

---

# RATING EQUITY FOR COMMERCIAL AND/OR INDUSTRIAL LAND USES OUTSIDE TOWNS IN SOUTH AUSTRALIA

LEGATUS GROUP  
FINAL REPORT – JUNE 2018

---

[aecgrouppltd.com](http://aecgrouppltd.com)

## DOCUMENT CONTROL

---

Job ID: J000665

Job Name: Rating Equity for Commercial and/or Industrial Land Uses Outside Towns in SA

Client: Legatus Group

Client Contact: Simon Millcock

Project Manager: Martin Drydale

Email: [martin.drydale@aecgrouppltd.com](mailto:martin.drydale@aecgrouppltd.com)

Telephone: (07) 3831 0577

Document Name: Final Report - Rating Equity for Commercial-Industrial Land Uses Outside Towns in SA

Version	Date	Reviewed	Approved
Draft Version 1.0	07/05/2018	GO	GO
Final Draft	01/06/2018	GO	GO
Final	26/06/2018	GO	GO

Disclaimer:

Whilst all care and diligence have been exercised in the preparation of this report, AEC Group Pty Ltd does not warrant the accuracy of the information contained within and accepts no liability for any loss or damage that may be suffered as a result of reliance on this information, whether or not there has been any error, omission or negligence on the part of AEC Group Pty Ltd or their employees. Any forecasts or projections used in the analysis can be affected by a number of unforeseen variables, and as such no warranty is given that a particular set of results will in fact be achieved.

## EXECUTIVE SUMMARY

---

### IDENTIFIED ISSUE

SA Councils face considerable rating constraints for selected major developments (e.g. wind farms, feedlots, solar farms and mines) and exempt properties, despite such uses requiring facilitating local infrastructure and services. The most significant rating constraints preventing SA Councils from equitably allocate the rating burden and resulting in local communities cross subsidising selected land uses include:

- The inability to levy appropriate and equitable rates on electricity generators (including wind farms and solar farms) as a result of the exclusion of improvements such as electricity generating plant and equipment from capital valuations under legislation.
- The inability to effectively categorise intensive land uses for differential rating purposes given the limited permitted rating categories available under legislation.
- The loss of rates associated with the 75% rate rebates applied to SA Housing Trust properties managed by Community Housing Providers.

### RATING OF ELECTRICITY GENERATORS

With respect to the rating of electricity generators:

- Queensland Councils are able to separately categorise generators on the basis of their generation capacity and impact on infrastructure and service provision, with differential rates in the dollar and minimum rates applied to ensure an appropriate amount of rate revenue is collected from each generator.
- Victoria is the only other mainland State alongside SA to feature broadscale application of capital value as the valuation method for rating purposes, albeit with the inclusion of electricity generation plant and equipment within capital valuations (rather than exclusion as occurs in SA).
- Victorian Councils are also able to receive annual payments in lieu of rates of the order of \$53,446 for each power station and \$1,203 per MW of electricity generating capacity from each generator under specific legislative provisions in the *Electricity Industry Act 2000*.
- WA Councils can levy rates based on gross rental valuation principles, which is derived as 5% of capital value. Capital value specifically excludes machinery, which has a broad definition and generally excludes items of a technical nature or consisting of moving parts and therefore means that only a portion of the capital value of power stations, solar farms and wind farms would be included (consisting of buildings and structures, concrete pads, roads, fencing, ponds, underground wiring, steel framing/footings, etc. but excluding electricity generating plant and equipment, solar panels, etc.).
- NSW Councils are presently unable to differentially rate or collect additional payments in lieu of rates from electricity generators.

### RATING OF RESOURCES SECTOR/MINING

With respect to the rating of resources sector (mining) properties:

- Queensland Councils are able to separately categorise properties and recover a level of rates on whatever basis the deem appropriate via substantially higher rates in the dollar and higher minimum rates, which includes reference to levels of staff, levels of extraction, type of mining activity, valuation, land area, etc.
- Victorian Councils have not historically separately rated such properties, with land used for mining purposes having been exempt from rating. Such treatment of mines is subject to change soon under exposure draft for a new Local Government Act where they will become rateable and liable to pay rates.
- WA Councils are able to separately categorise and rate resources sector properties at a higher level than other properties given their significant impost on Council infrastructure and service provision, although approval of

higher rates in the dollar generally requires Ministerial approval (i.e. if a differential rate applied to one category is twice that applied to another category). This has become increasingly necessary following a change in the valuation of mining properties for rating purposes by the WA government.

- NSW Councils levy a differential rate on their mining rate categories generally considerably higher than levied on residential or business assessments, reflecting the greater impost placed by these properties on Council infrastructure and service provision relative to their site valuation.

## EXEMPT PROPERTIES

With respect to exempt properties, the exemptions in SA do not appear to be any broader than those generally adopted in other mainland States, with the exception of:

- The exemption of electricity generating plant and equipment from capital valuation.
- The mandatory provision of a 75% rate rebate on SA Housing Trust properties managed by Community Housing Providers.

## RECOMMENDED ACTIONS

Detail on the significant rating constraints presently impeding SA Councils from equitably allocating the rate burden across their communities are outlined in Table E.1 on the following page. Compared with other mainland states, ratepayers are forced to cross subsidise electricity generated for use outside of Council's boundaries, high intensity land uses, and the provision of community housing.

In addition to SA Councils requiring more power to ensure appropriate contributions are made by major developments – including electricity generators – towards local infrastructure (particularly roads) at the point of development approval, the following actions should be considered to remove identified rating constraints:

- Changes to legislation to allow SA Councils to recover appropriate payments in lieu of rates directly from electricity generators – rather than landowners – under a regulated formula subject to indexation. This is the approach adopted in Victoria, where a fixed payment per power station/site exists along with a variable payment based on installed capacity. In terms of industry attraction and potential flow-on impacts on electricity prices, it should be realised that major electricity generation developments have continued in Victoria and Queensland despite those states having in place a longstanding rating approach for such developments that enable local Councils to levy appropriate and equitable rates, and electricity prices are determined within a national market which features generators subject to substantially higher Council rates.
- Inclusion of additional flexibility in the categorisation of different land uses for differential rating purposes to provide Councils with greater capacity to levy appropriate rates based on intensity of land use (e.g. mining/resources, feedlots).
- No longer mandate the provision of 75% rate rebates for Community Housing Providers or ensure that the State Government is responsible for the provision of contributions to fund these rebates.

A potential interim action may be for SA Councils to consider the adoption of occupancy/tenancy-based valuations (as opposed to ownership valuations), which allows for the valuation of wind turbines as individual tenancies based on the capitalisation of the lease payments made for underlying land 'sub-parcels'. Whilst the overall property valuation is unaltered it provides capacity to apply differential rating by land use. Logically, such an approach should also extend to solar panel installations that occupy portions of rural land. It is unlikely that this approach will produce rate revenue levels that adequately reflect the rates that should be levied on equity grounds, which is why it is noted as a potential interim action rather than an ultimate solution.

**Table E.1: Summary of Identified Rating Constraints Leading to Inequitable Rating Burdens on Local Communities**

Use	Issue	Interstate Comparison	Financial Implications	Case for Change
Electricity Generation	The exemption of electricity generating plant and equipment from capital valuation prevents SA Councils from being able to appropriately and equitably allocate the rating burden across all ratepayers, and results in local communities subsidising electricity generated for use across a broader (and national) marketplace – with such a financial burden not placed on ratepayers in Queensland and Victoria. Anticipated future growth in the installation and operation of electricity generation sites will place an increasing burden and degree of cross subsidy on SA Councils and their communities.	Capital improved value in Victoria includes electricity generating plant and equipment, and Victorian Councils can receive payments in lieu of rates from generators consisting of base payments and generation capacity payments based on a methodology under State legislation. Queensland Councils also have the capacity to levy substantial rates on power stations, wind farms and solar farms through broad Council powers to establish specific differential rating categories with substantially higher rates in the dollar and minimum rates.	Case studies for Wattle Range, Port Augusta and Goyder suggest that the application of the Victorian methodology to determine payments in lieu of rates for power stations, wind farms and solar farms alone could result in additional revenue of around \$700,000-\$750,000 per annum for each Council which would considerably reduce the rating burden presently incurred on existing ratepayers and/or enhance the financial sustainability of both Councils. Based on selected case studies, this could enable affected Councils to reduce rates on other ratepayers by between 4% and 15%.	SA electricity generators should pay their fair share of the rating burden on local communities, as they do in Queensland and Victoria. While the historic exemptions regarding the payment of rates by electricity generators may have been appropriate in the context of electricity generation and service provision by the State Government, the landscape is considerably different in the current environment where such services are subject to profiteering from the land and form part of a broader electricity network and national grid.
Intensive Commerce/ Industry	The inability for SA Councils to categorise properties based on their intensity of use (and therefore utilisation of Council infrastructure and services) leads to cross subsidisation of infrastructure and service provision by other ratepayers.	Queensland, NSW and WA Councils have the capacity to differentially rate such assessments to appropriately reflect their more intensive utilisation of Council infrastructure and services.	Not quantified.	SA Councils must be able to effectively rate intensive land uses to ensure that their impact on infrastructure and service provision and impost on local communities is appropriately recouped and not subsidised by other ratepayers.
Community and Public Housing	The provision of mandatory 75% rate rebates on SA Housing Trust properties managed by Community Housing Providers prevents SA Councils from appropriately and equitably recovering rates from substantial portions of residential communities which have the same level of access to Council infrastructure and services.	Other mainland states do not place a substantial financial burden on Councils by mandating a 75% rebate on community and public housing assessments.	Case studies for Port Adelaide Enfield, Marion and Wattle Range suggest that the appropriate recovery of lost rates associated with the State Government policy decision equating to between \$10 and \$100 per ratepayer.	The level of financial assistance provided to those requiring community and public housing has always been a State Government responsibility, and SA Council should not be financially impacted as a result of a State Government policy decision to change its model of service provision at the expense of other ratepayers.

Source: AEC

# TABLE OF CONTENTS

<b>DOCUMENT CONTROL.....</b>	<b>I</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>II</b>
<b>TABLE OF CONTENTS .....</b>	<b>V</b>
<b>1. INTRODUCTION.....</b>	<b>1</b>
<b>2. REVIEW OF CURRENT ENVIRONMENT .....</b>	<b>2</b>
2.1 LEGISLATIVE RATING POWERS .....	2
2.2 VALUATION METHOD .....	2
2.3 OTHER EXEMPTIONS AND NON-RATEABLE LAND/PROPERTY .....	3
2.4 MAJOR DEVELOPMENTS/PROJECTS.....	4
2.5 GENERAL RATE BENCHMARKING .....	5
2.6 FINDINGS.....	6
<b>3. RATING POWERS AND CONSTRAINTS IN OTHER STATES.....</b>	<b>7</b>
3.1 COMPARATIVE ASSESSMENT OF RATING POWERS AND CONSTRAINTS .....	7
3.2 POTENTIAL FOR NEAR TERM CHANGES.....	7
3.3 EXAMPLE RATING OUTCOMES FOR SELECTED INDUSTRIES.....	11
3.4 FINDINGS.....	18
<b>4. AVAILABLE OPTIONS AND CASE STUDIES .....</b>	<b>20</b>
4.1 KEY CONSTRAINTS AND AVAILABLE OPTIONS .....	20
4.2 ELECTRICITY GENERATION CASE STUDIES .....	22
4.3 COMMUNITY HOUSING CASE STUDIES .....	24
4.4 FINDINGS.....	24
<b>5. FINDINGS AND RECOMMENDATIONS .....</b>	<b>25</b>
5.1 FINDINGS.....	25
5.2 RECOMMENDED ACTIONS .....	26
5.3 POTENTIAL INTERIM ACTION .....	26
<b>REFERENCES.....</b>	<b>27</b>
<b>APPENDIX A: VALUATION METHOD COMPARISONS.....</b>	<b>30</b>
<b>APPENDIX B: SA LEGISLATION AND RELEVANT PROCLAMATIONS REGARDING THE RATING OF ELECTRICITY GENERATORS .....</b>	<b>32</b>
<b>APPENDIX C: VICTORIAN LEGISLATIVE PROVISION FOR PAYMENTS BY ELECTRICITY GENERATORS</b>	<b>38</b>

# 1. INTRODUCTION

---

The rating powers of South Australian (SA) Councils are constrained by the inability to appropriately rate 'major developments' such as wind farms, feedlots, solar farms and mines, in addition to telecommunication towers and exempt properties, despite such commercial and industrial land uses requiring Councils to provide (and ratepayers to fund) facilitating local infrastructure (particularly roads) and services to these developments.

The Legatus Group comprises 15 member Councils in the Central Local Government Region, with these Councils having a substantial number of wind turbines in their local areas. In May 2017, the SA Regional Organisation on Councils (SAROC) recommended that the Local Government Association (LGA) Board request the LGA Secretariat to work with the Legatus Group and other interested regional LGAs to develop recommendations for a policy position on the rating of major developments which are currently exempt from valuation for rating purposes, with this recommendation being carried by the LGA Board (also in May 2017).

AEC Group Pty Ltd (AEC) was commissioned to undertake an assessment of:

- The actual and perceived constraints in the current powers of SA Councils to rate 'major developments', and the implications for SA Council rate revenue, ratepayers and overarching financial sustainability from these constraints.
- The rating powers of Councils in other States and any interstate learnings that could be applied in SA.
- Recommendations as to how rating powers could be amended to ensure SA Councils are able to balance the principles of taxation and equity between ratepayers, including the ability to appropriately rate 'major developments'.

The focus of the assessment is on solar/wind farm major developments, although additional commentary is provided on mining, telecommunication towers, and other general exempt properties.

The report findings will be used to inform recommendations at a state-wide level for consideration by Councils, LGA and State Government.

## 2. REVIEW OF CURRENT ENVIRONMENT

### 2.1 LEGISLATIVE RATING POWERS

The legislative powers for SA Councils to rate (i.e. impose a tax on) land exist within the *Local Government Act 1999* (LG Act), under Chapter 10, Part 1 – Rates and charges on land. Specifically, Section 146 of the LG Act outlines the types of rates and charges able to be declared on land within its area, which include general rates, separate rates, service rates and service charges.

The basis of rating is outlined in Section 151 of the LG Act, with general rates able to be set on the following basis:

- Levied as a rate on the value of the land, potentially subject to a minimum rate<sup>1</sup> (as long as no greater than 35% of assessments subject to the separate assessment of rates are subject to the minimum), or
- Levied as a fixed charge<sup>2</sup> plus a rate on the value of the land, with fixed charge revenues not exceeding 50% of total general rate revenues.

The rate on the value of the land can be either set on a uniform basis (as a single rate irrespective of land use or location) or differential basis (as a differential rate). Section 156 of the LG Act and Section 14 of the *Local Government (General) Regulations 2013* restricts differential rates to be applied by:

- Predominant land use as defined in the *Development Regulations 2008*, including residential<sup>3</sup>, commercial shop, commercial office, other commercial, light industry, other industry, primary production, vacant land, and other.
- Location, defined as the zone in which the land is situated, whether the land is within or outside a township, and between zones and townships.
- Predominant land use and location.

Further, tiered rates in the dollar for assessments within specific valuation ranges can be adopted to lessen the impact of rates on high value properties (e.g. coastal properties) relative to low value properties.

The principles of consistency and comparability across Council areas on different sectors must be considered in setting general rate structures and levels. Any change in the basis of rating must be accompanied with a report detailing the changes and be subject to public consultation.

### 2.2 VALUATION METHOD

#### 2.2.1 Available Valuation Methods

Councils may use valuations provided by the Valuer-General or are able to engage a valuer authorised under the *Land Valuer Act 1994*. Under Section 151 of the LG Act, the default valuation method for rating purposes is the capital value, which reflects the value of a parcel of land including improvements. Councils have the option to use site value (value of a parcel of land excluding improvements such as buildings and structures, wells, dams and reservoirs, and commercial tree plantations) if such valuation methods were applied to that land in the previous year, or capital value was used for the preceding three years<sup>4</sup>.

