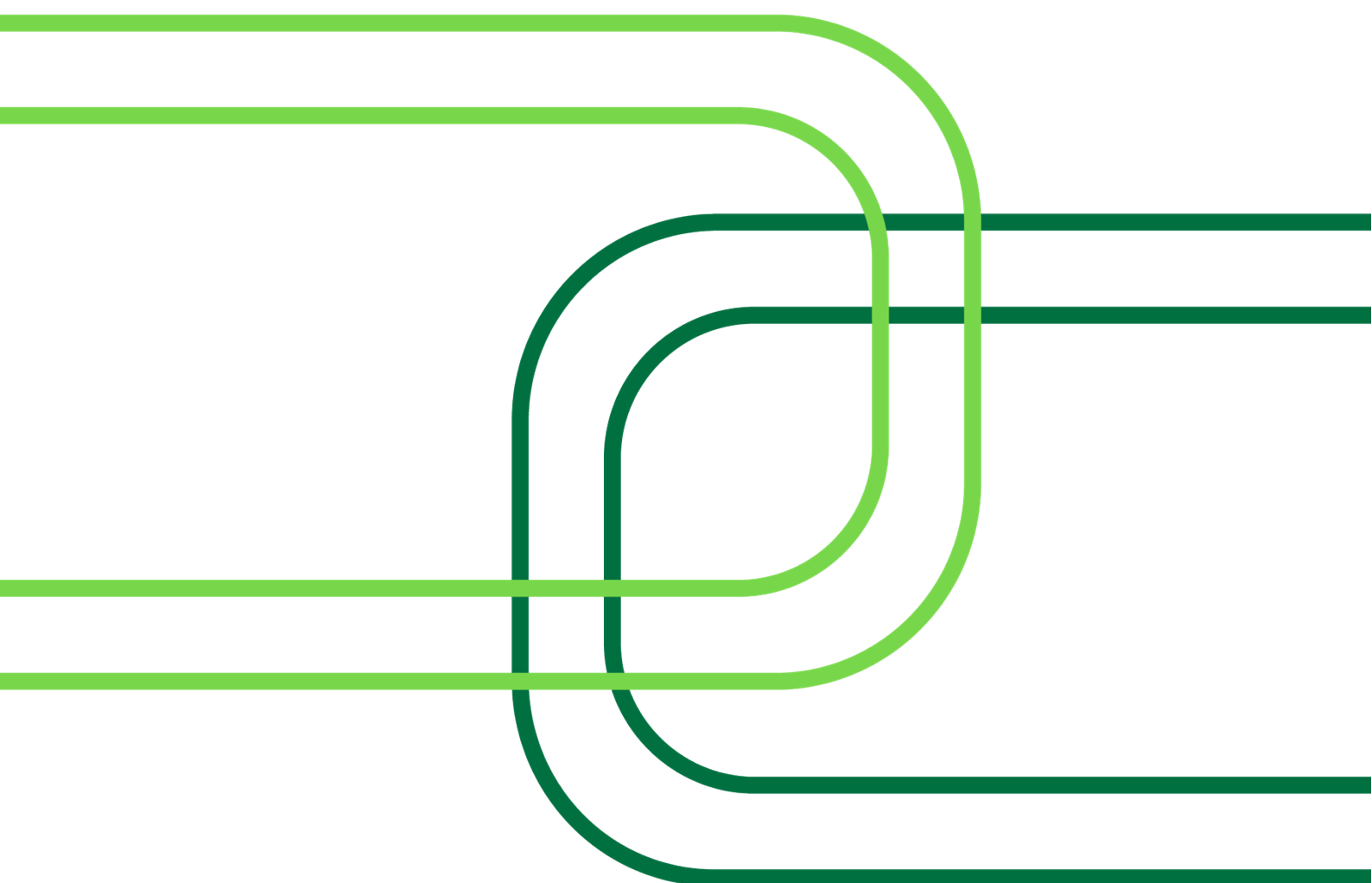


A Review of the Basis of Rating Consultation Paper

Lower Eyre Council

May 2026



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1. What is a Review of the Basis of Rating (Rating Review)?

A Rating Review enables a council to consider the available methods for setting rates and determine the most appropriate method for their community.

The Local Government Act 1999 (the Act) enables councils to raise rates and provides flexibility in the options available to them.

The Lower Eyre Council is considering making changes to the basis upon which rates are charged. When considering changes to the basis for setting rates, a council must conduct a rating review and determine the most equitable way to distribute the rate burden among properties within its community.

The Act sets out specific requirements when a council considers changing the basis of its rating. Section 151(5) of the Act requires that before a council changes the basis of the rating of land or introduces a separate rate or service charge, it must prepare a report on the proposed change and undertake public consultation in accordance with the Minister's Community Engagement Charter (made under section 50 of the Act) and Council's community engagement/public consultation policy (as applicable).

The report required must address the following:

- 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 report may also address other issues considered relevant by the council.

This Consultation Report provides the background information of:

- Proposed Changes and reasons.
- An overview of Rating and options that councils can consider
- Information about the Lower Eyre Council
- Comparisons of rating with other councils
- The options that the Council considered and those that the Council determined they wished to send to the community to consult upon.
- Modelling of proposed changes and the likely effect on ratepayers
- Information about:
 - the consultation process
 - the information Session/Public Meeting that will be held for the community to ask questions and provide submissions
 - how the Community can provide the Council with submissions.



2. Proposed Changes to Rates

The Elected Members have considered the information contained in this paper over several workshops. The available rating methods, proposed changes, and likely impacts are detailed in this paper, which is now available for public consultation.

Note: The changes in this paper are proposed changes. The Council will make a decision after receiving community feedback. The proposed changes may be revised after the Council considers the feedback.

The changes proposed in this paper are explained below. The likely effects on Ratepayers of these changes are included in Section 12.

