

Producers reject rate hike

POTATOES SA

BY ROBBIE DAVIS, CEO

HORTICULTURE and agriculture, potential saviours for the Northern Adelaide Plains, have received considerable attention as growth sectors and increasing contributors to the state's gross domestic product.

Last month, the City of Playford released a Rates Policy Review, which proposes \$636,000 a year in residential rates relief, meaning slightly cheaper bills for two-thirds of homeowners. Commercial property owners would also collectively pay \$2.5 million less in rates each year.

But rather than reduce spending to deliver the cuts, the Council is recommending that rate payers engaged in primary production be hit with a considerable rate hike as an option to redress its high commercial rates in a revenue shifting exercise. There would also be rate increases on vacant land.

All in all, the Council would collect \$74.5m in rates in 2017-18, up \$3m compared with this financial year. Has everyone forgotten



Potatoes SA is the voice for seed producers, growers, fresh market, packers, processors, marketers, exporters, wholesales and retailers.

the devastating floods late last year? Who was affected the most? That's right - primary producers!

Horticultural enterprises are labour intensive and asset rich, but are comparatively low margin and cash poor businesses. Average farm profitability in this sector is \$100,000 a year, with much of the capital tied up in high value crops and assets. This is accompanied by significant wages and the high costs of water and power.

At a heated Playford Council consultation meeting last month, more than 500 producers protested against these potential rate rises.

The council has received more than 800 submissions on the Rates Policy Review.

Potatoes SA delivered and presented a submission and strongly advising the following:

■ Option 1 of the Rating Policy Review Consultation Paper as it is presently proposed is contrary to Section 158(2)(d) of the Local Government Act 1999 and cannot lawfully be carried out, eliminating Option 1 as a course of action.

■ There is no objection to the premise of lower rates for commercial/industrial

properties but question why it is proposed that the impact falls on 4468 properties (vacant land, primary production and other - average increase \$711) rather than 38,348 properties (residential, vacant land, primary production and other - average increase \$66).

■ The issue of equity in taxation has been lost in the development of a solution to the over-taxing of commercial and industrial properties at the expense of primary production, vacant land and other properties.

■ The preferred option is Option 3 - no change, for the present, with the City of Playford going back to the drawing board and re-assessing, from a strategic perspective, how it will rate its community equitably.

It is clear that the very high commercial and industrial rates are an issue for the City of Playford. But shifting a high rate burden from one class of ratepayers to another class of ratepayers is not an equitable solution.



A Playford Council proposal to overcome high commercial rates by lifting charges for primary producers has been heavily criticised by the horticulture industry.