<sup>1</sup> Minimum amounts are set per separate (whole) piece of rateable land (excluding marinas and marina berths) and cannot be applied to supported accommodation and independent living units within a group or complex of units, per individual caravan park or residential park site. Contiguous parcels with the same owner occupier and multiple parcels operated as a single farm enterprise are only to be subject to a single minimum amount.

<sup>2</sup> Fixed charges are set as equal charges per separate (whole) piece of rateable land and cannot be levied on individual caravan park or residential park sites and individual marina berths. Contiguous parcels with the same owner occupier and multiple parcels operated as a single farm enterprise are only to be levied a single fixed charge.

<sup>3</sup> If differentiated, the residential rate must be applied to land occupied by supported accommodation, independent living units and day therapy centres.

<sup>4</sup> Annual value, or the value of the property based on gross annual rental valuation, is another option available.



The Office of the Valuer-General indicates that there are two types of valuation assessments required by Local Government based on:

- Ownership – where the valuation assessment is determined on a whole of property basis, generally a separately saleable parcel of land, where the land use code for the property will be its predominant use.
- Occupation – where the valuation that is determined on a whole of property basis, is apportioned between a separate assessment for each separate physical occupancy or tenancy on the property, and the land use code will reflect the occupancy.

Councils must nominate which method is to be applied for rating purposes. With residential valuations unlikely to differ between the above two valuation approaches, the only differential lies with the valuation of non-residential properties. In the instance of wind farms, the adoption of the occupation valuation approach would see each turbine assigned as a tenancy with the valuation derived using a market-based lease payment for the land on which the turbine resides and the application of an appropriate risk-based capitalisation rate. Whilst a rural property with a wind farm would have the same overall value under the occupation valuation approach as under the ownership valuation approach it provides capacity to apply differential rating by land use. Appendix A provides additional detail on the valuation options available to, and rating implications for, Councils.

### 2.2.2 Valuation Exclusions

Section 11(1) of the *Valuation of Land Regulations 2005* includes a list of fixtures and improvements that are not included in the capital value or annual value of land used to levy rates:

- Machinery, plant or equipment not fixed to the land or premises or is capable of being removed without structural damage to the land or premises.
- Main, pole, transformer, wire, pipe, machinery, plant or equipment 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 related to the supply or provision of such services.
- Trees planted for the primary purpose of commercial timber production, prevention or amelioration of degradation of land, disposal of effluent or provision of a habitat for wildlife.

Clause 3(1) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* indicates that the land and buildings of a State-owned company are rateable property, plant and equipment, easements, rights of way or similar rights used in connection with the generation, transmission or distribution of electricity are not rateable property.

Clause 3(2) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* indicates that plant and equipment for other proclaimed bodies for the same purpose (other than electricity generating plant and substations for converting, transforming or controlling electricity) are also non-rateable, with Clause 3(3) providing the Governor the power to declare or reduce rates payable for electricity generating plant and substations for converting, transforming or controlling electricity. Appendix B includes the relevant extracts from Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* in addition to the relevant proclamations made under Clause 3(3).

Some historic declarations have been made regarding the level of rate contributions payable by selected electricity generators and electricity generation sites. Clause 3(5) suggests that such proclamations may not be revoked and may only be varied if the future liabilities for these generators are reduced. No proclamations have been made regarding newer electricity generation developments, with the proclamations under Clause 3(3) having only occurred in 2000 following the restructure of ownership and operating arrangements for the sector.

## 2.3 OTHER EXEMPTIONS AND NON-RATEABLE LAND/PROPERTY

Section 147 of the LG Act specifies the following land as being non-rateable land:

- Unalienated Crown land, or land used or held by the Crown for a public purpose (including education) except under lease/licence, domestic premises, or a university established by statute.

- Land used or held by Councils or subsidiaries of Councils except under lease/licence.
- Land in the District of Coober Pedy subject to a mining lease under the *Mining Act 1971* or a precious stones tenement under the *Opal Mining Act 1995*.
- Exemptions under the *Recreation Grounds Rates and Taxes Exemption Act 1981*, which include publicly accessible sport or recreation land vested in, or under the care, control or management of, Councils, vested in trustees or an association, or occupied under lease, licence or permit granted by Councils and with all income derived from the land applied towards the maintenance, repair or improvement of the land.
- Emergency service exemptions under the *Fire and Emergency Services Act 2005*<sup>5</sup>.
- Exemptions under or by virtue of another Act.

Sections 159 to 166 of the LG Act also provide for rebates of rates for selected land uses as follows:

- 100% for:
  - Land used for service delivery or administration by a hospital or health centre incorporated under the *South Australian Health Commission Act 1976*.
  - Land used for religious purposes.
  - Land used for public cemeteries.
  - Land used by the Royal Zoological Society of SA.
- 75% for:
  - Land used for service delivery and/or administration by not for profit community service organisations providing services below cost and not just to members and not involved in any trade or commerce (e.g. emergency and supported accommodation, food and clothing providers, disability providers, legal providers to the disadvantaged, drug or alcohol rehabilitation, research and education on diseases or illnesses, palliative care, disadvantaged persons).
  - Land occupied by a government school under lease or licence and used for educational purposes.
  - Land occupied by a registered non-government school under the *Education and Early Childhood Services (Registration and Standards) Act 2011* and used for educational purposes.
  - Land used by a university or college to provide accommodation and other support to students on a not for profit basis.

## 2.4 MAJOR DEVELOPMENTS/PROJECTS

Section 46(1a) of Part 4, Division 2 of the *Development Act 1993* defines major developments or projects as follows:

A development or project may be considered to be of major environmental, social or economic importance due to the fact that the cumulative effect of the development or project, when considered in conjunction with any other development, project or activity already being undertaken or carried on, or proposed to be undertaken or carried on, at or within the vicinity of the relevant site, gives rise to issues of major environmental, social or economic importance.

There are no legislative constraints specifically applying to the levying of rates on major developments, just those constraints highlighted in the preceding sections regarding the valuation exemptions and declaration of non-rateable land for selected land uses and ownership.

---

<sup>5</sup> Section 128 of that Act only refers to exemptions for water and sewerage rates, land tax and the emergency services levy.

## 2.5 GENERAL RATE BENCHMARKING

The following table provides a summary of the categories adopted by the 15 member Councils in the Legatus Group plus Wattle Range Council when levying general rates.

**Table 2.1: Benchmarking of General Rates Levied by Selected SA Councils**

Council	Valuation	Differential Rating	Cents in \$	Fixed	Minimum
Adelaide Plains	Capital Value	Residential/Vacant Land/Other Commercial/Industrial Primary Production	0.4629423 0.6017826 0.4208671	\$102.50	n.a.
Clare & Gilbert Valleys	Capital Value	Residential/Vacant Land/Other Commercial/Industrial Primary Production	0.4697 0.6341 0.3523	n.a.	\$675.00
Copper Coast	Capital Value	Residential Commercial/Marina Berths Light Industry Primary Production Vacant Land Other	0.2630 0.5763 0.5978 0.2451 0.4438 0.2956	\$566.00	n.a.
Barunga West	Capital Value	Residential/Commercial Shop, Office Commercial Other, Industrial Primary Production Vacant Land	0.3190 0.3509 0.2552 0.3828	\$325.00	n.a.
Mount Remarkable	Capital Value	All	0.3285	\$303.90	n.a.
Orroroo Carrieton	Capital Value	All	0.3968	\$252.00	n.a.
Peterborough	Capital Value	Peterborough Town Oodla Wirra Town Yongala Town Rural	0.6300 0.4100 0.4800 0.4275	\$355.00	n.a.
Light	Capital Value	Residential/Other Commercial Shop, Office/Vacant Land Commercial Other Industrial Primary Production	0.43702 0.76478 0.87403 1.20179 0.35398	n.a.	\$855.00
Northern Areas	Capital Value	Urban Rural	0.4770 0.6250	\$370.00	n.a.
Port Pirie	Capital Value	Residential/Other Commercial/Light Industrial/Vacant Land Other Industrial Primary Production	0.394 0.788 4.779 <sup>(a)</sup> 0.315	\$465.00	n.a.
Goyder	Capital Value	Residential/Other Primary Production	0.5532 0.2984	\$150.00	n.a.
Barossa	Capital Value	Residential/Primary Production Commercial (retail, office) Light Industrial (auto repair, workshops) Other Industrial (wineries, manufacturing) Vacant Land Other (government, education, utilities)	0.3478 0.5437 0.5643 1.5902 0.6343 0.5776	\$332.00	n.a.
Flinders Ranges	Capital Value	Residential Commercial Shop Commercial Office, Other/Light Industrial Other Industrial/Other Primary Production Vacant Land	0.6455 0.7500 0.8500 0.9500 0.7150 0.7600	n.a.	\$742.00
Wakefield	Capital Value	Residential Commercial Industrial Primary Production Vacant Land Other	0.3497 0.5782 0.5659 0.3198 1.0018 0.3583	\$320.00	n.a.
Wattle Range	Capital Value	Township Rural Living Rural	0.5872 0.5287 0.4405	n.a.	\$600.00
Yorke	Capital Value	Residential/Other Primary Production	0.2627 0.1787	\$410.00	n.a.

Notes: (a) Council indicates: "A higher rate in the dollar is applied for Nyrtar and associated smelters properties, given the unique nature of these properties, and a degree of subjectivity as to their capital values. Council seeks to recover about 8% of the Council's total rate revenue from these properties."

Source: AEC, Council Budgets

The following outcomes are evident from the benchmarking assessment:

- A variety of different rating approaches exist.
- Three quarters of benchmarked Councils utilise a fixed charge in addition to the rate in the dollar, with the remaining Councils adopting a minimum rate.
- With respect to the application of the rate in the dollar:
  - 2 Councils levy a single rate irrespective of land use or location.
  - 3 Councils levy a differential rate based on location.
  - 11 Councils levy a differential rate in the dollar based on land use.
- The greatest differential exists in the rate in the dollar for Other Industrial in Port Pirie, where it is indicated that a higher rate in the dollar exists for Nyrstar and associated smelters properties given their unique nature and valuation, followed by Other Industrial in Barossa and Industrial in Light.
- A higher rate in the dollar generally exists for Commercial and Industrial properties, and a lower rate in the dollar generally exists for Primary Production properties.

## 2.6 FINDINGS

Permitted rating categories for commercial and industrial properties for general rating purposes (i.e. commercial – shop, commercial – office, commercial – other, industry – light, industry – other) are not considered reflective of intensity of activity and utilisation of Council infrastructure and services. The definitions of selected permitted rating categories exist within the *Development Regulations 2008*. There appears to be a level of ambiguity over the ability for Councils to utilise the commercial and industrial other categories to set higher rates for specifically selected high intensity land uses. It is noted that Port Pirie specifically categorises Nyrstar and associated smelters properties as industry other for rating purposes to ensure they sufficiently contribute to general rates revenue.

Generally, SA Councils adopt capital value as the valuation approach for rating purposes. However, the Office of the Valuer-General indicates for Local Government there are two types of valuation assessments, being valuation assessments based on ownership or occupation/tenancies, where occupancy valuation will only be created for the valuation roll if required by Council. It is important to note that the adoption of the tenancy-based valuation approach allows for the valuation of wind turbines as individual tenancies based on the capitalisation of the lease payments made for land occupation for this infrastructure/equipment (not the infrastructure/equipment). It does not provide any overall increase in value but provides capacity to apply differential rating by land use. Logically, such an approach should also extend to solar panel installations that occupy portions of rural land. It does not appear that all SA Councils with these installations have investigated the rating benefits/costs of adopting the tenancy-based valuation approach versus the ownership-based valuation approach.

While major developments are not exempt from valuation and are generally required to pay rates, selected components of major developments and other land uses are not able to be appropriately rated due to the exclusion of improvements such as plant and equipment from valuation (and rating) processes. This is definitely the case for wind turbines and solar farms where specific legislative provision exists to exempt electricity generating plant from valuations to which rates are applied. These exemptions distort the relative value of affected properties and, when combined with the rating categories available, limit the ability of SA Councils to equitably allocate the rating burden to recover the costs of infrastructure and service provision. As a consequence, local communities are often left to cross subsidise these properties.

Some proclamations were made in 2000 under Clause 3(3) of the *Electricity Corporations (Restructuring and Disposal) Act 1999* regarding the maximum rate contributions payable by selected electricity generators and electricity generation sites, although no such proclamations have occurred since for any new developments.

While the historic exemptions regarding the payment of rates by electricity generators may have been appropriate in the context of electricity generation and service provision by the State Government, the landscape is considerably different in the current environment where such services are subject to profiteering and form part of a broader electricity network and national grid.

## 3. RATING POWERS AND CONSTRAINTS IN OTHER STATES

---

### 3.1 COMPARATIVE ASSESSMENT OF RATING POWERS AND CONSTRAINTS

A review was undertaken of the rating powers of all mainland States for comparative purposes, with a summary provided in Table 3.1. Overall, Queensland has a less prescriptive approach to the rate categories that may be applied, which can be on any basis local governments deem appropriate.

### 3.2 POTENTIAL FOR NEAR TERM CHANGES

Local government rating structures in NSW and Victoria have the potential to change soon as a result of reviews that have been undertaken, as outlined below:

#### NSW

A review by Independent Pricing & Regulatory Tribunal (IPART) into local government rating in December 2016 made the following recommendations (which are still yet to be acted upon):

- Allow Councils to utilise capital improved value as an alternative to unimproved value, in conjunction with the removal of minimum amounts.
- Allow Councils greater flexibility to set different residential rates based on the characteristics of individual localities.
- Allow Councils to establish new rating categories for environmental and vacant land, in addition to new sub-categories for business (e.g. commercial and industrial) and farmland (by location) properties, to better reflect the demands placed on infrastructure and service provision from different land uses.
- Modify rate exemptions so eligibility is on land use rather than ownership, with land used for commercial or residential purposes no longer eligible for exemptions.

