

**2006**

**The Legislative Assembly for  
Australian Capital Territory**

**Rates Amendment Bill 2006**

**Explanatory Statement**

**Circulated by authority of  
the Treasurer  
Jon Stanhope MLA**

## **Rates Amendment Bill 2006**

### **Summary**

The *Rates Amendment Bill 2006* amends the *Rates Act 2004* to allow the introduction of a fire and emergency services levy.

### **Overview**

The 2006-07 ACT Budget announced the introduction of a levy to assist in meeting the costs associated with the provision of fire and emergency services to the ACT community.

From 1 July 2006, a fire and emergency services levy will be imposed on all rateable properties. For all rateable residential and rural properties, a fixed charge of \$84 will apply. A fifty per cent rebate is provided for all eligible pensioners who own rateable residential or rural land.

The levy will be imposed upon rateable commercial properties as a percentage of the average unimproved value of the property that exceeds the threshold amount of \$22,000.

Properties that are not rateable under section 8 of the *Rates Act 2004* will not be liable for the fire and emergency services levy. This will ensure that owners of certain parcels of land, such as the sites of churches, hospitals or schools, will not be required to pay the levy.

The Bill links the levy to existing provisions in the *Rates Act 2004* so that the levy can be collected with general rates for the property. This will allow all property owners to access a three per cent discount if the levy is paid in full, on or before the due date. For those who are unable to pay in full, quarterly instalments will be available (as for rates).

Deferment of the levy liability is available to eligible property owners, with the benefit of a low rate of simple interest on the deferred amount, rather than compound penalty interest on an unpaid debt.

The levy is also linked to the enforcement provisions contained in the *Rates Act 2004* which allow for the imposition of interest on a monthly basis and includes the levy as a charge on the land to secure outstanding debts.

### **Financial Implications**

The Fire and Emergency Services Levy is expected to raise \$20 million in 2006-07.



## Details of the Rates Amendment Bill 2006

**Clause 1 - Name of Act.** This clause names the Act as the *Rates Amendment Act 2006*.

**Clause 2 - Commencement.** The Act commences on 1 July 2006.

**Clause 3 - Legislation amended.** This Act amends the *Rates Act 2004*.

**Clauses 4, 5 and 6 -** These clauses omit unnecessary references to section 14 of the *Rates Act 2004* and have no impact on the operation of the Act.

**Clause 7 - New section 69A.** A new section 69A is inserted into part 8 of the *Rates Act 2004* that allows the imposition of levies and the application of the *Rates Act 2004* to levies under Schedule 1.

**Clause 8 - New schedule 1.** This clause inserts Schedule 1, relating to the imposition of levies, into the *Rates Act 2004*.

### **Part 1.1 Imposition of levies**

- Section 1.1 relates to the fire and emergency services levy.
- Sub section (1) imposes the levy on parcels of rateable residential and rural land as a fixed charge.
- Subsection (2) imposes the levy on rateable commercial land according to a percentage of the average unimproved value that exceeds the threshold amount.
- Subsection (3) describes the components used to calculate the levy that are contained in sub sections (1) and (2). The note allows different fixed charges, percentage rates and threshold amounts to be determined for residential land, commercial land and rural land.

### **Part 1.2 – Application of Act etc**

- Section 2.1 allows the application of certain provisions (the applied provisions) in the *Rates Act 2004* to levies.
- Sub section (1) lists the applied sections for the purposes of the levy. These provisions are:
  - (a) section 15 (Rates for part of year), which applies if a parcel of land becomes, or ceases to be, rateable during a year;
  - (b) section 16 (Owner to pay rates), which states that rates are payable to the commissioner by the owner of the parcel.
  - (c) section 17 (When are rates payable?), which describes how the payment date for rates is derived.
  - (d) section 18 (How may rates be paid?), describing the various ways in which rates may be paid (including on or before the due date with a three per cent discount or by instalment).
  - (e) section 19 (Payment of rates by instalments), which describes how the payment dates and times are established for ratepayers who elect to pay their rates notice by instalments.
  - (f) part 4 (Enforcement), setting out the actions that can be utilised in cases where ratepayers fail to pay a rates liability. These actions include the

