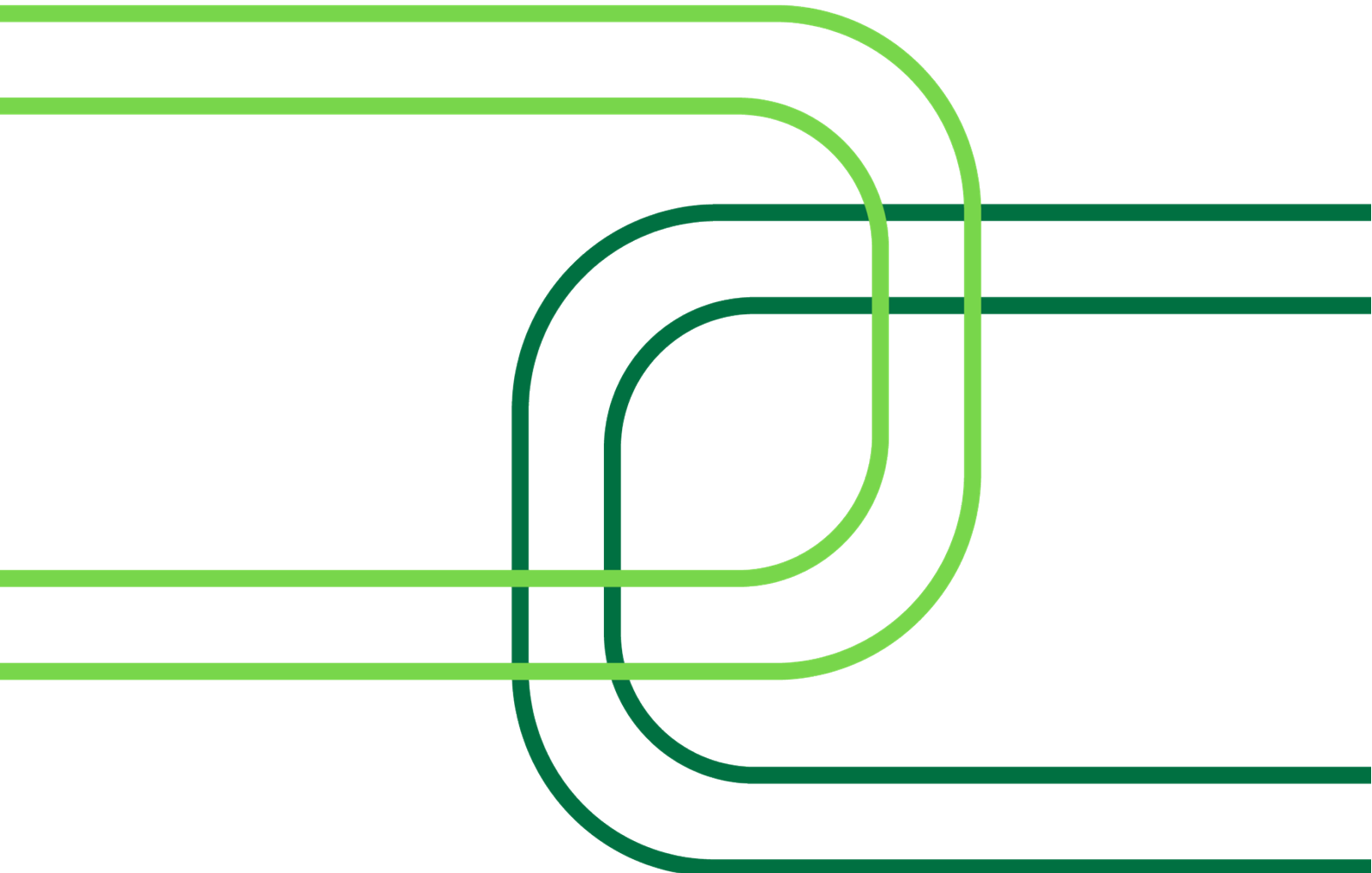


Review of the Basis of Rating – Final Report

Lower Eyre Council

June 2026



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Council Decision Points

The following matters require consideration and determination by the Council as part of the 2025/26 Review of the Basis of Rating:

- Whether to expand the Employment Bulk Handling Zone Rating Category to include all properties in the Employment Bulk Handling Zone and properties in the Rural Zone with a land use of Commercial Other.
- Whether to move from the current locality-based rating structure to a land-use-based rating structure.
- If Council moves to land-use-based rating, the differential Rates in the Dollar that should apply.
- Whether to apply higher differentials to Commercial Other and Industry Other properties, as proposed in the consultation paper.
- Whether any rebates or transitional measures should be considered to address unintended or disproportionate impacts on specific properties.