#### Victoria

An exposure draft for a new Local Government Act has been produced, with the following changes to current arrangements:

- Making mining land rateable.
- Requiring Councils to apply capital improved value as the uniform valuation method.
- Reduce the maximum level of the municipal charge as a percentage of total rate revenue and municipal charge revenue from 20% to 10%.
- Requiring Councils to clearly specify how the application of differential rating contributes to the equitable and

**Table 3.1: Comparison of Rating Powers Across Mainland States**

Year	South Australia	Victoria	Queensland	Western Australia	New South Wales
Basis of Valuation	<ul style="list-style-type: none"> <li>Capital value (land and fixed improvements) is the default valuation method, with specific exclusions being: <ul style="list-style-type: none"> <li>Machinery, plant or equipment not fixed to the land/premises</li> <li>Mains, poles, transformers, wires, pipes, machinery, plant and equipment used in connection with generation and supply of electricity, gas, water or sewerage</li> <li>Trees planted for commercial timber production, effluent disposal or environmental purposes</li> </ul> </li> <li>Capital value can be derived using valuation under ownership (primary land use) or occupation (aggregate of each individual tenancy)</li> <li>Site value may be used if it was applied in the prior year, or where capital value was applied for the preceding three years</li> <li>Annual value (value of the property based on gross annual rental valuation) is another option available</li> </ul>	<ul style="list-style-type: none"> <li>Capital improved value (land and fixed improvements), site value (unimproved value), or net annual value (annual rental value of the property net of fixed costs, at least 5% of capital improved value)</li> <li>Capital improved value for electricity generators includes electricity generating plant and equipment</li> <li>An exposure draft for a new Local Government Act indicates a move towards the mandatory use of capital improved value</li> </ul>	<ul style="list-style-type: none"> <li>Site value (unimproved value).</li> <li>Leases under resource acts may be valued based on a multiple of the yearly rent payable for the lease</li> </ul>	<ul style="list-style-type: none"> <li>Gross rental value (gross annual rental from annual tenancy where the landlord is liable for all rates, taxes and other charges thereon and the insurance and other outgoings necessary to maintain the value of the land) or unimproved value</li> <li>Gross rental value is the default for non-rural land</li> <li>Where rental evidence doesn't exist, gross rental value is proxied by 5% of capital value, with capital value excluding the value of machinery (site components not fixed and considered of a technical nature or consisting of moving parts)</li> <li>Unimproved value is the default for rural land and is frequently used for mining land</li> <li>A change in valuation method requires Ministerial approval</li> <li>The unimproved value for mining properties and other selected properties (e.g. grazing under lease granted under the <i>Land Administration Act 1997</i>) are based on alternative means with reference to multiples of lease payments or prescribed values per hectare<sup>(a)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Unimproved value</li> <li>Where a wind farm site is leased, and direct sales evidence is not available, valuation may occur via capitalisation of the net rental return</li> </ul>
Rating Structure Options Available	<ul style="list-style-type: none"> <li>A rate in the dollar only</li> <li>A rate in the dollar only, subject to a minimum (&lt;=35% of properties)</li> <li>A fixed amount (&lt;=50% of rate revenue) plus a rate in the dollar</li> </ul>	<ul style="list-style-type: none"> <li>A rate in the dollar only</li> <li>A fixed amount (&lt;=20% of rate revenue – subject to reduction to 10% in the near future under exposure draft for a new Local Government Act) plus a rate in the dollar – the fixed amount is not payable by farm land</li> <li>The <i>Electricity Industry Act 2000</i> allows Councils to receive payments from electricity generators in lieu of rates as determined under Order of the Governor in Council (refer to Appendix C)</li> </ul>	<ul style="list-style-type: none"> <li>A rate in the dollar only</li> <li>A rate in the dollar only, subject to a minimum</li> </ul>	<ul style="list-style-type: none"> <li>A rate in the dollar only</li> <li>A rate in the dollar only, subject to a minimum</li> </ul>	<ul style="list-style-type: none"> <li>A rate in the dollar only</li> <li>A fixed amount (totaling no more than 50% of rate revenue) plus a rate in the dollar</li> <li>A rate in the dollar only, subject to a minimum rate not exceeding \$526</li> </ul>

Year	South Australia	Victoria	Queensland	Western Australia	New South Wales
Differential Rating Permitted	<ul style="list-style-type: none"> <li>• Able to levy rates on a uniform or differential basis</li> <li>• Permitted rating categories based on land use include residential (including supported accommodation, independent living units and day therapy centres), commercial shop, commercial office, commercial other, industry light, industry other, primary production, vacant land and other</li> <li>• Rating categories can also exist for different locations (e.g. zoning, inside or outside townships), or a mixed of land uses and locations</li> <li>• Tiered rates in the dollar can be used within valuation ranges to lessen the impact of rates on high value properties</li> </ul>	<ul style="list-style-type: none"> <li>• Able to levy rates on a uniform or differential basis</li> <li>• Where capital improved value is not utilised, differential rate categories are limited to farm land, urban farm land and residential use</li> <li>• Under capital improved value, there is a degree of flexibility in the determination of differential rate categories based on use, location, zoning, building types or any other criteria deemed relevant by Councils</li> <li>• Appropriate categories are noted as general, residential, farm, commercial, industrial, retirement village, vacant, derelict, cultural and recreational</li> <li>• Categories noted as needing careful consideration include holiday rental, extractive, landfill, dry land farming, irrigation farm, automobile manufacture, petroleum production and aluminium production</li> <li>• The Minister has prohibition powers for rates deemed inconsistent with the relevant rating guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Able to levy rates on a uniform or differential basis</li> <li>• Able to establish the number and type of rating categories that best reflect the local situation, without restriction (<i>"the local government may do so in any way it considers appropriate"</i>)</li> <li>• Able to levy differential rates according to whether land is the principal place of residence of the owner</li> <li>• The minimum rate can differ by rating category, can be based on the number of units on a timeshare property, and can differ for a mining lease for minerals &lt;2ha, a mining lease associated with mining for minerals &lt;4ha and land subject to a mining claim</li> </ul>	<ul style="list-style-type: none"> <li>• Able to levy rates on a uniform or differential basis</li> <li>• Differential rates may only apply based on zoning, predominant use and/or whether land is vacant</li> <li>• Different rates set to meet a desired policy objective/outcome or based on ownership characteristics are not permitted</li> <li>• Local Government Minister must approve a differential general rate more than twice the lowest differential rate</li> <li>• Minimum payments can be set if &lt;=50% of properties within each category are on the minimum</li> <li>• The minimum rate can differ by rating category and valuation method</li> </ul>	<ul style="list-style-type: none"> <li>• Able to levy rates on a uniform or differential basis</li> <li>• 4 rating categories are permitted, being Residential, Business, Farming and Mining</li> <li>• Sub-categories may also exist within each of the above categories per the following: <ul style="list-style-type: none"> <li>○ Residential – rural residential or urban/town (excludes caravan parks and manufactured homes but includes retirement villages, serviced apartments and time-shares)</li> <li>○ Business – according to a centre of activity such as a business district or industrial estate</li> <li>○ Farming – according to intensity of land use, irrigability of land or economic factors affecting the land</li> <li>○ Mining – according to the kind of mining involved</li> </ul> </li> <li>• The fixed amount (if applied), minimum rate (if applied) and rate in the dollar can all differ by rating category or sub-category</li> </ul>
Limitation of Rate Increases	<ul style="list-style-type: none"> <li>• No limitation on rate increases</li> </ul>	<ul style="list-style-type: none"> <li>• Highest differential rate cannot be more than 4 times the lowest differential rate</li> <li>• Increases in rates are limited by a cap set each year by the Minister following advice from Essential Services Commission</li> <li>• Councils can apply to Essential Services Commission to seek higher rate increases via a special order</li> </ul>	<ul style="list-style-type: none"> <li>• No limitation on rate increases</li> </ul>	<ul style="list-style-type: none"> <li>• Ministerial approval required for differential rates more than twice the lowest proposed, or if there are minimum payments on more than half of vacant properties</li> <li>• General rate revenue is not to be more than 110% or less than 90% of the identified budget deficiency for the year</li> </ul>	<ul style="list-style-type: none"> <li>• IPART sets the upper limit (maximum percentage) that general income can be increased each year (rates and other annual charges such as drainage levies), based on the Local Government Cost Index less a deduction for productivity factor</li> <li>• The 'rate peg' does not apply to stormwater, waste collection, water and sewerage charges</li> <li>• Councils can apply to IPART to seek higher increases via a special rate variation</li> </ul>



Year	South Australia	Victoria	Queensland	Western Australia	New South Wales
Exemption from Rating	<ul style="list-style-type: none"> <li>Unalienated Crown land</li> <li>Land used/held by the Crown for a public purpose including education except under lease/licence, domestic premises, or a university established by statute</li> <li>Land used or held by Councils or subsidiaries of Councils except under lease/licence</li> <li>Land in the District of Coober Pedy subject to a mining lease under the <i>Mining Act 1971</i> or a precious stones tenement under the <i>Opal Mining Act 1995</i></li> <li>Public sport/recreation land under the <i>Recreation Grounds Rates and Taxes Exemption Act 1981</i> where all income is applied to land maintenance/repair/improvement</li> <li>100% rebates provided for land used for hospital/health centre under the <i>South Australian Health Commission Act 1976</i>, religious purposes, public cemeteries and Royal Zoological Society of SA</li> <li>75% rebates for land used by selected not for profits, government school under lease or licence, registered non-government school under the <i>Education and Early Childhood Services (Registration and Standards) Act 2011</i>, and university/college providing not for profit accommodation and support to students</li> </ul>	<ul style="list-style-type: none"> <li>Land used for a public purpose (property of Crown, vested in a Minister, Council, a public statutory body or trustees to hold land for public or municipal purposes)</li> <li>Land used for religious or exclusively charitable purposes</li> <li>Land held in trust for memorial of war veterans</li> <li>Land used exclusively for mining or forestry purposes (subject to removal in the near future under exposure draft for a new Local Government Act)</li> </ul>	<ul style="list-style-type: none"> <li>Unallocated State land</li> <li>State/government entities (other than non-exempt government-owned corporations), excluding leased land</li> <li>State forest or timber reserve (other than under occupation or stock grazing permit)</li> <li>Aboriginal/Torres Strait Islander land (other than residential or commercial)</li> <li>Eligible strategic port/airport land</li> <li>Rail corridor land</li> <li>Commercial corridor land not leased</li> <li>Council land</li> <li>Religious land &lt;20ha used for religion, education, health, community, administration or associated housing</li> <li>Recreation/sporting land</li> <li>Land used for charitable purposes</li> <li>Public places and reserves</li> <li>Public hospital</li> <li>Cemeteries</li> <li>Land owned by a community organisation for education, training, student accommodation or child protection</li> </ul>	<ul style="list-style-type: none"> <li>Unoccupied Crown land used for a public purpose</li> <li>Council land</li> <li>Land used for religious or charitable purposes</li> <li>Non-government schools</li> <li>Land vested in trustees for agricultural or horticultural show purposes</li> <li>Co-operative Bulk Handling Ltd land used for grain storage where contributions are made to Council</li> </ul>	<ul style="list-style-type: none"> <li>Crown land not under private lease</li> <li>Council land</li> <li>National parks and conservation areas</li> <li>Water corporation/authority land</li> <li>Land used for religious or charitable purposes</li> <li>Land connected with education</li> <li>Land vested in Aboriginal Land Councils</li> <li>Public rail infrastructure</li> <li>Land below high-water market for oysters</li> <li>Land leased to the Crown for cattle dipping</li> <li>Public places and reserves</li> <li>Public cemeteries</li> <li>Public libraries</li> <li>Leased Crown land subject to mineral claims</li> <li>Public hospital/health and safety</li> <li>Sydney Cricket Ground</li> <li>Royal Agricultural Society leased land in Homebush Bay</li> <li>Museum of Sydney</li> <li>Museum of Contemporary Art</li> <li>Zoological Parks Board</li> </ul>

Notes: (a) The valuation approach for mining properties is outlined in Section 3.3.2.3. Grazing land held under a lease granted under the *Land Administration Act 1997*, land held under lease/licence/permit under the *Conservation and Land Management Act 1984*, land held under agreement with the Crown and scheduled to an Act, and other Crown land temporarily occupied for private purposes without title or authority is valued at the lesser of 20 times the annual rental or the value of land in fee simple. Land comprised in the annual cutting section allotted by the Department in respect of areas of State forests, timber reserves or other Crown land and held under a sawmilling permit or licence for cutting and removing timber is valued at \$3.75 per hectare. Crown land held or used under any other lease, licence or concession with the right to take any profit is valued at \$2.50 per hectare.

Source: Western Australia: Department for Local Government and Communities. *Local Government Act 1995. Valuation of Land Act 1978.*

NSW: Office of Local Government, IPART, *Local Government Act 1993, Local Government (General) Regulation 2005. Valuation of Land Act 1916 No2.*

Victoria: Department of Transport, Planning and Local Infrastructure. *Local Government Act 1989. Valuation of Land Act 1960. Electricity Industry Act 2000.*

Queensland: Department of Infrastructure, Local Government and Planning, *Local Government Act 2009, Local Government Regulation 2012, Land Valuation Act 2010.*



### 3.3 EXAMPLE RATING OUTCOMES FOR SELECTED INDUSTRIES

#### 3.3.1 Electricity Generation

##### 3.3.1.1 Victoria

Section 94(6A) of the *Electricity Industry Act 2000* provides electricity generators to make payments to Council in lieu of general rates (as opposed to landowners). The prescribed methodology for the payments was established by order in Council and published via Government Gazette on 25<sup>th</sup> August 2005 and is based on the following components (indexed from June 2005):

- Base Payment of \$40,000 for each power station of the generation company.
- Capacity Payment of \$900 per MW.

Indexation using the Melbourne Consumer Price index suggests that these payments would be \$53,446 and \$1,203, respectively, for the 2017/18 financial year.

The following table provides a summary of the estimated rate revenue received by selected Victorian Councils from electricity generators in 2017/18.

**Table 3.2: Rate Revenue from Major Electricity Generators by Selected Victorian Councils, 2017/18**

Council	Example Generator Type/s	Generator Rate Revenue	Total Rate Revenue	Contribution
Latrobe	1,480MW Power Station 432MW Power Station 300MW Power Station	\$9,261,534 <sup>(a)</sup>	\$65,199,679	14.5%
Moyne	550MW Power Station 420MW Wind Farm	\$1,300,987	\$18,186,845	7.2%
Ararat	240MW Wind Farm 52.5MW Wind Farm	\$428,357	\$14,515,377	3.0%
Glenelg	94MW Wind Farm	\$346,000	\$22,426,000	1.5%
Hobsons Bay	500MW Power Station	\$332,980	\$91,490,028	0.4%
Wyndham	320MW Power Station	\$188,836	\$160,561,482	0.1%

Notes: (a) No separate reporting of the composition of this figure exists within the budget document and it is assumed for the purposes of this study that all rates in lieu are due to electricity generation.

Source: AEC, Council Budgets

##### 3.3.1.2 Queensland

The following table provides some information on the general rates applied to the electricity generation sector for selected Councils. Both the rate in the dollar and minimum rates are used to ensure sufficient revenue is recovered from each property.

**Table 3.3: Rates Levied on the Electricity Generation Sector by Selected Queensland Councils, 2017/18**

Council	Categories	C in \$	Minimum
Etheridge	Large Scale Renewable Energy Farm	38.2041	\$10,000
	Commercial Utilities (communication, energy)	74.5396	\$900
Gladstone	Electricity Generation	13.269	\$2,517
Lockyer Valley	Power Stations <=50MW	2.4519	\$50,990
	Power Stations >50MW	2.6971	\$101,980
Rockhampton	Power Generation	4.8600	\$2,670
South Burnett	Power Generation	18.899360	\$332,438
Toowoomba	Power Station <=400MW	13.4024	\$32,734
	Power Station >400MW	31.8208	\$227,287

Council	Categories	C in \$	Minimum
Western Downs	Coal Fired Power Station	174.478	\$514,708
	Gas Fired Power Station <50MW	154.016	\$9,884
	Gas Fired Power Station 50-199MW	42.198	\$96,074
	Gas Fired Power Station 200-449MW	240.180	\$223,582
	Gas Fired Power Station 450-549MW	558.784	\$343,034
	Gas Fired Power Station >550MW	671.784	\$396,352
	Solar Farm 1-49MW	23.333	\$30,000
	Solar Farm 50-99MW	21.667	\$70,000
	Solar Farm 100-199MW	18.333	\$130,000
	Solar Farm 200-299MW	16.667	\$220,000
	Solar Farm 300-399MW	15.417	\$300,000
	Solar Farm 400-499MW	14.333	\$370,000
	Solar Farm 500-699MW	12.619	\$430,000
	Solar Farm 700-899MW	11.111	\$530,000
	Solar Farm 900-1,099MW	10.000	\$600,000
	Solar Farm >=1,100MW	8.974	\$660,000
Whitsunday	Power Generation	60.161	\$10,839
	Solar Farm <=100MW	2.553	\$15,000
	Solar Farm 101-200MW	5.513	\$30,000
	Solar Farm >200MW	7.653	\$45,000

Source: AEC, Council Budgets

### 3.3.1.3 Western Australia

No separate categorisation exists for the rating of electricity generation assessments. Discussions with the State's Valuer Landgate indicated the following:

- Councils have the ability to levy rates based on rental value, based on 5% of the capital value of the property, excluding machinery.
- For electricity generation properties, it was indicated that only a portion of site capital works would be included for valuation purposes which may roughly equate to around 15% of total capital value (including buildings and structures, concrete pads, roads, fencing, ponds, underground wiring).
- For solar farms, it was indicated that the value of the solar panels themselves would be excluded from capital value for rating purposes, with steel framing and footings included.
- For wind farms, it was indicated that such valuation is yet to occur and as such there is a degree of uncertainty over what components would be included and excluded, although the 'moving parts' would be classed as machinery and therefore excluded.

