

Item No: **15.4**

Subject: **2020-2021 RATE DECLARATION**

Date: 28 July 2020

Written By: Rates Administrator

General Manager: Strategy and Business Services, Ms P Jackson

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## **SUMMARY**

General, differential and separate rates have been identified to fund Council's activities, together with the Regional Landscape Levy formerly known as the NRM Levy, as contained within the approved 2020/2021 budget document. Council is now in a position to formally declare the rates for the 2020/2021 financial year.

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## **RECOMMENDATION**

### **1. Adoption of Valuations**

That the total capital value of land within Council's area of \$13,827,139,580, as provided by the State Valuation Office, be adopted for rating purposes for the 2020/2021 financial year.

### **2. Declaration of Differential General Rates**

In order to raise a total net amount of \$36,016,000 from the differential general rate:

- (a) in respect of rateable land with a land use of Commercial-Shop (Category 2), Commercial-Office (Category 3), Commercial-Other (Category 4), Industrial-Light (Category 5), Industrial-Other (Category 6), and Vacant Land (Category 8), a Differential General Rate of 0.384961 cents in the dollar is declared on the capital value of such land;
- (b) in respect of rateable land with a land use of Residential (Category 1) and Other Land (Category 9) uses, a Differential General Rate of 0.247456 cents in the dollar is declared on the capital value of such land;
- (c) pursuant to Section 158 of the *Local Government Act 1999*, a minimum amount payable by way of the General Rate is fixed at \$1,021; and
- (d) pursuant to Section 153(3) and (4) of the *Local Government Act 1999*, a maximum increase of 6% (of the general rate declared for the same property

for the 2019/2020 financial year) is fixed in the general rate charged on rateable land that is used for residential purposes and constitutes the principal place of residence of a principal ratepayer. Any amount exceeding the 6% increase will be remitted in full. The cap on an increase in general rates under this Section will not apply where property values have increased as a result of the following events: new building work and/or development activity greater than \$5,000; changes in land use wholly or partially; changes in zoning; the ownership of the rateable property has changed since 1 July of the previous year; the property is no longer the principal place of residence.

### 3. Declaration of Separate Rates

#### Jetty Road Mainstreet

(a) In exercise of the powers contained in Section 154 of the *Local Government Act 1999* and in order to support and improve the activity of promoting and enhancing business viability, profitability and trade, commerce and industry in Jetty Road Glenelg, a Differential Separate Rate of 0.126719 cents in the dollar is declared on the capital value of all rateable land:

- with a frontage to Jetty Road or Moseley Square;
- within the side streets that intersect with Jetty Road between High Street and Augusta Street;
- the entire site referred to as the Holdfast Shores 2B Entertainment Centre; and
- that has a land use of Category 2 (Commercial – Shop), Category 3 (Commercial – Office) and Category 4 (Commercial –Other).

#### Patawalonga Marina

(b) (i) In exercise of the powers contained in Section 154 of the *Local Government Act 1999* and in order to carry out the activity of the maintenance and upkeep of the Boat Lock in the Patawalonga basin, a Separate Rate of 0.96334 cents in the dollar of the capital value of land, is declared on all rateable land within the Patawalonga basin bounded by the high water mark; and

(ii) in exercise of the powers contained in Section 158(1)(b) of the *Local Government Act 1999* the amount that would otherwise be payable by way of rates in respect of this separate rate is altered by fixing the maximum amount of the separate rate payable for assessments within the area to which this separate rate applies where the capital values of which exceed \$83,667 at \$806.

**4. Imposition of Regional Landscape Levy (formerly known as NRM Levy)**

In exercise of the powers contained in Section 69 of the *Landscape South Australia Act 2019* and Section 154 of the *Local Government Act 1999*, in order to reimburse the Council for the amount contributed to the Green Adelaide Board, being \$1,286,635, the Council declares a separate rate of 0.0096815 cents in the dollar of the capital value of all rateable land in the Council area.