Expand the Employment Bulk Handling Zone Rating Category

Currently Silos in the Employment Bulk Handling Zone are rated at a higher Differential Rate in the Dollar (RID) than other rating categories. However, some Silos are in the Rural Zone and are not being charged a higher RID. To capture these properties and not include farms and residential properties that are also in the Rural Zone, the rating category would need to become:

- All properties in the Employment Bulk Handling Zone (current category) and
- All properties in the Rural Zone with the Land Use of Commercial Other.

The following types of ratepayers would also be captured in this Rating Category:

- Telecommunications
- Council-owned Caravan and Camping Ground, which is rebated
- Community Sports Clubs, which are rebated
- One private owner – Short Term Accommodation

The Private Owner of the Short-Term Accommodation could be rebated to ensure it paid the same rates as other commercial properties of the same type.

Move to Land Use

The current Locality-based rating system is resulting in anomalies, where properties of the same type are rated very differently depending on their location.

Council is proposing to move from the current locality-based rating system to one based on property land use being:

- Residential
- Commercial Shop
- Commercial Office
- Commercial Other
- Industry Light
- Industry Other
- Primary Production
- Vacant Land
- Other



This is in addition to the proposed expanded Employment Bulk Handling Zone Rating category.

Land Use Differential

The following table shows the proposed rating categories and their differential, which is the comparison of their Rate in the Dollar compared to Residential properties:

Table 1 – Proposed Rating Categories and Differential

Rating Category (Land Use)	Differential
Residential	100%
Commercial Shop	100%
Commercial Office	100%
Commercial Other	130%
Industry Light	100%
Industry Other	130%
Primary Production	100%
Vacant Land	100%
Other	100%

3. Reasons for Proposed Changes

Reasons for Expanding the Employment (Bulk Handling) Zone

In 2025/26, the Council implemented a higher RID charge to properties within the Employment (Bulk Handling) Zone, which included larger businesses, such as Silos and grain receival sites, higher rates to reflect both their greater capacity to pay and the impact that their operations had on Council's infrastructure and services such as roads.

Setting up a separate Rating Category for those properties in the Employment (Bulk Handling) Zone did not capture all of these businesses.

Expanding this rating category to include properties within the Employment (Bulk Handling) Zone, as well as those in the Rural Zone with the Land Use of Commercial Other, rates more of these businesses appropriately.

Reasons for Moving to Land Use

The majority of councils in South Australia already use Land Use instead of Locality for their rating categories, and the Lower Eyre Council is proposing to move to Land Use for the following reasons:

Impact on Council Services

Land Use can be a better indicator of how a property impacts council services, such as heavy machinery moving on roads from large commercial and industrial activities, compared to residential properties. Similar activities have similar impacts regardless of where they are.

This is the reason that the Council is proposing higher differentials for Commercial Other and Industry Other properties compared to Residential properties.

Locality Boundaries



Locality boundaries can become outdated as towns grow, rural living expands, or planning zones change. Land Use can be a more stable basis when development patterns shift.

Locality systems can create 'edge effects' where significant variations occur across an arbitrary line. Land-use systems can reduce disputes about which side of a boundary a property sits on.

Strategic Targeting

Rating by Land Use makes it easier for a Council to strategically rate specific property types with higher or lower differentials to either discourage or encourage activities or fund initiatives within the Council's Strategic Plans that benefit a certain property type.

4. Support for Ratepayers

Changes to how the Council sets its rates will result in some ratepayers paying higher rates than they currently pay, while others will pay lower rates.

Assistance is available to ratepayers who need help paying their rates due to these changes or for any other reason. The following support is available:

- Payment Plans for ratepayers who need to spread their payments out over a period of time
- Seniors can postpone a portion of the rates. The postponed portion would not require payment until a property is sold. Interest would still apply.
- Residents experiencing financial hardship may be eligible for further support in line with the Council's Financial Hardship Policy.

5. Consultation

It is important for the Council to receive community feedback when making decisions that affect ratepayers. The Council is required to consult when reviewing the basis of its rating, and this consultation will be undertaken in accordance with the Minister's Community Engagement Charter (made under section 50 of the Local Government Act 1999) and the Council's community engagement/public consultation policy (as applicable).

Note that the changes in this paper are proposed changes. The Council will decide after receiving community feedback. The proposed changes may be altered after the Council considers feedback received.

Consultation on this Rating Review will be undertaken with consultation on the Council's Annual Business Plan and Budget.

Consultation will be from Thursday, 21st May to the 11th June 2026.

Consistent with the Charter, Council invites written submissions from community members during the consultation period and will consider all submissions received before making its final decision.

Submissions can be made by writing to Council via email: mail@lec.sa.gov.au, post: PO Box 41 Cummins, SA 5631 or by completing the online survey that is available on Council's website.

There will be a formal presentation on the Annual Business Plan and Rating Review on Thursday, 4th June at 7 pm at the Cummins Office, which will also be live-streamed.



On Monday, 15th June, at 9.00 am at the Cummins Council Office, there will be a Special Council meeting for the Council to hear submissions from the community members on the Annual Business Plan and Rating Review.

6. The Purpose of this Consultation Paper

The purpose of this consultation paper is to provide the community with information concerning the following, which the Council has considered as background to the proposed changes:

- Why Councils collect rates.
- Council's current rating methodology.
- The legislative framework for setting Council rates.
- Rating options available.
- The proposed option for the Council and Community
- Consultation Requirements.

7. Rating – An Overview

Councils use rates to fund services such as roads, waste, and community facilities.

Rates are based on the value of a property. Council can change how rates are distributed across different types of properties (for example, residential, commercial or farming land) to improve fairness, better align with community needs and in recognition of the impact property types have on Council's services and infrastructure.

When a council proposes changes to how rates are set, it must consult with the community before making a final decision.

How Rates are Calculated

A council can choose to apply either a Minimum Rate or a Fixed Charge, and the rates are calculated differently depending on the option selected.

Note that a council cannot choose to apply a Fixed Charge to some properties and a Minimum Rate to others.

