adopted for the purposes of Section 122(1a)(a) of the Act must include—
- (b) a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
 - (c) estimates and target ranges adopted by the council for each year of the long-term financial plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators”

The Annual Business Plan and Budget process is very prescriptive in its requirements.

Specifically, **Section 123** of the *Local Government Act 1999* states:


“123—Annual business plans and budgets

- (1) A council must have, for each financial year—
 - (a) an annual business plan; and
 - (b) a budget.
- (2) Each annual business plan of a council must—
 - (a) include a summary of the council's long-term objectives (as set out in its strategic management plans); and
 - (b) include an outline of—
 - (i) the council's objectives for the financial year; and
 - (ii) the activities that the council intends to undertake to achieve those objectives; and
 - (iii) the measures (financial and non-financial) that the council intends to use to assess the performance of the council against its objectives over the financial year; and
 - (c) assess the financial requirements of the council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
 - (d) set out the rates structure and policies for the financial year; and
 - (e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the council; and
 - (f) take into account the council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the council; and
 - (g) address or include any other matter prescribed by the regulations.
- (3) Before a council adopts an annual business plan, the council must—
 - (a) prepare a draft annual business plan; and
 - (b) follow the relevant steps set out in its public consultation policy, taking into account the requirements of subsection (4).

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

- (4) For the purposes of subsection (3)(b), a public consultation policy must at least provide for the following:
 - (a) the publication in a newspaper circulating within the area of the council and on a website determined by the Chief Executive Officer of a notice informing the public of the preparation of the draft annual business plan and inviting interested persons—
 - (i) to attend—
 - (A) a public meeting in relation to the matter to be held on a date (which must be at least 21 days after the publication of the notice) stated in the notice; or
 - (B) a meeting of the council to be held on a date stated in the notice at which members of the public may ask questions, and make submissions, in relation to the matter for a period of at least 1 hour,

(on the basis that the council determines which kind of meeting is to be held under this subparagraph); or
 - (ii) to make written submissions in relation to the matter within a period (which must be at least 21 days) stated in the notice; and
 - (b) the council to make arrangements for a meeting contemplated by paragraph (a)(i) and the consideration by the council of any submissions made at that meeting or in response to the invitation under paragraph (a)(ii).
- (5) The council must ensure that copies of the draft annual business plan are available at the meeting under subsection (4)(a)(i), and for inspection (without charge) and purchase (on payment of a fee fixed by the council) at the principal office of the council and on the website at least 21 days before the date of that meeting.
- (5a) The council must ensure that provision is made for—
 - (a) a facility for asking and answering questions; and
 - (b) the receipt of submissions,
 on its website during the public consultation period.
- (6) A council may then, after considering—
 - (a) any submission made to the council during the public consultation period; and
 - (b) any new or revised information in the possession of the council that is relevant to the material contained in the draft annual business plan; and
 - (c) such other materials or information as the council thinks fit,
 adopt its annual business plan (with or without amendment).
- (6a) However, if a council proposes to adopt an annual business plan with amendments, the council must include in the adopted business plan a statement—
 - (a) setting out any significant amendments from the draft annual business plan; and
 - (b) providing reasons for those amendments.
- (7) Each budget of a council must—
 - (a) be considered in conjunction with the council's annual business plan (and must be consistent with that plan, as adopted); and
 - (b) be adopted by the council after the council has adopted its annual business plan.
- (7a) A budget of a council may authorise the entry into borrowings and other forms of financial accommodation for a financial year of up to an amount specified in the budget.
- (8) An annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 15 August for the financial year.
- (9) A council must, after adopting an annual business plan and a budget—
 - (a) ensure—
 - (i) that a summary of the annual business plan is prepared so as to assist in promoting public awareness of the nature of its services and its rating and financial management policies, taking into account its objectives and activities for the ensuing financial year; and
 - (ii) that a copy of the summary of the annual business plan accompanies the first rates notice sent to ratepayers after the declaration of its rates for the financial year; and
- (10) The regulations may prescribe requirements with respect to the preparation, form and contents of—
 - (a) an annual business plan (including a draft for the purposes of public consultation), and the summary required under subsection (9); and
 - (b) a budget.
- (10a) Without limiting subsection (10), regulations under that subsection relating to an annual business plan may—
 - (a) relate to the manner in which matters included in the plan are to be presented (such as, for example, by prescribing the location, style and level of emphasis that must be given to specified matters); and
 - (b) prescribe requirements relating to the description or explanation of matters included in the plan.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

- (11) However, in any event, the summary of the annual business plan must include an assessment of the extent to which the council's objectives for the previous financial year have been attained (taking into account the provisions of the annual business plan for that financial year).
- (12) Subject to complying with a preceding subsection, any relevant document under this section will be in a form determined by the council.
- (13) A council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.
- (14) A rate cannot be challenged on a ground based on non-compliance with this section, or on a ground based on the contents of a document prepared or adopted by a council for the purposes of this section."

