



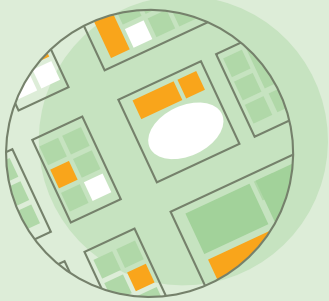
01



## Council Services

The range of services provided by your local Council is decided in response to the needs and priorities of your community. Councils provide a wide and diverse range of important services. Services can vary greatly from one Council area to another depending upon the area's location and size, geographic features, development and growth patterns, its population profile and community expectation.

This is the first of four fact sheets – Fact Sheet 2 looks at how services are arranged and funded, Fact Sheet 3 the rating system and Fact Sheet 4 valuations.



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It's a typical Sunday – you've been down at the **beach** swimming and walking along the **foreshore**, and are heading home, riding along the **roads** and **bike-path** when you decide to call into your local **library** to use the **internet** and borrow some **books** and **CDs**. That afternoon you watch a game of footy at the local **oval** after having a **BBQ** with a few friends as the children play on the **playground** in the nearby **park**, and walk home on **footpaths** under the **street lights**.

Most of the activities for the day involved the use of facilities maintained or provided by the **local Council**. Many more essential services provided by Councils such as **stormwater drainage** are virtually invisible.

The 68 Councils in SA together spend around \$1 billion a year, about half of which goes on roads and drainage, waste collection, disposal and recycling, recreation and cultural activities and on library and information services.

### What Councils must do

Mostly Councils decide what services they will provide locally. However, there are some services that Councils are required to provide by legislation. These include:

- planning and development services, including building safety assessment;
- some environmental health services, such as ensuring standards are maintained in public swimming pools;
- fire prevention (some building inspection, and some bushfire prevention planning functions are a duty, others are discretionary);
- dog management; and
- some administrative requirements, such as preparing and implementing strategic plans for the area, maintaining an office, employing a Chief Executive Officer and supporting the elected Council.

### What Councils do by choice

Other services provided and activities undertaken or funded by many Councils in SA include:

- Immunisation
- Libraries
- Control of public nuisances
- Monitoring of unsanitary conditions
- Control of pest animals and plants
- Food safety inspections

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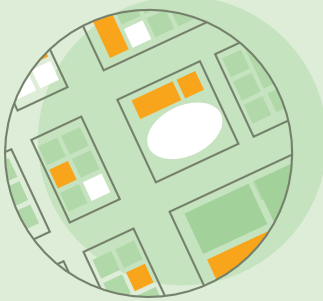
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## Council Services

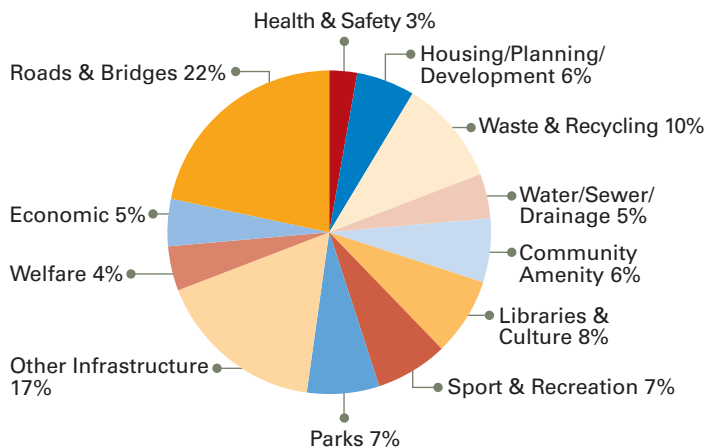


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- Local Roads
- Footpaths
- Stormwater drainage & reuse
- Parks and gardens
- Street lighting
- On street parking
- Traffic management
- Reserves and picnic areas
- Recreation facilities and centres
- Ovals
- Public swimming pools
- Rubbish collection and disposal
- Recycling
- Information services
- Free internet in libraries
- Community centres
- Skate parks
- Community development programs
- Arts and cultural programs
- Online services
- Community services such as Home and Community Care
- Employment/Training Programs
- Economic Development
- Tourism information and support
- Community buses
- Environmental management
- Festivals and events
- Youth Advisory Committees
- Caravan Parks
- Cemeteries
- Wetlands
- Local Museums and Heritage support
- Coastcare and Dunecare projects
- Business support
- Local Area Water Catchment Plans
- Landcare programs
- Dry zones
- Aged care
- Cycling tracks
- Crime prevention
- Community leadership and advocacy
- Community Wastewater Management Systems (CWMS)

Whether a service is a legislative requirement of Councils, or is provided by local choice, the Local Government Act requires that a Council is "responsive to the needs, interests and aspirations of individuals and groups within its community..." and that it must "...seek to ensure that Council resources are used fairly..." (Section 8, (b) and (h)).