Contiguous Land provisions within the Act provide that only one Minimum Rate or Fixed Charge is payable across adjoining properties occupied by the same ratepayer.

Only one Minimum Rate or Fixed Charge is payable across properties that make up a Single Farm Enterprise.

The effect of applying a Minimum Rate compared to a Fixed Charge is:

- A Minimum Rate generally has a higher rate in the dollar, so higher-valued properties pay more than they would with a Fixed Charge, and lower-valued properties pay less.
- A Fixed Charge generally has a lower rate in the dollar, so high-valued properties pay less than they would with a Minimum Rate and lower-valued properties pay more.

These are generalised effects and depend on the level of Minimum Rate or Fixed Charge set.

Minimum Rate



Where a council sets a Minimum Rate, the total value of all rateable properties in the council is divided by the rates the council needs. This results in a Rate in the Dollar (RID). The value of each property is multiplied by the RID to calculate the amount of rates each property must pay. If the calculated rates are below the Minimum Rate, the Minimum Rate applies.

The RID calculation is adjusted for varying differentials and rebates.

The Act stipulates that no more than 35% of properties can be on the Minimum Rate.

Fixed Charge

Where a council sets a Fixed Charge, the Fixed Charge is levied against all rateable properties. The amount from the Fixed Charge is deducted from the total rates required, leaving a balance that will be raised via the RID. The total value of all rateable properties is divided by the amount of rates still to be raised, yielding a RID.

The rates for each property will be the Fixed Charge + the (RID multiplied by the value of the property).

The RID calculation is adjusted for varying differentials and rebates.

The Act stipulates that no more than 50% of the Rate Revenue can come from the Fixed Charge.

Valuation Options Available

A Council can use two different valuation methods to determine the value of property within its Council.

- Capital Valuation – the value of land and all of the improvements on the land
- Annual Value – a valuation of the rental potential of the property.

All Councils in South Australia, except for the City of Adelaide, use the Capital Valuation Method.

Rating Options Available

The Local Government Act allows councils to choose how rates are distributed across properties. The main options include:

- General rate: all properties pay the same rate in the dollar
- Differential rate:
 - different types of properties (such as Residential, Commercial or Primary Production) pay different rates in the dollar
 - properties in different localities pay different rates in the dollar.
- Separate rates and service charges: used to fund specific services or activities

Lower Eyre Council currently applies a differential rate based on locality.

All rating options offer different methods for distributing the Council's operating costs among ratepayers. Councils need to consider their communities' profiles and issues and determine the most appropriate method for distributing the tax burden.

The proposed changes in this paper involve moving to a differential rate based on land use. The Council is not proposing to change separate rates and service charges.



8. Lower Eyre Council

Current Rating Structure

The Lower Eyre Council declares a Differential Rate against the Locality of properties. The Council set a Fixed Charge of \$768.75 for 2025/26.

The rating categories are:

- Inside the gazetted townships of Boston, Cummins, Coffin Bay, Louth Bay, North Shields, Poonindie, Tulka & Tiatukia – **Category 1**
- Inside the gazetted townships of Coult, Edillilie, Farm Beach, Lake Wangary, Little Douglas, Mount Dutton Bay, Mount Hope, Wanilla & Yeelanna – **Category 2**
- Outside Gazetted Townships – **Category 3**
- Employment (Bulk Handling) Zone – **Category 4**

The differential percentage is compared to Category 2, resulting in the following:

Table 2 - Lower Eyre Council Rating Categories

Rating Category	RID 25/26	Differential %
Category 1	0.001765	120% compared to Category 2
Category 2	0.001471	100%
Category 3	0.001353	92% compared to Category 2
Category 4	0.005884	400% compared to Category 2

Service Charges & Separate Rates

Council also applies service charges (Waste and Community Wastewater Management Systems) and separate rates (Regional Landscape Levy) in accordance with the Local Government Act 1999. These charges contribute to the funding of specific services and activities.

Council is not proposing any changes to existing service charges or separate rates as part of this review. The proposed changes outlined in this paper relate only to the general rate structure.

Equity Considerations

This section outlines the broader equity considerations that have informed Council's review of the rating structure.

One of the principles of taxation is the concept of "capacity to pay", which the Council has considered in assessing equity within the community.

Council has reviewed socio-economic information, including measures of disadvantage and mortgage stress. This data is based on the most recent available Census information and is therefore subject to some limitations due to its age. Notwithstanding this, the analysis indicates limited variation in capacity to pay across the current rating categories, suggesting that existing differences in rates between areas may not fully reflect differences in capacity to pay.

Council has also considered available information on income levels for both residential households and Primary Production activities. This information is limited and does not provide a comprehensive basis for comparing capacity to pay across different areas of the district. However, the available data does not indicate a consistent difference in capacity to pay that would support the current variation in rating outcomes based on location.

In addition, Council has reviewed the distribution and characteristics of rateable properties across the district. This indicates that similar property types are located across different areas of the Council and are currently subject to different rating outcomes depending on location.

Collectively, these findings suggest that the current rating structure may not achieve an equitable distribution of rates across the community, particularly where similar properties are subject to different rating outcomes based on location. These considerations have informed the proposed changes outlined in this paper.

Information on Rateable Properties

Council has reviewed the distribution and characteristics of rateable properties across the district as part of this review.

This analysis indicates that similar types of properties are located across different areas of the Council. Under the current rating structure, these properties may be subject to different rating outcomes depending on their location.

9. Council Comparisons

Council has considered rating approaches adopted by other South Australian councils as part of this review. These comparisons provide context only, as each council's rating structure reflects its own community, property base and policy objectives.

The review indicates that:

- Most councils apply differential rating based on land use (e.g. Residential, Commercial, Primary Production etc.)
- Fewer councils apply differential rates based on location
- Differential rates are commonly used to achieve a more consistent treatment of similar types of properties
- The level of differentials varies significantly depending on local circumstances

While the level of rates and specific differentials vary between councils, there is no single standard approach.