The Regulations referred to in **Sec 123(2)(g)&(10)** above are as follows from *Local Government (Financial Management) Regulations 2011*:

6—Annual business plans


- (1) Pursuant to section 123(2)(g) of the Act, an annual business plan (including a draft for the purposes of public consultation) must include information with respect to the following additional matters:
 - (a) the reason why the council has adopted its valuation method for rating purposes;
 - (b) if differential rates are used, the reasons and justifications for the differentiation, and the expected level of revenue to be raised by each differential rate;
 - (c) if applicable, the use and level of a fixed charge component of a general rate;
 - (d) the use and level of any separate rate, service rate or service charge, including the reasons for the rate or charge;
 - (e) the council's policy on discretionary rebates and remissions, with particular reference to the rebates that will apply for more than 1 financial year and including information on how a rebate is designed to meet the purpose behind the rebate;
 - (ea) a statement on the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);
 - (eb) a statement on the percentage change in the total expected revenue from general rates for the financial year compared to the total expected revenue from general rates for the previous financial year as set out in the annual business plan for that previous financial year (excluding rebates and remissions on rates that are not discretionary rebates or remissions);
 - (ec) if relevant, a statement on the average change in the expected rates for the financial year (expressed as a whole number of dollars) for each land use category declared as a permissible differentiating factor compared to the expected rates for each category for the previous financial year as set out in the annual business plan for that previous financial year;
 - (f) issues concerning equity within the community and the impact of rates across the area;
 - (g) the application or operation of a minimum amount payable by way of rates (if applicable).
- (2) if an annual business plan sets out a growth component in relation to general rates, it may only relate to growth in the number of rateable properties (and must not relate to growth in the value of rateable properties).

7—Budgets

Pursuant to section 123(10)(b) of the Act, each budget of a council under the Act must—

- (a) include budgeted financial statements, which must be presented, other than notes and other explanatory documentation, in a manner consistent with the Model Financial Statements; and
- (b) state whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and
- (c) include a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*; and
- (d) include estimates with respect to the council's operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio presented in a manner consistent with the note in the Model Financial Statements entitled *Financial Indicators*.

Comment: The Annual Business Plan details the infrastructure and services that the community has requested, and that the Elected Members have determined is needed and can be afforded. Infrastructure requirements are extracted from the Infrastructure and Asset Management Plan. For many years, it has not been permissible to simply increase the previous year's rates and charges by a percentage without a basis for that percentage increase. The rates and charges require justification and a basis for the calculation of amounts to be set.

	<p style="text-align: center;">FINANCE and ADMINISTRATION</p> <p style="text-align: center;">RATING DISCUSSION PAPER 2023-2024</p>	<p>Version Number Issued Next Review GDS</p>	<p>15 March 2023 January 2024 7.69.2.3</p>
--	--	--	--

The process of setting rates in The Flinders Ranges Council is as follows:

- *the objectives, from Council's Strategic Management Plans, for implementation in 2023-2024 are extracted and described in a draft Annual Business Plan;*
- *Council seeks submissions from the community, groups, ratepayers, staff and elected members for budget allocation;*
- *the cost of Council's strategic objectives and submissions from community, etc., together with the cost of Council's legislative responsibilities are then incorporated into Council's draft budget for 2023-2024, being the first year of the Long Term Financial Plan 2023-2043;*
- *Council then calculates the total amount of rates to be raised to finance all the required expenditure after allowing for other forms of income including grants. Elected Members "cull" the increase in expenditure on new projects and assets until the increase in rates is "acceptable" to the Elected Members;*
- *the community must then be consulted on this draft Annual Business Plan and Budget;*
- *Council considers all submissions on the draft Annual Business Plan and Budget and may then amend the draft Annual Business Plan and Budget;*
- *Council adopts the final Annual Business Plan and Budget, with the formal declaration of rates (inclusive of rebates, service charges and separate rates) following shortly after.*

Council utilises the first year of the Long Term Financial Plan as its budget for the year to save on duplicated documentation.

~