

Fact Sheet 03

About Council Rates



Local
Government
Association
of South
Australia

These sheets and more
information available at
www.lga.sa.gov.au

July 2012

Local Councils provide a wide range of services for the benefit of the community, including managing and maintaining expensive infrastructure such as local roads, libraries, sporting grounds and recreation centres, parks and playgrounds, and street lighting, as well as providing services such as planning and development assessment, waste collection, information and economic development.

In setting rates, Councils are governed by the Local Government Act 1999 (the Act), which provides flexibility for Councils to make decisions that suit their local community. As a result, the way one Council structures its rates may differ from another Council. However, no matter what Council, your rates will reflect the cost of services provided to your community.

Council Rates and the Budget Process

Each Council develops publicly available plans, including long-term financial and infrastructure plans. They set the long-term objectives and priorities for the community. Councils also prepare annual business plans, which outline programs and outcomes to be achieved for the year. The plans include income sources, infrastructure needs, service needs and what the Council believes the community can afford in rates.

Unlike other governments, Councils release their Annual Business Plan and budget for community consultation prior to being adopted by Council.

Consultation influences the annual budget that is presented to Council for consideration and adoption. The budget can only be set at Councils meetings, which are open to the public.

Rates are based on Property Values

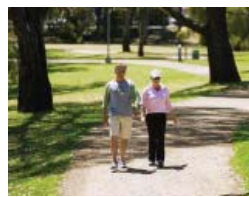
In South Australia, Council rates are a form of property taxation and property values. Rates play an important part in determining how much each ratepayer will pay. Rates are not a fee for services provided to individual ratepayers but a tax. Generally the Act expects that the higher the value of the property the higher the rates to be paid. For example, a person with a property valued at \$150,000 will contribute less than someone with a property valued at \$300,000 in the same Council area.

Property values are, in most cases, set by the State's Valuer-General based on the value of the property on 1 January of each year. Ratepayers can object to a valuation if they believe it is inaccurate (see Fact Sheet 4 for more information).

Determining who pays how much

Having determined the budget, Council then divides the portion of the budget to be raised from rates by the sum of all property values in its area to arrive at what is called a 'rate in the dollar'. Each individual property value is then multiplied by the 'rate in the dollar' to produce the rates bill for the property. The total rates paid by the community will equal the amount set in the budget.

A Council Services Story: On Saturday morning, you wake up and decide to cycle down the **road** to the **beach** for a quick swim and take a walk along the **jetty**. Heading home along the **bike-path**, you decide to stop by your **local library** and browse on the **internet** and check out that **book** you have been meaning to read. Later on you head down to the local **oval** to watch a game of footy and use the **community grill** to have a BBQ with a few friends as the kids play on the **playground** in the **park** nearby.



FACT SHEET 03 ABOUT COUNCIL RATES



Determining who pays how much (continued)

The rate in the dollar is reviewed annually to ensure it only raises the budgeted amount required. Valuations do not determine the rates income of a Council and as a result, Councils do not gain windfalls from valuation increases.

Rating options available to Councils

Councils work hard to ensure that rates are kept to a reasonable level, while maintaining essential infrastructure and services. They also seek to ensure that rates are applied across the community as fairly as possible. To assist in making the impact of rates fairer to the community, Councils have a number of options that they can use in determining how rates will be structured. These include:

Single rate – The same rate in the dollar is applied to all properties no matter what the land is being used for or where it is located.

Differential general rates – A Council may charge a different rate in the dollar depending on whether the land is used for residential, commercial, primary production or other purposes. Different rates can also be used for different areas within a Council, such as between townships and rural areas, or they can be applied according to both the use and location of the land.

Minimum Amount – Provides a mechanism where lower valued properties do not pay less than a minimum amount as determined by the Council. Typically, only a small number of all properties – no more than 35% - pay a minimum amount.

Fixed Charge – This is an alternative to the Minimum Amount and ensures all rateable properties pay a base amount to the cost of administering Council activities and maintaining the services and infrastructure that supports each property. Rates based on values are then applied in addition to the fixed charge.

Tiered Rates – Provides a Council the opportunity to alter the rates for properties within specific valuation ranges. This may be used where a relatively small number of highly valued properties lie within an area of comparatively lesser-value properties such as a coastal strip.

Separate rate – A valuation-based charge that is for a specified purpose within part

of the Council area such as main street improvement programs.

Service charge – An additional charge for a specific service such as common effluent schemes, which may not be valuation based.

Information available to ratepayers about rates

Each year, following public consultation, Councils adopt an Annual Business Plan. This is a public statement of the intended programs and services and what the Council believes the community can afford in rates. A summary of the Annual Business Plan is included with your rates notice along with information on where to view the full plan.

Once a Council sets its rates for the year, it sends out a rates notice advising the amount, the date for payment and how the rates can be paid. Rates are payable quarterly and penalties apply for late payment.

Hardship

People experiencing difficulty in paying their rates should contact their Council as they may agree to more flexible payment arrangements for those who have difficulty meeting quarterly payments.

Under the legislation that governs Councils, fines must be imposed when the quarterly amounts are not paid in full by the due dates – but by paying small amounts on a regular basis it gradually reduces the amount outstanding leaving only a small balance to pay on the due date. This will help to minimise or eliminate any fines.

Where people are in genuine financial hardship, Councils have some capacity to provide assistance through remissions.

State government - rate concessions

Pensioners and holders of other state concession cards may be eligible for state concessions to be paid toward their rates. Council does not determine eligibility for state concessions.

Postponement of rates

Councils now allow ratepayers who hold a State Seniors Card the option of lifetime (or until the property is sold) deferral of part of their rates bill. Councils can agree to more flexible payment arrangements for people who have difficulty meeting quarterly payments.