The FLINDERS RANGES COUNCIL

2019-2020

RATING DISCUSSION PAPER

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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 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 Sec153(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 Sec153(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 Sec153(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
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 Sec153(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 Sec153(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 Sec153(3) capping on principle residence
- No Capping pursuant to Sec 166(1)(l)


The Natural Resources Management (NRM) levy was introduced through State Government legislation in 2004 and first collected in the 2006-2007 rating year. Council has no effective say or input into the NRM levy, which is a State Government tax, collected on behalf of the State Government by Council. This levy has 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) and in 2018-2019 the levy increased to $44,412 (2.2% increase).

The total increase over the last 12 years has been 545.7% or an average of 45.5% each year!

The Northern and Yorke (NY) NRM board determine each year the method of allocation of the total funding between Councils in the Board area. Since inception, the NYNRM Board has chosen Capital value to determine Council’s share of the total NYNRM budget, which has favoured The Flinders Ranges Council in the last few years due to Council’s fairly static valuations.
The following summary shows the history of the actual rates raised since amalgamation (in $):

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>General Rates</th>
<th>CWMS (STEDS) Service Charge</th>
<th>Garbage Service Charge</th>
<th>Capping Rebate</th>
<th>Rebates &amp; Remissions</th>
<th>Total</th>
<th>% increase in general rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>483,758</td>
<td>15,925</td>
<td></td>
<td>(3,233)</td>
<td></td>
<td>496,450</td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>499,439</td>
<td>15,760</td>
<td></td>
<td>(2,968)</td>
<td></td>
<td>512,232</td>
<td>3.3</td>
</tr>
<tr>
<td>1999-00</td>
<td>519,827</td>
<td>16,015</td>
<td></td>
<td>(3,636)</td>
<td></td>
<td>532,206</td>
<td>4.0</td>
</tr>
<tr>
<td>2000-01</td>
<td>538,312</td>
<td>16,010</td>
<td></td>
<td>(12,834)</td>
<td></td>
<td>541,488</td>
<td>1.8</td>
</tr>
<tr>
<td>2001-02</td>
<td>554,930</td>
<td>15,844</td>
<td></td>
<td>(10,091)</td>
<td></td>
<td>560,683</td>
<td>3.7</td>
</tr>
<tr>
<td>2002-03</td>
<td>588,134</td>
<td>19,970</td>
<td>40,205</td>
<td>(12,893)</td>
<td></td>
<td>635,416</td>
<td>5.6</td>
</tr>
<tr>
<td>2003-04</td>
<td>628,226</td>
<td>18,100</td>
<td>49,490</td>
<td>(13,022)</td>
<td></td>
<td>682,794</td>
<td>6.9</td>
</tr>
<tr>
<td>2004-05</td>
<td>696,804</td>
<td>91,427</td>
<td>50,605</td>
<td>(6,952)</td>
<td></td>
<td>832,244</td>
<td>12.2</td>
</tr>
<tr>
<td>2005-06</td>
<td>818,682</td>
<td>135,520</td>
<td>44,725</td>
<td>(48,220)</td>
<td>(13,099)</td>
<td>937,609</td>
<td>9.7</td>
</tr>
<tr>
<td>2006-07</td>
<td>801,116</td>
<td>177,122</td>
<td>57,750</td>
<td>(10,351)</td>
<td>(14,449)</td>
<td>1,011,188</td>
<td>2.5</td>
</tr>
<tr>
<td>2007-08</td>
<td>911,917</td>
<td>196,487</td>
<td>64,745</td>
<td>(66,763)</td>
<td>(17,313)</td>
<td>1,089,073</td>
<td>6.6</td>
</tr>
<tr>
<td>2008-09</td>
<td>972,362</td>
<td>197,420</td>
<td>72,556</td>
<td>(60,546)</td>
<td>(28,786)</td>
<td>1,153,006</td>
<td>6.7</td>
</tr>
<tr>
<td>2009-10</td>
<td>1,037,974</td>
<td>208,550</td>
<td>109,503</td>
<td>(70,848)</td>
<td>(27,290)</td>
<td>1,257,889</td>
<td>6.4</td>
</tr>
<tr>
<td>2010-11</td>
<td>1,149,290</td>
<td>217,080</td>
<td>141,460</td>
<td>(80,682)</td>
<td>(34,758)</td>
<td>1,392,390</td>
<td>10.0</td>
</tr>
<tr>
<td>2011-12</td>
<td>1,253,261</td>
<td>227,660</td>
<td>172,265</td>
<td>(79,847)</td>
<td>(34,461)</td>
<td>1,538,878</td>
<td>10.2</td>
</tr>
<tr>
<td>2012-13</td>
<td>1,351,425</td>
<td>235,860</td>
<td>177,330</td>
<td>(31,594)</td>
<td>(36,206)</td>
<td>1,696,815</td>
<td>12.7</td>
</tr>
<tr>
<td>2013-14</td>
<td>1,462,477</td>
<td>234,300</td>
<td>212,240</td>
<td>(30,478)</td>
<td>(40,865)</td>
<td>1,837,674</td>
<td>8.4</td>
</tr>
<tr>
<td>2014-15</td>
<td>1,581,966</td>
<td>236,745</td>
<td>231,615</td>
<td>(56,253)</td>
<td></td>
<td>1,993,685</td>
<td>9.7</td>
</tr>
<tr>
<td>2015-16</td>
<td>1,649,476</td>
<td>243,470</td>
<td>203,065</td>
<td>(59,192)</td>
<td></td>
<td>2,036,819</td>
<td>4.2</td>
</tr>
<tr>
<td>2016-17</td>
<td>1,715,562</td>
<td>241,920</td>
<td>191,250</td>
<td>(60,359)</td>
<td></td>
<td>2,088,373</td>
<td>4.0</td>
</tr>
<tr>
<td>2017-18</td>
<td>1,791,573</td>
<td>242,310</td>
<td>192,900</td>
<td>(71,911)</td>
<td></td>
<td>2,154,872</td>
<td>3.9</td>
</tr>
<tr>
<td>2018-19</td>
<td>1,878,061</td>
<td>243,530</td>
<td>229,435</td>
<td>(86,268)</td>
<td></td>
<td>2,264,758</td>
<td>4.2</td>
</tr>
</tbody>
</table>

