

Rating Policy Review

Strategic Alignment - Our Corporation

Public

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**City Finance and Governance
Committee**

Program Contact:

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Approving Officer:

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EXECUTIVE SUMMARY

This report seeks Council adoption of an updated Rating Policy (the Policy), which outlines the framework to rate properties within City of Adelaide boundaries.

Council adopted the current Policy in June 2024 as part of the 2024/25 Business Plan and Budget. The current Policy is shown in [Link 1](#).

In line with Chapter 10 of the Local Government Act 1999 (SA) (the Act), Council has responsibility for establishing policies that support rates and charges on land, including assessment of rateability, the basis of rating, establishing the characteristics of rates and charges, valuations of land, provision of rebates and mechanisms regarding collection. It is important, in order to facilitate ongoing improvements in the rating system, that the correct policy structure is applied to ensure Council clearly outlines its approach to rating.

At the 29 April 2025 Special Council Meeting, Council approved a draft 2025/26 Business Plan and Budget for the purposes of community consultation. This included a new proposed \$600 minimum rate, based on a rating review recommendation presented in that meeting. It is also now incorporated in the draft 2025/26 Rating Policy.

This report proposes changes to the current Policy:

- Introduction of a \$600 minimum rate
- Rating property developments in line with the residential or non-residential land use reflected in the approved development application

Other minor amendments have been recommended to wording and dates.

The proposed Policy is at Attachment A, and a tracked-change version is shown in [Link 2](#).

RECOMMENDATION

The following recommendation will be presented to Council on 24 June 2025 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL
THAT COUNCIL

1. Notes changes to the Rating Policy, including introduction of a minimum rate of \$600, and rating of property developments in line with the land use reflected in their approved development application.
2. Notes the table summarising changes made to the Rating Policy as contained in Attachment B to Item 7.3 on the Agenda for the meeting of the City Finance and Governance Committee held on 17 June 2025.
3. Adopts the updated Rating Policy as per Attachment A to Item 7.3 on the Agenda for the meeting of the City Finance and Governance Committee held on 17 June 2025.
4. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Rating Policy as contained in Attachment A to Item 7.3 on the Agenda for the meeting of the City Finance and Governance Committee held on 17 June 2025 to finalise this document.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Council's ability to raise rates, provide rebates, and employ a respectful debt collection process together enable the delivery of its services to the community and delivery of its Strategic Plan
Policy	This report proposes both minor and major amendments of the Rating Policy.
Consultation	The Rating Policy under Section 151 of the <i>Local Government Act 1999</i> (SA) requires Council to consult on any significant changes to its Rating Policy. Community consultation for the proposed introduction of a minimum rate, and rating of residential property developments was conducted from 9am Tuesday 6 May 2025 and concluded at midnight on Tuesday 27 May 2025.
Resource	The Rating Policy defines how Council will generate rates revenue.
Risk / Legal / Legislative	Chapter 10, sections 151-170 of the Local Government Act 1999 (SA) (the Act) defines how councils raise rates, and considers items such as rateability, basis of rating, valuations of land, provision of rebates and mechanisms for collection. Section 132A of the Act requires Council to have appropriate policies, practices and procedures implemented and maintained in order- 1. to ensure compliance with any statutory requirements; and 2. to achieve and maintain standards of good public administration
Opportunities	Not as a result of this report.
24/25 Budget Allocation	Not as a result of this report.
Proposed 25/26 Budget Allocation	Not as a result of this report.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
24/25 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

1. The Rating Policy (the Policy) is scheduled to be reviewed annually in line with the Business Plan and Budget. The current Policy was reviewed in June 2024 (current policy at [Link 1](#)).
2. The Policy sets out the Corporation's framework to rate properties within Council's boundaries.