**5. Payment**

- (a) That in accordance with Section 181(1) of the *Local Government Act 1999*, all rates are payable in four equal (or approximately equal) instalments, the due dates being:

30 September 2020  
18 December 2020;  
1 March 2021; and  
1 June 2021.

Provided that in cases where the initial account requiring payment of rates is not sent by the time set by the *Local Government Act 1999* (the "Act"), or an amended account is required to be sent, the Chief Executive Officer is authorised to fix the date by which rates must be paid in respect of those assessments affected; and

- (b) Pursuant to Section 181 (4)(b) of the *Local Government Act 1999*, the Chief Executive Officer is authorised to enter into agreements with ratepayers relating to the payment of rates in any case of hardship or financial difficulty, or where it is considered in the best interests of Council so to do (as determined by the Chief Executive Officer).

**6. The current Rating Policy be updated to reflect Council's decision.**

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**COMMUNITY PLAN**

Culture: Being Financially Accountable

**COUNCIL POLICY**

Rating Policy

## STATUTORY PROVISIONS

*Local Government Act 1999, Section 44 and Chapter 10.*

*Local Government (General) Regulations 1999, Regulation 10.*

*Landscape South Australia Act 2019, Section 69.*

## BACKGROUND

This report has been prepared to enable the declaration of the 2020/2021 rates.

Council has received and considered various reports and minutes in relation to the Budget and Rating for 2020/2021 including:

25 Feb. 2020	Report No: 49/20 Audit Committee – Minutes of meeting 5 February 2020
25 Feb. 2020	Report No: 52/20 Jetty Road Mainstreet Committee – Minutes of meeting 12 February 2020
14 May 2019	Report No: 99/20 Alwyndor Management Committee – Minutes of meeting 16 April 2020
26 May 2020	Report No: 125/20 Draft 2020/2021 Annual Business Plan
26 May 2020	Report No: 123/20 Audit Committee – Minutes of meeting 6 May 2020
14 July 2020	Report No: 191/20 Draft 2020-2021 Annual Business Plan Consultation Outcomes
28 July 2020	Report No: 208/20 Annual Business Plan
28 July 2020	Report No: 196/20 2020/2021 Budget Adoption

