



SEPARATE RATE POLICY

Approved: By Council on 24 September 2013

Owner: Program Manager, City Growth and Investment

Trim: ACC2013/161108

1. Introduction

- 1.1 Separate rates are a transparent and equitable means, widely used by Councils in SA and beyond, to generate revenue to deliver projects and activities of particular benefit to target areas.
- 1.2 The levying of separate rates provides a sustainable source of funding to support placemaking, activation and revitalisation. It is consistent with Council's preference for partnerships, co-creation and reducing reliance on Council through identifying and implementing sustainable funding models.
- 1.3 Applied to target areas, separate rates for marketing, management and development are an important strategy to revitalise and maintain ongoing economic viability. A separate rate provides the revenue base needed to operate as a collective centre, coordinating activity similar to shopping centres under single ownership.

2. Strategic Context

- 2.1 The Policy supports the achievement of The City of Adelaide Strategic Plan especially Outcome 1 – City of Great Places and Outcome 5 – Prosperous City by providing guidance around an option for funding placemaking, promotion, marketing and business development initiatives in precincts.
- 2.2 The Policy also supports the Corporation Plan's key objective of being a *trusted partner* through engaging with Associations to develop and implement sustainable funding models for precinct development.

3. Legislative Requirements

- 3.1 Separate rates are provided for under the *Local Government Act 1999* (SA) s.154(1) as follows:

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.
- 3.2 Consultation requirements related to the levying of separate rates are governed by the provisions of section 151 the *Local Government Act 1999* (SA).
- 3.3 In the event that the *Local Government Act 1999* (SA) is amended so as to render this Policy inconsistent with the Act this Policy will be automatically altered to make it consistent with the Act.

4. Definitions

Separate rate – a rate declared under section 154 of the *Local Government Act 1999* (SA). Separate rate revenue must be applied to activities of “particular benefit” to the land, or the occupiers of the land, or to visitors to the geographic area to which the rate applies. Separate rate revenue is “ring fenced” and not general revenue.

Target area – a defined geographic area in which some or all rateable properties are proposed to be subject to a separate rate

Proponent – the Association making the approach to Council about considering the declaration of a separate rate or Council if Council initiates a proposal.

5. Policy Purpose

This policy has the following purpose:

- 5.1 To define and communicate Council's position on the declaration of separate rates; and
- 5.2 To provide a basis for a transparent, consistent and equitable approach to considering proposals for separate rates as a tool for Council decision making.

6. Policy Outcomes

- 6.1 A consistent source of funding as a catalyst for placemaking, city activation, innovation, productivity, social sustainability and economic prosperity and resilience.
- 6.2 Target areas achieve the revenue base needed to operate as a collective centre and implement activities of particular benefit to the area.
- 6.3 Strong and effective precincts contribute to the creation of a network of great city places.

7. Policy Principles

This policy is underpinned by the following principles:

- 7.1 Separate rates are a means of raising revenue over and above Council's baseline revenue levied specifically to support activities of particular benefit to defined geographic areas of the city;
- 7.2 Separate rates can assist placemaking and co-creation, supporting precinct development and activation and Council's strategic objectives around creating a prosperous and liveable city; and
- 7.3 Council's general rating principles of equity, benefit, efficiency, simplicity and ability to pay.

8. Roles and Responsibilities

- 8.1 Council is responsible for implementing this policy.
- 8.2 Various Council and Corporate Programs are responsible for providing data and assistance throughout the process of investigating and declaring a separate rate.
- 8.3 Proponents are responsible for familiarising themselves with the content of this Policy and accompanying Operating Guideline.

9. Policy Statements

- 9.1 Council will consider proposals for separate rates that are initiated by a formal incorporated member-based non-profit association representing businesses and property owners if:

- 9.1.1 The Association has been operational for at least one year and there is evidence of compliance with obligations under the *Associations Incorporation Act 1985* (SA);
- 9.1.2 The Association is able to receive and disburse funds
- 9.1.3 All commercial property owners and business owners in the target area are eligible to join the Association as full members;
- 9.1.4 The Association has a Strategic Plan and an Annual Business Plan endorsed by its membership that contemplates a separate rate to fund Association activities and clearly identifies the anticipated benefits for ratepayers;
- 9.1.5 The Association submits a preliminary proposal including:
 - 9.1.5.1 a statement of the purpose/s to which the proposed rate is to be applied and that those purposes are not reliant on additional Council funds;
 - 9.1.5.2 a statement of the area to which the rate will apply (including a map showing that area);
 - 9.1.5.3 the specific categories of ratepayer to be subject to the rate
 - 9.1.5.4 the proposed Business Plan;
 - 9.1.5.5 the duration of the rate and the proposed commencement date;
 - 9.1.5.6 the proposed basis of rating including consideration of a maximum liability for any one property and of areas of primary and secondary benefit to enhance equity;
 - 9.1.5.7 details of the consultation it has undertaken with those stakeholders who would be liable for the rate and how that input is reflected in the proposal; and
 - 9.1.5.8 an estimate of the revenue to be generated by the proposed separate rate as well as the predicted expenditure over the duration of the separate rate.
- 9.2 Council may initiate a separate rate proposal of its own volition for any purpose supported by the *Local Government Act 1999* (SA) where the proposed use of separate rate funds aligns with Council's strategic priorities.
- 9.3 In deciding whether to progress a proposal to statutory consultation, Council will consider:
 - 9.3.1 whether the purpose of the proposed separate rate is suitably aligned with the Association's Strategic/Business Plan;
 - 9.3.2 if the target area to which the rate is to apply is appropriate;
 - 9.3.3 whether the proposed rate will be of particular benefit to the land, or the occupiers of the land, or to visitors to the target area;
 - 9.3.4 if the proposed duration of the rate is appropriate;
 - 9.3.5 if there is sufficient and relevant evidence of business owner and property owner consultation;
 - 9.3.6 if there is sufficient evidence of support for the rate from those who would be subject to the rate;
 - 9.3.7 if the amount proposed to be raised by the separate rate is sufficient for its purpose and is not excessive;
 - 9.3.8 whether the proposed basis of rating aligns with Council's general principles of rating, including whether the distribution of the separate rate liability is fair and reasonable; and

- 9.3.9 whether any amendments to the proposal are needed to address any deficiencies.
- 9.4 Council will endorse the proposal for public consultation, propose amendments to the draft proposal, or determine not to proceed to public consultation.
- 9.5 If Council does progress a separate rate proposal to public consultation, Council will comply with all requirements of section 151 of the *Local Government Act 1999* (SA) as a minimum.
- 9.6 Council will determine the basis on which it will determine support or objection to a separate rate proposal and advise that in the material informing the statutory public consultation.
- 9.7 Following consultation Council will take into account all feedback and make a final determination about the rate. Council's consideration will include (but not be limited to) the criteria set out at 9.3 above.
- 9.8 Council will consider the declaration of separate rates for a minimum period of 3 years and a maximum period of 5 years, after which time the rate may be renewed using the same process.
- 9.9 Council may discontinue a separate rate if there is evidence of inappropriate management of separate rate funds, insufficient evidence of successes arising from the rate, or the Association ceases to exist.
- 9.10 Council will require the Association to enter into a formal agreement (driven by a business plan) with Council on the expenditure of the separate rate. The agreement will include:
- 9.10.1 measures by which the performance of the Association and the outcomes of the application of separate rate funds will be assessed;
- 9.10.2 a declaration as to the financial management arrangements of the Association;
- 9.10.3 when, and under what conditions, separate rate funds will be disbursed to the Association;
- 9.10.4 a requirement for the provision by the Association for each year that the separate rate is in place of an annual business plan, regular income and expenditure reports, annual audited financial statements, and minutes and reports of the AGM; and
- 9.10.5 other matters as the Council sees fit.
- 9.11 Council will comply with all requirements of the *Local Government Act 1999* (SA) when declaring and managing a separate rate.

10. Key Performance Indicators

| <i>Objective</i> | <i>Key Performance Indicators</i> | <i>Data source</i> |
|---|---|---|
| Communicate Council's position on the declaration of separate rates | <ul style="list-style-type: none"> The extent to which the Policy is understood and helpful to separate rate proponents and ratepayers | <ul style="list-style-type: none"> Feedback from users of the Policy |
| Provide a policy basis for a transparent and consistent | <ul style="list-style-type: none"> The extent to which the policy provides a transparent and consistent | <ul style="list-style-type: none"> Feedback from users of the Policy |

| | | |
|--|---|--|
| approach to considering proposals for separate rates | approach to assessing separate rate proposals | |
|--|---|--|

11. Monitoring and Implementation

Implementation and monitoring of this policy is the responsibility of the City Growth & Investment Program.

12. Review

This policy will be reviewed in June 2015.

Revision History

| <i>Revision Summary</i> | <i>Approval Date</i> | <i>ELG Council or Committee</i> | <i>Decision #</i> | <i>TRIM Reference</i> | <i>Related policy documents</i> |
|-------------------------|----------------------|---------------------------------|-------------------|-----------------------|---------------------------------|
| <i>Approved</i> | <i>24/9/13</i> | <i>Council</i> | <i>13454</i> | <i>COCO2013/2204</i> | <i>Council's Rating Policy</i> |