

# Declaration of Rates 2022/23

Tuesday, 28 June 2022

Special Council

Strategic Alignment - Enabling Priorities

**Program Contact:**

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Public

**Approving Officer:**

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## EXECUTIVE SUMMARY

The general principles of rating are contained within Section 150 of the *Local Government Act 1999 (SA)*, (the Act). Consideration has been given to issues of consistency and equity across Council areas in the imposition of rates on various sectors of the residential, business and wider community, as required in accordance with Section 153 (2) of the Act.

The declaration of rates and application of any rebates reflects Council's intention from the approved Rating Policy.

Section 156 (1) (a) of the Act allows the Council to impose differential rates according to the use of the land. Council approval of the proposed rating structure is required to collect general rates revenue to fund its Business Plan and Budget objectives for 2022/23. This rate revenue is estimated to be \$123.7m.

The Rundle Mall differential separate rate funds activities and initiatives to promote Rundle Mall as a destination for shopping and enhance the vibrancy of the precinct. The separate rate is declared pursuant to Section 154 (1) and (7) of the Act.

The Adelaide Economic Development Agency, which is a subsidiary of Council, has full responsibility for Rundle Mall management, operations, marketing and business development. The Rundle Mall differential separate rate in the dollar will remain unchanged from 2021/22 and will raise approximately \$3.8m to fund the Rundle Mall Program actions with the proposed AEDA 2022/23 Business Plan.

## RECOMMENDATION

### THAT COUNCIL

1. Notes the general principles of rating outlined in Section 150 of the *Local Government Act 1999 (SA)*, (the Act), and the requirements of Section 153 (2) of the Act regarding consideration of issues of consistency and equity across Council areas.
2. Notes that in exercising the powers contained in Section 153 (1) (b) of the Act, it is appropriate pursuant to Section 156 (1) (a) of the Act to declare Differential General Rates in the area of Council according to land use and in accordance with Regulation 14 of the *Local Government (General) Regulations 2013 (SA)*, as follows:
  - 2.1. 0.1149 in the dollar for all rateable land with a residential land use within the City of Adelaide for the financial year ending 30 June 2023.
  - 2.2. 0.1408 in the dollar for all other rateable land uses within the City of Adelaide for the financial year ending 30 June 2023.
  - 2.3. 0.2298 in the dollar for all rateable land with a vacant land use within the City of Adelaide for the financial year ending 30 June 2023.
3. Approves pursuant to Section 166 (1)(i) of the Act, to provide a 'Discretionary Rate Rebate' in 2022/23 to vacant land that does not fit the definition of long-term vacant land holdings of 5 or more years of ownership by the current owner to enact the intent of Council's Rating Policy.

4. Declares pursuant to Section 154 of the Act, a separate rate in the dollar of 0.00223 on rateable land uses within the City of Adelaide, which falls within the Green Adelaide Board region, in accordance with the requirements of Section 69 of the Landscape South Australia Act 2019.
5. Declares pursuant to Section 154 (1) and (7) of the Act, a differential separate rate in the dollar of 0.03582 (to be known as the Rundle Mall differential separate rate) for the period 1 July 2022 to 30 June 2023, on the annual value of all rateable land, except land which has a residential land use that is within the Rundle Mall Precinct, having taken into account the general principles of rating outlined in Section 150 of the Act and issues of consistency and comparability across council areas where relevant.
6. Notes that the Rundle Mall differential separate rate will generate approximately \$3.8m in 2022/23. Notes for this resolution Rundle Mall Precinct shall be that area bounded by the:
  - 6.1. Southern alignment of North Terrace between Pulteney and King William Streets.
  - 6.2. Eastern alignment of King William Street between North Terrace and Grenfell Street.
  - 6.3. Northern alignment of Grenfell Street between King William and Pulteney Streets.
  - 6.4. Western alignment of Pulteney Street between Grenfell Street and North Terrace.
7. Approves pursuant to Section 153 (3) of the Act, not to fix a maximum increase in the general rate on rateable land that constitute the residence of a principal ratepayer, given the rate relief to be provided under Section 166 through a 'Special Discretionary Rate Rebate' in accordance with Council's Rating Policy.
8. Approves pursuant to the provisions of Section 181 of the Act, all rates and charges which have been imposed for the financial year ending 30 June 2022 will fall due in four equal instalments on the following days or if these days fall on a weekend or public holiday on the next business day:
  - 8.1. 1 September 2022.
  - 8.2. 1 December 2022.
  - 8.3. 1 March 2023.
  - 8.4. 1 June 2023.

## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> Council rates fund delivery of the Strategic Plan Actions as outlined in the 2022/23 Business Plan and Budget
Policy	Consistent with Council's Rating Policy (Link 1 view <a href="#">here</a> ).
Consultation	Public consultation on the draft 2022/23 Business Plan and Budget commenced on 13 May 2022 and concluded on 6 June 2022. This included Council's Rating Policy as there were no significant changes to the policy, there were no specific consultation questions regarding the policy.
Resource	Not as a result of this report
Risk / Legal / Legislative	The raising of rates is in-line with Sections 150 and 153 (2) of the Act.  Sections 167 (6) and 170 of the Act requires Council to publish the appropriate notices in the Government Gazette and local Newspapers, within 21 days of the adoption of valuations and declaration of rates for 2022/23.
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Approximately, \$123.7m of rates revenue will be raised in 2022/23.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 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 general principles of rating are contained within Section 150 of the Act. A Council should, when making and adopting policies and determinations concerning rates under this Act, consider the following principles:
  - 1.1. Section 150(a) rates constitute a system of taxation for local government purposes (generally based on the value of land).
  - 1.2. 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.
  - 1.3. The Council should, in making any decision, consider the financial effects of the decision on future generations.
2. Consideration has been given to issues of consistency and equity across Council areas in the imposition of rates on various sectors of the residential, business and wider community, as required in accordance with Section 153 (2) of the Act.
3. Council approval of the proposed rating structure is required to collect \$123.7 m in general rates revenue to fund its Business Plan and Budget objectives for 2022/23.
4. At its meeting on 8 June 2021, Council approved an updated Rating Policy which outlines the approach to Council's rating system under the requirements of the Act. This policy has had no significant changes and was included in the consultation process to provide context for the 2022/23 Business Plan and Budget.

### Differential Rates

5. Section 156 (1) (a) of the Act allows Council to impose differential rates according to the use of the land as prescribed in Regulation 14 (1) of the *Local Government (General) Regulations 2013 (SA)*. The categories of land use for the purposes of imposing differential general rates are as follows:
  - 5.1. Residential
  - 5.2. Commercial – Shop
  - 5.3. Commercial – Office
  - 5.4. Commercial – Other
  - 5.5. Industrial – Light
  - 5.6. Industrial – Other
  - 5.7. Primary Production
  - 5.8. Vacant Land
  - 5.9. Other
6. It is proposed that Council's rate revenue is generated through differential general rates in the dollar for residential, non-residential and vacant land property, namely:
  - 6.1. 0.1149 for residential
  - 6.2. 0.1408 for non-residential
  - 6.3. 0.2298 for vacant land

### Separate Rate – Landscape Levy

7. From 1 July 2020, the *Landscape South Australia Act 2019* replaced the *Natural Resources Management Act 2004*. The previous Natural Resource Management Levy was replaced with a Landscape Levy commencing from the 2020/21 financial year. The Adelaide and Mount Lofty Ranges Natural Resources Management Board (NRM Board) will be replaced with the Green Adelaide Board.
8. The amount to be collected from ratepayers on behalf of the Green Adelaide Board in the 2022/23 financial year has increased by 2.5% on the 2021/22 financial year to approximately \$2.1m.

9. The *Landscape South Australia Act 2019* imposes the duty on Councils to charge a levy as though it were a separate rate under Chapter 10 of the Act, on rateable land in the defined area of the board. Such a rate must be fixed and calculated to raise the same amount as the Council's share to be contributed to the board (considering any rebates/remissions in Division 5, Chapter 10). As such, it is proposed to set a separate rate of 0.00223 to recover this amount on behalf of the Board.

#### **Separate Rate – Rundle Mall Levy**

10. Council approval of the proposed Rundle Mall differential separate rate of 0.03582 is required to ensure the marketing and management of the Rundle Mall Precinct can continue during 2022/23, including actions and initiatives to promote Rundle Mall as a destination for shopping and enhance the vibrancy of the precinct.
11. The Rundle Mall Precinct refers to an area bordered by King William Street, North Terrace, Pulteney Street and Grenfell Street, and is delineated in the map at Link 1 view [here](#).
12. The Rundle Mall differential separate rate is contributed by non-residential ratepayers within the defined Rundle Mall Precinct.
13. The Rundle Mall differential separate rate is declared pursuant to Section 154 (1) and (7) of the Act.
14. The Adelaide Economic Development Agency (AEDA), a Council subsidiary, has full responsibility for Rundle Mall management, operations, marketing and business development. Council's Administration provides corporate support, including cleaning, insurance, finance, audit and governance services, with the direct cost of these services reimbursed by AEDA.
15. The Rundle Mall differential separate rate is collected by Council on behalf of AEDA.
16. AEDA have advised its budget for 2022/23 assumes separate rate revenue of \$3.8m. AEDA's draft budget was approved by the AEDA board on 12 April 2022 and includes a separate rate review of \$3.8m pending finalisation of the valuations for the 2022/23. Any variation will be brought to Council in the first budget review for 2022/23.
17. Since the inception of AEDA, Rundle Mall levy payers have been engaged prior to the development of the draft AEDA Business Plan and Budget.
18. Additional communication programs are being implemented as a result of the review.