### 3.3.1.4 New South Wales

Unimproved value is adopted and no separate categorisation of land as electricity generation is allowable. As such, electricity generation properties would be rated as per the underlying land use. However, NSW Valuer General (2017) allows for the valuation of land used as a wind farm to be based on capitalising the net rental return received on the land.

In its 2017/18 Operational Plan, Bogan Shire Council included the following commentary of its desire to separately rate the AGL Solar Farm located within its boundaries:

*The AGL Solar farm has been included in the Business Category for rating purposes. Council has requested that as part of its review of the Local Government Act, the State Government create a separate category for land used for Renewable Energy generation.*

## 3.3.2 Resources Sector

### 3.3.2.1 Victoria

Historically, land used exclusively for mining purposes has been exempt from rating, although this exemption is subject to removal in the near future under exposure draft for a new Local Government Act. Consequently, Councils do not currently separately categorise mining land. There are examples whereby payments are made by significant resources sector assessments to Councils under rate agreements or in lieu of rates, with Portland Aluminium providing annual payments to Glenelg Shire Council.

### 3.3.2.2 Queensland

The following table provides some information on the general rates applied to the resources sector (including quarrying) for selected Queensland Councils. It is evident that there is considerable variation in the categorisation and level of rating, depending on the Council. Many Queensland Councils adopt very high rates in the dollar and/or very high minimum rates for resources sector properties deemed to provide a significant impost on infrastructure and service provision.

**Table 3.4: Rates Levied on the Resources Sector by Selected Queensland Councils, 2017/18**

Council	Categories	C in \$	Minimum
Balonne	Extractive <5,000tpa	1.3808795	\$1,374.10
	Extractive 5,000-100,000tpa	1.7909619	\$2,747.20
	Extractive >100,000tpa	1.7909619	\$5,494.20
	Petroleum Leases <1,000ha	69.0441570	\$3,022.40
	Petroleum Leases 1,000ha-10,000ha	4.7988031	\$6,043.70
	Petroleum Leases >=10,000ha	1.8039476	\$12,087.30
	Petroleum Other <400ha	371.4103300	\$3,022.40
	Petroleum Other >=400ha	371.4103300	\$6,044.00
	Mining Leases <50FTE	11.4283806	\$1,374.10
Banana	Mining Leases >=50FTE	11.4283806	\$10,988.50
	Extractive Coal	28.95	\$35,000
	Extractive Quarries >100,000tpa	22.00	\$25,000
	Extractive Other	14.16	\$11,350
	Petroleum <=1,000ha	91.80	\$17,350
	Petroleum 1,001-10,000ha	57.10	\$33,700
Central Highlands	Petroleum >10,000ha	54.05	\$85,750
	Coal Mining <100FTE or <=\$125k	11.8574	\$38,247
	Coal Mining 100-500FTE & >\$125k	23.0995	\$95,242
	Coal Mining 501-1,000FTE & >\$125k	27.8922	\$229,481
	Coal Mining 1,001-1,500FTE & >\$125k	35.8888	\$305,975
	Coal Mining >1,500FTE & >\$125k	50.3882	\$382,470
	Extractive Quarries <5,000tpa	1.9610	\$6,571
	Extractive Quarries 5,001-100,000tpa	3.9230	\$13,141
	Extractive Quarries >100,000tpa	7.8450	\$26,282
	Other Mines / Extractive <=900sqm	9.3546	\$454
	Other Mines / Extractive 900sqm-2ha	7.9261	\$578
	Other Mines / Extractive >2ha	8.9154	\$676
	Gas Extraction / Processing	10.9480	\$32,686
	Water Storage, Delivery & Drainage	3.2271	\$13,286
	Petroleum Leases	11.6080	\$32,686
	Mining Claims <900sqm	9.3546	\$454
	Mining Claims 900sqm-2ha	7.9261	\$578
Etheridge	Mining Claim	55.5550	\$175
	Mining UV <\$2,500	20.2335	\$588
	Mining UV \$2,501-\$6,500	36.3300	\$630
	Mining UV \$6,501-\$15,000	37.6775	\$1,500
	Mining UV \$15,001-\$35,000	36.8767	\$3,000
	Mining UV \$35,001-\$60,000	60.9195	\$6,000
	Mining UV >\$60,000	72.9015	\$12,000
Gladstone	Major Industry/Manufacturing/Future LNG Use	13.269	\$2,517
	Strategic Port Land Storage & Handling Facility	10.998	\$2,517
	Other Port Storage & Handling	10.856	\$1,045
	Bulk Liquid Storage Facility >1,000,000L	12.843	\$1,045
	Built Oil Recycling Facility	5.804	\$67,697
	Extractive/Mining Lease	2.335	\$1,045
	Operational LNG Processing Facility	68.676	\$3,757,200
Goondiwindi	Petroleum Lease <1,000ha	25.8700	\$14,926
	Petroleum Lease >=1,000ha	20.5270	\$40,698
	Petroleum Other <1,000ha	25.8700	\$6,754
	Petroleum Other >=1,000ha	20.5270	\$13,632
	Extractive Quarries 5,000-100,000tpa	13.4890	\$4,750
	Extractive Quarries >100,000tpa	20.5270	\$13,632
	Extractive Mining <50ha & <50FTE	17.9651	\$1,586
	Extractive Mining <50ha & >=50FTE	19.9370	\$26,136
	Extractive Mining >=50ha & <50FTE	19.5462	\$3,450
	Extractive Mining >=50ha & >=50FTE	16.6168	\$54,464

Council	Categories	C in \$	Minimum
Isaac	Coal Mining 30-100FTE	8.4189	\$93,254.96
	Coal Mining 101-250FTE	9.4550	\$155,424.26
	Coal Mining 251-350FTE	9.4550	\$194,280.58
	Coal Mining 351-450FTE	10.3616	\$220,184.44
	Coal Mining 451-550FTE	11.0088	\$239,613.10
	Coal Mining 551-650FTE	11.0088	\$284,944.64
	Coal Mining 651-800FTE	11.0088	\$310,848.52
	Coal Mining 801-900FTE	11.0088	\$349,704.82
	Coal Mining 901-1,000FTE	11.0088	\$414,465.00
	Coal Mining 1,001-1,400FTE	11.0088	\$453,321.34
	Coal Mining 1,401-2,000FTE	11.0088	\$498,653.86
	Coal Mining 2,000-2,500FTE	15.5423	\$556,937.84
	Coal Mining >2,500FTE	15.5423	\$595,794.16
	Other Coal	9.4550	\$49,217.86
	Quarries <100,000tpa	0.7337	\$12,879.08
	Quarries >100,000tpa	0.8000	\$27,268.66
	Other Mines / Extractive	8.9847	\$877.36
	Gas Processing <=20,000	114.4092	\$32,380.10
	Gas Processing >20,000	70.6696	\$197,875.46
Lockyer Valley	Extractive & Mining Lease <5,000	2.3737	\$9,192
	Extractive & Mining Lease 5,000-100,000tpa	2.8024	\$21,210
	Extractive & Mining Lease >100,000tpa	7.8260	\$41,242
Maranoa	Extractive <=5,000tpa, <=1ha	0.6070566	\$730.12
	Extractive 5,001-20,000tpa	0.6070566	\$1,250.00
	Extractive 20,001-50,000tpa	0.6070566	\$5,000.00
	Extractive 50,001-100,000tpa	0.6070566	\$10,000.00
	Extractive 100,001-200,000tpa	0.6070566	\$20,000.00
	Extractive 200,001-500,000tpa	0.6070566	\$30,000.00
	Extractive >500,000tpa	0.6070566	\$60,000.00
	Extractive 1-50ha	0.6070566	\$5,000.00
	Extractive >50ha	0.6070566	\$20,000.00
	Refinery	208.39208378	\$157,504.43
	Petroleum Leases <-10,000ha	57.2505725	\$45,800.46
	Petroleum Leases 10,001-20,000ha	48.6562512	\$87,310.24
	Petroleum Leases >20,000ha	43.1961182	\$124,728.93
	Other Gas & Oil <=6ha	35.0238796	\$10,572.03
Scenic Rim	Other Gas & Oil 6-1,000ha	46.6985062	\$16,863.34
	Other Gas & Oil >1,000ha	58.3731327	\$41,509.78
	Extractive 5,000-100,000tpa	1.4205	\$18,611
	Extractive 100,001-1,000,000tpa	2.8410	\$37,222
	Extractive 1,000,001-2,000,000tpa	3.5513	\$55,833
South Burnett	Extractive 2,000,001-3,000,000tpa	4.2615	\$111,666
	Extractive >3,000,000tpa	5.6820	\$167,499
	Extractive No/Minimal Activity <=5FTE	2.220584	\$682
	Extractive 6-50FTE, <1,000,000tpa	2.320576	\$7,050
Toowoomba	Extractive 51-300FTE, 1,000,001-2,000,000tpa	2.360000	\$11,746
	Coal Mine >300FTE, > 2,000,000tpa	27.543800	\$93,972
	Extractive <5,000tpa	2.6043	\$1,418
	Extractive 5,000-100,000tpa	3.0554	\$4,259
	City Extractive >100,000tpa	9.7932	\$65,316
	Outer Extractive >100,000tpa	17.1341	\$65,316
	Other Extractive >100,000tpa	12.5969	\$65,316
	Mining – Coal for Adjoining Power Station	9.9257	\$46,943
	Mining – Coal for Domestic/Export Markets	25.0810	\$46,943
	Gas or Oil Extraction	25.0384	\$24,939
	Mining Lease – Coal	0.2500	\$10,000

Council	Categories	C in \$	Minimum
Western Downs	Extractive <5,000tpa	2.324	\$1,472
	Extractive 5,000-100,000tpa	12.526	\$10,228
	Extractive >100,000tpa	18.728	\$21,892
	Petroleum Lease Gas <1,000ha	1701.850	\$43,005
	Petroleum Lease Gas 1,000-9,999ha	307.610	\$86,009
	Petroleum Lease Gas 10,000-29,999ha	210.868	\$285,175
	Petroleum Lease Gas >=30,000ha	37.674	\$380,226
	Petroleum Lease Petroleum/Crude Oil <10 Wells	0.232	\$5,203
	Petroleum Lease Petroleum/Crude Oil 10-19 Wells	111.986	\$25,985
	Petroleum Lease Petroleum/Crude Oil 20-29 Wells	113.576	\$85,747
	Petroleum Lease Petroleum/Crude Oil >=30 Wells	113.708	\$171,514
	Petroleum Other <400ha	29.664	\$47,528
	Petroleum Other >=400ha	8.066	\$63,372
	Underground Coal Gasification Projects	6.968	\$10,973
	Underground Coal Gasification Other <400ha	29.828	\$47,528
	Underground Coal Gasification Other >=400ha	16.460	\$63,372
	Underground Coal Gasification Lease <1,000ha	1761.070	\$43,006
	Underground Coal Gasification Lease >=1,000ha	318.342	\$86,009
	Future Coal Mining	1.610	\$33,788
	Coal Mining <=100FTE	10.030	\$49,381
	Coal Mining 101-200FTE	36.652	\$62,977
	Coal Mining >200FTE	48.346	\$85,045
	Abandoned Coal Mine <=50FTE	3.590	\$8,836
	Mining Lease Coal <=100FTE	11.352	\$49,381
	Mining Lease Coal 101-200FTE	33.718	\$62,977
	Mining Lease Coal >200FTE	48.346	\$85,045
	Mining Lease (Abandoned Coal Mine)	4.522	\$8,836
	Other Mining /Lease <=100ha	2.116	\$1,416
	Other Mining /Lease 101-250ha	24.914	\$4,247
	Other Mining /Lease >250ha	14.006	\$5,664
	Mining Lease Other <=100ha	2.044	\$1,416
	Mining Lease Other 101-250ha	24.914	\$4,247
	Mining Lease Other >250ha	14.006	\$5,664
Whitsunday	Coal Mining >50km from town	40.244	\$11,578
	Coal Mining <50km from town, <\$1m	71.823	\$23,159
	Coal Mining <50km from town, >\$1m	25.567	\$798,519
	Gold / Metal Mining >100 workers	61.810	\$54,101
	Other Mining / Extractive	3.832	\$1,149
	Coking Coal Manufacturing	6.424	\$5,951

Source: AEC, Council Budgets

In addition, many Councils have separate rating categories for accommodation work camps supporting the resources sector, with examples providing in the following table.

**Table 3.5: Rates Levied on Accommodation Work Camps by Selected Queensland Councils, 2017/18**

Council	Categories	C in \$	Minimum
Balonne	Intensive Accommodation 100+ person	4.7989214	\$10,988.50
Banana	Barracks & Quarters <251	9.90	\$12,250
	Barracks & Quarters >251	5.92	\$31,500
Central Highlands	<5	1.4451	\$833
	5-40	11.1170	\$16,833
	41-85	11.7683	\$41,319
	86-150	136.4790	\$61,212
	151-200	32.2357	\$114,773
	201-300	1.7217	\$135,432
Gladstone	>300	1.7217	\$146,908
	1-500 Rooms, Suites, Caravan Sites	14.216	\$93,257
Isaac	>500 Rooms, Suites, Caravan Sites	90.722	\$357,700
	Barracks & Quarters 50-120	13.7956	\$24,948.12
	Barracks & Quarters 121-250	13.7956	\$60,371.36
	Barracks & Quarters 251-350	25.0516	\$125,235.06
	Barracks & Quarters 351-450	45.8491	\$175,128.28
	Barracks & Quarters 451-650	45.8491	\$225,022.52
	Barracks & Quarters 651-850	47.7536	\$324,809.98
	Barracks & Quarters 851-1,200	47.7536	\$424,597.42
	Barracks & Quarters 1,200-2,000	57.3011	\$599,224.22
Mackay	Barracks & Quarters >2,000	57.3011	\$966,526.60
	Workforce Accommodation	6.9516	\$5,812

Council	Categories	C in \$	Minimum
Maranoa	1-10	5.0870000	\$1,770
	11-50	7.1407313	\$10,620
	51-150	5.6548935	\$35,400
	151-250	15.2610000	\$70,800
	Non-Urban Area 251-500	15.2610000	\$132,750
	Urban Area 251-500	35.8321402	\$132,750
	Non-Urban Area 501-750	15.2610000	\$221,250
	Urban Area 501-750	42.5931429	\$221,250
	Non-Urban Area >750	15.2610000	\$354,000
	Urban Area >750	42.5931429	\$354,000
Western Downs	5-10 persons	4.786	\$4,118
	11-25 persons	12.330	\$14,835
	26-50 persons	12.440	\$32,967
	51-100 persons	38.634	\$61,813
	101-200 persons	105.208	\$123,625
	201-300 persons	11.712	\$206,041
	301-400 persons	75.910	\$288,457
	401-500 persons	109.080	\$370,873
	501-600 persons	356.920	\$453,289
	601-700 persons	51.652	\$535,706
	701-800 persons	59.600	\$618,121
	801-900 persons	67.546	\$700,537
	901-1,000 persons	65.246	\$782,954
	>1,000 persons	59.500	\$865,370
Whitsunday	Worker Accommodation 50-200 rooms	37.966	\$21,344
	Worker Accommodation 201-450 rooms	45.900	\$154,378
	Worker Accommodation 451-800 rooms	73.440	\$175,025
	Worker Accommodation >800 rooms	3.132	\$341,504

Source: AEC, Council Budgets

### 3.3.2.3 Western Australia

Separate resources sector categories exist for rating purposes, with examples for selected WA Councils provided in the following table.

**Table 3.6: Rates Levied on the Resources Sector by Selected WA Councils, 2017/18**

Council	Categories	C in \$	Minimum
Karratha	Workforce Accommodation GRV	32.4699 (493% of Res)	\$1,490 (= Res)
	Mining/Other UV	13.7651 (138% of Pastoral)	\$313 (= Pastoral)
East Pilbara	Workforce Accommodation GRV	4.4963 (142% of Res)	\$663 (= Res)
	Other (Mining) UV	17.7505 (300% of Pastoral)	\$230 (= Pastoral)
Ashburton	Mining/Industrial UV	38.2467 (636% of Pastoral)	\$1,037.50 (= Pastoral)
Port Hedland	Workforce Accommodation GRV	26.00 (474% of Res)	\$2,000 (= Res)
	Mining UV	37.93 (360% of Pastoral)	\$270 (14% of Pastoral)

Source: AEC, Council Budgets

The valuation of mining properties is not based on normal unimproved valuation (UV) principles and is instead based on a multiple of annual rent or fees payable. Generally, the use of this valuation results in a considerable reduction in value when compared to normal principles.