Introduction

Lower Eyre Council undertook a Review of the Basis of Rating to consider whether its current locality-based rating structure remained appropriate and equitable for the Council area. The review considered the options available under the *Local Government Act 1999*, the distribution of rateable properties across the district, equity considerations, comparisons with selected councils and modelling of the likely impact of alternative rating approaches.

Following this review, the Council released a consultation paper proposing changes to the basis of rating. The proposals were to expand the Employment Bulk Handling Zone rating category to include relevant Rural Zone properties with a Commercial Other land use, and to move from the current locality-based rating structure to a land-use-based rating structure. The proposed land use differentials included higher differentials for Commercial Other and Industry Other properties, while most other land use categories were proposed to be rated at the same differential as Residential properties.

Public consultation was undertaken from 21 May to 11 June 2026, in conjunction with consultation on the Council's Annual Business Plan and Budget. The consultation process included publication of the consultation paper, invitation for written submissions, an online survey, a public information session held at the Cummins Office on 4 June 2026, and a Special Council meeting on 15 June 2026 to hear submissions from community members.

This report summarises the review process, the proposals released for consultation, the consultation undertaken, the feedback received and the matters for Council to consider before determining whether to change its Basis of Rating for 2026/27. It should be read in conjunction with the Consultation Paper, which contains the detailed background information, rating analysis, comparison data and modelling released for community consultation.

Legislative Context

The review was undertaken in accordance with the *Local Government Act 1999* (the Act), which establishes the legislative framework for rating in South Australia. Section 151(5) of the Act requires that, before a council changes the basis of rating of land, it must prepare a report on the proposed change and undertake public consultation in accordance with the Minister's Community Engagement Charter and the Council's relevant community engagement or public consultation policy. The report must address:

- the reasons for the proposed change
- the relationship of the proposed change to the Council's overall rates structure and policies
- in so far as may be reasonably practicable, the likely impact of the proposed change on ratepayers
- issues concerning equity within the community.

The Community Engagement Charter sets out mandatory engagement requirements for significant decisions, including proposed changes to the basis of rating. These include publishing information that is easily accessible on Council's website, publishing information in a local news publication, considering appropriate notification across the council area, inviting submissions, explaining the proposal and how feedback will inform the decision, providing a minimum 21-day engagement period, summarising community feedback for Council before a decision is made, and holding a public meeting where community members may make written or verbal submissions.

These requirements guided the preparation of the consultation paper, the consultation process, and the matters to be considered by Council before making a final decision.

What Council Considered

The Elected Members considered the Review of the Basis of Rating over a series of workshops. The workshops considered the current rating structure, the available rating options under the *Local Government Act 1999*, the characteristics of rateable properties within the district, equity considerations, comparisons with selected councils and modelling of the likely impact of alternative rating approaches.

Council's existing rating structure is based on locality, with different differentials applying to major townships, minor townships, properties outside townships and the Employment Bulk Handling Zone. The review considered whether this approach continued to provide an equitable basis for distributing rates across the community.

Current Locality-Based Rating Structure

Council considered that the current locality-based approach can result in similar properties being rated differently depending on their location. Properties of the same type may fall into different rating categories because of township or locality boundaries, rather than because of differences in their use, impact on Council services or capacity to contribute.

The review also considered that locality boundaries may become less relevant over time as development patterns change, towns grow, rural living expands, or planning zones are amended. This can create inconsistent outcomes for ratepayers and limit the Council's ability to apply rating policy based on property characteristics.

The review, therefore, considered whether a land-use-based structure would provide a more consistent and transparent approach by rating similar property types in the same way, regardless of their location within the Council area.

Equity and Capacity to Pay

Council considered equity within the community, including the principle of capacity to pay. Socio-economic information and available income indicators were reviewed, noting that these indicators have limitations and do not provide a complete measure of individual ratepayers' financial circumstances.

