



The Barossa Council

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**BRANCH/LIBRARY
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10 Murray Street
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LIBRARY ONLY

Angaston Town Hall
8 Sturt Street
Angaston

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Magnolia Road
Tanunda

Our Ref: B1141
RA:ar:0677

18 July 2006

Mr Shane Sody
Principal Policy Officer, Legislation
Office for State/Local Government Relations
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Dear Shane

RECOMMENDATIONS – DIFFERENTIAL RATES REVIEW

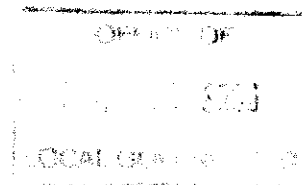
I refer to your correspondence dated 31 May 2006 inviting written submissions on the Differential Rates Recommendations Paper.

I have reviewed the Paper in detail on behalf of Council and concur with all the recommendations based on the five general principles for Taxation systems ie Equity, Benefit, Capacity to pay, Efficiency and Simplicity.

In regard to Recommendation 4.6 to abolish declaration of rates by Development Plan zones, whilst Council understands that by declaring rates according to this base is complex and most likely an administrative nightmare, it is important to clearly provide other alternatives to those fifteen (15) Councils using this method. They should also be given time to phase in alternative differential rating methods and to carry out the required community consultation with their ratepayers.

The Barossa Council has used Differential Rates based on land use since its proclamation in 1996 and believe the present Local Government Act allows sufficient flexibility to impose rates on a fair and equitable basis.

It is also noted that there have been requests to have a further breakdown of primary production categories, but this would create an additional administrative workload and most likely result in more appeals against land use.



At a previous Council we did experiment with a "rural living" category by using rebates, but this did cause many complaints and was not continued with.

In the Barossa there are many primary production properties that have more than one land use and in particular, Bed & Breakfast facilities.

To determine the "predominant use" is difficult at times, but is probably the fairest.

The other land use category that Council has had difficulty with in determining fair and equitable rating is the "Industry – Other" category. Wineries and Quarry industries have significant assets that are not taken into account by the Valuer-General for valuation purposes due to exemptions pursuant to Section 34(ab) and Section 11 of the Valuation of Land Act 1971 and Regulations.

Section 34 states:

"34 – Regulations

The Governor may make all such regulations as are necessary or expedient for the purposes of this Act, and, without limiting the generality of the foregoing, those regulations may –

- (a) prescribe and provide for the recovery of fees for the purposes of this Act; and*
- (ab) provide that specified fixtures or improvements, or fixtures or improvements of a specified class, will not be taken into account in determining or assessing the annual value or capital value of land generally, or land of a particular class, where the determination or assessment is to be used for the purpose of raising, levying or imposing any rate, tax or impost; and*
- (b) prescribe any form for the purposes of this Act."*

Section 11 of the Valuation of Land Regulations 2005 states:

"11 – Fixtures and improvements not to be included in valuations

- (1) Pursuant to section 34(ab) of the Act, the following fixtures and improvements must not be taken into account in determining the annual value or capital value of land where the determination or assessment is to be used for the purpose of raising, levying or imposing any rate, tax or impost:*

- (a) any item of machinery, plant or equipment that is used in connection with a trade, business or manufactory and is not fixed to the land or premises or is fixed to the land or premises so as to be capable of being removed without structural damage (other than minor or trivial structural damage) to the land or premises;
- (b) any main, pole, transformer, wire, pipe, machinery, plant or equipment that is used in connection with the generation and supply of electricity, the supply of gas or water or the provision of sewerage and is erected on land occupied by a public utility undertaking (whether or not an agency or instrumentality of the Crown) related to the supply or provision of such services;
- (c) trees planted –
 - (i) for the primary purpose of –
 - (A) the commercial production of timber; or
 - (B) the prevention or amelioration or degradation of land; or
 - (C) the disposal of effluent; or
 - (D) the provision of a habitat for wildlife; or
 - (ii) for any two or more of the purposes specified in subparagraph (i).
- (2) Despite subregulation (1), electricity generating plant, and substations for converting, transforming or controlling electricity, that -
 - (a) are used by a body specified by proclamation under clause 3(2) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999*; and
 - (b) are situated on land to which a proclamation under clause 3(3) of that Schedule applies,

are to be taken into account in determining or assessing the annual value or capital value of land for the purpose of raising, levying or imposing rates under the Local Government Act 1999."

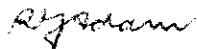
In the case of wineries, significant improvements such as tank farms, are not included in the valuation of land by the Valuer-General. In the case of quarries, crushing plant, also a significant improvement, is not included in the valuation of land.

There was a major review of the Valuation & Land Act 1971 and Regulations some years ago and Local Government was invited to make submissions. The Barossa Council did raise the anomaly of Section 34 (ab) of the Act and Section 11 of the Regulations, but the exemptions still remain.

Council now charge a higher rate in the dollar for "Industry – Other" properties that have exemptions of improvements under the Valuation of Land Act & Regulations (eg Wineries and Quarries). We do provide a significant rebate of 25% for other Valuer-General land uses in the "Industry – Other" Local Government land use.

Thank you for the opportunity to comment on your Differential Rates Paper.

Yours sincerely



Rob Adam
Director – Corporate & Community Services