Rates as a Taxation System

3. Under Chapter 10 of the Local Government Act 1999 (SA) (the Act), Council has the responsibility to ensure it has appropriate policies in place to support rating and charges on land.
4. For Council to establish clear policy intent, these legislative parameters define:
 - 4.1. Rateability: the Act determines the ability for Council to charge a rate and in some case specifically identifies areas of exemption. For example, Crown land, Universities and hospitals are all exempt from rating.
 - 4.2. Basis of rating: Council must set a rate based on land value or fixed charge.
 - 4.3. Characteristics of rates and charges: Council can set a general rate (differential where applicable), separate rates, or service charges.
 - 4.4. Valuations of land: Council must select a valuation methodology which represents the rating base.
 - 4.5. Provision of rebates: In addition to mandatory rebates, section 166 of the Act enables Council to set the parameters for discretionary rebates.
 - 4.6. Collection of rates and fees: the Act provides general principles regarding rates collection, leaving Council to determine its approach to collection.
5. Each element of the rating system requires diligence to ensure integrity in the system and alignment with policy intent.
6. As the rating base changes constantly, policies aim to be clear and able to manage the broader rating base and any changes.

Summary of Council discussions to date

7. The 2024-28 Strategic Plan commits Council to reviewing its rating system to optimise Council's efforts towards budget repair, through responsible and sustainable financial management, while balancing intergenerational equity and quality service delivery, and maintaining and enhancing community assets.
8. At a Special City Finance & Governance Meeting held on 22 April 2025, a rating review summary was presented, which identified seven focus areas:
 - 8.1. Minimum rate or fixed charge.
 - 8.2. The existing 10% rate increase cap
 - 8.3. The approach to discretionary rebates
 - 8.4. A separate rate to fund a Hindley Street tenancy mix manager
 - 8.5. Reviewing existing property exemptions and mandated rebates
 - 8.6. Rating incentives for council initiatives
 - 8.7. Rating commercial short stay accommodation properties
9. At a Special Council Meeting held on 29 April 2025, Council approved the draft 2025/26 Business Plan and Budget for the purposes of community consultation. This included a new proposed \$600 minimum rate, based on a rating review recommendation (and incorporated in the draft 2025/26 Rating Policy).
10. The Audit and Risk Committee (ARC) received the draft 2025/26 Business Plan and Budget document at its meeting held on 16 May 2025 and supported Council's proposal to introduce a minimum rate.
11. The outcomes of the public consultation were provided to Council at its meeting held on 10 June 2025 [Link 3](#).
12. The following section on a minimum rate has been included in the updated Policy as per **Attachment A**:
"Minimum Rate"
Section 158 of the Act provides that councils may fix a minimum amount payable by way of rates (a minimum rate).

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

Where a Council imposes a minimum rate, it must not apply to more than 35% of properties in the Council area.

Council imposes a minimum rate, as it considers it appropriate that all rateable properties make a base level contribution to the cost of:

- *Creating and maintaining the physical infrastructure that supports each property;*
- *Administering council functions; and*
- *Delivering council services*

The minimum rate been set at \$600.00”

13. The other notable change proposed in the updated Policy is in relation to residential property developments.
14. The current Policy rates all property developments as non-residential during construction (including residential developments). The Policy has been revised to rate property developments in line with the nature of the development application, being residential or non-residential, as follows:

“Where a Development Application (DA) has been approved for a residential or non-residential development, rating of the property during the construction phase (development site) will be applied based on the DA’s approved residential or non-residential status.

For example

- *A residential property that has been demolished and a new residential building is being constructed, the property will be rated as residential during the construction phase.*
- *A residential property, that has been demolished, and a commercial building is being constructed, the property will be rated as non-residential during the construction phase.*

The above construction phase will apply to all property developments and not just those on vacant land.”

15. In reviewing the Policy, other minor amendments have been recommended to wording and dates. Refer to [Link 2](#) for tracked changes of the Policy.

DATA AND SUPPORTING INFORMATION

Link 1 - [2024 Rating Policy](#)

Link 2 - [Revised Rating Policy with tracked changes](#)

Link 3 – [Outcomes of public consultation on the draft 2025/26 Business Plan and Budget](#)

ATTACHMENTS

Attachment A – Revised Rating Policy

Attachment B – Table of key changes and comments

- END OF REPORT -