#### **Rate exemptions**

19. Council's practice is to identify and value all land in the Council area. Once identified, each separate piece of land is assessed for rateability. Section 147 of the Act specifies those types of properties that shall be exempt from council rates. The City of Adelaide has the highest proportion of 'rate-exempt' properties of any Council in South Australia. In 2022/23 approximately \$34.7m of rates revenue will be foregone in respect of 'rate exempt' properties.
20. Unalienated Crown land and land used or held by the Crown or an instrumentality of the Crown is exempt from council rates if it is used for a public purpose (including an educational purpose), except any land held or occupied by the Crown under lease or licence, or where the property is used for domestic purposes.
21. University land is exempt from council rates when the University has been established by statute, excepting any residential or domestic land use.
22. The *Recreation Grounds Rates and Taxes Exemption Act 1981* specifies that recreation grounds shall be exempt from council rates where the land is occupied under a lease, licence or permit granted by the Council and is used by the occupier for the purposes of sport and recreation.
23. Council land is exempt from council rates where it is occupied or held by the Council, except where any such land is held from the Council under a lease or licence.
24. The *Fire and Emergency Services Act 2005* specifies that land occupied or held by an emergency services organisation will be exempt from council rates.
25. There are several Acts of Parliament which specifically exempt certain properties from paying council rates.
26. Council is mindful that wherever properties are exempt from paying council rates, or where a rebate is applied, those rates foregone must be contributed by the rest of the community. The principles of equity dictate that Council remains diligent in only awarding exemptions where they are warranted.

## Rate Rebates

27. In adopting the Rating Policy and under Sections 159 through to 166 of the Act, Council provides for rebates on council rates as either mandatory rebates or discretionary rebates. Mandatory rebates amount to either 75% or 100% of council rates in accordance with legislation.
28. Discretionary rebates are considered on a case-by-case basis and may only be granted where an applicant meets at least one of the prescribed eligibility criteria set out at Section 166 of the Act. The Rating Policy specifies where certain organisations, eligible for a 75% mandatory rebate, may also be granted a 25% discretionary rebate.
29. A review of Council's Discretionary Rate Rebate Policy and development of a supporting rebate eligibility framework will be undertaken by Administration and then brought to Council for adoption. Once adopted, the framework will form the basis of assessment of all future rebate applications ensuring transparency and alignment with the fairness and equity principles of rating.
30. At the 8 June 2021 Council meeting, approval was given to introduce an increased rate for long-term Vacant Land properties of 100% of the current residential rate. The definition of long-term is any Vacant Land property held in the same ownership of 5 years or more. As the City of Adelaide rate on a differential basis, the new rate will be applied to all Vacant Land properties with this land use. For Vacant Land properties that do not fit the long-term definition, a Discretionary Rebate under Section 166 is required to reduce the increased rate back to the current non-residential rate.
31. The approved Rating Policy also include a Special Discretionary Rebate. The value of the discretionary rate rebate granted to an individual ratepayer will vary, to ensure the increase in council general rates payable for 2022/23 (excluding all other rebates and remissions) is no greater than 10% against 2021/22.
32. Properties with a rating valuation increase because of a new property development, change in use, or significant enhancement will not be eligible for the special discretionary rate rebate.
33. Where a rating valuation is challenged by the ratepayer and subsequently adjusted downwards by the City of Adelaide Valuers, the amount of the special discretionary rate rebate granted in respect to the relevant property (where applicable) will be adjusted downwards accordingly.
34. Further information in regards to review of Councils Rebate Policy inclusive of hardship provisions will be provided to Council at its August meeting.

## Rates Payments

35. Section 181 of the Act enables all rates and charges which have been imposed for the financial year ending 30 June 2023 to fall due in four equal or approximately equal instalments.

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# DATA AND SUPPORTING INFORMATION

**Link 1 – Rundle Mall Precinct**

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# ATTACHMENTS

Nil

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