- imposition of interest, making rates a charge on the land to secure the debt and the renting out, or sale, of a property on which outstanding rates are due.
- (g) section 28 (Unit subdivisions), describing how units that are part of a unit subdivision are treated for the purposes of the *Rates Act 2004*.
  - (h) section 29 (Unit subdivisions—rates), imposing rates on units that are part of a unit subdivision as if the unit were a parcel of land and providing a formula to calculate the rates liability for units.
  - (i) section 39 (Reassessment—completion of development), which gives the commissioner the ability to make a reassessment on certain parcels of land that are being developed for both commercial and residential purposes.
  - (j) section 40 (Reassessment—noncompletion of development), allowing the commissioner to make a reassessment on certain properties that are being developed for both commercial and residential purposes when they cease to be qualifying parcels because of certain circumstances listed in section 36 of the *Rates Act 2004*.
  - (k) part 6 (Exemptions, remissions and certain interest payments), which provides certain exemptions and remission powers.
  - (l) part 7 (Deferral and rebates) (other than section 63 and section 64), which provides deferrals and rebates from rates for eligible ratepayers. Sections 63 and 64, providing capped and non-capped rebates for rates, are excluded because a separate rebate for levies is provided in Schedule 1.
  - (m) section 76 (Certificate of rates and other charges) which requires the commissioner to provide a certificate of rates and other charges on application; and
  - (n) any other provision prescribed by regulation.
- Sub section (2) is a technical provision that links the administration of the levy to existing provisions in the *Rates Act 2004* (the applied provisions above). It provides that a reference to rates contained in the applied provisions includes a reference to a levy imposed under Schedule 1 as if any other necessary changes, including changes prescribed by regulation, were made.
  - Sub section (3) ensures that sections 15, 16, 17, 18 and 19 of the *Rates Act 2004*, as applied by section 2.1 of Schedule 1, are subject to part 5 (Unit subdivisions) of the *Rates Act 2004*.
  - Section 2.2 relates to references to rates contained in an instrument, other than a statutory instrument (such as a disallowable instrument) made under the *Rates Act 2004* or the *Taxation Administration Act 1999*, which should be read to include a reference to a levy imposed under this schedule. The term instrument is defined in the *Legislation Act 2001* as any writing or other document.

### **Part 1.3 – Other provisions about levies.**

- Section 3.1 contains provisions to allow the imposition of the levy on parcels of rateable land where the lease allows development for residential and commercial purposes.
- Subsection (1) applies to a parcel of land to which section 34 of the *Rates Act 2004* applies.
- Subsection (2) provides that section 1.1 has effect as if subsections 3.1 (3) and (4) were substituted for subsection 1.1 (2) and (3).

- Subsection (3) provides the formula by which the levy is imposed under section 3.1.
- Subsection (4) describes the components used to calculate the levy that are contained in sub section (3). The note allows different fixed charges, percentage rates and threshold amounts to be determined for residential land, commercial land and rural land.
- Section 3.2 provides a rebate of the levy.
  - Subsection (1) states that this section applies to an eligible person. This is linked to a definition in section 45 of *Rates Act 2004* which defines an eligible person as either:
    - a) a pensioner;
    - b) a non pensioner who is a current partner of a special rate pensioner; or
    - c) a non-pensioner who was the partner of a special rate pensioner until the pensioner's death (without having separated immediately from the pensioner before the death) and who has not subsequently formed another partnership.
 The term special rate pensioner is also defined under section 45 of the *Rates Act 2004* as a pensioner to whom section 24 of the *Veterans' Entitlements Act 1986 (Cwlth)* applies and who is entitled to a pension under part 2 of that Act.
  - Subsection (2) entitles an eligible person who has made an application for a rebate of rates under section 61 of the *Rates Act 2004*, to a rebate of the levy for the parcel if section 3.2 applies to the person in the year and the parcel is their principal place of residence for all or part of the year.
  - Subsection (3) contains the formula used to calculate the rebate of the levy.
  - Subsection (4) means that Division 7.3 of the *Rates Act 2004* has effect as if it incorporated section 3.1.
  - Subsection (5) describes the components used to calculate the rebate of the levy that are contained in sub section (3).