These comparisons have been considered alongside local factors, including the characteristics of rateable properties and equity within the community.

Comparison Councils

A selection of South Australian councils has been used for comparison purposes in this review. These councils were chosen to provide a relevant cross-section of regional and rural councils with characteristics comparable to Lower Eyre Council, including population size, geographic spread, and the proportion of Primary Production and Residential properties.

A small number of councils with different rating approaches have also been included to illustrate the range of rating structures used across the local government sector.

The selection is intended to provide general context only and does not represent a comprehensive review of all councils.

The councils that were used for comparison are:



- Elliston
- Franklin Harbour
- Kimba
- Port Lincoln
- Tumby Bay

Comparisons

Differentials

The table below illustrates the range of differential rates applied by the selected comparison councils across different land uses.

The data show significant variation in how Commercial, Industry, Primary Production, and Vacant Land are treated. These differences reflect the varying circumstances and policy objectives of each council.

Lower Eyre does not currently apply differential rates based on land use; instead, it applies them based on location.

The table also shows the average for South Australia's country councils. These are included for general context only and mask significant variation between individual councils.

Table 3– Comparison of Differential Percentages

Land Use	Lower Eyre Main Towns	Lower Eyre Minor Towns	Lower Eyre Outside Townships	Elliston	Franklin Harbour	Kimba	Port Lincoln	Tumby Bay	State Ave Country Councils
Residential	120%	100%	Current 92% compared to Minor Townships, 76.7% compared to Main Townships	100%	100%	100%	100%	100%	100%
Commercial-Shop	120%	100%		100%	117%	100%	130%	100%	132%
Commercial – Office	120%	100%		100%		100%	130%	100%	133%
Commercial – Other	120%	100%		100%	138%	100%	130%	100%	136%
Industry Light	120%	100%		100%	112%	100%	130%	100%	134%
Industry Other	120%	100%		100%	110%	100%	130%	100%	146%
Primary Production				100%	207%	80%	130%	100%	89%
Vacant	120%	100%		100%	245%	500%	300%	100%	163%
Other	120%	100%		100%	97%	100%	100%	100%	117%
Silos			Rating Category 4 400% compared to Main Towns and 333% compared to Minor Towns	438%	918%	234%	400%	373%	609%
Marinas								100%	100%

While differential percentages indicate how rates are distributed across land uses, they do not, in isolation, determine the level of rates payable.

The actual impact of a differential depends on the underlying property valuations within each council. Differences in valuation levels between councils can result in significantly different rating outcomes, even where similar differentials are applied.

The graphs following the table show comparisons for rates for different land uses. Lower Eyre doesn't currently apply differential rates based on land use, but instead applies differential rates based on location.



Table 4 - Comparison information – 2025/26 Rates

	Lower Eyre Main Towns	Lower Eyre Minor Towns	Lower Eyre Outside Townships	Elliston	Franklin Harbour	Kimba	Port Lincoln	Tumby Bay
Fixed	\$768.75			\$350	\$505		\$660	\$848
Minimum						\$612		
Separate Rates other than Landscape Levy	No			No	Yes	No	No	Yes
Waste Charge	Recycling \$151.65			per cubic metre. Equivalent to 1 bin \$376 pa per bin	\$355 140l bin, \$397 240l bin + \$258 additional bins	\$264	Waste \$328, Recycling \$67	\$271
Lower Eyre								
Outside of Townships for has all Land Uses. Main Towns and Minor Towns have most Land Uses.								
Differential for Outside of Township is 92% compared to Minor Townships and 76.7% compared to main townships								
Waste is not included in the calculations for Outside of Townships.								
Average Residential Rates (Gross) \$	\$1,674	\$1,125		\$1,331	Not in ABP	Not in ABP	\$2,201	\$1,208
Residential Differential	120%	100%	92% or 77%	100%	100%	100%	100%	100%
Residential RID	.001765	.001471	.001353	.00288815	.00196	.0037661	.00235121	.00170669
Residential Rates – Value \$500k Incl. waste (not for LE rural)	\$1,803	\$1,656	\$1,445	\$2,170	\$1,840	\$2,147	\$2,231	\$1,972
Residential Rates - Value \$1,000,000 (incl waste charge) - 1 standard 140l bin (not for LE rural)	\$2,685	\$2,391	\$2,122	\$3,614	\$2,820	\$4,030	\$3,406	\$2,826
Commercial Other Differential	120%	100%		100%	138%	100%	130%	100%
Commercial Other RID	0.001765	0.001471	0.001353	0.00288815	0.002705	0.0037661	0.00305657	0.00170669
Commercial Other Value \$500,000 (incl waste charge) - 1 standard 140l bin (not for LE Rural)	\$1,803	\$1,656	\$1,445	\$2,170	\$2,213	\$2,147	\$2,583	\$1,972
Industry Other Differential	120%	100%		100%	110%	100%	130%	100%
Industry Other RID	0.001765	0.001471	0.001353	0.00288815	0.00215	0.0037661	0.00305657	0.00170669
Industry Other Value \$500,000 (incl. waste charge) - 1 standard 140l bin (not for LE Rural)	\$1,803	\$1,656	\$1,445	\$2,170	\$1,935	\$2,147	\$2,583	\$1,972
Primary Differential (Outside of Townships)	Current 92% compared to Minor Townships, 76.7% compared to Main Townships			207%	80%	80%	130%	100%
Primary Production RID			0.001353	0.00288815	0.00405	0.0030129	0.00305657	0.00170669
Primary Production Value \$2,000,000 (incl. waste charge-discount for distance from collection)				\$6,502			\$7,168	
Primary Production Value \$2,000,000, no waste collection or charge for Primary Production			\$3,475		\$8,605	\$6,026		\$4,261
Primary Production Value \$5,000,000, (incl waste charge - discount for distance from collection)				\$15,167			\$16,338	