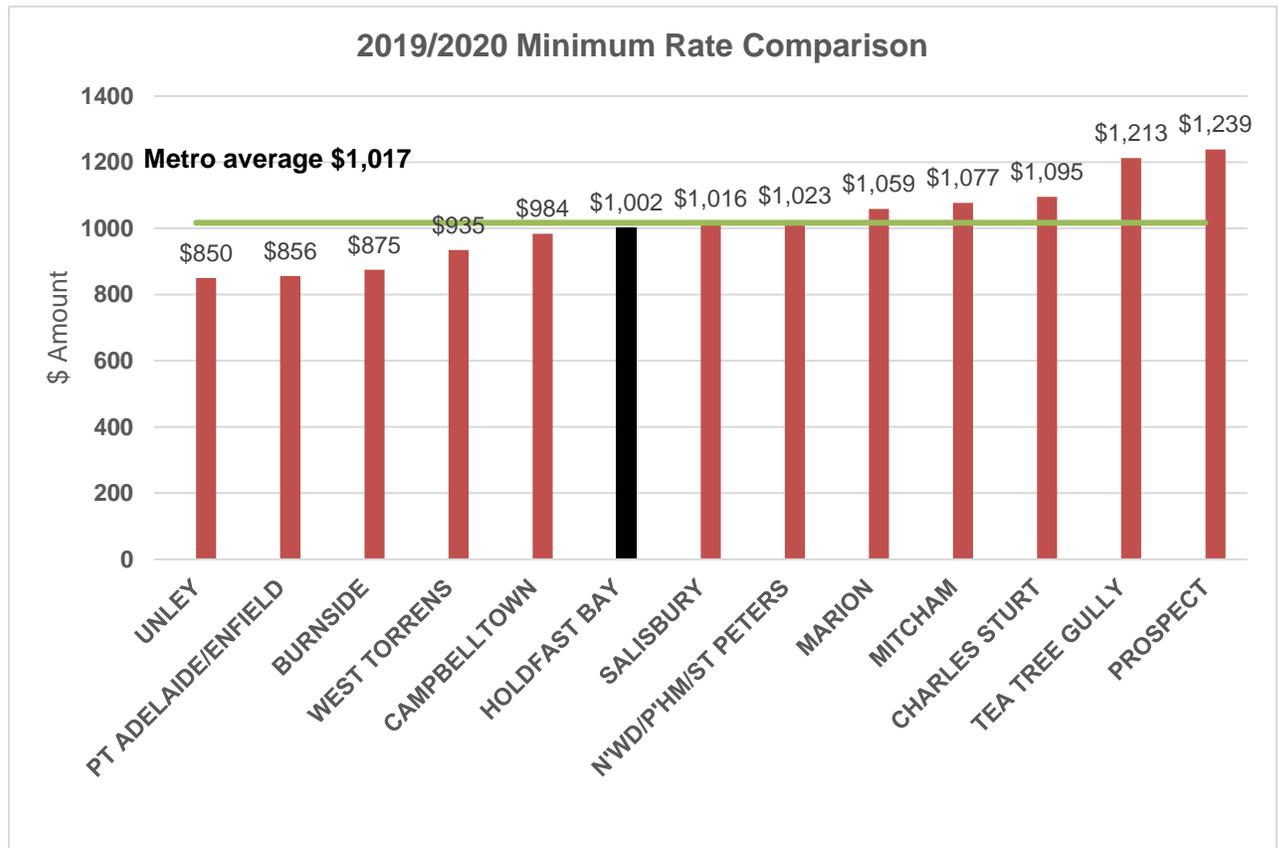
## REPORT

### Minimum Rate

Council applies a minimum rate because it is considered appropriate that all ratepayers make a base level contribution to the cost of providing Council services including creating and maintaining infrastructure.

For 2019/2020, the minimum rate was \$1,002 and applied to 26% of all rateable properties which includes residential, commercial, industrial, vacant and other type properties.

The average minimum rate for councils in metropolitan Adelaide that applied a minimum rate in 2019/2020 was \$1,017. The following chart shows how Holdfast Bay currently compares to other councils.



The 2020/2021 budget has provided for a 1.9% overall rate revenue increase exclusive of new development growth and separate rates. Applying this same 1.9% increase to the current minimum rate would increase it by \$19 to \$1,021. This ensures all ratepayers share the 1.9% increase in rate revenue and the percentage on the minimum is 27%.

### Differential General Rates

The *Local Government Act* allows councils to differentiate rates based on land use. Council currently applies a 55% higher rate-in-the-dollar for commercial, industrial and vacant land purposes. Vacant land is included in the differential general rate to encourage development. Research with other councils indicates that Holdfast Bay has a comparatively low proportion of commercial and industrial properties.

The overall amount of differential rates generated in 2019/20 was \$4,921,000, representing approximately 13.8% of Council's overall general rates raised. Maintaining the differential at 55% results in an amount of \$4,813,000 being raised equating to 13.2% of the overall rates raised.

The 2020/21 valuation data shows a 60% reduction (100 properties) in the number of vacant land assessments indicating that these properties have been developed during 2019/20. This has a disproportional impact on the rates payable by the commercial and industrial land use types. Rate

modelling indicates that a 55% higher rate will maintain relativity in the amount of rates payable between the all the remaining rate types including the general rate.

### **Residential Rate Capping**

Council's Rating Policy includes a rate cap to provide relief to ratepayers who own residential properties that have been subject to a significant increase in valuation.

For the 2019/2020 year residual, ratepayers could apply for a reduction if their annual rates bill increased in excess of 6%. Rate capping excludes any concessions or previous concessions granted, Regional Landscape Levy and separate rates. Rate capping is based on the residential rate levied only. It is recommended to leave the cap at the current rate of 6%.

It is difficult to forecast the number of ratepayers that could potentially benefit from rate capping. To be eligible a number of requirements including the exclusion of building improvements in excess of \$5,000 are taken into account. The number of successful applicants in past years has been relatively small.