* 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.

**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 are largely unchanged, apart from some small clarifications and additions, with the exception of regulations 11 and 35.

The Local Government (Rates) Amendment Act 2013 has passed through Parliament and received assent on 5 December 2013. The Local Government (Rates) Amendment Act 2013 has 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 has passed through Parliament and received assent on 11 December 2014. The Statutes Amendment (SACAT) Act 2014 has 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 removes 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 relates 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 relates to change of appeal process from District Court to SACAT.

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 Natural Resources Management Levy imposed by the State Government is collected on behalf of the State Government by Council utilising a separate rate. Refer page 19 for further details.

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, which 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. Also, 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 undertaking 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 31 August in that financial year.”
RATE TAXATION SYSTEM SUMMARY

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Adopted</th>
<th>Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>16 Jul 97</td>
<td>22 Aug 97</td>
</tr>
<tr>
<td>2000-2001</td>
<td>03 Jul 00</td>
<td>13 Jul 00</td>
</tr>
<tr>
<td>2001-2002</td>
<td>26 Jun 01</td>
<td>20 Jul 01</td>
</tr>
<tr>
<td>2002-2003</td>
<td>09 Jul 02</td>
<td>26 Jul 02</td>
</tr>
<tr>
<td>2003-2004</td>
<td>10 Jun 03</td>
<td>20 Jul 03</td>
</tr>
<tr>
<td>2004-2005</td>
<td>12 Jul 04</td>
<td>20 Jul 04</td>
</tr>
<tr>
<td>2005-2006</td>
<td>25 Jul 05</td>
<td>27 Jul 05</td>
</tr>
<tr>
<td>2006-2007</td>
<td>11 Jul 06</td>
<td>24 Jul 06</td>
</tr>
<tr>
<td>2007-2008</td>
<td>14 Aug 07</td>
<td>17 Aug 07</td>
</tr>
<tr>
<td>2008-2009</td>
<td>12 Aug 08</td>
<td>13 Aug 08</td>
</tr>
<tr>
<td>2009-2010</td>
<td>14 Jul 09</td>
<td>22 Jul 09</td>
</tr>
<tr>
<td>2010-2011</td>
<td>13 Jul 10</td>
<td>19 Jul 10</td>
</tr>
<tr>
<td>2011-2012</td>
<td>19 Jul 11</td>
<td>25 Jul 11</td>
</tr>
<tr>
<td>2012-2013</td>
<td>17 Jul 12</td>
<td>24 Jul 12</td>
</tr>
<tr>
<td>2013-2014</td>
<td>09 Jul 13</td>
<td>12 Jul 13</td>
</tr>
<tr>
<td>2014-2015</td>
<td>08 Jul 14</td>
<td>15 Jul 14</td>
</tr>
<tr>
<td>2015-2016</td>
<td>21 Jul 15</td>
<td>24 Jul 15</td>
</tr>
<tr>
<td>2016-2017</td>
<td>19 Jul 16</td>
<td>20 Jul 16</td>
</tr>
<tr>
<td>2017-2018</td>
<td>27 Jul 17</td>
<td>28 Jul 17</td>
</tr>
<tr>
<td>2018-2019</td>
<td>12 Jun 18</td>
<td>04 Jul 18</td>
</tr>
</tbody>
</table>

