



Draft Annual Business Plan & Budget 2022/23

Definitions:

Capital Value (or CV) - value of a parcel of land including improvements such as Buildings & structures, wells, dams & reservoirs and planting of trees for commercial purpose.

Notional Value – the value of the property based on its actual use rather than the highest and best potential use. An example of this may be a large parcel of land that is used as a single residence when it has potential to be sub-divided into smaller parcels of land. This can only be applied to an owner's principal place of residence.

Differential Rate – in accordance with the Local Government Act, Council **rates** may vary according to the use of the land; or according to the locality of the land; or according to the locality of the land and its use. The Differential Rate category determines the 'cents in the dollar rate' to be applied to that property.

General Rates - General rates are rates which are not raised for a specific purpose such as specific services. General rates are calculated by multiplying the value of a property by the Differential Rate category's 'cents in the dollar rate' and adding the Fixed Charge. For example:

$$\begin{aligned} \$165,000 \times \$0.005600 &= \$924 + \$900 \text{ fixed charge} = \$1,824 \text{ general rates} \\ &\text{(plus any relevant service charges)} \end{aligned}$$

Service Charges - Council provides specific services for the benefit of specific properties for which service charges are applied, e.g. Kerbside Waste Collection and the Community Waste Water Management Scheme.

Fixed Charge – A rating system where there is a fixed amount for every rateable property. This charge can represent no more than 50% of the Council's total general rates. A fixed charge makes up a portion of the General Rates for a property, with the remaining amount calculated by multiplying the rateable value of a property by the Differential Rate category's 'cents in the dollar' rate. Applying a fixed charge generally lessens the impact that a property's valuation has in determining how much rates a property owner will pay. **(see example above under General Rates)**

Rate Capping – where Council restricts the increase in general rates at a set percentage from one rating to year to the next to provide relief where a ratepayer has experienced a significant increase due to factors outside of their control. Examples include where property values in an area have significantly increased from one rating year to the next or where a change in rating system has seen a section of the community incur a significant increase in general rates. Capping exclusions apply as outlined in Councils Rating Policy. This provides the opportunity for Council to phase in those increases. However, under the Local Government Act, this should occur within a three year period. It should be noted that this is a form of 'discretionary rebate' and all other classes of ratepayers will pay a higher amount to compensate for this capping.

1. General Rate Revenue is going down by 1.2%. What does this mean?

This means that Council is collecting 1.2% less in general rate revenue than it budgeted for in the 2021/2022 year. (The size of the general rates pie is decreasing).

This does not mean that every ratepayer will see their rates go down.

Overall, around 55% of assessments will decrease and 45% of assessments will increase. Those that are increasing is largely due to either:

The Capital Value of the property has increased higher than relative property values for the 2022/23 rating year

The assessment is still subject to phasing in of the change in basis of rating that occurred in the 2021/22 rating year.

The average increase in residential rates is 1.3%

2. Will my rates go up considerably?

Council is continuing to 'phase in' the change in the basis of rating by setting a cap on the increase from the general rates paid in 2021/2022 to the general rates to be paid in 2022/2023 on some properties. Therefore, those properties whose rates that would have increased significantly will be capped at a maximum increase of 10% for residential land use and 20% for all other land uses.

An exclusion to this is the assessments where the land use has changed from the 2021/22 rating year to the 2022/23 rating year. For example, if an assessment was vacant land in the 2021/22 rating year but is now residential land use as a house has been put on the vacant land, then the assessment will not be capped at 10% in general rates for the 2022/23 rating year. The capital value of the assessment will have increased due to the house now being on the land.

3. How is Council achieving a decrease in General Rates?

The South Australian Government has committed \$3m over 4 years towards the operating costs of the Australian Arid Lands Botanic Garden to provide rate relief to the Port Augusta Community. This has occurred after much lobbying by the Port Augusta City Council and Community.

Council is budgeting for an increase in "Grants & Subsidies" of \$750,000 in 2022/2023 and a decrease in General Rate Revenue of \$750,000. This provides the relief to the ratepayers of Port Augusta.

4. If Capital Values are going up, is Council collecting more in rates?

The amount of general rate revenue that is collected from ratepayers (the pie) is determined by the Long Term Financial Plan and Council's budget process. If capital values increase, then the rate in the dollar decreases to collect the required amount of rates. If capital values decrease, then the rate in the dollar increases to collect the required amount of rates.

Capital Values have increased by around 4.93% across Port Augusta. The rate in the dollar has decreased for the 2022/23 rating year in comparison to the 2021/2022 rating year. For example: in 2021/2022 the rate in the dollar for residential land use was \$0.006737. For the 2022/2023 rating year the proposed rate in the dollar for residential land use is \$0.005600. Also contributing to the lower rates in the \$ is the reduction in the amount of General Rate Revenue "pie"

5. What Mandatory Rebates does Council Provide?

As required under Division 5 of the Local Government Act, Council provides mandatory rebates to:

- Health Services 100% rebate*
- Community Services 75% rebate*
- Religious Purposes 100% rebate*
- Public Cemeteries 100% rebate*
- Royal Zoological Society of SA 100% rebate*
- Educational Purposes 75% rebate*

For Port Augusta City Council, the estimated total value of mandatory rebates is \$520,000

This effectively means that the ratepayers of Port Augusta are paying more in rates to offset this value of rebates.

Community Housing Organisations receive a rebate of rates for 114 properties totalling \$144,000.

South Australian Housing Trust properties pay full rates. They do not receive a rebate.

6. Who else doesn't pay Council rates?

Under Sec 147 of the Local Government Act, land is not rateable if it is

- (a) unalienated Crown land;*
- (b) land used or held by the Crown or an instrumentality of the Crown for a public purpose (including an educational purpose), except any such land—*
 - (i) that is held or occupied by the Crown or instrumentality under a lease or licence; or*
 - (ii) that constitutes domestic premises;*
- (c) land (not including domestic or residential premises) occupied by a university established by statute;*
- (d) land that is exempt from rates or taxes by virtue of the Recreation Grounds Rates and Taxes Exemption Act 1981;*
- (e) land within the area of the District Council of Coober Pedy that is subject to a mining lease under the Mining Act 1971 or a precious stones tenement under the Opal Mining Act 1995;*
- (f) land occupied or held by the council, except any such land held from a council under a lease or licence;*
- (g) land occupied by a subsidiary where the land is situated in the area of the council that established the subsidiary or a constituent council (as the case may be);*
- (ga) land occupied or held by an emergency services organisation under the Fire and Emergency Services Act 2005;*
- (h) land that is exempt from council rates under or by virtue of another Act*

7. What are the Differential Rate Percentages for 2022/23?

These are unchanged from the 2021/22 rating year:

<i>Residential - Urban</i>	<i>100%</i>
<i>Residential - Non Urban (Rural Living, Primary Industry, Coastal Conservation)</i>	<i>80%</i>
<i>Residential - Coastal Holiday Settlement</i>	<i>80%</i>
<i>Commercial / Industrial</i>	<i>200%</i>
<i>Primary Production</i>	<i>80%</i>
<i>Vacant Land</i>	<i>150%</i>
<i>Other</i>	<i>100%</i>

8. Why can't there be a rating system where everyone pays the same amount of rates?

The Local Government Act legislation prevents this. Rates constitute a system of taxation for local government purposes based on property values. The legislation intends that as a system of taxation, the higher the value of the land, generally the higher the amount of tax will be paid.