The UV for mining tenements held pursuant to an agreement with the Crown is determined based on:

- 5 times annual rent per ha for the first 1,000 ha.
- 2.5 times annual rent per ha for the next 9,000 ha.
- 0.25 times the annual rent per hectare thereafter.

UV for exploration licences held under the Mining Act 1978 is determined based on:

- 2.5 times the annual rent payable for the licence under the *Mining Act 1978* if it is the first year of the term of the licence.
- 5 times the annual rent payable for the licence under the *Mining Act 1978* for any other licence.



- 2.5 times the annual fee payable for a licence or lease held under the *Petroleum and Geothermal Energy Resources Act 1967*.
- Equal to the annual fee payable for a permit of drilling reservation under the *Petroleum and Geothermal Energy Resources Act 1967*.
- 5 times the rent payable if the land were held as a mining lease under the *Mining Act 1978* for any mineral estate or interest in land registered under the *Transfer of Land Act 1893*.

### 3.3.2.4 New South Wales

The following table provides some information on the general rates applied to mining for selected NSW Councils. It is evident that both the base/minimum charges and rates in the dollar are generally significantly higher than that applied to base residential assessments to reflect the greater impost on Council infrastructure and service provision from mining assessments.

**Table 3.7: Rates Levied on the Resources Sector by Selected NSW Councils, 2017/18**

Council	Categories	Base	C in \$	Minimum
Bogan	Mining	n.a.	7.94235 (778% of Res)	\$360 (141% of Res)
Broken Hill	Mining	\$0 (0% of Res)	11.425888 (468% of Res)	n.a.
Lake Macquarie	Mining	\$1,015.08 (149% of Res)	2.539362 (1055% of Res)	n.a.
Lithgow	Mining – Coal Mines	\$9,822 (3446% of Res)	9.709068 (1678% of Res)	n.a.
Muswellbrook	Mining	\$15,000 (6250% of Res)	5.453788 (1323% of Res)	n.a.
Queanbeyan-Palerang	Mining	\$1,034.50 (217% of Res)	0.5006 (351% of Res)	n.a.

Source: AEC, Council Budgets

### 3.3.3 Telecommunication Towers

No separate rating treatment of telecommunication towers was evident from the review undertaken of rating structures allowed and adopted in other states.

### 3.3.4 Exempt Properties

Table 3.1 details the properties exempt from rating in each mainland State. There are a number of differences in the treatment of certain land uses and owners/occupies across each State. In general, the exemptions cover Crown land, Council land, land used for religious or charitable purposes, and all other land used for a public purpose.

For the most part, the exemptions in South Australia do not appear to be any broader than those generally adopted in other States except for:

- The exemption of electricity generating plant and equipment from capital valuation when capital valuation is applied as the valuation method for rating purposes distorts the capacity to recover rates from such developments.
- The mandatory provision of a 75% rate rebate on SA Housing Trust properties managed by Community Housing Providers does not allow for the appropriate recovery of rates from substantial portions of residential communities, therefore placing a greater burden on all other ratepayers particularly in Council areas where there is a relatively high incidence of these properties. The definition of charitable entities generally does not extend to Community Housing Providers in other states and as such public housing is generally liable to pay rates.

### 3.4 FINDINGS

A review of the rating powers of other mainland States highlights considerable differences in the manner in which properties are valued and categorised, and rates are able to be levied.

With respect to **valuation method**:

- Victorian Councils levy rates generally based on capital value and is the only other mainland State alongside SA to feature broadscale application of capital value as the valuation method. Capital improved value for electricity generators includes electricity generating plant and equipment.
- Queensland and NSW Councils levy rates based on site value (or unimproved value), necessitating more complex rating structures to exist to overcome anomalies (e.g. levying of rates on multi-residential properties on a single assessment).
- WA Councils levy rates on the basis of either gross rental value (often proxied as 5% of capital value) or unimproved value.

With respect to **overall rating powers**:

- Queensland Councils have the greatest flexibility in the selection of differential rate categories and the application of rates which can be established on whatever basis the Councils deem appropriate given individual circumstances. This allows for a degree of 'targeted' rating to ensure that certain types of properties placing a large impost on Council infrastructure and service provision are levied an equitable share of the rating burden.
- Victorian Councils have a degree of flexibility in the determination of differential rate categories, subject to the limitations that the highest rate can be no more than four times the lowest rate and rate categories cannot be narrowly defined.
- WA Councils are subject to a relatively high degree of control from the State Government relative to other mainland States, particularly in relation to the need to obtain Ministerial approval for certain aspects of rating structures.
- A greater degree of focus is placed on the rate in the dollar for recovering rate revenue (over the base charge or minimum charge) in Victoria and New South Wales compared to Queensland.

With respect to the **rating of electricity generation sites (including wind and solar farms)**:

- Queensland Councils can separately categorise generators on the basis of their generation capacity and impact on infrastructure and service provision, with differential rates in the dollar and minimum rates applied to ensure an appropriate amount of rate revenue is collected from each generator.
- Victorian Councils levy rates generally based on capital value and is the only other mainland State alongside SA to feature broadscale application of capital value as the valuation method. Capital improved value for electricity generators includes electricity generating plant and equipment.
- Victorian Councils can receive annual payments in lieu of rates of the order of \$53,446 for each power station and \$1,203 per MW of electricity generating capacity from each generator under specific legislative provisions in the *Electricity Industry Act 2000*.
- WA Councils can levy rates based on gross rental valuation principles, which is derived as 5% of capital value. Capital value specifically excludes machinery, which has a broad definition and generally excludes items of a technical nature or consisting of moving parts and therefore means that only a portion of the capital value of power stations, solar farms and wind farms would be included (consisting of buildings and structures, concrete pads, roads, fencing, ponds, underground wiring, steel framing/footings, etc. but excluding electricity generating plant and equipment, solar panels, etc.).
- NSW Councils are presently unable to differentially rate or collect additional payments in lieu of rates from generators.
- SA Councils are significantly disadvantaged when compared to the approaches adopted in Queensland and Victoria.



With respect to the **rating of resources sector (mining) properties**:

- Queensland Councils can separately categorise properties and recover a level of rates on whatever basis the deem appropriate via substantially higher rates in the dollar and higher minimum rates, which includes reference to levels of staff, levels of extraction, type of mining activity, valuation, land area, etc.
- Victorian Councils have not historically separately rated such properties, with land used for mining purposes having been exempt from rating. Such treatment of mines is subject to change soon under exposure draft for a new Local Government Act where they will become rateable and liable to pay rates.
- WA Councils can separately categorise and rate resources sector properties at a higher level than other properties given their significant impost on Council infrastructure and service provision, although approval of higher rates in the dollar generally requires Ministerial approval (i.e. if a differential rate applied to one category is twice that applied to another category). This has become increasingly necessary following a change in the valuation of mining properties for rating purposes by the WA government.
- NSW Councils levy a differential rate on their mining categories generally considerably higher than levied on residential or business assessments, reflecting the greater impost placed by these properties on Council infrastructure and service provision relative to their site valuation.
- SA Council are significantly disadvantaged when compared to the approaches adopted in Queensland, WA and NSW.

With respect to the valuation and **rating of telecommunication towers**, no separate rating treatment of telecommunication towers was evident from the review of rating structures allowed and adopted in other states.

With respect to **exempt properties**, the exemptions in SA generally do not appear to be any broader than those generally adopted in other States, with two key exceptions:

- The exemption of electricity generating plant and equipment from capital valuation when capital valuation is applied as the valuation method for rating purposes distorts the capacity to recover rates from such developments.
- The mandatory provision of a 75% rate rebate on SA Housing Trust properties managed by Community Housing Providers does not allow for the appropriate recovery of rates from substantial portions of residential communities, therefore placing a greater burden on all other ratepayers particularly in Council areas where there is a relatively high incidence of these properties.

## 4. AVAILABLE OPTIONS AND CASE STUDIES

### 4.1 KEY CONSTRAINTS AND AVAILABLE OPTIONS

The most significant constraints placed on SA Councils relative to other jurisdictions, and the available options to remove these constraints are outlined in the following table. The options assessment to ensure appropriate contributions from electricity generators highlights that the adoption of a regulated formula for payments in lieu of rates (per the Victorian approach) is most favourable and least complex, in addition to providing the greatest certainty to both generators and Councils.

**Table 4.1: Available Options to Overcome Rating Constraints on SA Councils**

Constraints	Issue Description	Available Options	Assessment of Options
Exemption of Electricity Generating Plant from Rating	The exemption of electricity generating plant and equipment from capital valuation for rating purposes does not allow for an equitable allocation of the rating burden across ratepayers and means that electricity generators do not pay their fair share of rates relative to what occurs in other states such as NSW and Queensland.	Change in valuation approach by removing the exemption from, and specifically including electricity generating plant and equipment in, capital valuation for rating purposes	<ul style="list-style-type: none"> <li>Landowners would be levied higher rates (which could include additional Emergency Services Levy and possibly SA Water charging), and depending on the agreed payment arrangements with electricity generators could leave some landowners with financial exposure</li> <li>The valuation of electricity generating plant and equipment requires highly complex assessments given a lack of sales evidence, and could potentially result in considerable challenges and uncertain outcomes for both valuers and Councils</li> </ul>
		Adoption of appropriate payments in lieu of rates from electricity generators under a regulated formula (subject to indexation) as adopted by Victoria, i.e. based on a fixed payment per power station/site and a variable payment based on installed capacity	<ul style="list-style-type: none"> <li>Payments would be made directly from generators to Councils</li> <li>There would be certainty over the level of payments to be made for both generators and Councils, allowing for effective budgeting</li> <li>No need for complex valuation processes, with electricity generating plant and equipment still exempt from valuation processes</li> </ul>
		Additional flexibility in the categorisation of different land uses for differential rating purposes	<ul style="list-style-type: none"> <li>Council would have the ability to levy rates in a manner to ensure that an appropriate amount is paid by generators</li> <li>There would be differentials in the rates levied across Council areas, depending on each Council's targeted rate recovery from generators</li> <li>Landowners would be levied higher rates (and land taxes), and depending on the agreed payment arrangements with electricity generators could leave some landowners with financial exposure</li> </ul>

Constraints	Issue Description	Available Options	Assessment of Options
Restrictions on Rating Categories	The inability to categorise properties based on intensity of use means that many land uses are not able to be rated in a manner which reflects their utilisation of, or impost placed upon, Council infrastructure and services. By comparison, NSW Councils have the capacity to levy much higher rates on mining properties and Queensland Councils have the capacity to levy much higher rates on all property types deemed to benefit from greater utilisation of Council infrastructure and services through broad powers to establish differential rating categories.	Additional flexibility in the categorisation of different land uses for differential rating purposes	<ul style="list-style-type: none"> <li>Council would have the ability to levy rates in a manner to ensure that an appropriate amount is paid by additional rating categories based on intensity of use</li> <li>There would be differentials in the rates levied across Council areas, depending on each Council's targeted rate recovery from different land uses</li> </ul>
Mandatory Rebates on Community Housing	The transfer of management of public housing from the SA Housing Trust to Community Housing Providers has necessitated the provision of 75% rebates on rates levied on these properties simply due to how they are managed under State Government public housing policy. The inability to collect rates from such properties results in a substantial loss of revenue that does not occur in other jurisdictions and must be recouped from other ratepayers.	Legislative amendment to specifically exclude these properties from the mandatory rebate	<ul style="list-style-type: none"> <li>This approach would effectively remove the rating constraint without issue</li> </ul>
		Provision of rate contributions from the State Government equal to the rebate provided on public housing, or making the State Government responsible for provision of the rebate	<ul style="list-style-type: none"> <li>This approach would effectively remove the rating constraint without issue</li> </ul>

Source: AEC

## 4.2 ELECTRICITY GENERATION CASE STUDIES

Three case studies are provided below to highlight the financial implications for Councils and communities from the adoption of a more appropriate rating policy for electricity generators, based on the adoption of the Victorian model of receiving payments in lieu of rates directly from generators (power stations, solar farms and wind farms) consisting of an annual base payment of \$53,446 plus an annual capacity payment of \$1,203 per MW.

### 4.2.1 Wattle Range

Wattle Range Council identifies the following properties that are presently not contributing their fair share towards general rates revenue as a direct consequence of the valuation exemptions for electricity generating plant (i.e. the turbines themselves are not rateable given they are electricity generating plant exempted under Section 11(1) of the *Valuation of Land Regulations 2005*):

- Snuggery diesel power station (3 turbines, 63MW).
- Ladbroke Grove gas power station (2 turbines, 80MW).
- Canunda wind farm (23 turbines, 46MW).
- Lake Bonney wind farm (112 turbines, 278.5MW)

The following table provides a summary of the financial implications for Wattle Range Council. With 2017/18 general rates after rebates budgeted at \$14.84 million, recovery of an identified shortfall of \$745,032 from power generation properties would enable it to reduce the general rates levied on other ratepayers by 5.0%.

**Table 4.2: Comparison of Current vs Potential Rates Levied on Power Generators, Wattle Range**

Property/Land Use	Current Rate	Potential Rate	Shortfall
Snuggery Power Station	\$600	\$129,205	\$128,605
Ladbroke Grove Power Station	\$600	\$149,648	\$149,048
Canunda Wind Farm	\$5,066	\$108,762	\$103,696
Lake Bonney	\$24,668	\$388,350	\$363,682
<b>Total</b>	<b>\$32,100</b>	<b>\$775,966</b>	<b>\$745,032</b>

Notes: The current rate levied on wind farms is based on estimated land value of \$50,000 per turbine and application of the rural rate in the dollar and rural minimum rate. Snuggery Power Station is the subject of a 7<sup>th</sup> September 2000 proclamation which states that maximum rates levied are to be \$500 indexed for inflation and as such may not be allowed to have higher rates levied – this table has included it regardless to show the potential impact of that historic proclamation compared to the Victorian approach.

Source: AEC, Wattle Range Council

### 4.2.2 Port Augusta

City of Port Augusta identifies the following properties that are presently not contributing their fair share towards general rates revenue as a direct consequence of the valuation exemptions for electricity generating plant:

- Bungala solar farm (within boundary component, 100MW).
- DP Energy renewable energy park stage 1 (59 wind turbines plus solar, 375MW).

The following table provides a summary of the financial implications for City of Port Augusta. With 2017/18 general rates after rebates budgeted at \$16.40 million, recovery of an identified shortfall of \$673,818 from power generation properties would enable it to reduce the general rates levied on other ratepayers by 4.1%.

**Table 4.3: Comparison of Current vs Potential Rates Levied on Power Generators, Port Augusta**

Property/Land Use	Current Rate	Potential Rate	Shortfall
Bungala Solar Farm	\$1,285	\$173,699	\$172,414
DP Energy Renewable Energy Park	\$2,990	\$504,395	\$501,405
<b>Total</b>	<b>\$4,275</b>	<b>\$673,818</b>	<b>\$673,818</b>

Notes: City of Port Augusta has requested new valuations for the wind farm, whereby each of the 59 turbines are to be valued as separate tenancies based on the tenancy-based capital valuation approach – the revised valuation outcomes are not yet available.

Source: AEC, City of Port Augusta

Council indicates that renewable energy projects are impacting on Council infrastructure, with the Bungala solar farm causing damage to unsealed roads because of trucks transporting materials to site. Council also indicates that projects located outside of its boundary will also impact local infrastructure, in addition to having pipelines, towers and other infrastructure passing over its boundary.