The later dates in 2007-2008 and 2008-2009 reflected the additional requirements of the then new 2005 amendments to the Local Government Act 1999, specifically the Annual Business Plan which requires 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 rate taxation system for the 2018-2019 year:

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Quorn Township</th>
<th>Quorn Rural Area</th>
<th>Hawker Township</th>
<th>Hawker Rural Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$0.006600</td>
<td>$0.006600</td>
<td>$0.006600</td>
<td>$0.006600</td>
</tr>
<tr>
<td>Commercial – Shop</td>
<td>$0.007500</td>
<td>$0.007500</td>
<td>$0.007500</td>
<td>$0.007500</td>
</tr>
<tr>
<td>Commercial – Office</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
</tr>
<tr>
<td>Commercial – Other</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
</tr>
<tr>
<td>Industry – Light</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
<td>$0.008500</td>
</tr>
<tr>
<td>Industry – Other</td>
<td>$0.009500</td>
<td>$0.009500</td>
<td>$0.009500</td>
<td>$0.009500</td>
</tr>
<tr>
<td>Primary Production</td>
<td>$0.006900</td>
<td>$0.006900</td>
<td>$0.006900</td>
<td>$0.006900</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>$0.006900</td>
<td>$0.006900</td>
<td>$0.006900</td>
<td>$0.006900</td>
</tr>
<tr>
<td>Other</td>
<td>$0.009500</td>
<td>$0.009500</td>
<td>$0.009500</td>
<td>$0.009500</td>
</tr>
</tbody>
</table>

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. This practice resulted in large increases in the Hawker Rural Area in 2018-2019 which could have been avoided if the rate in the dollar for Hawker Rural Area could have been reduced.

In addition to the above, all capping rebates pursuant to Section 166(1)(l) of the Local Government Act 1999 ceased in 2014-2015 (refer to the Rebate section on page 18).

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 the State Valuation Office 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 the 2016-2017 year and 17 July 2017 for the 2017-2018 financial year.
Council receives from the State Valuation Office each year, usually in March or April, a General Valuation List (or Gazetted 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, and Council normally adopts the valuation on the Supplemental Valuation date immediately prior to the date of Declaration. Council has not yet received the General Valuation List for 2019-2020 financial year which is scheduled to be supplied by the State Valuation Office in March 2018.

The following summary details the current total capital valuations for 2019-2020 as at 3 January 2019 as compared to the 2018-2019 adopted valuations and the corresponding number of properties:

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Capital Valuations</th>
<th>2019-20 Capital Valuations</th>
<th>% change over last year</th>
<th>2018-19 No. of Assessments</th>
<th>2019-20 No. of Assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUORN:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$86,571,500</td>
<td>$87,682,500</td>
<td>+ 1.28%</td>
<td>611</td>
<td>607</td>
</tr>
<tr>
<td>Commercial</td>
<td>$11,297,500</td>
<td>$11,332,500</td>
<td>+ 0.31%</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td>Rural</td>
<td>$99,299,780</td>
<td>$106,129,980</td>
<td>+ 6.88%</td>
<td>525</td>
<td>526</td>
</tr>
<tr>
<td>Total Quorn</td>
<td>$197,168,780</td>
<td>$205,144,980</td>
<td>+ 4.05%</td>
<td>1,205</td>
<td>1,202</td>
</tr>
<tr>
<td>HAWKER:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$12,467,500</td>
<td>$12,586,500</td>
<td>+ 0.95%</td>
<td>149</td>
<td>148</td>
</tr>
<tr>
<td>Commercial</td>
<td>$4,883,000</td>
<td>$5,159,000</td>
<td>+ 5.65%</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Rural</td>
<td>$28,345,700</td>
<td>$32,592,700</td>
<td>+14.98%</td>
<td>223</td>
<td>224</td>
</tr>
<tr>
<td>Total Hawker</td>
<td>$45,696,200</td>
<td>$50,338,200</td>
<td>+10.16%</td>
<td>414</td>
<td>414</td>
</tr>
<tr>
<td>Exempt</td>
<td>$8,417,020</td>
<td>$8,675,880</td>
<td>+ 3.08%</td>
<td>528</td>
<td>528</td>
</tr>
<tr>
<td>Total:</td>
<td>$251,282,000</td>
<td>$264,159,060</td>
<td>+ 5.12%</td>
<td>2,147</td>
<td>2,144</td>
</tr>
</tbody>
</table>

The following summary compares the total capital valuations on which the 2017-2018 and 2018-2019 rates are based and the corresponding number of assessments:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rateable</td>
<td>$243,183,980</td>
<td>$252,573,540</td>
<td>+ 3.9%</td>
<td>1,615</td>
<td>1,610</td>
</tr>
<tr>
<td>Exempt</td>
<td>$8,024,020</td>
<td>$11,101,520</td>
<td>+38.4%</td>
<td>531</td>
<td>538</td>
</tr>
<tr>
<td>Total:</td>
<td>$251,208,000</td>
<td>$263,675,060</td>
<td>+ 5.0%</td>
<td>2,146</td>
<td>2,148</td>
</tr>
</tbody>
</table>

The State Valuation Office is yet to provide an indication of changes in the Market Value of township and rural properties for the 2018-2019 year, which will ultimately be reflected in the Capital Valuations for the 2019-2020 financial year. It should be noted that the rural area had large increases in Capital Valuations in 2011-2012, which were adjusted down in some cases in 2012-2013 and 2013-2014. At this point in time, it is anticipated that 2019-2020 will see reasonable increases to the rural valuations throughout the Council area, but little change to the township areas.

It should also be noted that Council is receiving an increasing number of objections to valuations each year which needs to be taken into account when setting rates as the valuation change results in rates generally being refunded. Council has also received several amalgamations, which also tend to result in a decrease in valuation. Refunds and adjustments in 2012-2013 were $951.45 which increased by 55% in 2013-2014 to $5,298.75. In 2014-2015 Council refunded $4,308.50 as a result of valuation changes which reduced to $2,374.45 in 2015-2016 predominantly due to the lower average rate increase of 4.2%. Refunds and adjustments in 2016-2017 were $4,471.20. There were no adjustments in 2017-2018.

There is no mechanism to recover this lost revenue, and the State Valuation Office is not accountable for their valuations, so an allowance has to be made in the overall increase to balance the budget.
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 $771.00 in 2018-2019 year 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. The minimum rate was increased by 3.9% from $742.00 to $771.00.

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
   b. 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 as 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).
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 charges 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 is prescribed by Section 95(2) of the Natural Resources Management Act, 2004. (Refer to page 19 for more detail)

Comment: The Flinders Ranges Council have not used Separate rates in the past for any other purpose. Separate Rates could be charged 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
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).
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 *Harbors 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.
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 is "encouraging" 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 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 equalise. The CWMS charge for 2018-2019 was $400.00 for occupied properties and $390.00 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 at 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 2018-2019 were $175.00 ($150.00 2017-2018) for the weekly household waste and $120.00 ($100.00 2017-2018) 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 debtor for the garbage service they received and therefore Council is not affected by regulation 13 above.

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 (Sec155(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 Annual Service Charges if applicable.

