

28th July 2006

Shane Sody
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Office for State/Local Government Relations
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Station Arcade
ADELAIDE SA 5000

Dear Shane

Re: RECOMMENDATIONS ON DIFFERENTIAL RATES

Further to your letter dated 3rd May 2006 regarding the above, please find detailed Councils recommendations on differential rates.

1. Council currently uses differential rating and it is applied as follows:

1. *in the country townships of Wirrulla, Poochera and Cungena, (0.613 cents in the dollar of the Site Value of rateable land;*
2. *in the township of Streaky Bay:*
 - 2.1 *(0.767) cents in the dollar of the Site Value of rateable land of categories 1,8 and 9 use;*
 - 2.2 *(1.63) cents in the dollar of the Site Value of rateable land of categories 2,3 and 4 use;*
 - 2.3 *(1.53) cents in the dollar of Site Value of rateable land of categories 5,6 use;*
 - 2.4 *(0.6286) cents in the dollar of the Site Value of rateable land of category 7 use*
3. *in respect of Settlement Zone Sceale Bay, Baird Bay, Haslam, Perlubie Landing, Fishermans Paradise & Eba Anchorage as identified in Council's Development Plan:*
 - 3.1 *0.613) cents in the dollar of the Site Value of rateable land of category 1 to 9 use;*
4. *in respect of the Commercial (Bulk Handling) Zone as identified in Council's Development Plan:*

4.1 (28.0) cents in the dollar of the Site Value of rateable land of category 4 use;

5. in respect of all other land for the Council Area:

5.1 (0613) cents in the dollar of the Site Value of rateable land of category 1 use;

5.2 (0.6286) cents in the dollar of the Site Value of rateable land of category 7 use; including Light Industry (Aquaculture) Zone, as identified in Council's Development Plan;

5.3 (0.613) cents in the dollar of the Site Value of rateable land of other category uses.

2. Reasons for using differential rates

Council considers the use of differential rates as very important in trying to achieve an equitable distribution of the rate burden across the community taking into account the principles of taxation. Different parts of the community receive different benefits and this is recognised by imposing a rate in the \$ for residential properties (including small towns) outside of Streaky Bay (main township) of 80% of the Streaky Bay residential rate in the \$. Within Streaky Bay township the commercial and industrial land use assessments are charged a higher rate in the \$ than residential through their opportunity to pick up income from tourists. The commercial properties pay slightly more than industrial (rates in \$) due to an undergrounding of power and streetscape upgrade in the Town Centre.

Council advises ratepayers of the above in the Rating Policy.

3. Consequences of the OSLGR recommendations being implemented

(4.6) for the new Regulations (associated with section 156 (7) of the Local Government Amendment Act 2005), remove the current legislative option of using Development Plan Zones as a differentiating factor for locality of land (and use other legislative alternatives).

If zones were removed, this would then not allow us to use Commercial (Bulk Handling) Zone for a differential rate. The land use code is 4 but this would then impact on other land use 4 codes. Council charges a higher rate in the \$ for Silos due to the impact of heavy transport on roads leading to these facilities. It would mean a complex range of targeted rebates would need to be considered to ensure affected properties were compensated.

Council does see some value in rating zones but believe this could be seen unfair as it is an attempt to manipulate valuations. A more reasonable position is to have a relatively high fixed charge which enables a lower rate in the \$, thus bringing about a "levelling effect on rates (Council has a \$360 fixed charge for 05/06 & 06/07)."

(5.5) Do not pursue the option of introducing a differentiating factor based on secondary land uses by a single occupier.

Secondary land uses could benefit Council by allowing a differential rate to take into account properties which are used for a “home” business eg: residential and a massage practice where the predominant land use has been denoted as residential.

(6.5) Make no change to the currently legislated (in Regulations) land use factors.

Council sees merit in having a “rural living” land use category and this an expanding use in our district.

(7) LGA considers developing specific strategies to assist rating officers to advise councils of general principles in setting rates, and to determine objections to land use decisions.

Provisions of good practice documentation and training to assist Council is occurring now. We don't have many objections to land use decisions but development of specific strategies could be beneficial and would provide a basis for consistent decisions throughout local government.

4. Suggested Changes

No comments.

Should you have any questions with regards to the above, please do not hesitate to contact me on 08 8626 1001.

Yours sincerely

John Rumbelow
Chief Executive Officer