### 4.2.3 Goyder

Regional Council of Goyder identifies the following properties that are presently not contributing their fair share towards general rates revenue as a direct consequence of the valuation exemptions for electricity generating plant:

- Hallett gas/diesel power station (12 turbines, 180MW).
- Hallett wind farm (167 turbines, 350.4MW).

The following table provides a summary of the financial implications for Regional Council of Goyder. With 2017/18 general rates after rebates budgeted at \$4.59 million, recovery of an identified shortfall of \$718,666 from power generation properties would enable it to reduce the general rates levied on other ratepayers by 15.6%.

**Table 4.4: Comparison of Current vs Potential Rates Levied on Power Generators, Goyder**

Property/Land Use	Current Rate	Potential Rate	Shortfall
Hallett Power Station	\$1,131	\$269,901	\$268,770
Hallett Wind Farm	\$24,916	\$474,812	\$449,846
<b>Total</b>	<b>\$26,047</b>	<b>\$744,714</b>	<b>\$718,666</b>

Notes: The current rate levied on wind farms is based on estimated land value of \$50,000 per turbine and application of the primary production rate in the dollar and primary production minimum rate.

Source: AEC, Regional Council of Goyder

The Regional Council of Goyder indicates that these properties have a significant impact on infrastructure and service provision that is not reflected in the level of rates they pay, including:

- Considerable impact on the road network, given that it is generally not constructed and maintained in a manner to support larger scale projects in the areas in which these projects are located and asset lives and condition are considerably reduced as a result.
- Increase in maintenance requirements to unsealed surfaces generated by high traffic volumes – by primarily heavy vehicles – through the construction, renewal and maintenance phases and higher traffic volumes as a result of ongoing operation.
- Concentration of road traffic activity during the dryer time of year which compounds damage caused to an unsealed road due to dry seasonal conditions in addition to generating dust.
- Flow-on effect on the maintenance requirement on surrounding roads, which are likely to experience increased usage when the condition of the normal route road deteriorates.
- Unsealed road pavements can deteriorate very quickly to the point of reconstruction when exposed to high impact traffic, even if only occurring in the short term, with Council estimating the financial cost of reconstruction at between \$17,000-\$25,000 per km.
- Consequential impacts of increased use from heavier vehicles include the need to upgrade/improve road geometry, intersections, pavements, drainage infrastructure and signage to a standard that meets necessary road safety standards.

The infrastructure implications from major developments including electricity generation will differ across SA depending on the Council and location of the major development, although in general the high prevalence of unsealed roads will mean that impacts are significant at least during the initial stages of development.

HDS Australia has undertaken some work for the Legatus Group Transport Committee on the extent of work required to be undertaken by Councils to ensure local road networks are appropriately maintained and renewed, and this information may provide further insight into the implications of historic/additional road damage on Council finances. Even in instances where the road impacts are not considered significant, it is believed that the electricity generators must pay a fairer share of rates on equity principles.

### 4.3 COMMUNITY HOUSING CASE STUDIES

Three case studies in relation to the financial implications for Councils and communities from the transfer of properties from the SA Housing Trust to Community Housing Providers and the subsequent change in treatment for rates levied on these properties to be subject to mandatory 75% rebates are provided below:

- An actual loss for the City of Port Adelaide Enfield of more than \$0.80 million (\$14 per ratepayer), with the potential for this to quadruple to \$3.20 million (\$56 per ratepayer) if all public housing was managed in this manner.
- A potential loss for the City of Marion of \$3.20 million (\$100 per ratepayer).
- A potential loss for the Wattle Range Council of \$0.90 million (\$10 per ratepayer).

These impacts reflect the loss in revenue experienced as a result of a change in State Government public housing policy and arrangements, and therefore any change in legislation or funding mechanism for the rebate would simply result in the reinstatement of rate revenue rather than a request for additional rate revenue.

### 4.4 FINDINGS

SA Councils face three key rating constraints that prevent them from ensuring the rates burden is equitably distributed across their communities when compared with other jurisdictions:

- Inability to equitably rate electricity generators.
- Restrictions on the number and type of differential rate categories that can be used.
- Provision of mandatory rebates on community housing.

In addition to SA Councils requiring more power to ensure appropriate contributions are made by major developments – including electricity generators – towards local infrastructure (particularly roads) at the point of development approval, the following rating options are available for further consideration to ensure appropriate ongoing rates are payable:

The following actions should be considered to remove these rating constraints:

- Adoption of appropriate payments in lieu of rates from electricity generators under a regulated formula (subject to indexation) as adopted by Victoria, i.e. based on a fixed payment per power station/site and a variable payment based on installed capacity. Based on selected case studies, this could enable affected Councils to reduce rates on other ratepayers by between 4% and 15%.
- Inclusion of additional flexibility in the categorisation of different land uses for differential rating purposes to provide Councils with greater capacity to levy appropriate rates based on intensity of land use.
- No longer mandate the provision of 75% rate rebates for Community Housing Providers or ensure that the State Government is responsible for the provision of contributions to fund these rebates. Based on selected case studies, this could enable affected Councils to remove the impost placed on ratepayers by a State Government policy position of between \$10 and \$100 per ratepayer.

## 5. FINDINGS AND RECOMMENDATIONS

### 5.1 FINDINGS

Appropriate consideration should be given to removing the significant rating constraints presently impeding SA Councils in equitably allocating the rate burden across their communities. Compared with other mainland states, ratepayers are forced to cross subsidise high intensity land uses, electricity generated for use outside of Council's boundaries and State Government decision-making on how community housing is provided.

**Table 5.1: Summary of Identified Rating Constraints Leading to Inequitable Rating Burdens on Local Communities**

Use	Issue	Interstate Comparison	Financial Implications	Case for Change
Electricity Generation	The exemption of electricity generating plant and equipment from capital valuation prevents SA Councils from being able to appropriately and equitably allocate the rating burden across all ratepayers, and results in local communities subsidising electricity generated for use across a broader (and national) marketplace – with such a financial burden not placed on ratepayers in Queensland and Victoria. Anticipated future growth in the installation and operation of electricity generation sites will place an increasing burden and degree of cross subsidy on SA Councils and their communities.	Capital improved value in Victoria includes electricity generating plant and equipment, and Victorian Councils can receive payments in lieu of rates from generators consisting of base payments and generation capacity payments based on a methodology under State legislation. Queensland Councils also have the capacity to levy substantial rates on power stations, wind farms and solar farms through broad Council powers to establish specific differential rating categories with substantially higher rates in the dollar and minimum rates.	Case studies for Wattle Range, Port Augusta and Goyder suggest that the application of the Victorian methodology to determine payments in lieu of rates for power stations, wind farms and solar farms alone could result in additional revenue of around \$700,000-\$750,000 per annum for each Council which would considerably reduce the rating burden presently incurred on existing ratepayers and/or enhance the financial sustainability of both Councils. Based on selected case studies, this could enable affected Councils to reduce rates on other ratepayers by between 4% and 15%.	SA electricity generators should pay their fair share of the rating burden on local communities, as they do in Queensland and Victoria. While the historic exemptions regarding the payment of rates by electricity generators may have been appropriate in the context of electricity generation and service provision by the State Government, the landscape is considerably different in the current environment where such services are subject to profiteering from the land and form part of a broader electricity network and national grid.
Intensive Commercial/Industry	The inability for SA Councils to categorise properties based on their intensity of use (and therefore utilisation of Council infrastructure and services) leads to cross subsidisation of infrastructure and service provision by other ratepayers.	Queensland, NSW and WA Councils have the capacity to differentially rate such assessments to appropriately reflect their more intensive utilisation of Council infrastructure and services.	Not quantified.	SA Councils must be able to effectively rate intensive land uses to ensure that their impact on infrastructure and service provision and impost on local communities is appropriately recouped and not subsidised by other ratepayers.
Community and Public Housing	The provision of mandatory 75% rate rebates on SA Housing Trust properties managed by Community Housing Providers prevents SA Councils from appropriately and equitably recovering rates from substantial portions of residential communities which have the same level of access to Council infrastructure and services.	Other mainland states do not place a substantial financial burden on Councils by mandating a 75% rebate on community and public housing assessments.	Case studies for Port Adelaide Enfield, Marion and Wattle Range suggest that the appropriate recovery of lost rates associated with the State Government policy decision equating to between \$10 and \$100 per ratepayer.	The level of financial assistance provided to those requiring community and public housing has always been a State Government responsibility, and SA Council should not be financially impacted as a result of a State Government policy decision to change its model of service provision at the expense of other ratepayers.

Source: AEC



## 5.2 RECOMMENDED ACTIONS

In addition to SA Councils requiring more power to ensure appropriate contributions are made by major developments – including electricity generators – towards local infrastructure (particularly roads) at the point of development approval, the following actions should be considered to remove identified rating constraints:

- Changes to legislation to allow SA Councils to recover appropriate payments in lieu of rates directly from electricity generators – rather than landowners – under a regulated formula subject to indexation. This is the approach adopted in Victoria, where a fixed payment per power station/site exists along with a variable payment based on installed capacity. In terms of industry attraction and potential flow-on impacts on electricity prices, it should be realised that major electricity generation developments have continued in Victoria and Queensland despite those states having in place a longstanding rating approach for such developments that enable local Councils to levy appropriate and equitable rates, and electricity prices are determined within a national market which features generators subject to substantially higher Council rates.
- Inclusion of additional flexibility in the categorisation of different land uses for differential rating purposes to provide Councils with greater capacity to levy appropriate rates based on intensity of land use (e.g. mining/resources, feedlots).
- No longer mandate the provision of 75% rate rebates for Community Housing Providers or ensure that the State Government is responsible for the provision of contributions to fund these rebates.

## 5.3 POTENTIAL INTERIM ACTION

The Office of the Valuer-General indicates that there are two types of valuation assessments that are required by Local Government, being valuation assessments based on ownership or occupation/tenancies. Where a Council chooses to rate on occupation the Valuer-General will also determine for that area occupancy valuations for that purpose. Adoption of the tenancy-based valuation approach allows for the valuation of wind turbines as individual tenancies based on the capitalisation of the lease payments made for land occupation for this infrastructure/equipment (not the infrastructure/equipment), in addition to rural land valuation. While it does not provide any overall increase in value for rating purposes, it does provide Councils with the capacity to apply differential rating by occupation – being the primary production component and the electricity generation component. Logically, such an approach should also extend to solar panel installations that occupy portions of rural land.

While it is unlikely that this approach will produce rate revenue levels that adequately reflect the rates that should be levied on equity grounds, it may still be worthwhile for SA Councils featuring these installations to investigate the rating benefits/costs of adopting the tenancy-based valuation approach versus the ownership-based valuation approach as an interim measure ahead of any potential progress on the above recommended actions.



## REFERENCES

---

### SA Legislation & Proclamations

Local Government Act 1999  
 Local Government (General) Regulations 2013  
 Local Government (Financial Management) Regulations 2011  
 Valuation of Land Act 1971  
 Valuation of Land Regulations 2005  
 Development Act 1993  
 Development Regulations 2008  
 Electricity Corporations (Restructuring and Disposal) Act 1999  
 Fire and Emergency Services Act 2005  
 Mining Act 1971  
 Mining Regulations 2011  
 Recreation Grounds Rates and Taxes Exemption Act 1981  
 South Australian Government Gazette, 27 January 2000.  
 South Australian Government Gazette, 7 September 2000.

### Interstate Legislation & Guiding Principles

(QLD) Local Government Act 2009  
 (QLD) Local Government Regulation 2012  
 (QLD) Land Valuation Act 2010  
 (NSW) Local Government Act 1993  
 (NSW) Local Government (General) Regulation 2005  
 (NSW) Valuation of Land Act 1916  
 (NSW) Office of Local Government (2018). *Circular No 18-08: Information about Rating 2018-19*, 20 March 2018.  
 (NSW) Valuer General. *Valuer General's Policy – Valuation of land used as a wind farm*, May 2017.  
 (WA) Local Government Act 1995  
 (WA) Local Government (Financial Management) Regulations 1996  
 (WA) Valuation of Land Act 1978  
 (WA) Valuation of Land Regulations 1979  
 (WA) Department of Local Government and Communities (2016). *Rating Policy: Valuation of Land – Mining*, March 2016.  
 (WA) Department of Local Government and Communities (2013). *Rating Policy: Rateable Land*, August 2013.

### SA Rating

Adelaide Plains Council. 2017/18 Annual Business Plan, Budget and 2018-2027 Long Term Financial Plan.  
 The Barossa Council. Annual Budget and Business Plan 2017-18.  
 District Council of Barunga West. Annual Business Plan 2017-2018.  
 Clare & Gilbert Valleys Council. Annual Business Plan & Budget 2017/18.  
 District Council of the Copper Coast. Annual Business Plan and Annual Budget 2017/2018.  
 The Flinders Ranges Council. Annual Business Plan 2017-2018.

Regional Council of Goyder. Annual Business Plan and Budget 2017/18, Adoption of Valuation and Declaration of Rates.

Light Regional Council. 2017/2018 Annual Business Plan, Budget and Long Term Financial Plan (2018 to 2027).

District Council of Mount Remarkable. Annual Business Plan & Annual Budget, Financial Year Ending 20 June 2018.

Northern Areas Council. 2017/2018 Annual Business Plan.

District Council of Orroroo Carrieton. Annual Business Plan and Budget 2017-2018.

District Council of Peterborough. Annual Business Plan 2017/2018.

Port Augusta City Council. Annual Business Plan & Budget 2017/2018.

Port Pirie Regional Council. Business Plan 2017/18-2019/20.

Wakefield Regional Council. Annual Business Plan 2017/18.

Wattle Range Council. Annual Business Plan 2017-2018.

Yorke Peninsula Council. 2017/18 Annual Business Plan.

### **Interstate Rating (Victoria)**

Ararat Rural City. Budget 2017/2018.

Latrobe City Council. Rates and Charges Explained (online content),  
[http://www.latrobe.vic.gov.au/Our\\_Services/Rates\\_and\\_Valuations/Rates\\_and\\_Charges\\_Explained](http://www.latrobe.vic.gov.au/Our_Services/Rates_and_Valuations/Rates_and_Charges_Explained).

Moyne Shire. 2017-2018 Budget Papers.

Wyndham City. 2017/19 Integrated Plan & Budget.

Glenelg Shire Council. Budget 2017/18.

Hobsons Bay City Council. Annual Budget Report: 2017-18.

### **Interstate Rating (NSW)**

Bogan Shire. Draft Operational Plan and Budget 2017/2018.

Broken Hill City Council. Operational Plan 2017/2018.

Lake Macquarie City Council. Your Rates Explained.

Lithgow City Council. Delivery Program 2017-2021 & Operational Plan 2017-2018.

Muswellbrook Shire Council. Revenue Policy Part 1 – Rates & Charges, 2017/18.

Queenbeyan-Palerang Regional Council. Revenue Policy 2017-18.

### **Interstate Rating (QLD)**

Balonne Shire Council. Budget 2017/18.

Banana Shire Council. Ordinary Meeting Minutes, 28 June 2017.

Central Highlands Regional Council. 2017-2018 Budget.

Etheridge Shire Council. Budget 2017/2018.

Gladstone. Budget Summary and Schedule of Rates & Charges 2017-18 Financial Year.

Goondiwindi Regional Council. 2017-2018 Community Budget Report.

Isaac Regional Council. 2017-18 Property Rates.

Lockyer Valley Regional Council. 2017/2018 Revenue Statement.

Mackay Regional Council. Revenue Statement 2017/18.

Maranoa Regional Council. Budget Papers 2017/18.

Rockhampton Regional Council. Budget 2017-2018.

Scenic Rim Regional Council. Revenue Statement 2017-18.

South Burnett Regional Council. Rates and Charges – 2017/2018 Financial Year.

Toowoomba Regional Council. Minutes of the Special Meeting of Council, 29 June 2017.

Western Downs Regional Council. 2017-18 Revenue Statement.

Whitsunday Regional Council. 2017-2018 Revenue Statement.

### **Interstate Rating (WA)**

Shire of Ashburton. 2017/18 Adopted Budget.