The review did not identify a consistent difference in capacity to pay sufficient to support the continuation of materially different rating outcomes based primarily on location. Council also considered that similar property types are located across different parts of the district and may currently receive different rating outcomes under the locality-based structure.

Treatment of Commercial, Industrial and Bulk Handling Properties

Council considered whether the rating structure appropriately recognised the impact of larger commercial and industrial activities on Council infrastructure and services, including roads. The review noted that under the current structure, some business activities may be rated differently based on location rather than use.

Council also considered the current Employment Bulk Handling Zone rating category. This category applies a higher differential to properties within the Employment Bulk Handling Zone, including silos and grain receival sites. However, similar activities located in the Rural Zone may not be captured by the existing category.

The review, therefore, considered expanding the category to include all properties in the Employment Bulk Handling Zone and properties in the Rural Zone with a Commercial Other land use. Council also considered that this approach could capture a small number of other properties and that rebates may be appropriate where needed to avoid unintended impacts.

In considering land-use-based rating, Council also considered whether higher differentials should apply to Commercial Other and Industry Other properties to reflect the nature and scale of these activities, their potential impact on Council assets and services, and the treatment of comparable property types in other councils.

Options Considered and Preferred Approach

Council considered a range of possible rating approaches, including retaining the current locality-based structure, moving to a land-use-based structure, and applying different levels of differential rates across land-use categories. These options were assessed having regard to equity, consistency, administrative practicality, comparison with other councils and the likely impact on ratepayers.

After considering these matters, Council resolved to release for consultation a proposed rating approach that would move from locality-based rating to land-use-based rating, expand the Employment Bulk Handling Zone rating category and apply higher differentials to Commercial Other and Industry Other properties. The proposed approach was intended to provide a more consistent basis for rating similar property types while recognising the impact of larger commercial and industrial activities.

Proposals Released for Consultation

The consultation paper released to the community outlined the changes Council was considering to the basis of rating. The proposals were intended to provide a more consistent rating structure, reduce reliance on locality as the basis for differential rating and better recognise the impact of certain commercial and industrial activities on Council infrastructure and services.

- Expand the Employment Bulk Handling Zone Rating Category to include all properties in the Employment Bulk Handling Zone and properties in the Rural Zone with a land use of Commercial Other.
- Move from the current locality-based rating structure to a land-use-based rating structure.
- Apply land use rating categories for Residential, Commercial Shop, Commercial Office, Commercial Other, Industry Light, Industry Other, Primary Production, Vacant Land and Other.
- Set the proposed differentials at 100% for most land use categories and 130% for Commercial Other and Industry Other properties, compared with Residential properties.
- Retain existing service charges and separate rates, noting that the proposed changes related only to the general rate structure.
- Consider rebates where appropriate to avoid unintended impacts on properties captured by the expanded Employment Bulk Handling Zone rating category that were not intended to be rated in the same way as bulk handling activities.

Reasons for the Proposed Changes

The consultation materials explained the reasons for the proposed changes. In summary, the proposed approach was intended to improve consistency, support equity between ratepayers, reduce anomalies created by locality-based rating and better align rating outcomes with the use and impact of properties across the Council area.

Move from Locality-Based Rating to Land Use

- The current locality-based structure can result in similar properties being rated differently because of where they are located, rather than because of how the property is used.
- A land-use-based structure provides a more consistent way to rate properties with similar characteristics, regardless of whether they are located in a major township, minor township or outside township areas.
- Using land use also gives Council a clearer basis for applying rating policy to different property types, particularly where the use of the property has a different impact on Council infrastructure and services.
- The proposal was intended to reduce anomalies and improve the transparency of the rating structure.

Expand the Employment Bulk Handling Zone Rating Category

- Council currently applies a higher differential to properties within the Employment Bulk Handling Zone, including silos and grain receival sites.
- Some similar bulk handling or larger commercial activities are located in the Rural Zone and are not captured by the existing Employment Bulk Handling Zone rating category.
- Expanding the category to include properties in the Rural Zone with a Commercial Other land use was proposed to improve consistency in the treatment of similar activities.
- The proposal recognised that these activities can have a greater impact on Council infrastructure, particularly roads, and may have a greater capacity to contribute than some other property types.
- Council also recognised that some properties may be captured unintentionally and that rebates may be considered where appropriate.