### Council Expenditure Areas



Source: ABS 1999/00

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## Funding Council Services

The services provided by Councils (outlined in Fact Sheet 1) must be funded properly and delivered in ways that meet community standards, including those required by State and Federal laws. Councils in SA must operate within the framework created by the Local Government Act 1999 (SA), and the Local Government (Elections) Act 1999 (SA) and other laws.

This is one of four fact sheets – others look at services provided by Councils, the rating system and valuations.

State legislation requires an elected Council to respond to community needs and to provide leadership, services and facilities. The Council must establish Strategic Management Plans (which include long term financial management plans and infrastructure and asset management plans) and a budget, appoint staff to implement the plans, and provide an Annual Report on progress in implementing the plan, financial outcomes and achievement of targets. Councils hold open meetings, publish a range of policies, are subject to Freedom of Information laws and severe penalties apply if members do not disclose any personal interests they have in matters for decision by Council. Councils must also provide a safe workplace for staff and act to minimise liabilities to the public. This helps avoid injuries to staff and the public and the costs that go with them.

Councils are limited to one tax – Council rates – to fund their services and activities. Council rates are the main source of revenue for Councils and account for about 60% of Councils' income. Fact Sheet 3 describes the rating system in more detail. Additional income in the form of user fees and charges (such as building/planning application fees) makes up about another 20%, while grants from the Commonwealth or the SA Government account for about 16% of Council income. Given the high cost of building and maintaining roads, drains, sporting facilities, libraries and other amenities, Councils also borrow funds to invest in infrastructure assets. SA Councils have very low net debt.

### Cost Shifting and Expanding Services

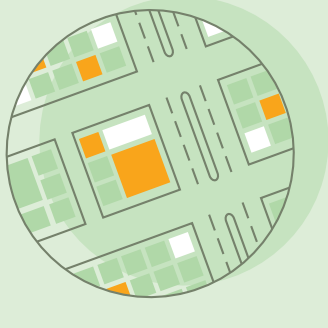
One of the challenges Councils face is that they are a last resort for the community to provide government support. Sometimes Federal and State governments pressure Councils to fund services. Sometimes Councils are pressured by the community to pick up service gaps left by Federal and State governments. And sometimes Federal and State governments create laws adding responsibilities to Councils. These pressures on Councils, when new responsibilities aren't accompanied by extra funding, are generally termed 'cost shifting' and have been the subject of a recent Federal Parliamentary inquiry.

A graphic example of this is the recent campaign to immunise children against the deadly Meningococcal-C virus. The Commonwealth provides the expensive vaccine for free and an SA Government subsidy helps to offset staff and other costs. But Councils, which deliver the program in schools, are left with a gap that can only be funded from Council rates.

There is no doubt that Councils are providing more services to a higher standard today across South Australia. Kerbside recycling is available in most areas alongside traditional rubbish collections. There is free internet access in all libraries. Significant trees are now regulated. More cycle tracks and skate parks have been developed. More wetlands filter stormwater and help the environment. More business support services are available. Councils spend more time helping Federal and State governments to understand the local impact of their policies.

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**Funding Council Services**

Council services are better planned and delivered than 30 years ago. They meet higher safety standards for staff and for the public, as well as higher environmental standards. Councils today provide more services – and to a higher standard – but it comes at a cost.

A particular challenge facing Local Government is a shortfall in revenue required to maintain the \$10 billion of community infrastructure under its care and control, over the next 25 years. A recent study estimated the funding gap at about \$100m a year at current value.