	Lower Eyre Main Towns	Lower Eyre Minor Towns	Lower Eyre Outside Townships	Elliston	Franklin Harbour	Kimba	Port Lincoln	Tumby Bay
Primary Production Value \$5,000,000 no waste collection or charge for Primary Production			\$7,534		\$20,755	\$15,065		\$9,381
Vacant Land Differential	120%	100%	92% or 77%	100%	245%	500%	300%	100%
Vacant Land RID	0.001765	0.001471	0.001353	0.00288815	0.0048	0.0188304	0.00705363	0.00170669
Vacant Land Value \$300,000 (doesn't incl. waste charge)	\$1,298	\$1,210	\$1,175	\$1,216	\$1,945	\$5,649	\$2,776	\$1,360
Vacant Land Value \$500,000 (doesn't incl. waste charge)	\$1,651	\$1,504	\$1,445	\$1,794	\$2,905	\$9,415	\$4,187	\$1,701

The comparison highlights that while differential rating is widely used, the specific levels of differentials vary significantly between councils.

It is also important to note that the differential applied to a property is only one component in determining the rates payable. The overall impact depends on the differential, the value of the property to which it is applied, and the level of any fixed charge or minimum rate.

As a result, councils with similar differentials can generate different rating outcomes depending on their valuation base and the distribution of property types.

Council has also considered how different rating structures translate into actual rate outcomes for a range of typical property values. This analysis confirms that the level of rates payable is influenced by the interaction between differentials, property valuations and fixed charges or minimum rates.

Accordingly, comparisons based solely on differential percentages do not fully reflect the rates payable across different councils.

Minimum Rate and Fixed Charge

Four of the comparison councils apply a fixed charge as part of their rating structure, with one utilising a minimum rate.

The Local Government Act 1999 places limits on both approaches, including a maximum of 50% of general rates raised from a fixed charge and a limit of 35% of properties being subject to a minimum rate.

These mechanisms influence how rates are distributed between properties, particularly for lower-value properties.

10. Issues with Current Rating Approach

Rating by Locality

The current rating structure is based on locality, with different rating categories applying to main townships, smaller townships and rural areas.

This approach can result in similar properties being rated differently depending on their location. For example, properties on the edge of town may be subject to materially different rates than neighbouring properties with similar characteristics.

Rating by locality also limits the Council's ability to apply rating strategically, as it focuses on a property's location rather than its use.

Inconsistent Treatment of Business Properties

Commercial and industrial properties are spread across the current rating categories.

As a result, similar business activities may receive different rating outcomes depending on their location. Some large businesses located outside the main townships pay lower differentials than similar businesses within township areas.

This can create inconsistencies in how business activities are treated across the district.

Capacity to Pay

The Council considered socio-economic indicators as a measure of capacity to pay. This analysis indicates that there is limited variation in capacity to pay across the rating categories. The current rating structure applies higher differentials to larger township properties and lower differentials to smaller townships and rural properties.

This suggests that the current structure may not align with the capacity-to-pay principle.

Discounted Rates for Rural Properties

The current rating structure results in lower differentials being applied to properties in rural areas, including those engaged in Primary Production.

There is a range of considerations in relation to this approach:

- Primary Production income can be variable and subject to external factors such as climate and market conditions
- Supporting Primary Production helps maintain local employment, businesses and services within the community
- However, reduced differentials for some properties result in higher rates for other ratepayers
- Rates are based on property values, not income, and similar concessions are not generally applied to other property types

There are also a number of considerations against applying discounted rates to Primary Production properties, which make up most of the properties in the current rural rating category:

- Primary Production activities are businesses, and rates are generally treated as a deductible expense



- Increases in land values are often associated with the long-term capacity of the business
- Primary Production activities can have a significant impact on infrastructure, particularly road networks, due to the use of heavy machinery
- Applying lower differentials results in higher rates for other ratepayers

Many councils address temporary hardship arising from changed circumstances, such as significant unexpected increases in valuations or drought impacts, through targeted rebates rather than permanently lower differentials.

Lack of Services

A common argument is that properties in rural areas receive fewer services and should therefore pay lower rates. However, property values already reflect differences in services and location. Properties in rural areas generally have lower land values per unit area than those in townships.

Providing additional discounts through lower differentials may therefore result in a “double benefit” and shift the cost to other ratepayers.

In addition, servicing dispersed rural areas can involve higher infrastructure costs, particularly for road networks.

Specialised Uses (Bulk Handling)

Certain properties, such as bulk handling facilities, are currently subject to higher differentials.

However, similar activities are not always treated consistently, where they are located outside the designated rating category.

11. Proposed Changes

Council has undertaken a detailed review of its rating structure, including a series of workshops with Elected Members.

During this process, Council considered a range of options, including different combinations of rating approaches and differential levels across various land uses.

The options were assessed having regard to equity within the community, the characteristics of rateable properties, and the potential impact on ratepayers.

Following this process, Council has identified the following proposed changes as the preferred approach, as they provide a more consistent and equitable distribution of rates across the community.

Expand Employment Bulk Handling Zone Rating Category

Currently, properties within the Employment Bulk Handling Zone (e.g. silos) are subject to a higher differential. However, similar activities located within the Rural Zone are not subject to this higher rate.

To address this inconsistency, Council is proposing to expand this rating category to include:

- All properties within the Employment Bulk Handling Zone; and
- Properties within the Rural Zone with a land use classification of Commercial Other that are associated with bulk handling activities.

This approach is intended to ensure that similar activities are treated consistently, regardless of their location.

A small number of other properties would also fall within this expanded category. Where appropriate, Council may apply rebates to ensure that these properties are not unintentionally impacted.

Move to Land Use-Based Rating

Council is proposing to move from a locality-based rating structure to a land-use-based structure.

The current locality-based system can result in similar properties being rated differently depending on their location. A land-use-based approach provides a more consistent framework by applying the same rating treatment to properties with similar characteristics.