Commercial Other and Industry Other Differentials

- Council proposed higher differentials for Commercial Other and Industry Other properties to recognise the scale and nature of these activities.
- These property types may place greater demands on Council infrastructure and services than some other land use categories.
- The proposed 130% differential was intended to recognise these impacts while maintaining most other land use categories at the same differential as Residential properties.

Equity and Distribution of Rates

- The review considered whether the current distribution of rates remained equitable, particularly where similar property types receive different rating outcomes under the locality-based structure.
- The proposal would redistribute rates between property types and locations, with some ratepayers paying more and others paying less than under the current structure.
- Council considered this redistribution in the context of equity, consistency, capacity to pay, property use, impacts on Council infrastructure and the overall rate revenue required to fund the Annual Business Plan and Budget.

Modelling Impacts

Modelling was undertaken to estimate the likely impact of the proposed changes on ratepayers. The modelling compared the current locality-based rating structure with the proposed land-use-based structure, including the proposed expansion of the Employment Bulk Handling Zone rating category and the proposed 130% differentials for Commercial Other and Industry Other properties.

The modelling was indicative only and was prepared for consultation purposes. Final impacts on individual ratepayers will depend on final valuations, any supplementary valuations, the final Annual Business Plan and Budget, and the Council's final decisions on the rating structure.

Category	Modelled impact
Residential	Average decrease of 0.7%; most properties decrease.
Commercial Shop and Commercial Office	Average decreases; most properties decrease.
Commercial Other	Average increase of 11.5%; most properties increase.
Industry Other	Average increase of 16.9%; most properties increase.
Primary Production	Average increase of 10.7%; most properties increase.
Vacant Land and Other	Average increases, but lower than the modelled impacts for Primary Production, Commercial Other and Industry Other.
Employment Bulk Handling and Rural Zone Commercial Other	Highest modelled average increase at 76.8% (property being moved from Rural to this category); all modelled properties increase.

The modelling confirms that the proposal redistributes rates across the district rather than increasing all properties by the same percentage. The most significant modelled impacts are concentrated in the expanded Employment Bulk Handling/Rural Zone Commercial Other category, Commercial Other, Industry Other and Primary Production properties. Residential properties, and some smaller commercial and industrial categories, are modelled to decrease on average. Individual impacts will vary depending on valuation movements, current rating category and the Council's final decision on the rating structure.

Consultation Undertaken

Consultation on the Review of the Basis of Rating was undertaken from 21 May to 11 June 2026 in conjunction with consultation on the Council's Annual Business Plan and Budget. The consultation process was undertaken having regard to the requirements of section 151(5) of the *Local Government Act 1999*, the Minister's Community Engagement Charter and the Council's relevant public consultation policy.

- the consultation paper was made available to the community;
- information was provided on the Council's website and through the Council's consultation material;
- community members were invited to provide written submissions by email, post or online survey;
- a formal presentation on the Annual Business Plan and Rating Review was held at the Cummins Office on 4 June 2026 and was also livestreamed; and

- a Special Council meeting is scheduled for 15 June 2026 at the Cummins Council Office to hear submissions from community members on the Annual Business Plan and Rating Review.

The consultation paper explained the proposed changes, the reasons for the proposed changes, the likely impact on ratepayers, the equity considerations reviewed by Council and how community members could provide feedback. The paper also included background information on rating options, the current Lower Eyre rating structure, comparison councils and modelling of likely impacts.

Consistent with the purpose of this final report, the consultation undertaken is summarised below rather than repeated in full from the consultation paper.

Summary of Consultation Activities

The key consultation activities undertaken were:

Activity	Summary
Consultation period	21 May to 11 June 2026.
Consultation paper	Provided the detailed background, proposed changes, reasons, modelling and consultation information for the Review of the Basis of Rating.
Submission methods	Submissions could be made by email, post or online survey.
Information session	A formal presentation on the Annual Business Plan and Rating Review was held at the Cummins Office on 4 June 2026 and was livestreamed.
Public meeting	A Special Council meeting is scheduled for 15 June 2026 at the Cummins Council Office to hear submissions from community members.

Consultation Feedback

Feedback received during the consultation period included two members of the public attending the information session, seven online survey responses, and one comment received via Facebook. The feedback was limited in volume but raised clear themes, particularly regarding the proposed impact on Primary Production properties and rural ratepayers.

