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Local
Government
Association
of South
Australia

About Council Rates

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. These services are outlined in Fact Sheet 1, while Fact Sheet 2 outlines the framework, standards and challenges Councils must meet in providing them.

One of the ways in which Councils fund these services is through their statutory power to charge "council rates". The only tax available to Councils in SA, it accounts for the largest portion of Council funds. Fees and charges, and grants from Federal and State governments make up the balance.

In setting rates, Councils must adhere to the Local Government Act 1999 (SA). The Act allows flexibility for Councils to make decisions that suit the local community. As a result, the way one Council structures its rates may differ from another, with the level of rates overall reflecting the varying costs and services provided to the local community.

Council Rates and the Budget Process

Each Council develops strategic plans (which include long term financial management plans and infrastructure and asset management plans) that are publicly available and set the long-term objectives and priorities for the community. Councils also prepare annual business plans which are a statement of intended programs and outcomes to be achieved for the year. The plans include consideration of income sources, infrastructure needs, services to be provided and what the Council believes the community can afford in rates. Councils consult with the public prior to adopting the annual Business Plan.

This information influences the annual budget that is presented to Council for consideration and adoption. Council budgets are available to the public and are set at meetings which are open to the public.

Rates are based on Property Values – A Property Tax

In South Australia, Council rates are a form of property taxation and property values play an important part in determining how much each individual ratepayer contributes. As it is a system of taxation the rates paid may not directly relate to the services used by each ratepayer. Generally the Act expects that the higher the value of the property the higher the rates to be paid.

Property values are, in most cases, set by the State's Valuer-General. Ratepayers can object to a valuation if they believe it is inaccurate (please see Fact Sheet 4 for more information).

Determining who pays how much

Having determined the budget the Council then divides that portion of the budget to be raised from rates by the total of all individual property values in its area to arrive at what is called a "rate in the dollar". In this way it can multiply the "rate in the dollar" by individual property values to produce the rates bill for each property and know that in total, rates paid will equal the amount set in the budget to be raised from rates.

A person with a property valued at say \$150,000 will contribute less than someone with a property valued at \$300,000 in the same Council area. The Council must review the rate in the dollar annually to make sure it only raises the budgeted rate revenue requirement. As a result of this, Councils do not, therefore, gain windfalls from valuation increases. Valuations do not determine the rates income of a Council but are used only to divide the total rates amount among individual ratepayers.

THIS IS ONE OF FOUR FACT SHEETS

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About Council Rates

Rating options available to Councils

Councils work hard to ensure that rates are kept to a responsible level, consistent with meeting local community requirements for maintaining essential infrastructure and providing 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:

1. **Single rate.** With this simple system, the same rate in the dollar is applied to the value of all properties irrespective of what the land is being used for or where it is located.
2. **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 locations in a Council area, such as between townships and rural areas, or they can be applied according to both the use and location of the land.
3. **A minimum amount.** This provides a mechanism by which lower valued properties pay not less than a flat (minimum) amount determined by the Council. Generally, only a small portion of all properties – no more than 35% – pay a minimum amount.
4. **Tiered rates.** A Council may adopt a “tiered” rating scale where the rates can be altered for properties within specified valuation ranges. For example, the rate in the dollar may be slightly reduced for the proportion of a property’s value above a certain threshold amount. This is sometimes used where a relatively small number of highly valued properties lie within an area of comparatively lesser-valued properties such as a coastal strip.
5. **A fixed charge.** Under this system some revenue will be raised by first applying a fixed charge (a flat amount) to all ratepayers. This ensures that everyone contributes an equal base amount. The remaining revenue is then collected from all ratepayers based upon the value of each ratepayer’s property so there are two elements to the rates payable.

Councils may also use a separate rate (for a specified purpose within part of the Council area such as main street improvement programs) or a service rate or service charge (for a specific service such as common effluent schemes).

Councils are also able to limit increases in rates for some properties.

Information available to Ratepayers about Rates

Each year, 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 or invoice advising of the amount, the date for payment and how the rates can be paid. Rates are payable quarterly and it is important to note that penalties apply for late payment. Local Government is the only sphere of government to send you a total statement of your tax liability for the year before your payment is due.

Queries, concessions and hardship

If you have a problem with your rates, you should first read your rates notice carefully to ensure you understand the choices the Council has made and the options available to you. The notice, rating policy (and Fact Sheet 4) will identify how you can challenge your valuation. If eligible, you should apply for State-Government funded pensioner and self-funded retiree concessions.

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. If you are in genuine financial hardship Councils also have some capacity to provide assistance through remissions.

If you have concerns, you should contact your Council. Each Council has available a formal review process. Remember, Local Government is democratic. If you think your Council can improve any aspect of the rating system or wider Council operations you can tell them. Council Members are democratically elected and face the community in elections every four years.