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

<table>
<thead>
<tr>
<th></th>
<th>Quorn CWMS</th>
<th>Hawker CWMS</th>
<th>Quorn &amp; Hawker Garbage</th>
<th>Quorn &amp; Hawker Garbage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vacant</td>
<td>Occupied</td>
<td>Vacant</td>
<td>Occupied</td>
</tr>
<tr>
<td>1997-98</td>
<td>$ 80</td>
<td>$ 80</td>
<td>$ 35</td>
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<td>1998-99</td>
<td>$ 80</td>
<td>$ 80</td>
<td>$ 35</td>
<td>$ 55</td>
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<td>1999-00</td>
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<tr>
<td>2000-01</td>
<td>$ 80</td>
<td>$ 80</td>
<td>$ 35</td>
<td>$ 55</td>
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<tr>
<td>2001-02</td>
<td>$ 80</td>
<td>$ 80</td>
<td>$ 35</td>
<td>$ 55</td>
</tr>
<tr>
<td>2002-03</td>
<td>$ 80</td>
<td>$ 80</td>
<td>$ 35</td>
<td>$ 55</td>
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<tr>
<td>2003-04</td>
<td>$ 90</td>
<td>$ 90</td>
<td>$ 40</td>
<td>$ 60</td>
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<tr>
<td>2004-05</td>
<td>$168</td>
<td>$188</td>
<td>$ 70</td>
<td>$ 90</td>
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<tr>
<td>2005-06</td>
<td>$360</td>
<td>$390</td>
<td>$110</td>
<td>$150</td>
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<tr>
<td>2006-07</td>
<td>$360</td>
<td>$390</td>
<td>$125</td>
<td>$165</td>
</tr>
<tr>
<td>2007-08</td>
<td>$360</td>
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<td>2008-09</td>
<td>$360</td>
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<td>2009-10</td>
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<td>2010-11</td>
<td>$360</td>
<td>$390</td>
<td>$270</td>
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<td>2011-12</td>
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<td>2012-13</td>
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<td>2013-14</td>
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<td>2015-16</td>
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<td>2016-17</td>
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<td>2017-18</td>
<td>$390</td>
<td>$400</td>
<td>$390</td>
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<tr>
<td>2018-19</td>
<td>$390</td>
<td>$400</td>
<td>$390</td>
<td>$400</td>
</tr>
</tbody>
</table>

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 Council’s 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 Council’s provide a core range of services, the average rate per assessment in the table below, may give some 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 population as at 30 June 2016. 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 2016-2017 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 RAM and Pt Augusta is classified URS.

<table>
<thead>
<tr>
<th>Council</th>
<th>Site * / Capital Value ($million)</th>
<th>No. Of Rateable Property</th>
<th>Min ^ / Fixed Rate ($)</th>
<th>General Rate Revenue ($000)</th>
<th>Rates per Capita ($)</th>
<th>Rates per Rateable Property ($)</th>
<th>Total Operating Revenue (TOR) ($000)</th>
<th>General Rates as a % of TOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleve</td>
<td>582</td>
<td>1,528</td>
<td>448</td>
<td>2,660</td>
<td>1,469</td>
<td>1,758</td>
<td>6,409</td>
<td>42%</td>
</tr>
<tr>
<td>Elliston</td>
<td>406</td>
<td>1,289</td>
<td>256</td>
<td>1,846</td>
<td>1,735</td>
<td>1,446</td>
<td>5,415</td>
<td>34%</td>
</tr>
<tr>
<td>FRC</td>
<td>232</td>
<td>1,660</td>
<td>1,713</td>
<td>1,653</td>
<td>993</td>
<td>1,000</td>
<td>4,410</td>
<td>37%</td>
</tr>
<tr>
<td>Franklin Harbour</td>
<td>260</td>
<td>1,179</td>
<td>327</td>
<td>1,127</td>
<td>852</td>
<td>984</td>
<td>4,619</td>
<td>24%</td>
</tr>
<tr>
<td>Karoonda E M</td>
<td>257</td>
<td>1,104</td>
<td>210</td>
<td>1,178</td>
<td>1,047</td>
<td>1,073</td>
<td>4,750</td>
<td>25%</td>
</tr>
<tr>
<td>*Kimba</td>
<td>296</td>
<td>892</td>
<td>300</td>
<td>1,467</td>
<td>1,374</td>
<td>1,660</td>
<td>4,884</td>
<td>30%</td>
</tr>
<tr>
<td>Orroroo</td>
<td>205</td>
<td>1,307</td>
<td>252</td>
<td>852</td>
<td>944</td>
<td>657</td>
<td>3,654</td>
<td>23%</td>
</tr>
<tr>
<td>Peterborough</td>
<td>177</td>
<td>1,681</td>
<td>350</td>
<td>1,296</td>
<td>761</td>
<td>775</td>
<td>6,782</td>
<td>19%</td>
</tr>
<tr>
<td>Robe</td>
<td>1,124</td>
<td>2,361</td>
<td>654</td>
<td>3,522</td>
<td>2,491</td>
<td>1,516</td>
<td>7,063</td>
<td>50%</td>
</tr>
<tr>
<td>Wudinna</td>
<td>290</td>
<td>1,066</td>
<td>420</td>
<td>1,645</td>
<td>1,267</td>
<td>1,550</td>
<td>6,031</td>
<td>27%</td>
</tr>
<tr>
<td>W/Average (excl. FRC)</td>
<td>1,378</td>
<td>1,379</td>
<td>1,332</td>
<td>1,257</td>
<td>5,512</td>
<td>31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Port Augusta</td>
<td>1,466</td>
<td>7,669</td>
<td>1,727</td>
<td>15,628</td>
<td>1,061</td>
<td>1,986</td>
<td>40,334</td>
<td>38%</td>
</tr>
<tr>
<td>Mt Remarkable</td>
<td>627</td>
<td>3,125</td>
<td>289</td>
<td>2,427</td>
<td>835</td>
<td>780</td>
<td>9,330</td>
<td>26%</td>
</tr>
</tbody>
</table>

