Strathbogie Shire Council

Revenue and Rating Plan

2025

Strathbogie
SHIRE COUNCIL

Table of Contents

Acknowledgment of Country

We acknowledge the Traditional Custodians of the places we live, work and play.

We recognise and respect the enduring relationship they have with their lands and waters and we pay respects to the Elders past, present and emerging.

1.

Purpose

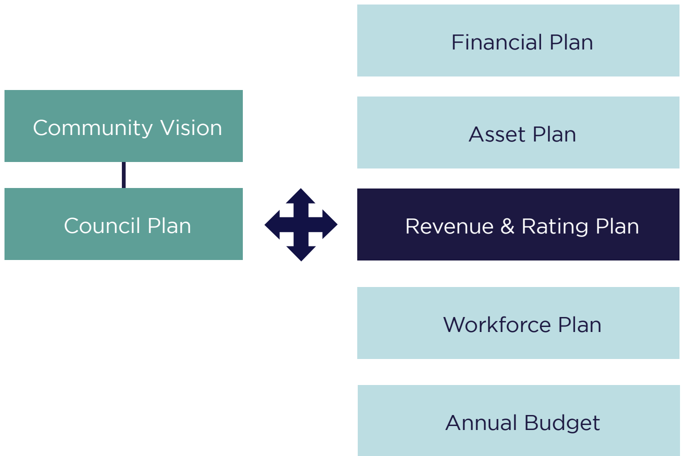
The Local Government Act 2020 requires each council to prepare a Revenue and Rating Plan to cover a minimum period of four years following each Council election. The Revenue and Rating Plan establishes the revenue raising framework within which the Council proposes to work.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Strathbogie Shire Council which in conjunction with other income sources will adequately finance the objectives in the council plan. Strategies outlined in this plan align with the objectives contained in the Council Plan and will feed into our budgeting and long-term financial planning documents, as well as other strategic planning documents under our Council's strategic planning framework.

This plan will explain how Council calculates the revenue needed to fund its activities, and how the funding burden will be apportioned between ratepayers and other users of Council facilities and services.

In particular, this plan will set out decisions that Council has made in relation to rating options available to it under the Local Government Act 2020 to ensure the fair and equitable distribution of rates across property owners. It will also set out principles that are used in decision making for other revenue sources such as fees and charges.

It is also important to note that this plan does not set revenue targets for Council, it outlines the strategic framework and decisions that inform how Council will go about calculating and collecting its revenue.



2. Introduction

Council provides a number of services and facilities to our local community, and in doing so, must collect revenue to cover the cost of providing these services and facilities.

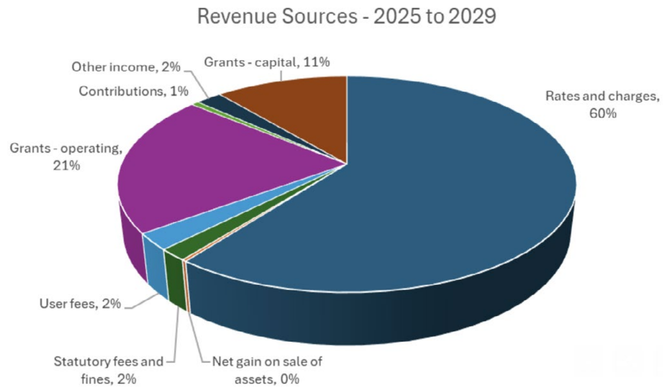
- Rates and Charges
- Waste and garbage charges (if applicable)
- Grants from other levels of Government
- Statutory Fees and Fines
- User Fees
- Cash and non-cash contributions from other parties (ie developers, community groups)
- Interest from investments
- Sale of Assets

Rates are the most significant revenue source for Council and make up roughly 60% (on average) of its annual income.

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. The FGRS continues to restrict Council's ability to raise general rate revenue above the rate cap unless application is made to the Essential Services Commission for a variation. Maintaining service delivery levels and investing in community assets remain key priorities for Council. This strategy will address Council's reliance on rate income and provide options to actively reduce that reliance.

Council provides a wide range of services to the community, often for a fee or charge. The nature of these fees and charges generally depends on whether they relate to statutory or discretionary services. Some of these, such as statutory planning fees are set by State Government statute and are commonly known as regulatory fees. In these cases, councils usually have no control over service pricing. However, in relation to other services, Council has the ability to set a fee or charge and will set that fee based on the principles outlined in this Revenue and Rating Plan.