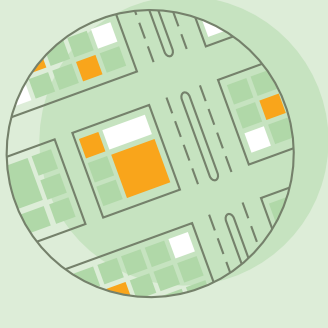
Councils and the LGA are doing everything in their power to manage the situation effectively, including lobbying Federal and State governments for greater assistance.

Local Government in South Australia is typified by:

- high standards of operational competence and accountability;
- sharing resources, working consultatively and cooperatively with other Councils and other spheres of government;
- low net debt and conservative management of finances; and
- expanding roles to respond to community demands and service gaps.

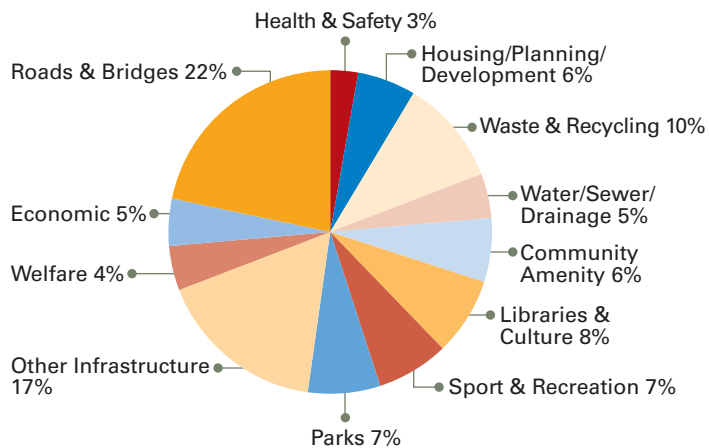
Local Government is also the only sphere of government that provides your total annual tax bill in one statement in advance.

Local Government commissioned an independent inquiry into its financial sustainability in 2005 and its report is available on [www.lga.sa.gov.au/goto/fsp](http://www.lga.sa.gov.au/goto/fsp)



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**Council Expenditure Areas**



Source: ABS 1999/00

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## 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.

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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.

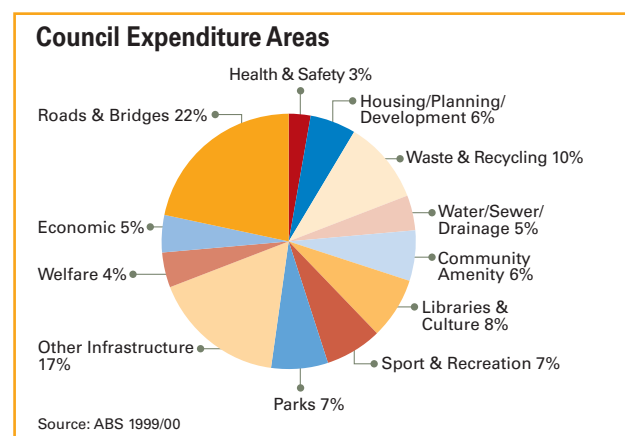
Once a Council sets its rates for the year, it sends out a rates notice or invoice advising of the amount, the date for payment and how the rates can be paid. Rates are payable quarterly and it is important to note that penalties apply for late payment. Local Government is the only sphere of government 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.





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## Valuations

Fact Sheet 3 outlines the role valuations play in distributing rates between ratepayers. It also makes clear that valuation increases have no impact on the total rates income of a Council but do impact on the proportion of rates paid by individual ratepayers.

This is one of four fact sheets – others look at how services are funded, the rating system and the broad range of Council services to the community. The information in this sheet is derived from a publication of the South Australian Valuer-General and his support is acknowledged.

The Valuer-General currently values all properties each year. Under the Local Government Act Councils can choose to obtain valuations from the Valuer-General or a valuer under the Land Valuers Act. All but two Councils used only valuation data purchased from the SA Valuer-General in 2005/06.

In Australia, and in other countries, taxes are raised from a variety of ways of earning, holding or spending wealth. This ensures that people can't avoid paying a fair share by choosing to hold their wealth in a particular form and also serves to balance the impact of taxes. Income, Company profits and Sales (GST and, in some instances, stamp duty) are the primary sources of tax revenue in Australia. Local Government in all western countries is able to tax the value of property.