Land Use can make it easier to effect a rating strategy due to how activities in certain land uses are impacting council services, such as heavy machinery moving on roads from large commercial and industrial activities, compared to the activity from residential properties. Similar activities have similar impacts regardless of where they are.

The proposed land use categories are:

- Residential
- Commercial – Shop
- Commercial – Office
- Commercial – Other
- Industry Light
- Industry Other
- Primary Production
- Vacant Land
- Other

This is in addition to the expanded Employment Bulk Handling Zone category.

Land Use Differential

Council has acknowledged the impact that large commercial and industrial activities can have on council assets and has proposed setting the differential for these types of properties higher than for other rating categories.

The proposed differentials for each land use category are shown below. These represent the relative rate in the dollar applied compared to residential properties.

Table 5 - Proposed Rating Categories and Differential

Rating Category (Land Use)	Differential
Residential	100%
Commercial Shop	100%
Commercial Office	100%
Commercial Other	130%
Industry Light	100%
Industry Other	130%
Primary Production	100%
Vacant Land	100%
Other	100%

This table replicates the data presented in Table 1 for ease of reference.



12. Likely Impact on Ratepayers from Proposed Changes

The information presented in this section is based on modelling of a potential rating approach for consultation purposes.

Council has not made any decisions regarding changes to the rating structure at this stage. The modelling is intended to illustrate potential impacts and support community feedback.

The modelling indicates a redistribution of impacts across the district, with both increases and decreases in rates depending on property type and location.

A significant proportion of properties experience relatively small changes, while others experience decreases, particularly in main township areas.

Properties outside townships, which are predominantly Primary Production properties, are more likely to experience increases under the proposed changes.

The proposed changes to the rating structure will impact ratepayers through a combination of factors, including:

- Changes to the rating methodology (differential rates by land use)
- An increase in total rates required to fund the Annual Business Plan and Budget
- An increase in the fixed charge applied to all rateable properties
- Changes in property valuations determined by the Valuer-General

These factors operate together and influence individual rate outcomes.

Fixed Charge and Total Rates

The total amount of rates to be raised has increased in line with the Council's Annual Business Plan and Budget, being 4.90% plus growth.

This increase in total rates means that, all else being equal, upward pressure is applied to rates overall; however, individual outcomes vary depending on valuation changes and the proposed rating structure.

The Fixed Charge has been increased by the same proportion as the total rates to \$806.50. The increase in the fixed charge has a proportionally greater impact on lower-valued properties, while higher-valued properties are more influenced by changes in the rate in the dollar and valuation movements.

Changes to Valuations

Property valuations have been updated for the rating year and will vary across the district. Modelling demonstrates that:

- Valuation movements vary significantly between properties, including both increases and decreases
- Many properties have experienced increases in capital value
- The extent of change depends on property type, location and market conditions

Valuation changes are a key driver of changes in rates payable, as rates are calculated based on property value.

Overall Distribution of Impacts



The modelling indicates a mixed distribution of impacts across the district, with both increases and decreases in rates depending on property type and location.

A significant number of properties, particularly within major townships (Category 1), are projected to experience decreases or relatively small changes in rates.

In contrast, properties located outside townships (Category 3), including Primary Production properties, are more likely to experience increases.

These outcomes reflect both changes in property valuations and a redistribution of the rate burden under the proposed rating structure relative to the previous system.

The pattern of changes is also influenced by the existing rating structure, under which properties within townships have historically contributed a higher proportion of total rates. The proposed changes result in a rebalancing of this distribution.

In simple terms, the model redistributes part of the rate burden across the district, with relatively lower impacts in the main townships and higher impacts on many properties in smaller townships and outside townships, as well as on more significant commercial and industrial properties.

Key Land Use Category Changes

The graphs below (Figures 1 and 2) summarise the overall impact and distribution of rates under the transition to a Land Use-based rating structure. The proposed differential percentages will result in several key impacts for specific land use categories, as outlined below.

Commercial Other and Industrial Other

Council is proposing to increase the Rate in the Dollar to 130% for properties with a Commercial Other or Industry Other land use. Council acknowledges the impact that these larger commercial and industrial activities can have and therefore proposes setting the differential for these types of properties higher than for other rating categories for the following reasons:

- Business rates are generally treated as a deductible expense
- These business types are typically larger organisations that have a higher capacity to pay
- Commercial Other and Industry Other activities can have a significant impact on infrastructure and services
- Applying lower differentials results in higher rates for other ratepayers

This results in rates increasing for these two property land use categories by an average of 11.5% for Commercial Other and 16.9% for Industry Other.

Primary Production

Under the Council's current locality-based rating structure, properties outside townships, which are predominantly Primary Production properties, receive a reduced or discounted Rate in the Dollar charge. This effectively reduces the rates payable by Primary Producers and increases the rates payable by residential properties.

The Rate in the Dollar difference was approximately 77% of Council's larger township properties and 92% of Council's smaller township properties. This reduction was largely in response to the significant increases in capital valuations in the Primary Production sector over several years, which would otherwise have led to a substantial increase in Primary Production rates.



Council has reviewed this existing Rate in the Dollar differential and is proposing to realign it with all other rating land use categories (excluding Commercial Other and Industry Other) on the basis that:

- Primary Production activities are businesses, and rates are generally treated as a deductible expense
- Increases in land values are often associated with the long-term financial capacity of the business
- Primary Production activities can have a significant impact on infrastructure, particularly road networks, due to the use of heavy machinery
- Applying lower differentials results in higher rates for other ratepayers

This results in rates for Primary Production properties increasing by an average of 10.7%.

Residential and Other Categories

With the redistribution of rates through increased differential Rates in the Dollar applied to Commercial Other, Industry Other and Primary Production properties, Residential properties (Category 1) generally experience decreases or relatively small changes, while properties within minor townships (Category 2) show moderate increases.

Overall, residential properties are modelled to experience an average rate reduction of 0.7%.