Council revenue can also be adversely affected by changes to funding from other levels of government. Some grants are tied to the delivery of council services, whilst many are tied directly to the delivery of new community assets, such as roads or sports pavilions. It is important for Council to be clear about what grants it intends to apply for, and the obligations that grants create for Council in the delivery of services or infrastructure.



3.

Community Engagement

The Revenue and Rating Plan outlines Council's decision-making process on how revenues are calculated and collected. The following public consultation process was followed to ensure due consideration and feedback received from relevant stakeholders.

Revenue and Rating Plan community engagement process:

- Draft Revenue and Rating Plan prepared informed by community engagment.
- Draft Revenue and Rating Plan placed on public exhibition at (April) Council meeting and calling for public submissions;
- Community engagement through local news outlets and social media;
- Hearing of any public submissions (June); and
- Draft Revenue and Rating Plan (with any revisions) presented to (June) Council meeting for adoption.

4.

Rates and Charges

Rates are property taxes that allow Council to raise revenue to fund essential public services to cater to their municipal population. Importantly, it is a taxation system that includes flexibility for councils to utilize different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Council has established a rating structure comprised of two key elements. These are:

» **General Rates** – Based on property values (using the Capital Improved Valuation methodology), which are indicative of capacity to pay and form the central basis of rating under the Local Government Act 1989; and
» **Service Charges** - A 'user pays' component for council services to reflect benefits provided by Council to ratepayers who benefit from a service.

Striking a proper balance between these elements will help to improve equity in the distribution of the rate burden across residents. Council has determined to not have a municipal charge.

Council makes a further distinction when applying general rates by applying rating differentials based on the purpose for which the property is used. That is, whether the property is used for residential, commercial/industrial, or farming purposes. This distinction is based on the concept that different property categories should pay a fair and equitable contribution, taking into account the benefits those properties derive from the local community.

The Strathbogie Shire Council rating structure comprises five differential rates (residential or general, residential vacant commercial/industrial, commercial/industrial vacant , and farm). These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Local Government Act 1989, and the Ministerial Guidelines for Differential Rating 2013.

The differential rates are currently proposed as follows:

» Residential 100%
» Residential Vacant 210%
» Commercial / Industrial 120%
» Commercial/Industrial vacant 210%
» Farm land 80%

The formula for calculating General Rates, excluding any additional charges, arrears or additional supplementary rates is:

» Valuation (Capital Improved Value) x Rate in the Dollar (Differential Rate Type)

The rate in the dollar for each rating differential category is included in Council's annual budget.

Rates and charges are an important source of revenue, accounting for around 60% (on average) of operating revenue received by Council. The raising and collection of rates is an important factor in funding Council services.

Planning for future rate increases is therefore an essential component of the long-term financial planning process and plays a significant role in funding both additional service delivery and the increasing costs related to providing Council services.

Council is aware of the balance between rate revenue (as an important income source) and community sensitivity to rate increases. With the introduction of the State Government's Fair Go Rates System, all rate increases are capped to a rate declared by the Minister for Local Government, which is announced in December for the following financial year.

Council currently utilizes a service charge to fully recover the cost of Council's eligible waste services and provide for future landfill rehabilitation costs. The waste service charge is not capped under the Fair Go Rates System, and Council will continue to allocate the funds from this charge towards the provision of waste services.

4.1 | Rating Legislation

The legislative framework set out in the Local Government Act 1989 determines council's ability to develop a rating system. The framework provides significant flexibility for Council to tailor a system that suits its needs.

Section 155 of the Local Government Act 1989 provides that a Council may declare the following rates and charges on rateable land:

» General rates under Section 158
» Municipal charges under Section 159
» Service rates and charges under Section 162
» Special rates and charges under Section 163

The recommended strategy in relation to municipal charges, service rates and charges and special rates and charges are discussed later in this document.

In raising Council rates, Council is required to primarily use the valuation of the rateable property to levy rates. Section 157 (1) of the Local Government Act 1989 provides Council with three choices in terms of which valuation base to utilize. They are: Site Valuation, Capital Improved Valuation (CIV) and Net Annual Value (NAV).

The advantages and disadvantages of the respective valuation basis are discussed further in this document. Whilst this document outlines Council's strategy regarding rates revenue, rates data will be contained in the Council's Annual Budget as required by the Local Government Act 2020.

