2025/26 City of Adelaide Rating Policy

Proposed changes as part of the Draft 2025/26 Business Plan and Budget for consultation

Approving Officer: Anthony Spartalis, Chief Operating Officer

Introduction

As part of the Draft 2025/26 Business Plan and Budget consultation, Council is seeking community feedback on a proposed changes to the Rating Policy.

The proposed changes are to introduce a minimum rate of $600 and a change to how we rate Residential Property Developments.

This report meets Council's requirement under Section 151(6) of the *Local Government Act 1999 (SA)* (the Act), to outline proposed changes and to include this information as part of the Draft 2025/26 Business Plan and Budget consultation. The Chief Executive Officer has delegation for Section 151(5)(d) & (e) of the Act to prepare the report and undertake consultation.

As outlined in this report, Legislation requires Council to respond to the following:

a) the reasons for the proposed change;
b) the relationship of the proposed change to the council's overall rates structure and policies;
c) in so far as may be reasonably practicable, the likely impact of the proposed change on ratepayers (using such assumptions, rate modelling and levels of detail as the council thinks fit);
d) issues concerning equity within the community, and may address other issues considered relevant by the council.

City of Adelaide Rates:

Rating Structure:

Our Rating Structure is developed in accordance with the requirements of the *Local Government Act 1999 (SA)*. Key considerations include:

- The principles of equity, benefit, ability-to-pay, efficiency and simplicity
- A transparent and equitable rating system. Accordingly, we undertake to manage the Rating Policy to ensure the greatest level of equity for ratepayers by maintaining a non-punitive rating structure
- Identifying and valuing all land in the Council area. Once identified, each separate occupation of land will be assessed for rateability
- Residential properties identified as predominately used for short stay accommodation will incur the non-residential differential rate of Commercial-Other
- The application of a Differential General Rate is generally intended to alter the amount payable for particular land uses and approximate the benefit principle.
- To protect ratepayers from large movements in property valuations a 10% cap on annual increases in general rates payable specific to individual ratepayers will be applied, subject to specific criteria
- A $100 per household rebate for pensioners
- Differential rates are allocated through varied Rates in the Dollar by the following categories: Residential, Non-Residential and Vacant Land.
- Separate rates will continue to be levied for the purposes of managing and marketing the Rundle Mall Precinct, and to recover funds on behalf of Landscape SA.

Valuations and 'Rate in the Dollar'

Council adopts the use of Annual Value as the basis for valuing land within the council area. This method is considered consistent with the equity, ability to pay, efficiency and simplicity principles of taxation. The majority of residential and non-residential properties in the City are leased (i.e. are not owner occupied), therefore it is a suitable valuation measure considering the ability to pay according to the income earning potential of the property.

To calculate each ratepayers contribution to rate revenue, Council takes into account valuations and the total value of rateable properties in the area, to set a 'Rate in the Dollar'. Council can adjust the 'rate in the dollar' each year to react to changes in property values. Council does not automatically receive more money because property values increase but this may alter how rates are apportioned across each ratepayer. The 'rate in the dollar' is then multiplied by the value of a property to establish the rate contribution for each property.

Our Draft 2025/26 BP&B maintains the process of valuing properties that was in place for 2024/25. **An example of how we calculate rates, based on average properties values, is shown below:**

Residential: Annual value $20,250 x rate in the dollar of $0.111646* (excluding any levies) **= $2,261 rates for 25/26**	**Commercial (non-residential):** Annual value $95,550 x rate in the dollar of $0.136813* (excluding any levies) **= $13,072 rates for 25/26**

Summary of Rating Policy Changes

There are two proposed changes that have been made to the City of Adelaide Rating Policy:

1) Introduction of a Minium Rate (2025/26 proposed at $600)
2) Introduction to how we rate Property Developments (Residential)

Minimum Rate

Councils in South Australia have the option to use a minimum rate or a fixed charge in their rate setting process, but cannot use both.

The City of Adelaide (CoA) is proposing to introduce a minimum rate for the 2025/26 rating year. Section 158 of the Act provides that the Councils may fix a minimum amount payable by way of rates (a minimum rate).

The reason for imposing a minimum rate is to ensure a more equitable rating system where all rateable properties contribute a base level contribution to the cost of:

- Creating and maintaining the physical infrastructure that supports each property;
- Administering council functions; and
- Delivering core council services.

Council's draft Rating Policy has been amended to reflect the proposed introduction of a minimum rate. The minimum rate is set at a level determined by the Council; however as per Section 158 of the Act, the minimum rate cannot be applied to more than 35% of rateable properties in the Local Government Area (LGA).

Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer.

The Minimum Rate is proposed to be set at $600. It will impact approximately 1,101 rateable properties (3.9% of all rateable properties) and generate approximately $0.286m additional rates revenue. Refer to Appendix A for further information on the proposed impacted properties by property type.

Property Developments (Residential)

The current Rating Policy rates all property developments as non-residential (even those that are residential) during construction. Council is seeking to change this so that residential developments can now be rated as residential:

- Where a residential property has been demolished and a new residential building is being constructed, the property will be rated as residential during the construction phase.
- Where a residential property has been demolished and a commercial building is being constructed, the property will be rated as non-residential during the construction phase.