### **General Rates**

Rate revenue for 2020/2021 will increase 1.9%, excluding new developments, separate rates and the State Government Regional Landscape Levy (formerly known as NRM Levy). The budget includes the net amount of \$36,073,000 (allowing for rate capping and all rebates) for differential general rate revenue that will be raised through a differential general rate of 0.247456 cents in the dollar (0.24259 cents in 2019/2020) and a minimum rate of \$1,021 (\$1,002 in 2019/2020).

The increase in rates payable for a median residential rateable property value is 1.9%. The median residential property value is \$560,000 (unchanged from 2019/2020) with the amount payable is \$1,386 (\$1,359 in 2019/2020). This equates to an increase of \$27 when compared to the previous year.

The differential general rate in the dollar to be applied to Commercial, Industrial and Vacant Land in 2020/2021 is set at 0.384961 cents, (compared with 0.374999 cents in 2019/2020).

The proposed rate is based on the Supplementary Valuation Reports issued by the State Valuation Office, up to and including supplementary report dated 1 July 2020.

### **Separate Rates**

#### ***Jetty Road Mainstreet***

Details of the recommended 2020/2021 budget from the Jetty Road Mainstreet Management Committee have been incorporated into Council's budget comprising a separate rate amounting to \$584,450 (\$578,088 for 2019/2020), which equates to an average of 1.1% increase in the separate rate.

The separate rate will be imposed on all rateable land:

- with a frontage to Jetty Road or Moseley Square; and
- within the side streets that intersect with Jetty Road between High Street and Augusta Street; and
- the entire site referred to as the Holdfast Shores 2B Entertainment Centre; and
- with a land use category 2 (Commercial - Shop), 3 (Commercial – Office), and 4 (Commercial – Other).

The valuation of the 384 properties totals \$461,224,494 for which a separate rate of 0.126719 cents in the dollar of Capital Value will return the required amount (compared with 0.125215 cents for 2019/2020).

### ***Patawalonga Marina***

In addition to general rates being levied against berth owners within the Patawalonga Marina, a separate rate will be levied for the purpose of lock maintenance. This separate rate will be applied to 170 properties within the high water mark of the Patawalonga basin and generate a nett revenue of \$73,000.

The valuation of the 170 properties totals \$43,550,000 for which a separate rate of .96334 cents in the dollar of Capital Value would return the required amount. There are 9 properties along Cygnet Court that contribute to the Patawalonga Marina separate rate which include a land component and consequently the total capital value of these properties is substantially more than the capital value of their individual marina berth. To ensure that these properties do not contribute substantially more to the Patawalonga Marina rate than the other berth owners, a maximum rate of \$806 (\$791 in 2019/2020), equating to a Capital Value of \$83,667 is proposed.

### ***Regional Landscape Levy (formerly known as NRM Levy)***

Under Section 69 of the Landscape South Australia Act 2019, Council is required to pay a sum of \$1,286,635 (2019/2020 \$1,281,868) to the Green Adelaide Board. The total amount to be raised, including a provision for rebates, is \$1,308,600.

A Separate Rate is required to be levied across the total City to recoup \$1,286,635 plus a provision of \$21,965 for applicable rebates. The valuation of such properties amount to \$13,521,303,000 for which a separate rate of 0.0096815 cents in the dollar of Capital Value would return the required amount.

## **BUDGET**

This report declares the amount and distribution of rates as adopted in the 2020/2021 budget.

<b>Rate description</b>	<b>Amount (Adopted 2020/2021 Budget)</b>
General Rates	\$31,652,000
General Differential Rates	\$4,813,000

New Development/Growth	\$153,000
Patawalonga Lock Rates	\$73,000
Landscape Levy	\$1,286,635
Jetty Road Mainstreet	\$584,450
Fines/Legal Fees	\$109,000
Rate Capping/Valuation Objections	(\$31,000)
Rebates – LG Act and Council	(\$680,000)

**LIFE CYCLE COSTS**

Not applicable to this report.