Section 94(2) of the Local Government Act 2020 states that Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) to include:

1. the total amount that the Council intends to raise by rates and charges;
b. a statement as to whether the rates will be raised by the application of a uniform rate or a differential rate:
c. a description of any fixed component of the rates, if applicable;
d. if the Council proposes to declare a uniform rate, the matters specified in section 160 of the Local Government Act 1989;
e. if the Council proposes to declare a differential rate for any land, the matters specified in section 161(2) of the Local Government Act 1989;

Section 94(3) of the Local Government Act 2020 also states that Council must ensure that, if applicable, the budget also contains a statement –

a. that the Council intends to apply for a special order to increase the Council's average rate cap for the financial year or any other financial year; or
b. that the Council has made an application to the ESC for a special order and is waiting for the outcome of the application; or
c. that a special Order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year.

This plan outlines the principles and strategic framework that Council will utilize in calculating and distributing the rating burden to property owners, however, the quantum of rate revenue and rating differential amounts will be determined in the Council's annual budget.

In 2019 the Victorian State Government conducted a Local Government Rating System Review. The Local Government Rating System Review Panel presented their final report and list of recommendations to the Victorian Government in March 2020. The Victorian Government subsequently published a response to the recommendations of the Panel's report. Implementation of some of the recommendations has been initiated with legislative change announced and approved in mid 2022, that had commencement dates from mid 2022 through to late 2023.

4.2 | Rating Principle

Taxation Principles:

When developing a rating strategy, in particular with reference to differential rates, a Council should give consideration to the following good practice taxation principles:

» Wealth Tax
» Equity
» Efficiency
» Simplicity
» Benefit
» Capacity to Pay
» Diversity.

Wealth Tax
The "wealth tax" principle implies that the rates paid are dependent upon the value of a ratepayer's real property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates.

Equity
Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation).
Vertical equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden).

Efficiency
Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates.

Simplicity
How easily a rates system can be understood by rate-payers and the practicality and ease of administration.

Benefit
The extent to which there is a nexus between consumption/benefit and the rate burden.

Capacity to Pay
The capacity of ratepayers or groups of ratepayers to pay rates.

Diversity
The capacity of ratepayers within a group to pay rates. The rating challenge for Council therefore is to determine the appropriate balancing of competing considerations.

Rates and Charges Revenue Principles:

Property rates will:
- be reviewed annually;
- not change dramatically from one year to next; and be sufficient to fund current expenditure commitments and deliverables outlined in the Council Plan, Financial Plan and Asset Plan.

Differential rating should be applied as equitably as is practical and will comply with the Ministerial Guide-lines for Differential Rating 2013.

4.3 | Determining which valuation base to use

Under the Local Government Act 1989, Council has three options as to the valuation base it elects to use. They are:

- **Capital Improved Value (CIV)** – Value of land and improvements upon the land.
- **Site Value (SV)** – Value of land only.
- **Net Annual Value (NAV)** – Rental valuation based on CIV.

For residential and farm properties, NAV is calculated at 5 per cent of the Capital Improved Value. For commercial and industrial properties, NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

Capital Improved Value (CIV)
Capital Improved Value is the most commonly used valuation base by local government with over 90% of Victorian councils applying this methodology. Based on the value of both land and all improvements on the land, it is generally easily understood by ratepayers as it equates to the market value of the property.

Section 161 of the Local Government Act 1989 provides that a Council may raise any general rates by the application of a differential rate if –

a. It uses the capital improved value system of valuing land; and
a. It considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

Where a council does not utilise CIV, it may only apply limited differential rates in relation to farm land, urban farm land or residential use land.

Advantages of using Capital Improved Value (CIV)

- CIV includes all property improvements, and hence is often supported on the basis that it more closely reflects “capacity to pay”. The CIV rating method takes into account the full development value of the property, and hence better meets the equity criteria than Site Value and NAV.
- With the increased frequency of valuations (previously two year intervals, now annual intervals) the market values are more predictable and has reduced the level of objections resulting from valuations.
- The concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- Most councils in Victoria have now adopted CIV which makes it easier to compare relative movements in rates and valuations across councils.
- The use of CIV allows council to apply differential rates which greatly adds to council’s ability to equitably distribute the rating burden based on ability to afford council rates. CIV allows council to apply higher rating differentials to the commercial and industrial sector that offset residential rates.

Disadvantages of using CIV
The main disadvantage with CIV is the fact that rates are based on the total property value which may not necessarily reflect the income level of the property owner as with pensioners and low-income earners.

Site value (SV)
There are currently no Victorian councils that use this valuation base. With valuations based simply on the valuation of land and with only very limited ability to apply differential rates, the implementation of Site Value in a Strathbogie Shire Council context would cause a shift in rate burden from the industrial/ commercial sectors onto the residential sector, and would hinder council’s objective of a fair and equitable rating system.