Shire of East Pilbara. Adopted Budget for the Year Ending 30 June 2018.

City of Karratha. Budget for the Year Ended 30 June 2018.

Town of Port Hedland. Annual Budget 2017/18.

### **Other Reference Documents**

Community Housing Coalition WA (2013). *Community Housing Providers and Local Government Rates – Environmental Scan*, December 2013.

Deloitte Access Economics (2013). *Review of local government rating exemption provisions*, Prepared on behalf of Local Government NSW, May 2013.

IPART (2016). *Review of the Local Government Rating System*, Local Government – Draft Report, August 2016.

Government of South Australia Department of Planning, Transport and Infrastructure (2017). *Guide: Major Development Assessment, South Australia's Development Act 1993, A Practical Guide for Proponents*.

## APPENDIX A: VALUATION METHOD COMPARISONS

---

The Office of the Valuer-General determines two valuations:

1 Site Value:

- Effectively representing land value only.
- Used by 7 Regional Councils for rating and taxing.
- Used for Land Tax.

2 Capital Value:

- Effectively representing land and improvements which are not exclusions.
- Used by the balance of Councils.
- Used by SA Water and for the Emergency Services Levy.

Two types of valuation assessments are required by Local Government, based on:

1 Ownership:

- Valuation is determined on a whole of property basis, generally a separately saleable parcel of land.
- The land use code for the property will be its predominant use.

2 Occupation:

- Valuation is determined on a whole of property basis and is apportioned between a separate assessment for each separate physical occupancy or tenancy on the property.
- A land use code will exist for each occupancy.

The table on the following page provides detail surrounding the method of valuation and the means by which Councils are able to rate an example rural property with a wind farm onsite.

**Table A.1: Valuation Examples for a Rural Property with a Wind Farm**

	Site Value		Capital Value	
	Ownership Valuation	Occupation Valuation	Ownership Valuation	Occupation Valuation
Value	Value of Farming Land <sup>(a)</sup> + Value from Wind Farm Income <sup>(b)</sup>		Value of Farming Land <sup>(a)</sup> + Value from Wind Farm Income <sup>(b)</sup> + Improvements <sup>(c)</sup>	
Example	60ha x \$10k/ha = \$0.6m + 10 turbines x \$40k derived value = \$0.4m = \$1m		60ha x \$10k/ha = \$0.6m + 10 turbines x \$40k derived value = \$0.4m + house, shed and fencing = \$0.25m = \$1.25m	
Value by Valuer General Land Use Code	Primary Production = \$1m	Primary Production = \$0.6m Electricity Generation – Wind = \$0.4m	Primary Production = \$1.25m	Primary Production = \$0.85m Electricity Generation – Wind = \$0.4m
Potential Rating Outcome	Property rated as primary production based on \$1m site value	Property rated as a mix of primary production (\$0.6m site value) and other <sup>(d)</sup> (\$0.4m site value), allowing for a differential rate in the dollar to apply	Property rated as primary production based on \$1.25m capital value	Property rated as a mix of primary production (\$0.85m capital value) and other <sup>(d)</sup> (\$0.4m capital value), allowing for a differential rate in the dollar to apply

Notes: (a) \$/ha including site improvements. (b) Calculated on the capitalised income approach, where the income is the imputed market income (rental) that is paid, divided by a market capitalisation rate. (c) Improvements not excluded by regulation or legislation, such as houses, fencing and sheds. (d) The Valuer General Land Use Code of Electricity Generation – Wind is decoded to a 9, which for Councils is the 'Other' category.  
Source: AEC, Office of Valuer General

## APPENDIX B: SA LEGISLATION AND RELEVANT PROCLAMATIONS REGARDING THE RATING OF ELECTRICITY GENERATORS

---

### ELECTRICITY CORPORATIONS RESTRUCTURING AND DISPOSAL ACT 1999 (SCHEDULE 1)

#### **Liability of certain bodies to council rates or amounts in lieu of rates**

3. (1) The following provisions apply in relation to the liability of a State-owned company to pay rates under the *Local Government Act 1934*, despite the provisions of that Act:

- (a) a State-owned company is liable to pay rates;
- (b) land and buildings of a State-owned company are rateable property within the meaning of that Act;
- (c) the following are not rateable property within the meaning of that Act:
  - (i) plant or equipment used by a State-owned company in connection with the generation, transmission or distribution of electricity (whether or not the plant or equipment is situated on land owned by the corporation);
  - (ii) easements, rights of way or other similar rights (including such rights arising by virtue of a licence) that have been granted or operate in connection with the generation, transmission or distribution of electricity.

(2) Despite the *Local Government Act 1934*, the following are not rateable property within the meaning of that Act:

- (a) plant or equipment (other than electricity generating plant and substations for converting, transforming or controlling electricity) used by a body specified by proclamation for the purposes of this clause in connection with the generation, transmission or distribution of electricity (whether or not the plant or equipment is situated on land owned by the body);
- (b) easements, rights of way or other similar rights (including such rights arising by virtue of a licence) that have been granted or operate in connection with the generation, transmission or distribution of electricity.

(3) Despite the *Local Government Act 1934*, the Governor may, by proclamation, declare that the rates payable under that Act in respect of specified land on which is situated any electricity generating plant, or substation for converting, transforming or controlling electricity, used by a body specified in the proclamation are reduced to a specified amount or an amount determined in a specified manner.

(4) The holder of a licence authorising the generation of electricity at Torrens Island must, as required by proclamation, make payments to the Treasurer for the credit of the Consolidated Account of amounts determined in accordance with the provisions of the proclamation (being provisions framed having regard to rates imposed under the *Local Government Act 1934* in the adjoining council areas).

(5) A proclamation made for the purposes of this clause may not be revoked and may be varied only by regulation and if the variation reduces the future liabilities of the body to which the proclamation relates.

## GOVERNMENT GAZETTE 27/01/2000 (P.502)

### ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) ACT 1999 SCHEDULE 1, CLAUSE 3 (2): CERTAIN PLANT AND EQUIPMENT OF SPECIFIED BODIES NOT RATEABLE PROPERTY

*Proclamation By The Governor*

(L.S.) E. J. NEAL

PURSUANT to Schedule 1, clause 3 (2) of the *Electricity Corporations (Restructuring and Disposal) Act 1999* and with the advice and consent of the Executive Council, I declare each of the following bodies to be a specified body for the purposes of that clause:

CKI Utilities Development Limited (ARBN 090 718 880)

CKI Utilities Holdings Limited (ARBN 091 142 380)

HEI Utilities Development Limited (ARBN 090 718 951)

HEI Utilities Holdings Limited (ARBN 091 142 362)

CKI/HEI Utilities Distribution Limited (ARBN 091 143 038).

Given under my hand and the Public Seal of South Australia, at Adelaide, 27 January 2000.

By command,

IAIN EVANS, for Acting Premier

T&F 117/99 CS



## GOVERNMENT GAZETTE 07/09/2000 (PP.1634)

ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) ACT 1999 SCHEDULE 1, CLAUSE 3 (3):  
REDUCTION OF COUNCIL RATES FOR ELECTRICITY  
GENERATING PLANT AT DRY CREEK, MINTARO,  
PORT AUGUSTA, PORT LINCOLN AND SNUGGERY

## Proclamation By The Governor

(L.S.) E. J. NEAL

PURSUANT to clause 3 (3) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* and with the advice and consent of the Executive Council, I declare that—

- (a) this proclamation applies to rates that fall due under the *Local Government Act 1999* on or after the date of this proclamation whether in respect of a financial year commencing before or after that date;
- (b) if—
- electricity generating plant used by the holder of a licence under the *Electricity Act 1996* (other than a State-owned company) is situated on land specified in the table below; and
  - the rates payable for a particular financial year under the *Local Government Act 1999* in respect of that land exceed the maximum amount for the land, calculated as set out in that table,

the rates payable for that financial year under that Act in respect of that land are reduced to the amount so calculated:

Land	Maximum amount
The whole of the land comprised in allotment 50 in Deposited Plan No. 54571 (being portion of the land comprised in Certificate of Title Register Book Volume 5784 Folio 482). (Dry Creek Power Station)	\$3 500 multiplied by the relevant indexation factor
The whole of the land comprised in allotment 511 in Deposited Plan No. 54777 (being portion of the land comprised in Certificate of Title Register Book Volume 5784 Folio 24). (Mintaro Power Station)	\$1 500 multiplied by the relevant indexation factor
The whole of the land comprised in allotments 1 and 6 in Deposited Plan No. 55666 (being portion of the land comprised in Certificate of Title Register Book Volume 5735 Folio 328). (Northern Power Station and Playford B Power Station)	\$125 000 multiplied by the relevant indexation factor
The whole of the land comprised in Certificate of Title Register Book Volume 5786 Folio 419. (Port Lincoln Power Station)	\$500 multiplied by the relevant indexation factor
The whole of the land comprised in Certificate of Title Register Book Volume 5784 Folio 908. (Snuggery Power Station)	\$500 multiplied by the relevant indexation factor

- (c) if rates are separately assessed against two or more pieces or sections of land comprising land specified in a single entry in the table in paragraph (b)—
- that paragraph only applies in respect of such of those pieces or sections of land as have electricity generating plant situated on them; and
  - the reference in that paragraph to rates payable in respect of the land is to be read as a reference to the aggregate of the rates payable in respect of such of those pieces or sections of land as have electricity generating plant situated on them and the rates are to be proportionately reduced so that the aggregate is the amount calculated in accordance with that paragraph;
- (d) if land specified in the table in paragraph (b) is rateable under the *Local Government Act 1999* for portion, but

not for the whole, of a financial year, the proportionate reduction in the amount of rates that would be applied under that Act must also be applied in respect of the amounts calculated in accordance with that paragraph;

- (e) in this proclamation—

"CPI" means the Consumer Price Index (All Groups) for the City of Adelaide published by the Australian Bureau of Statistics;

"relevant indexation factor" means the quotient obtained by dividing the CPI for the quarter ending 31 March last preceding the relevant financial year by the CPI for the quarter ending 31 March 2000.

Given under my hand and the Public Seal of South Australia, at Adelaide, 7 September 2000.

By command,

MARK BRINDAL, for Premier

T&amp;F 84/2000 CS

ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) ACT 1999 SCHEDULE 1, CLAUSE 3 (3):  
REDUCTION OF COUNCIL RATES FOR SUB-STATIONS

## Proclamation By The Governor

(L.S.) E. J. NEAL

PURSUANT to clause 3 (3) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* and with the advice and consent of the Executive Council, I declare that—

- (a) this proclamation applies to rates that fall due under the *Local Government Act 1999* on or after the date of this proclamation whether in respect of a financial year commencing before or after that date;
- (b) this proclamation applies to land if—
- rates are separately assessed against the land under the *Local Government Act 1999*; and
  - a substation for converting, transforming or controlling electricity used by the holder of a prescribed generation licence, prescribed transmission licence or prescribed distribution licence (other than a State-owned company) is situated on the land; and
  - the land is predominantly used for the purposes of the substation;
- (c) if the rates payable for a particular financial year under the *Local Government Act 1999* in respect of land to which this proclamation applies exceed the greater of—
- the amount set out in the Schedule as the minimum rate for the area in which the land is situated multiplied by the relevant indexation factor; or
  - the amount calculated by multiplying the site value of the land for that financial year by 1.15 and then by the figure set out in the Schedule as the site value factor for the area in which the land is situated,

the rates payable for that financial year under that Act in respect of that land are reduced to the greater of those amounts;

- (d) for the purposes of paragraph (c), land is only to be regarded as situated in the area of a council specified in the Schedule if it is situated in the area of the council as that area and council existed at the date of this proclamation;
- (e) if land to which this proclamation applies is rateable under the *Local Government Act 1999* for portion, but not for the whole, of a financial year, the proportionate reduction in the amount of rates that would be applied under that Act must also be applied in respect of the amounts determined in accordance with subparagraphs (i) and (ii) of paragraph (c);



## GOVERNMENT GAZETTE 07/09/2000 (PP.1635)

(f) in this proclamation—

"CPI" means the Consumer Price Index (All Groups) for the City of Adelaide published by the Australian Bureau of Statistics;

"prescribed distribution licence" means—

- (a) a specially issued licence authorising the operation of a distribution network; or
- (b) a licence authorising the operation of a distribution network the operation of all or part of which was previously authorised by a specially issued licence,

whether issued before, on or after the date of this proclamation;

"prescribed generation licence" means—

- (a) a specially issued licence authorising the operation of electricity generating plant; or
- (b) a licence authorising the operation of electricity generating plant if—
  - (i) the operation of the plant was previously authorised by a specially issued licence; or
  - (ii) the plant is situated on the same, or part of the same, parcel of land as that on which electricity generating plant operated pursuant to a specially issued licence is or was previously situated,

whether issued before, on or after the date of this proclamation;

"prescribed transmission licence" means—

- (a) a specially issued licence authorising the operation of a transmission network; or
- (b) a licence authorising the operation of a transmission network the operation of all or part of which was previously authorised by a specially issued licence,

whether issued before, on or after the date of this proclamation.

"relevant indexation factor" means the quotient obtained by dividing the CPI for the quarter ending 31 March last preceding the relevant financial year by the CPI for the quarter ending 31 March 2000;

"site value" of land for a financial year means the site value of that land last determined by the Valuer-General under the *Valuation of Land Act 1971* before the commencement of that financial year.

## SCHEDULE

PART 1  
CERTAIN COUNCIL AREAS

Area of council (both the area and the council being as at the date of this proclamation)	Minimum rate \$	Site value factor
Adelaide, The Corporation of the City of	100.00	0.00970000
Adelaide Hills Council	350.00	0.00600000
Alexandrina Council	350.00	0.00480000
The Barossa Council	160.00	0.01000000
Barunga West, District Council of	135.00	0.00460000
The Berri Barmera Council	265.00	0.00585000
Burnside, City of	400.00	0.00361000
Campbelltown, The Corporation of the City of	400.00	0.00443291
Ceduna, The District Council of	262.20	0.00023650

this proclamation)	\$	
Charles Sturt, City of	380.00	0.00800000
Clare and Gilbert Valleys Council	300.00	0.00434000
Cleve, The District Council of	130.00	0.00960000
The Coorong District Council	230.00	0.00700000
Copper Coast, District Council of the	160.00	0.00550000
Elliston, The District Council of	190.00	0.00055300
The Flinders Ranges Council	100.00	0.04600000
Franklin Harbour, The District Council of	100.00	0.01000000
Gawler, The Corporation of the Town of	481.00	0.02184700
Goyder, Regional Council of	120.00	0.00420000
Grant, District Council of	300.00	0.00730000
Holdfast Bay, City of	402.00	0.00430000
Kangaroo Island Council	160.00	0.00540000
Karoonda East Murray, The District Council of	100.00	0.00720000
Kimba, The District Council of	100.00	0.00840000
Kingston District Council	265.00	0.00670000
Le Hunte, The District Council of	100.00	0.00660000
Light Regional Council	370.00	0.00510000
Lower Eyre Peninsula, District Council of	243.00	0.00394500
Loxton Waikerie, District Council of	240.00	0.00560000
Mallala, The District Council of	355.00	0.00700000
Marion, The Corporation of the City of	487.00	0.00535300
Mid Murray Council	200.00	0.00500000
Mitcham, City of	416.00	0.00408400
Mount Barker, The District Council of	460.00	0.00700000
Mount Gambier, City of	300.00	0.01850000
Mount Remarkable, The District Council of	230.00	0.06500000
Murray Bridge, Rural City of	435.00	0.00685000
Naracoorte Lucindale Council	260.00	0.00500000
Northern Areas Council	120.00	0.00482200
Norwood Payneham & St Peters, The Corporation of the City of	350.00	0.00434300
Onkaparinga, City of	426.00	0.00588200
Orroroo/Carrieton, District Council of	100.00	0.10840000
Peterborough, District Council of	100.00	0.01420000
Playford, City of	324.00	0.01060000
Port Adelaide Enfield, City of	350.00	0.01075000
Port Augusta, The Corporation of the City of	443.00	0.05270000

## GOVERNMENT GAZETTE 07/09/2000 (PP.1636)

this proclamation)	\$	
Port Lincoln, The Corporation of the City of	160.00	0.02500000
Port Pirie Regional Council	265.00	0.00458000
Prospect, City of	467.00	0.00570000
Renmark Paringa, District Council of	220.00	0.00360000
Robe, The District Council of	200.00	0.00525100
Salisbury, City of	465.00	0.00740000
Southern Mallee District Council	190.00	0.00790000
Streaky Bay, The District Council of	220.00	0.00840000
Tatiara, The District Council of	130.00	0.00688700
Tea Tree Gully, City of	530.00	0.00552400
Tumby Bay, The District Council of	100.00	0.01561000
Unley, The Corporation of the City of	380.00	0.00807800
Victor Harbor, City of	210.00	0.00670000
Wakefield Regional Council	320.00	0.01050000
Walkerville, The Corporation of the Town of	480.00	0.00370200
Wattle Range Council	310.00	0.00559900
West Torrens, City of	365.00	0.00800000
Whyalla, The Corporation of the City of	134.00	0.02000000
Yankalilla, The District Council of	380.00	0.00396000
Yorke Peninsula, District Council of	130.00	0.00650000

**PART 2  
OTHER AREAS**

Area	Minimum rate	Site value factor
An area that is not in the area of a council referred to in Part 1, both the area and the council being as at the date of this proclamation	\$100.00	0.05500000

Given under my hand and the Public Seal of South Australia, at Adelaide, 7 September 2000.

