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Postponement of Rates – Information Sheet

The Local Government Act provides the option for State Seniors Card holders to apply to postpone on a long-term basis part of their Council rates. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property. However, the debt may be paid at any earlier time at the ratepayer's discretion.

Who is eligible to apply for postponement of rates?

A ratepayer who holds or is in the process of applying for a State Seniors Card may apply for postponement of a portion of the Council rates payable on property they own or are buying if it is their principal place of residence (that, is the place lived in most of the time) and if no other person other than their spouse has an interest as owner of the property.

How much equity do I need to have in the property?

If a ratepayer has a current mortgage over the property which was registered prior to 25 January 2007, they are required to have at least 50% equity in their property. If there are currently any mortgages or encumbrances on the property registered before that date the ratepayer will need to obtain a statement from their financial institution (mortgagee) which indicates the maximum credit limit secured by the mortgage, to include with the application form.

If the ratepayer has a mortgage that was registered after 25 January 2007 there is no restrictions on the level of equity held.

How much of the total rates can be postponed?

Ratepayers are only able to postpone current and future rates under this Scheme. Noting that any rate arrears that are currently overdue at the time of your application is

unable to be postponed. Alternative payments options such as payment in full of any arrears needs to be considered.

At least \$500 of the total Council rates bill must be paid, but an application can be made for any amount in excess of \$500 to be postponed. Ratepayers may pay the amount due in four quarterly instalments in the same way that the total amount of annual rates are payable, or via smaller, more frequent instalments such as fortnightly. An example follows.

Total Rates amount	\$1,500.00
Minimum amount payable	\$500.00
Amount of rates postponed	\$1,000.00

What is the interest rate?

Interest is calculated and compounded monthly on the postponed rate debt. The interest rate is prescribed in the Local Government Act 1999 (SA) and is set annually on 1 July, and may vary from year to year. As an example, during the 2020-2021 rating period the charge would be based on an interest rate of 3.2% per annum.

A simple example of how the charge is applied:

Mr Senior's total Council rates amount for the 2020-2021 Rating Period is \$1,500.00. Mr Senior will pay \$500.00, and postpone the remaining balance of \$1,000.00.

Mr Senior then pays the \$500.00 over four quarterly instalments or in fortnightly instalments.

The total charge on the \$1,000.00 rates



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postponed for the 2020-2021 Rating Period will be 3.2% per annum or 0.2666% monthly (that is, 3.2% divided by 12). Interest will be compounded on a monthly basis. At the end of June 2021 the amount of interest accrued on the postponed rates amount of \$1,000.00 will be \$32, and the total amount of the postponed rate debt as at that date will be \$1,032.00.

If Mr Senior decides to postpone rates in the subsequent year, the charge would be applied to \$1,032.00 (the initial \$1,000 rate postponed plus \$32 interest accrued) in the 2020-2021 rating period plus the amount of rates postponed in the 2021-2022 rating period.

How do ratepayers keep track of what they owe to the Council in postponed rates?

Ratepayers will receive a statement with each rates notice which sets out the amount or postponed rate and the interest accrued.

The statement may be in the form of a separate notice or may be included on your quarterly rate notice.

Can payment of Council rates be postponed year after year?

Payment of council rates may be postponed for one year only, or for any number of future years. Postponement of your council rates will continue automatically in each subsequent year after their initial application is approved, until either the property is sold or disposed of, they no longer meet the eligibility criteria for postponement, or they advise Council that they do not want to continue with the arrangement to postpone rates.

How does my eligibility change and what do I need to do then?

Your eligibility changes if you move out of your home, or are no longer entitled to have a State Seniors Card.

When the ratepayer's eligibility changes, they must inform the Council in writing within 6 months. In these circumstances they are no longer entitled to postpone future rates. However, the postponed amount and accrued interest is not payable until the date of disposal of the property.

Is there anything else Ratepayers need to know?

The rates debt and interest accrued will decrease the value of their equity in the property at the time of disposal or sale.

Seniors are encouraged to discuss the option with a family member, beneficiaries or another person you trust prior to making the decision to postpone rates.

Remember, ratepayers can choose to pay off the postponed rates debt and accrued interest at any time if your financial circumstances change.

How do I apply for postponement of rates?

Ratepayers will be required to complete an application form to enable Council to assess their application and to verify their eligibility.

Enquiries to:

Rates Section, Tel: (08) 8406 8273 or email: city@salisbury.sa.gov.au

Return completed Form to:

City of Salisbury PO Box 8 Salisbury SA 5108
or
Deliver to our office at 34 Church St, Salisbury SA 5108