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 fourth lowest rates per capita (25% below average) and third lowest per property (20% 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 (currently showing as 37%, up from 25% in 2011-2012), which to be sustainable needs to be around 50%.

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 has an independent report from Council's previous Auditor (Ian McDonald) that rates need to increase by around 50% in real terms from the 2010-2011 level. The FAM has continually advised Council during the budget process, of this requirement for sustainability. The requirement still exists if Council is to achieve a sustainable future.

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 2018-19 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 2017-2018:

Wirreanda Cottages, Hawker Community Sports Centre Inc., Scouts Association of Australia, 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 principle 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 has chosen the Sec 166 (1)(l) option since 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 2014-2015 year the capping rebate was discontinued. Council considered the equitability of capping rebates and agreed to phase them out over several years.

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)(l)(ii) on vacant land within the “township” of Cradock where the minimum rate applies to effectively reduce the minimum rate from $771.00 to $231.30 on blocks of land with relatively low valuations.

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

**NRM LEVY**

Council is required by the State Government to collect the NRM Levy which commenced in the 2006-2007 financial year. This levy replaced the Water Catchment Levy, Animal & Pest Plant contribution & Soil Board contribution. Council is wholly within the Northern & Yorke (NY) NRM Board area. Once the NRM Boards have declared their budgets, we are informed by the NRM Board of the total amount of levy that we are mandated to collect for the State Government NY NRM Board.

The NY NRM Board levy for 2018-2019 was $44,412 (2017-2018 was $43,452). 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 2019-2020 and does not expect notification from the board prior to June 2019.

Comment: The NRM levy amount to be collected and the basis of collection is outside Council’s control. Council is required by the Natural Resources Management Act 2004 to collect whatever the State Government through the NY NRM Board ask 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 NY NRM Board and they should contact the State Government or NY NRM Board with all their enquiries and complaints. Since inception, the NY NRM Board has chosen Capital value to determine Council’s share of the total NY NRM budget.

This levy has 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 2018-2019 was 2.2%. Total increases imposed by the State Government for the NRM Levy have averaged 45.5% per annum.
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).

(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 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).

(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.

(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 31 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
(b) ensure—
(i) that copies of the annual business plan and the budget (as adopted) are available for inspection (without charge) or purchase (on payment of a fee fixed by the council); and
(ii) that copies of the summary of the annual business plan are available for inspection and to take (without charge),
at the principal office of the council; and
(c) ensure that electronic copies of the annual business plan and the budget (as adopted) are published on a website determined by the chief executive officer.

(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.

(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

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;
(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).

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 Elected Members have determined it needs and can afford. 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 with no basis for that percentage increase. The rates and charges require justification and a basis for the calculation of amounts to be set.

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

- the objectives, from Council’s Strategic Management Plans, for implementation in 2019-2020 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 2019-2020, being the first year of the Long Term Financial Plan 2019-2039;
- Council then calculates the amount of rates to be raised to finance all the required expenditure after allowing for other forms of income including grants. Elected Members “culls” 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, which includes the declaration of rates (inclusive of rebates, service charges and separate rates).

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