Interaction of Changes

It is important to note that the impact on any individual property is not driven by a single factor. Rather, it reflects the combined effect of:

- The revised rating differentials
- The increased fixed charge
- The overall increase in total rates
- Changes in property valuation

As a result, properties with similar uses may experience different outcomes depending on their valuation movements and previous rating categories.

Indicative Nature of Modelling

The modelling presented in this paper is indicative only.

The final impact on individual ratepayers will depend on:

- Final property valuations provided by the Valuer-General
- Any supplementary valuations issued prior to the adoption of rates
- Council's final decisions on the Annual Business Plan, Budget and rating structure

Valuations may continue to change until Council formally adopts the rates for the financial year. Accordingly, the results presented should be considered as a guide to the likely distribution and nature of impacts, rather than a prediction of final rates payable.

The following graphs summarise the overall distribution of impacts and how they vary across the district.



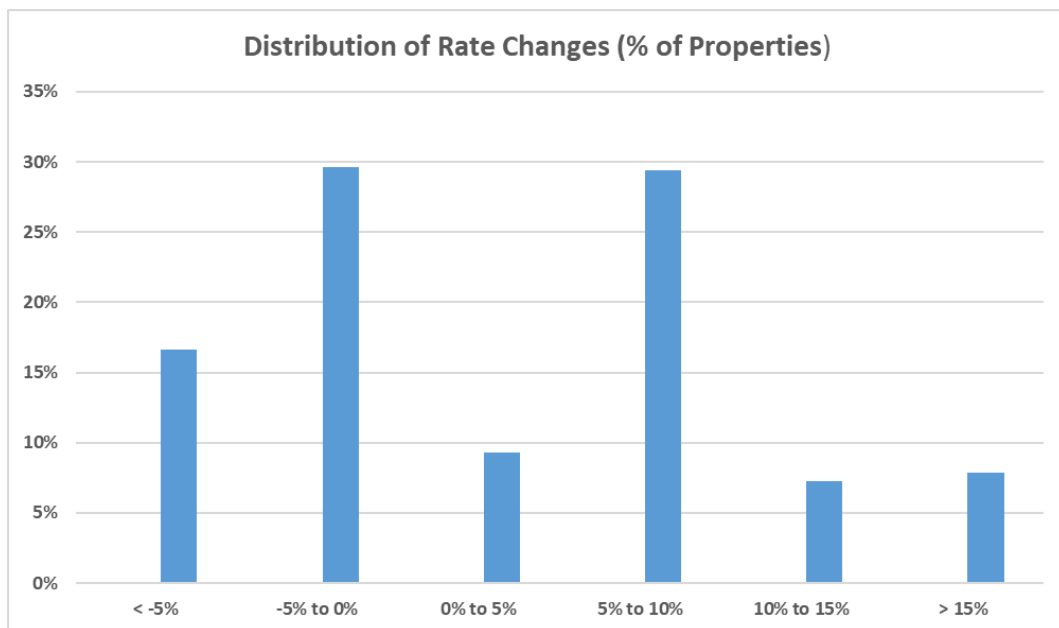


Figure 1 – Distribution of Rate Changes

The distribution of impacts demonstrates a mix of increases and decreases across the district.

A significant proportion of properties experience relatively small changes, with many within the 0% to 10% range.

Notably, a substantial number of properties experience decreases, particularly in main township areas, while larger increases are concentrated among a smaller proportion of properties.

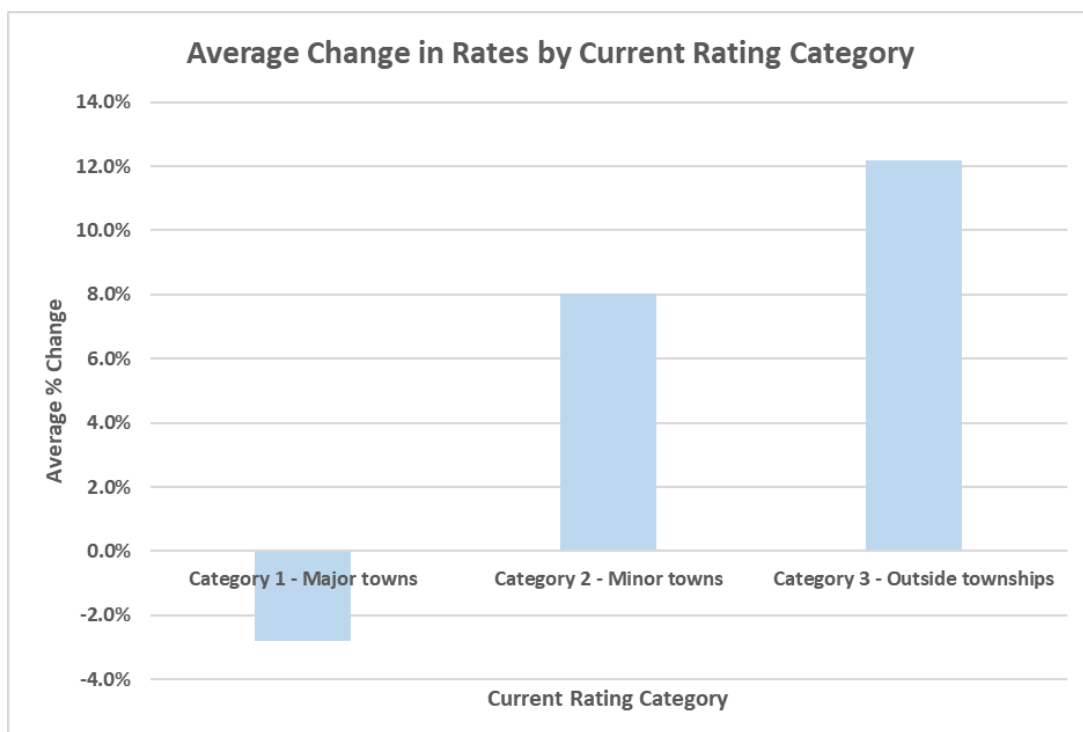


Figure 2 – Average Change in Rates by Current Rating Category

The modelling demonstrates that the impact of the proposed rating changes varies by location.