Appendix: Minimum Rate - table of impacted properties by type

Appendix A: Minimum Rate - table of impacted properties by type

The introduction of a $600 Minimum Rate will impact approximately 1,101 rateable properties and generate approximately $0.286m additional rates revenue. Based on the 2024/25 rates generated, the impact by land use as prescribed by regulation are as follows:

<table>
<tr><th>Local Gov Description</th><th>No. of Assessments</th><th>Additional Rates Revenue ($)</th></tr>
<tr><td>1 RESIDENTIAL</td><td>24</td><td>8,514</td></tr>
<tr><td colspan="3">Of the 24 Residential assessments impacted:
▪ 3 relate to residential flats
▪ 18 are parking related assessments e.g. Residential Carpark
▪ 5 are owned by Companies / Partnerships</td></tr>
<tr><td>2 COMMERCIAL -SHOP</td><td>11</td><td>2,564</td></tr>
<tr><td>3 COMMERCIAL -OFFICE</td><td>240</td><td>40,779</td></tr>
<tr><td colspan="3">Of the 240 Commercial -Office assessments impacted:
▪ 230 relate to smaller offices
▪ 5 relate to storage areas</td></tr>
<tr><td>4 COMMERCIAL -OTHER</td><td>801</td><td>229,916</td></tr>
<tr><td colspan="3">Of the 801 Commercial-Other assessments impacted:
▪ 495 relate to commercial parking
▪ 135 relate to signs of which 132 are for bus shelter signage
▪ 153 relate to storage areas</td></tr>
<tr><td>5 INDUSTRIAL -LIGHT</td><td>21</td><td>3,995</td></tr>
<tr><td>6 INDUSTRIAL -OTHER</td><td>-</td><td>-</td></tr>
<tr><td>8 VACANT Land</td><td>2</td><td>552</td></tr>
<tr><td>9 OTHER</td><td>2</td><td>646</td></tr>
<tr><td>Grand Total</td><td>1,101</td><td>286,966</td></tr>
</table>

Note: 1,101 impacted properties represents 3.9% of properties, well below the threshold of 35%.

The following page provides further breakdown of this information, including the proposed additional rate revenue.

	Current Rates		▪ LOCAL GOVERNMENT DESCRIPTION	
			ADDITIONAL REVENUE	TOTAL ($'000s)
	Min	Max	(NUMBER OF IMPACTED ASSESSMENTS)	
Consulting Room	$192	$575	▪ 3 Commercial – Office: $408 (1) ▪ 4 Commercial – Other: $91 (2)	$499 (3)
House	$536	$536	▪ 1 Residential: $64 (1)	$64 (1)
Laboratory	$561	$561	▪ 4 Commercial – Other: $39 (1)	$39 (1)
Land Incidental	$179	$469	▪ 8 Vacant: $552 (2)	$552 (2)
Naming Rights	$246	$534	▪ 4 Commercial – Other: $420 (2)	$420 (2)
Office	$96	$588	▪ 1 Residential: $351 (2) ▪ 3 Commercial – Office: $38,460 (230) ▪ 4 Commercial – Other: $395 (1)	$39.192 (233)
Parking Commercial	$178	$547	▪ 4 Commercial – Other: $147,410 (468)	$147,410 (468)
Parking Lot Commercial	$192	$588	▪ 4 Commercial – Other: $9,476 (27)	$9,476 (27)
Radio Station	$137	$137	▪ 4 Commercial – Other: $463 (1)	$463 (1)
Residential Carpark Multi Storey	$145	$212	▪ 1 Residential: $6,606 (16)	$6,606 (16)
Residential Flat	$201	$435	▪ 1 Residential: $907 (3)	$907 (3)
Residential Garage	$391	$391	▪ 1 Residential: $209 (1)	$209 (1)
Road Public Declared	$171	$171	▪ 9 Other: $429 (1)	$429 (1)
Shop	$260	$588	▪ 2 Commercial – Shop: $985 (7) ▪ 3 Commercial – Office: $107 (1) ▪ 4 Commercial – Other: $283 (2)	$1,375 (10)
Showcase	$41	$123	▪ 2 Commercial – Shop: $1,554 (3)	$1,554 (3)
Sign	$123	$465	▪ 4 Commercial – Other: $19,251 (135)	$19,251 (135)
Single Carpark Multi Storey Building	$223	$223	▪ 1 Residential: $377 (1)	$377 (1)
Staff Facilities	$383	$383	▪ 9 Other: $217 (1)	$217 (1)
Storage Area	$41	$588	▪ 3 Commercial – Office: $1,427 (5) ▪ 4 Commercial – Other: $50,266 (153)	$51,693 (158)
Theatre	$322	$322	▪ 4 Commercial – Other: $278 (1)	$278 (1)
Training Institution	$534	$561	▪ 3 Commercial – Office: $39 (1) ▪ 4 Commercial – Other: $66 (1)	$105 (2)
Transmission Mast	$164	$506	▪ 4 Commercial – Other: $1,373 (5)	$1,373 (5)
Warehouse	$534	$561	▪ 4 Commercial – Other: $105 (2)	$105 (2)
Workshop	$233	$588	▪ 2 Commercial – Shop: $25 (1) ▪ 3 Commercial – Office: $352 (2) ▪ 5 Industrial – Light: $3,995 (21)	$4,372 (24)
			TOTAL	**$286,966 (1,101)**