

Sale of Land for Unpaid Rates

[What is Section 713 of the NSW Local Government Act 1993?](#)

Under Section 713 of the Local Government Act 1993, Council has the authority to sell land to recover unpaid rates and charges. The sale of any land to recover unpaid rates and charges that have been outstanding for the legislated period of 5 years or more is regarded as a last resort measure to be undertaken only after all other debt recovery actions have been taken.

[Local Government Act 1993 No 30 - NSW Legislation](#)

[Who pays Rates?](#)

Central Coast Council provide a wide range of services to their communities, from roads, parks, swimming pools, and libraries to economic development of the region, encouraging growth in farming, tourism, business, and jobs.

The costs of providing Council services are met from charging rates and other charges, and from government grants.

Rates are paid by every landowner in each Local Government Area. Central Coast Council has over 150,000 ratepayers in its 556.4km² Local Government Area. People often don't realise how much work over how large an area their

council manages. Payment of rates is essential to support the whole community.

Over 95% of ratepayers pay their rates promptly, annually, or quarterly, when they are due.

[Helping when there is financial difficulty](#)

Sometimes ratepayers can't pay promptly because they are experiencing financial difficulty. When a ratepayer is experiencing financial difficulty Council is compassionate and flexible, offering affordable payment arrangements to allow the ratepayer to pay off their rates debt gradually.

Central Coast Council also helps by allowing pensioners to apply for a rebate of part of their rates.

[Some ratepayers still don't pay](#)

Despite Councils' attempts, some ratepayers still do not pay the rates when due, and in extremely rare cases some ratepayers refuse to pay rates at all.

To be fair to all ratepayers, Councils makes repeated attempts to contact overdue ratepayers to arrange payment, even sending a person to visit the ratepayer to understand the situation and offer help, but some ratepayers still don't respond and still don't pay.

Leaving few options

To practice sound financial management, Councils keep working to recover the debts and eventually only a very small number of ratepayers have not paid.

These ratepayers leave Councils with few options and often legal action is reluctantly commenced through the courts to recover the growing overdue debts.

Incredibly even the Courts can't persuade every ratepayer to pay, and some debts continue to accumulate for years.

Selling the land – a last resort

The Local Government Act (1993) recognises that some ratepayers won't pay despite Council's exhaustive efforts, and section 713 to s726 of The Act allow Councils to sell the land if:

- Any rates or charges debt is at least five years old, or
- If the debt is one year old, the property is vacant, and the value of the debt exceeds the value of the land.

This action is called a Sale of land for Unpaid rates, and it involves a lot of time and work for Council.

How often is there a sale of land

The Sale of land for unpaid rates is regarded as a last resort measure to be undertaken only after all other debt recovery actions has been taken. This is a business-as-usual task and Council look to review to proceed with this process on an annual basis following the End of each Financial Year.

Who owns the land?

The land for sale is privately owned. This consists of vacant, commercial, and residential property.

The sale of land process

The sale process is defined by the Local Government Act (1993) and regulations, and is broadly as follows:

- Council resolves to sell the properties that qualify for sale of land and certifies the details of each property and the debt, and the date and place for the public auction.
- Between three and six months before the auction the proposed sale of the list of properties is publicly advertised in the NSW Gazette and a local newspaper.
- The owners of each property are written to, to personally advise them of the proposed sale of their property.
- Other interested parties on title and the owners of adjacent properties are also advised in writing.
- A Real Estate Agent is appointed to market and auction the properties.
- Any debt paid in full before auction will result in the property being removed from the auction.
- Any properties not sold at auction are subsequently sold by private treaty.
- Upon receipt of vacant possession, settlement will occur 7 days after. Once property is sold, Council will recover the overdue monies.
- The full debt is considered paid, and the new buyer receives the land without any residual rates or mortgage debts, even if the property sells for less than the debts.

- Any surplus funds are paid to other creditors on title then to the ratepayer who owed the overdue rates.
- Council recovers its debts, possibly writes-off a few small balances, and begins a new relationship with a new ratepayer.

Ask us a question

Please contact Credit Management

Email: Ask@centralcoast.nsw.gov.au

Phone: 02 4306 7900

How much is reasonable to be paid to go auction?

If a property has been identified to proceed to the Sale of Land for unpaid rates, the total of all arrears are to be settled on or before the Auction date.

Where does the money go?

The money of the sale pays for the costs incurred with the sale – the Real Estate Agent, advertising, venue, and any other cost incurred during the sale. The Council deducts any rates and any charges owing and the remaining proceeds go back to the rateable person or their estate.

If the purchase money is insufficient to satisfy all rates, the amount available is divided between the rates, charges, and debts in proportion to the amounts owing on each, and the rates, charges and debts are consider paid.

Can this land be purchased by the community? How are they Sold?

Yes. The properties must first go to public auction. If it does not sell, the land then can be sold by private treaty.