There would be further rating movements away from modern townhouse style developments on relatively small land parcels to older established homes on quarter acre residential blocks. In many ways, it is difficult to see an equity argument being served by the implementation of site valuation in the Strathbogie Shire Council.

Advantages of Site Value

- There is a perception that under site value, a uniform rate would promote development of land, particularly commercial and industrial developments. There is, however, little evidence to prove that this is the case.
- Scope for possible concessions for urban farm-land and residential use land.

Disadvantages of using Site Value

- Under SV, there will be a significant shift from the industrial/commercial sector onto the residential sector of council. The percentage increases in many cases would be in the extreme range.
- SV is a major burden on property owners that have large areas of land. Some of these owners may have much smaller/older dwellings compared to those who have smaller land areas but well developed dwellings - but will pay more in rates. A typical example is flats, units, or townhouses which will all pay low rates compared to traditional housing styles.
- The use of SV can place pressure on council to give concessions to categories of landowners on whom the rating burden is seen to fall disproportionately (eg. Farm land and residential use properties). Large landowners, such as farmers for example, are disadvantaged by the use of site value.
- SV will reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates.
- The community may have greater difficulty in understanding the SV valuation on their rate notices, as indicated by many inquiries from ratepayers on this issue handled by council's customer service and property revenue staff each year, including for land tax queries.

Net annual value (NAV)
NAV, in concept, represents the annual rental value of a property. However, in practice, NAV is loosely linked to capital improved value for residential and farm properties. Valuers derive the NAV directly as 5 per cent of CIV.

In contrast to the treatment of residential and farm properties, NAV for commercial and industrial properties are assessed with regard to actual market rental. This differing treatment of commercial versus residential and farm properties has led to some suggestions that all properties should be valued on a rental basis.

Overall, the use of NAV is not largely supported. For residential and farm ratepayers, actual rental values pose some problems. The artificial rental estimate used may not represent actual market value, and means the base is the same as CIV but is harder to understand, and less objective.

Recommended valuation base
In choosing a valuation base, councils must decide on whether they wish to adopt a differential rating system (different rates in the dollar for different property categories) or a uniform rating system (same rate in the dollar). If a council was to choose the former, under the Local Government Act 1989 it must adopt either of the CIV or NAV methods of rating.

Strathbogie Shire Council applies Capital Improved Value (CIV) to all properties within the municipality to take into account the fully developed value of the property. This basis of valuation takes into account the total market value of the land plus buildings and other improvements.

Differential rating (under the CIV method) allows Council to shift part of the rate burden from some groups of ratepayers to others, through different “rates in the dollar” for each class of property.

Section 161(1) of the Local Government Act 1989 outlines the requirements relating to differential rates, which include:

a. A Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.
b. If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Councils functions and must include the following:

    i A definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate.
    ii An identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is with in a specific ward in Council's district).
    iii Specify the characteristics of the land, which are the criteria for declaring the differential rate.

Once the Council has declared a differential rate for any land, the Council must:

a. Specify the objectives of the differential rates;
b. Specify the characteristics of the land which are the criteria for declaring the differential rate.

The purpose is to ensure that Council has a sound basis on which to develop the various charging features when determining its revenue strategies and ensure that these are consistent with the provisions of the Local Government Act 1989.

Property Valuations
The Valuation of Land Act 1960 is the principle legislation in determining property valuations. Under the Valuation of Land Act 1960, the Victorian Valuer-General conducts property valuations on an annual basis. Strathbogie Shire Council applies a Capital Improved Value (CIV) to all properties within the municipality to take into account the full development value of the property. This basis of valuation takes into account the total market value of the land including buildings and other improvements. The process for a property owner to object to a valuation is explained below.

The value of land is always derived by the principal of valuing land for its highest and best use at the relevant time of valuation.

Council needs to be mindful of the impacts of revaluations on the various property types in implementing the differential rating strategy outlined in the previous section to ensure that rises and falls in council rates remain affordable and that rating 'shocks' are mitigated to some degree.

Supplementary Valuations
Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. The Victorian Valuer-General is tasked with undertaking supplementary valuations and advises Council regularity of valuation and Australian Valuation Property Classification Code (AVPCC) changes.

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Objections to supplementary valuations can be lodged in accordance with Part 3 of the Valuation of Land Act 1960. Any objections must be lodged with Council within two months of the issue of the supplementary rate notice.

