

INFORMATION SHEET

This sheet has been prepared solely to assist discussions during the Local Government/Aboriginal Service Agreement Project and is to be used only as a guide (updated March 2006).

LOCAL GOVERNMENT RATES

- Local Government councils are given the power to raise rates under the *Local Government Act 1999*.
- Council rates are a tax on property. Rates provide a significant part (but not the only part) of a council's revenue.
- Each year, a council must prepare a draft annual business plan, and consult with its communities on the draft plan. Consultation is very important because the council has the power to raise the revenue it requires to carry out its annual business plan. The annual business plan should reflect the needs of local communities.
- Each council provides a range of services for its local area. Different local areas have different priorities and each council has the responsibility for weighing up and making decisions about local service needs.
- After consulting with its communities on its draft annual business plan, the council must finalise its annual business plan, and declare:
 - how much it will raise through rates for the following financial year, so that it can provide an appropriate level of services for its area;
 - how the total rates will be distributed within the council area; and
 - to what extent it will offer discretionary rebates and remissions to its ratepayers.
- It is a common misconception that rising property values cause rates to rise. The overall amount collected is not set by property values – it is set by the council as part of its annual business plan. Changes in property values only change the distribution of the overall rate burden between ratepayers.
- Local Government rates are not fees for services. Council rates are a system of taxation, so the rates paid do not directly relate to the services used by each ratepayer.
- However, in addition to rates, councils can set annual service charges. Service charges are fees for services. Service charges may be imposed (in addition to rates) for the removal of wastewater and other rubbish, and (in some regional communities) for TV re-transmission services, when those services are provided to ratepayers as part of the council's annual business plan.