The online survey responses were predominantly from Primary Production ratepayers. Primary Production was selected in all seven responses, and Residential was also selected in one response. The responses, therefore, provide useful feedback from affected rural ratepayers but should not be interpreted as representing the views of the whole community.

Survey Results

Survey question	Summary of responses
Changing to land use rather than location	2 agreed, 1 neither agreed nor disagreed, 1 disagreed, and 3 strongly disagreed.
Proposed differential rates	1 neither agreed nor disagreed, 2 disagreed, and 4 strongly disagreed.
Proposed differentials applied to land use categories	1 agreed, 1 disagreed, and 5 strongly disagreed. One respondent also provided an additional comment.

Key Themes from Feedback

The main theme in the feedback was concern about the proposed impact on Primary Production properties. Respondents raised concerns that increases in land values do not necessarily reflect increased income or capacity to pay, particularly where land values may be influenced by market conditions, hobby farming or a small number of higher-value transactions.

Several respondents noted that farmers are price takers and may not be able to pass increased rates through to customers. Feedback also referred to seasonal uncertainty, drought pressures, fluctuating commodity prices, and rising costs of insurance, machinery, and other farm inputs.

A further theme was the relationship between rates paid and services received. Some respondents considered that rural ratepayers receive fewer direct services than township residents, including limited access to mains water, sewerage, waste collection, and recycling. Respondents also raised the condition of rural roads and questioned whether increased rates would be reflected in improved rural infrastructure.

Some feedback supported updating land-use categories but asked Council to recognise differences within Primary Production properties. For example, respondents noted that some Primary Production properties are also residential homes, and that not all farming activities have the same impact on roads or use large machinery.

One Facebook comment was also received. The comment appears to raise concern about business rates and the potential impact on a small business, although the wording was unclear. The comment has been noted as part of the consultation feedback, but has not been relied on for detailed analysis.

Implications for Council's Decision

The feedback does not identify a broad cross-section of community views, as most survey responses were from Primary Production ratepayers. However, it does identify clear concerns from affected rural ratepayers about affordability, capacity to pay, service levels and the condition of rural roads. The feedback does not change the modelling outcomes. Still, it is relevant to the Council's assessment of whether the proposed redistribution is appropriate and whether any rebates or transitional arrangements should be considered.

Conclusion

The 2025/26 Review of the Basis of Rating has considered whether Lower Eyre Council's current locality-based rating structure remains the most appropriate and equitable approach for the Council area. The review considered the legislative rating options available to Council, the current distribution of rateable properties, equity and capacity-to-pay considerations, comparison information and modelling of the likely impact of the proposed changes.

Following this review, Council released a proposed approach for consultation that would move from locality-based rating to land-use-based rating, expand the Employment Bulk Handling Zone rating category, and apply higher differentials to Commercial Other and Industry Other properties. The proposed approach was intended to improve consistency, reduce anomalies created by locality-based rating and better recognise the impact of larger commercial and industrial activities on Council infrastructure and services.

Consultation was undertaken in accordance with the requirements of the *Local Government Act 1999*, the Minister's Community Engagement Charter and the Council's relevant public consultation policy. Feedback received during the consultation was limited in volume but raised clear concerns from affected rural ratepayers, particularly Primary Production ratepayers, about affordability, capacity to pay, service levels, and the condition of rural roads.

The modelling indicates that the proposed structure would redistribute rates across the district. Residential properties and some smaller commercial and industrial categories were modelled to decrease on average, while Commercial Other, Industry Other, Primary Production, Vacant Land, Other and Employment Bulk Handling/Rural Zone Commercial Other properties were modelled to increase on average. The most significant modelled impact was for properties captured by the expanded Employment Bulk Handling/Rural Zone Commercial Other category.

Council's final decision requires a balance between the objectives of equity, consistency and transparency, the modelled impacts on different ratepayer groups, and the feedback received through consultation. In particular, Council will need to consider whether the proposed redistribution of rates is appropriate, whether the proposed differentials should be adopted, and whether any rebates or transitional measures are required to address unintended or disproportionate impacts.

Ultimately, the decision on the future Basis of Rating rests with the Council. This report provides a summary of the review process, consultation undertaken, feedback received and matters relevant to Council's final decision.

Let us help you achieve further business success.

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