

**Circular No 4
October 1999**

**Rates and Charges
Chapter 10**

“The planned date of commencement of the Local Government Act 1999 is 1st January 2000, part way through the rating year. However Councils will not need to make any adjustments to their rating systems for the 1999/2000 rating year. Transitional arrangements will be made to avoid any difficulties that may arise due to the commencement of the new Act part way through the rating year.”

Chapter 10 of the *Local Government Act 1999* (“the 1999 Act”) sets out the provisions under which councils impose rates and charges. A summary of these provisions is provided in this circular.

Transitional Arrangements

The *Local Government (Implementation) Bill 1999* (which was introduced into Parliament on 29 September 1999) includes the following transitional provisions:

- **the 1999 Act does not affect the declaration or operation of a rate made under the 1934 Act;**
- any process or proceeding for the recovery of a rate commenced under Part 10 of the 1934 Act that has not been finally completed at the commencement day may be continued and completed under the 1999 Act;
- a remission or postponement of rates granted by a council before the commencement day will continue as a remission or postponement under the 1999 Act (until varied or revoked by the council)
- bodies exempt for 1999/2000 from rates by proclamation under s168(2)(h) of the 1934 Act, will remain exempt until 30 June 2005, provided the relevant land continues to be used (wholly or predominantly) for the purposes for which it was being used on 1 July 1999.

It is also contemplated that transitional regulations will be made to:

- clarify that rate exemptions or rebates under Chapter 10 (Division 5, Part 1) of the 1999 Act will not apply to a rate declared under the 1934 Act;
- specify that section 179 of the 1999 Act, dealing with rates liability if land is not rateable for the whole of the financial year, only applies to rates declared under the 1999 Act and not those declared under the 1934 Act;
- specify that the fines and interest rate provisions set out in section 181 of the 1999 Act apply from 1 July 2000 and, until that date, the fine and interest rate provisions as set in section 184 of the 1934 Act continue to apply.

The Rates and Charges provisions

The system of rating set out by the 1999 Act provides additional flexibility to councils in setting their rating structures. The Act provides for the use of a rate based on land value, a fixed charge, or a combination of the two as the basis for the council’s general rates declaration. There is no limit on the amount of rate revenue able to be obtained from the fixed charge.

The current range of rates and charges on land which councils may impose is retained (section 146), including general rates, differential rates, separate rates, service rates and service charges.

Councils will be required to provide detailed information to their local communities on the policy basis, structure and impact of their rating systems, through an annual rating policy (section 171), and a summary of this information is to be included with annual rate notices. Some councils may already use a model rating policy document.

A new framework (Division 5) is introduced for rate rebates for land used by eligible community service organisations, replacing the process of annual proclamation of rate exemptions for "charitable organisations".

Other major changes introduced by the new Act include:

- only one fixed charge to be applied to non-contiguous land which is used as a "single farm enterprise" (section 152);
- councils can impose a service rate or charge for the collection and management of waste, including recycling (section 155);
- by 2001/2002, councils are required to provide ratepayers with the option of quarterly instalments without surcharge for the payment of rates (section 181(14));
- the 35% minimum rate limitation is varied to allow councils to use a "two tier" rating arrangement (section 158);
- clarified and extended Council powers to make targeted decisions to support local business development, through rate rebates or deferment (section 166);
- councils can use more than one source of valuation across their area, provided that sector-wide standards are met and that the source of valuations for all properties falling within a particular land use category is the same (section 167);
- the level of fine that may be imposed on rates not paid by the due date is reduced from 5% to 2%. The imposition of interest on interest already imposed is prohibited (section 18 (18)).

Regulations

It is contemplated the following two new rating Regulations will be made:

- the information to accompany or be contained in a rates notices, and
- a form enabling a person objecting to a council valuation, to request that the council refer the valuation to the Valuer-General for review.

The substance of the current rating Regulations will be re-enacted.

Combination of Valuations

Councils considering the adoption of a combination of valuations made by the Valuer – General and valuations made by a private valuer for 2000/2001 will need to comply with section 167 (3)(c).

This requires that all land within a particular land use category declared by the regulations as a permissible differentiating factor **must** be subject to valuations from the same source and not to a combination of valuations. It is proposed that the land uses which councils may use as permissible differentiating factors for rating purposes will remain the same as those set out in existing regulations, pending the current review of the Valuation of Land Act.

Affected Councils may wish to review any current contractual arrangements with their valuers to ensure compliance with section 167(3)(c).

NB: The publishing by the Valuer-General of standard guidelines or policies (section 167(3)(b) is likely to take place after 1 July 2000 for the rating year 2001/2002 and onwards.

Do you have other transitional rates and charges issues not covered by this circular or need further information? For advice or assistance in relation to this circular or the new Local Government legislation please contact us at:

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