By command,

MARK BRINDAL, for Premier

T&F 84/2000 CS

**ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) ACT 1999 SCHEDULE 1, CLAUSE 3 (4): PAYMENTS TO CONSOLIDATED ACCOUNT BY HOLDER OF LICENCE AUTHORIZING GENERATION OF ELECTRICITY AT TORRENS ISLAND**

*Proclamation By The Governor*

(L.S.) E. J. NEAL

PURSUANT to clause 3 (4) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* and with the advice and consent of the Executive Council, I require the holder of a licence authorising the generation of electricity at Torrens Island to make payments to the Treasurer for the credit of the Consolidated Account as follows:

- for each financial year the amount to be paid is \$150 000 multiplied by the relevant indexation factor;
- the amount will fall due on 31 March of the financial year for which the amount is payable.

In this proclamation—

"CPI" means the Consumer Price Index (All Groups) for the City of Adelaide published by the Australian Bureau of Statistics;

"relevant indexation factor" means the quotient obtained by dividing the CPI for the quarter ending 31 March last preceding the relevant financial year by the CPI for the quarter ending 31 March 2000.

Given under my hand and the Public Seal of South Australia, at Adelaide, 7 September 2000.

By command,

MARK BRINDAL, for Premier

T&F 84/2000 CS

**ELECTRICITY CORPORATIONS (RESTRUCTURING AND DISPOSAL) ACT 1999 SCHEDULE 1, CLAUSE 3 (2): CERTAIN PLANT AND EQUIPMENT OF SPECIFIED BODIES NOT RATEABLE PROPERTY**

*Proclamation By The Governor*

(L.S.) E. J. NEAL

PURSUANT to clause 3 (2) of Schedule 1 of the *Electricity Corporations (Restructuring and Disposal) Act 1999* and with the advice and consent of the Executive Council, I declare that—

- the holder of a prescribed generation licence, prescribed transmission licence or prescribed distribution licence (other than a State-owned company) is a specified body for the purposes of that clause;
- this proclamation does not affect any previous declaration of specified bodies for the purposes of that clause;
- in this proclamation—

"prescribed distribution licence" means—

- a specially issued licence authorising the operation of a distribution network; or
- a licence authorising the operation of a distribution network the operation of all or part of which was previously authorised by a specially issued licence,

whether issued before, on or after the date of this proclamation;

## GOVERNMENT GAZETTE 07/09/2000 (PP.1637)

**"prescribed generation licence" means—**

- (a) a specially issued licence authorising the operation of electricity generating plant; or
- (b) a licence authorising the operation of electricity generating plant if—
  - (i) the operation of the plant was previously authorised by a specially issued licence; or
  - (ii) the plant is situated on the same, or part of the same, parcel of land as that on which electricity generating plant operated pursuant to a specially issued licence is or was previously situated,

whether issued before, on or after the date of this proclamation:

**"prescribed transmission licence" means—**

- (a) a specially issued licence authorising the operation of a transmission network; or
- (b) a licence authorising the operation of a transmission network the operation of all or part of which was previously authorised by a specially issued licence,

whether issued before, on or after the date of this proclamation.

Given under my hand and the Public Seal of South Australia, at Adelaide, 7 September 2000.

By command,

MARK BRINDAL, for Premier

T&F 84/2000 CS

## APPENDIX C: VICTORIAN LEGISLATIVE PROVISION FOR PAYMENTS BY ELECTRICITY GENERATORS

Extracts of the *Electricity Industry Act 2000* and order in Council published via Government Gazette regarding payments from electricity generation entities in lieu of general rates in Victoria are provided below for information purposes.

**Electricity Industry Act 2000**  
No. 68 of 2000  
Part 5—Powers of electricity corporations

**94 Rateability of certain property**

\* \* \* \* \*

S. 94(1)  
repealed by  
No. 23/2009  
s. 14.

- (2) Despite anything to the contrary in the **Local Government Act 1989**, land is not occupied land for the purposes of that Act merely because any pole, wire or cable of a distribution company, transmission company or generation company is on, under or over that land.

---

Authorised by the Chief Parliamentary Counsel

167

Electricity Industry Act 2000  
No. 68 of 2000  
Part 5—Powers of electricity corporations

- 
- (3) The Loy Yang B land is rateable land and an agreement under section 27 of the **Loy Yang B Act 1992** in force immediately before 8 May 1997 has effect as if it had been entered into under subsection (4)(a) of this section.
- (4) Despite anything in the **Local Government Act 1989**—
- S. 94(4)(a) amended by No. 1/2017 s. 10(1)(a).
- (a) a generation company, an associated entity of a generation company or an exempt generator that is liable to pay rates in respect of land used for generation functions may, instead of paying rates in respect of that land, elect by notice in writing given to the relevant council to pay amounts agreed or determined under subsection (5); or
- S. 94(4)(b) amended by No. 1/2017 s. 10(1)(b).
- (b) the relevant council may, by notice in writing given to a generation company, an associated entity of a generation company or an exempt generator that is liable to pay rates in respect of land used for generation functions, require that company, associated entity or exempt generator to pay, instead of rates in respect of that land, amounts agreed or determined under subsection (5).
- S. 94(5) amended by No. 1/2017 s. 10(2).
- (5) A generation company, associated entity or exempt generator that elects to, or is required to, pay amounts under this subsection must pay to the relevant council—
- S. 94(5)(a) amended by No. 1/2017 s. 10(2).
- (a) such amount or amounts as are agreed between the generation company, associated entity or exempt generator and the relevant council, at such times as are so agreed; or
- S. 94(5)(b) amended by No. 1/2017 s. 10(2).
- (b) if, at any time, the amount required to be paid is not the subject of an agreement under paragraph (a) or the prior determination of an



Electricity Industry Act 2000  
No. 68 of 2000  
Part 5—Powers of electricity corporations

arbitrator, such amount and at such times as are determined by an arbitrator jointly appointed by the generation company, associated entity or exempt generator and the relevant council or, if within a reasonable time they fail to agree on such an appointment, by the chairperson of the Victoria Grants Commission as arbitrator or by another arbitrator nominated by that chairperson.

- |   |   |
|---|---|
| (6) In determining an amount required to be paid under subsection (5), an arbitrator must have regard to any methodology prescribed by an Order under subsection (6A).  | S. 94(6) substituted by No. 33/2005 s. 4(1).                            |
| (6A) The Governor in Council may, by Order published in the Government Gazette, prescribe a methodology for determining amounts payable under subsection (5).   | S. 94(6A) inserted by No. 33/2005 s. 4(1).                              |
| (6B) A power may only be exercised under subsection (6A) on the joint recommendation of the Minister and the Minister administering the Local Government Act 1989.  | S. 94(6B) inserted by No. 33/2005 s. 4(1).                              |
| (7) The Commercial Arbitration Act 2011 applies to arbitrations under this section.   | S. 94(7) amended by No. 50/2011 s. 46(Sch. item 5.1).                   |
| (8) Section 221 of the Local Government Act 1989 does not apply in relation to land owned or occupied by a generation company, an associated entity of a generation company or an exempt generator which is land used for generation functions. | S. 94(8) amended by No. 1/2017 s. 10(3).                                |
| (8A) A generation company, an associated entity of a generation company or an exempt generator is deemed for the purposes of this section to be liable to pay rates in respect of land used for generation functions if the generation          | S. 94(8A) inserted by No. 25/2004 s. 9, amended by No. 1/2017 s. 10(4). |

Authorised by the Chief Parliamentary Counsel

Electricity Industry Act 2000  
No. 68 of 2000  
Part 5—Powers of electricity corporations

company, the associated entity or the exempt generator—

- (a) is liable to pay rates in respect of the land under the **Local Government Act 1989**; or
- (b) is liable to pay rates in respect of the land under an agreement with the person who is liable to pay rates in respect of the land under the **Local Government Act 1989**.

(9) In this section—

*associated entity*, in relation to a generation company, means a person to whom an exemption under section 17 applies in respect of an activity relating to the generation of electricity for supply or sale, being an activity for which the generation company holds a licence under Part 2;

*exempt generator* means a person to whom an exemption under an Order made under section 17 applies in respect of the generation of electricity for supply or sale;

*land used for generation functions* means land used primarily for the generation of electricity on which a generation facility is situated—

- (a) whether or not the land consists of more than one parcel of land; and
- (b) if the land consists of more than one parcel, whether or not those parcels are contiguous or in the same ownership;

*Loy Yang B land* means the land shown hatched on the plan in Schedule 2 to the **Loy Yang B Act 1992**;

S. 94(9) def. of *exempt generator* inserted by No. 1/2017 s. 10(5)(a).

S. 94(9) def. of *land used for generation functions* substituted by No. 33/2005 s. 4(2)(a), amended by No. 1/2017 s. 10(5)(b).



Electricity Industry Act 2000  
No. 68 of 2000  
Part 5—Powers of electricity corporations

---

*relevant council* means any council in whose municipal district any land used for generation functions (or any part of that land) is situated.

S. 94(9) def. of *relevant council* substituted by No. 33/2005 s. 4(2)(b).

## ORDERS IN COUNCIL

### Electricity Industry Act 2000

#### ORDER UNDER SECTION 94

#### Order in Council

The Governor in Council, acting under section 94(6A) of the **Electricity Industry Act 2000** (the "Act") makes the following Order:

**1. Objective**

The objective of this Order is to prescribe a methodology for determining amounts payable under section 94(5) of the Act by a generation company or associated entity of a generation company to a relevant council in respect of land used for generation functions.

**2. Commencement**

This Order commences on the date on which it is published in the Government Gazette.

**3. Prescribed methodology**

For the purposes of section 94(6A) of the Act, the prescribed methodology for determining amounts required to be paid under section 94(5) of the Act by a generation company or an associated entity of a generation company to a relevant council in respect of land used for generation functions, is as follows:

- (a) the generation company or associated entity of the generation company shall pay to the relevant council in respect of each financial year:
  - (1) for each power station of the generation company located on the land used for generation functions and within the municipal district of the relevant council, \$40,000, as escalated; and
  - (2) for each MW of the nameplate rating for each generating unit comprising the power station, \$900, as escalated;
- (b) where, in any financial year, the power station operates at an average capacity factor of:
  - (1) less than 10%, the amount otherwise payable under paragraph 3(a), shall be reduced by 50%;
  - (2) between 10% and 20%, the amount otherwise payable under paragraph 3(a), shall be reduced by 25%;
- (c) the amount otherwise payable under paragraphs 3(a) and (b) may be further increased or decreased with the parties' agreement, having regard to other factors presented by the parties and which the arbitrator considers relevant, which may include:
  - (1) the age of the power station, where this may be shown to have a demonstrated effect on the efficiency of the output of the power station; and
  - (2) the impact of the generation company or associated entity on the local area;
- (d) where the land used for generation functions lies within more than one municipal district, the amount determined in accordance with paragraph 3 is payable to more than one relevant council and payments shall be apportioned between each relevant council on a pro rata basis, having regard to the proportion of the nameplate rating of the power station located in each municipal district; and
- (e) the amounts referred to in paragraph 3 may be estimated by the relevant council at the commencement of the financial year, using an estimate of the average capacity factor of the power station for the financial year, and the generation company or associated entity shall pay this estimated amount to the relevant council during the

financial year. If at the end of the financial year the amount estimated by the relevant council is different to the amounts referred to in paragraph 3 calculated using the actual average capacity factor of the power station for the year, then this difference shall be paid by the generation company or associated entity to the relevant council, or by the relevant council to the generation company or associated entity, as appropriate.

## 2. Definitions and Interpretation

### (a) In this Order:

“**nameplate rating**” means the maximum continuous output of a generating unit, expressed in MW; and

“**power station**” means:

- (1) where the fuel source for electricity produced is coal or gas, a generating unit or group of generating units connected to a common connection point;
- (2) where the fuel source for electricity produced is water or wind, a generating unit or group of generating units connected to one or more connection points, but forming part of the same scheme, as determined by the arbitrator, having regard to the scheme ownership structure, relevant planning approvals and environment effects statements.

### (b) A reference to ‘as escalated’ in this Order is to be read as if it means “as adjusted in accordance with the following formula:

$$A_2 = A_1 \frac{CPI_2}{CPI_1}$$

Where:

$A_2$  = the adjusted amount;

$A_1$  = the amount to be adjusted;

$CPI_2$  = the Consumer Price Index: All Groups Index for Melbourne as published by the Australian Bureau of Statistics (ABS) for the March quarter immediately preceding the beginning of the relevant financial year;

$CPI_1$  = the Consumer Price Index: all Groups Index for Melbourne as published by the ABS for the June 2005 quarter.”

### (c) A reference to ‘average capacity factor’ in this Order means the percentage figure determined in accordance with the following:

$$ACF = \left( \frac{SOG}{NR * 8760} \right) * 100$$

Where:

ACF = average capacity factor for a financial year;

SOG = unless otherwise agreed between the generation company and relevant council, the sent out generation for a power station being, the total amount of electricity supplied by all generating units to the transmission or distribution network for a financial year, measured at its connection point or points, in MWh;

NR = the total nameplate rating for all generating units comprising the power station.

Dated 24 August 2005

Responsible Minister

THEO THEOPHANOUS

Minister for Energy Industries

RUTH LEACH  
Clerk of the Executive Council

THIS PAGE INTENTIONALLY LEFT BLANK

**BRISBANE**

Level 5, 131 Leichhardt Street  
Spring Hill QLD 4000  
Australia  
T: +61 (0)7 3831 0577

**MELBOURNE**

Level 13, 200 Queen Street  
Melbourne VIC 3000  
Australia  
T: +61 (0)3 8648 6586

**SYDNEY**

Level 14, 25 Bligh Street,  
Sydney NSW 2000  
Australia  
T: +61 (0) 2 9283 8400

**BANGKOK**

2024/129-130 Sukhumvit 50  
Prakanong Klongtoey,  
Bangkok, Thailand 10260  
T: +66 2 107 0189

**DARWIN**

Level 1, 48-50 Smith Street  
Darwin NT 0800  
Australia  
T: 1300 799 343

**PERTH**

Level 2, 580 Hay Street  
Perth WA 6000  
Australia  
T: +61 (0) 8 6555 4940

**TOWNSVILLE**

233 Flinders Street East  
Townsville QLD 4810  
Australia  
T: +61 (0)7 4771 5550

**SHANGHAI**

46F Hongkong New World Tower  
300 Huahai Road Central  
200021 China  
T: +8621 6135 2310

[aecgrouppltd.com](http://aecgrouppltd.com)

OUTCOME DRIVEN