In SA property rates are the only tax available to Councils. Councils are able to use site value (land excluding structural improvements), capital value (land including improvements) or annual value (rental value) for rating purposes. Most Councils use capital value. Each Council must have a rating policy and with this document must state why it has chosen capital, site or annual value. The Valuer-General determines both site and capital values on an annual basis.

Generally your Council rates notice will be the first advice you receive each year of the current value of the property. This notice will advise which basis of value the Council uses (capital, site or annual).

### How is your value determined?

Under the Valuation of Land Act 1971, the Valuer-General revalues every property in South Australia every year. Sales of all property types are analysed to determine market movements, if any. This analysis of sales happens throughout the year and occurs both for site (land) values and capital (improved) values. Different market movements can occur among varying property types and locations.

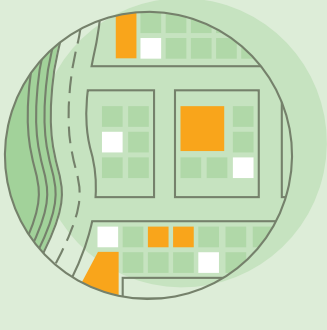
A property database, central to the valuation process, is kept of all properties within the state and is updated each year. The database includes information on land use (such as residential, commercial, industrial) and the physical details of the land and improvements (such as building size, construction and condition).

This information is updated regularly with changes identified from a range of sources, including development approval information from Councils and manual inspection programs by valuation field staff.

This property value is then calculated by comparing the property data for your property to that for other similar properties which have sold with adjustments being made for any differences.

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## Valuations

### 'Actual use' concessions

All valuations are based on the highest and best potential use of the property (if there is a single house on the land but zoning would allow it to be divided for home units, then consideration is given to the value the land would achieve if sold for units).

However there are instances in which valuations made for rating and taxing purposes have regard for the 'actual/current use' of the property. This applies where the land is used solely as the owner's principal place of residence (home), or is genuinely used for the business of primary production, or is an item on the State's Heritage List. In these cases a 'notional value' is assigned to the property.

If you believe your property falls into one of the above categories and its actual use would result in a lower value than the alternate use, you should write to the State Valuation Office outlining your case. If your property has been given a 'notional value' because of actual use – and your circumstances change – then you must notify the Valuer-General within 28 days.

### Objecting to your valuation

If you believe the valuation of your property is incorrect, you should write to the Valuer-General (or as directed in the rates notice) within 60 days of receiving notification, stating the grounds for your objection. One guide in looking at making an objection is whether you think your property would receive offers or could be sold for the value set, if you wished to sell it.

A written objection should include the address of the property, your contact phone number and details of any improvements on the property, along with evidence of local property sales of a similar type.

Objection forms can be obtained from the State Valuation Office or can be downloaded from the website <http://www.landservices.sa.gov.au>. Check your rates notice for details about how to object if a Council valuer is involved.

If you are not satisfied with a decision of the Valuer-General or a Council valuer about your objection you may, within 21 days, seek a review by an independent valuer. Fees apply for undertaking reviews and advice of applicable fees can be obtained from the State Valuation Office (or the Council valuer).

Should the independent valuer determine the value should be varied by more than 10% of the Valuer-General's or Council valuer's valuation, that value will be adopted and the fee refunded.

The Valuer-General advises that this information should be read in conjunction with the Valuation of Land Act 1971 as amended.

### Contact Information

#### State Valuation Office

**Postal:** GPO Box 1354, Adelaide SA 5001.

**General Enquiries:** 1300 653 346

**Objections to Property Value:** 1300 653 345

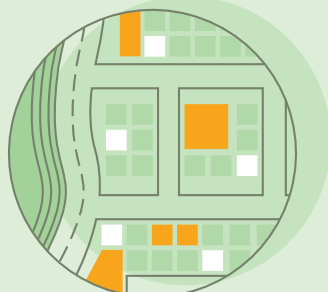
**Email:** [lsg.objections@saugov.sa.gov.au](mailto:lsg.objections@saugov.sa.gov.au)

**Website:** <http://www.landservices.sa.gov.au>

#### Councils

Check your rates notice for information about the best way to contact your Council.

Alternatively, maps of Council boundaries and an address search function, along with contact details for each SA Council, can be found at the following website: <http://www.lga.sa.gov.au>, along with more information about Council rates and services.



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