Properties within major townships (Category 1) generally experience decreases or relatively small changes in rates.

Properties within minor townships (Category 2) show moderate increases, while properties outside townships (Category 3), which are predominantly Primary Production properties, are more likely to experience higher increases.

This reflects a redistribution of the rate burden relative to the current rating structure.

The following table provides a summary of the impact of the proposed changes by land use.

Table 6 – Land Use Impact Summary

Land Use	No. Properties	Ave. Change \$	Ave. Change %	% Increasing	% Decreasing	Increase/Decrease Pattern
Residential	2316	-31	-0.7%	28%	72%	Most decrease
Commercial Shop	21	-30	-1.2%	38%	62%	Most decrease
Commercial Office	5	-45	-2.9%	20%	80%	Most decrease
Commercial Other	70	207	11.5%	97%	0%	2 stay the same Remainder Increase
Industry Light	34	1	-0.1%	26%	74%	Most Decrease
Industry Other	19	254	16.9%	89%	0%	2 stay the same Remainder Increase
Primary Production	984	455	10.7%	95%	4%	Most Increase
Vacant Land	746	47	5.7%	71%	28%	Most Increase
Other	66	33	4.5%	76%	20%	Most Increase
Employment Bulk Handling and Rural Zone-Commercial Other	20	2,214	76.8%	100%	0%	All Increase

Overall, modelling produces a mixed pattern of impacts by land use, with Residential generally decreasing on average. Note that the total rates are increasing by 4.9%.

Table 7 – Impact on Example Properties

Location	Old Category	New Category	Current CV	New CV	25/26 Gross Rates	26/27 Modelled Gross Rates	Rate Change %
Coffin Bay	Major Towns	Residential	\$380,000	\$395,000	\$1,439	\$1,324	-8.00%
Coffin Bay	Major Towns	Commercial Shop	\$440,000	\$460,000	\$1,545	\$1,419	-8.20%
North Shields	Major Towns	Residential	\$305,000	\$315,000	\$1,307	\$1,246	-4.60%
Cummins	Major Towns	Commercial Office	\$465,000	\$490,000	\$1,589	\$1,527	-3.90%
Louth Bay	Major Towns	Residential	\$230,000	\$235,000	\$1,175	\$1,145	-2.60%
Cummins	Major Towns	Residential	\$640,000	\$680,000	\$1,898	\$1,869	-1.50%
Coffin Bay	Major Towns	Commercial Other	\$1,275,000	\$1,350,000	\$3,019	\$3,389	12.20%
Mount Dutton Bay	Minor Towns	Residential	\$400,000	\$420,000	\$1,357	\$1,424	4.96%
Yeelanna	Minor Towns	Industry Light	\$7,200	\$7,600	\$779	\$818	4.90%
Yeelanna	Minor Towns	Vacant Land	\$4,800	\$5,100	\$774	\$830	7.30%

Location	Old Category	New Category	Current CV	New CV	25/26 Gross Rates	26/27 Modelled Gross Rates	Rate Change %
North Shields	Outside Towns	Other	\$155,000	\$160,000	\$1,003	\$1,069	6.60%
Little Douglas	Outside Towns	Residential	\$570,000	\$600,000	\$1,540	\$1,690	9.69%
North Shields	Outside Towns	Primary Production	\$2,200,000	\$2,200,000	3,745	4,043	7.95%
Coulta	Outside Towns	Primary Production	\$1,025,000	\$1,075,000	\$2,155	\$2,521	17.00%
Cummins	Outside Towns	Primary Production	\$5,100,000	\$5,100,000	\$7,669	\$8,310	8.36%

The above sample of properties illustrates the range of impacts observed in the modelling and reflects the broader distribution of results.

The examples demonstrate that properties within major townships are more likely to see decreases, whereas those in minor townships and outside townships are more likely to see increases.

The results remain subject to variation depending on final valuations and the Council's final decisions.

The results presented are indicative only and should be considered alongside the broader information contained in this consultation paper.

13. Consultation Requirements

Legislative Requirements for Consultation

There is a legal requirement for councils to consult with their communities when considering changes to the basis of their rating.

Section 151 (5) of the Act states that a Council must prepare a report for public consultation before:

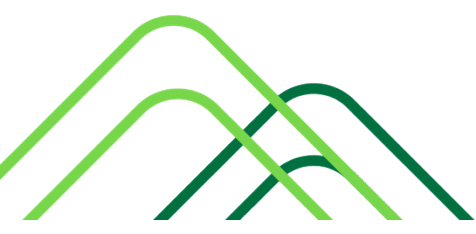
- Changing the basis of rating of any land, or
- Changing the basis on which land is valued for rating purposes, or
- Imposing separate rates, service rates or service charges.

The Minister for Local Government's Community Engagement Charter, established on the 11th December 2025, sets out the engagement principles, categories, and mandatory requirements that councils must apply to their consultation activities.

The Charter requires a Council to:

- Publish information about the matter that can be easily found on a council website
- Publish information about the matter in a local news publication (print where available, but otherwise digital) that circulates in the council area and is not produced by the council
- Consider appropriate forms of notifications to the council area.

- Consider whether additional information or notification should be made available to the community to bring their attention to the matter and to support participation
- Provide information about how the community can make a submission, including the timeframe.
- In the material prepared, explain what the council proposes to do, why it proposes to do it, and what it seeks to achieve.
- Explain how community feedback will inform the council's decision
- Consider how best to invite feedback from the community.
- Provide a minimum community engagement period of 21 days to enable the community to provide feedback.
- Include a summary of the community engagement feedback to the council ahead of the decision
- Hold a public meeting where the community is invited to provide submissions (written or verbal) on the matter.
- The public meeting may be part of a council meeting or a separate event



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