Objections to property valuations
Part 3 of the Valuation of Land Act 1960 provides that a property owner may lodge an objection against the valuation of a property or the Australian Valuation Property Classification Code (AVPCC) within two months of the issue of the original or amended (supplementary) Rates and Valuation Charges Notice (Rates Notice), or within four months if the notice was not originally issued to the occupier of the land.

A property owner must lodge their objection to the valuation or the AVPCC in writing to the Strathbogie Shire Council. Property owners also have the ability to object to the site valuations on receipt of their Land Tax Assessment. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).

4.4 | Rating Differentials

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

GENERAL(VACANT) RATE

A differential rate will be applied to land which is classed as vacant residential

The reason for the application of a vacant land differential rate is to ensure the equitable and efficient carrying out of Council's functions.

Specifically, reasons include –
- To encourage occupation of developed residential land to ensure the appropriate distribution of the cost of Council services
- To discourage the stockpiling of sought after residential land for investment purposes
- To encourage social and economic development
- To encourage development of community facilities and amenity

The appropriate level for the vacant residential land differential rate is considered to be 210% of the general rate.

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

The characteristics of land classed as vacant residential land are that -

- it is zoned residential under Council's planning scheme; and
- it has improvements valued at $20,000 or less; and
- it satisfies any other requirements for the construction of a dwelling;

Council considers that the introduction of a vacant residential land differential is consistent with the principles of fairness and equity

FARM RATE

A differential rate will be applied to land used for farming purposes.

The reason for the application of a farm differential rate is to ensure the equitable and efficient carrying out of Council's functions.

Specifically, reasons include –

- Acknowledgement that land invested in farming is intrinsic to the activity, distinguishing it from land upon which an activity is based.
- Acknowledgement that farming viability generally requires broadacre investment and recognition of the consequent adverse rating impacts of that investment.
- Acknowledgement that farmers are key contributors to the successful management of the rural environment and that the general community derives benefit from that management.
- Recognition of the importance of farming as a local economic generator with flow on impacts for local business and employment.
- The importance of maintaining the Shire's rural amenity for the enjoyment of residents and the attraction of tourists.
- The application of a farm differential is consistent with the general practice of rural local govern-ments.
- National economic importance of encouraging investment in primary industry.

The appropriate level for the farm differential rate is considered to be 80% of the general rate.

Land classed as farm is identified as that land which is situated within the farming zone, is not less than 40 hectares in area and is not classified as having a commercial or industrial use.

Land situated within the farming zone of less than 40 hectares may be considered for the farm differential rate, subject to satisfying Council's criteria for recognition as a bona fide farming activity. Typically such consideration would apply to intensive farming pursuits.

The characteristics of the land classed as farm are that it is used to –

- » propagate, cultivate or harvest plants, including cereals, flowers, fruit, seeds, trees, turf, and vegetables; or
- » keep, breed, board, or train animals, including livestock, and birds; or
- » propagate, cultivate, rear, or harvest living resources of the sea or inland waters.

Farming properties of less than 40 Hectares, which do not satisfy farm rate criteria, are rated at the general rate.

COMMERCIAL/INDUSTRIAL RATE

A differential rate will be applied to land used for commercial or industrial purposes.

The reasons for the application of a commercial/industrial differential rate are to ensure the equitable and efficient carrying out of Council's functions and to ensure the appropriate distribution of costs associated with the delivery of services which specifically benefit commercial/industrial properties.

Services specifically benefiting commercial/industrial properties include street cleaning, streetscape infrastructure maintenance, waste management, environmental health, compliance - particularly car parking and animal control, street tree management and improvements to commercial and industrial areas.

The commercial businesses of Strathbogie Shire Council benefit from ongoing significant investment by Council in services and infrastructure. Council also notes the tax deductibility of Council rates for commercial/industrial properties which is not available to the residential sector, and also the income generating capability of commercial/industrial based properties.

The Commercial differential rate is applied to promote the economic development objectives for the Strathbogie Shire Council as outlined in the Council Plan.

Land classed as commercial/industrial is identified as that land which is categorised within the rating system as having a commercial or industrial use.

The characteristics of the land classed as commercial/industrial are that it is used for the purposes of retail, wholesale, tourism activities, accommodation, professional or other commercial services or for manufacturing, maintenance, storage and distribution of goods or other industrial services. Unoccupied building erected which is zoned Commercial or Industrial under the Strathbogie Shire Planning Scheme.

The appropriate level for the commercial/Industrial rate is considered to be 120% of the General rate

Council considers that the introduction of a commercial/Industrial differential is consistent with the principles of fairness and equity.

COMMERCIAL/INDUSTRIAL (VACANT) RATE

A differential rate will be applied to land which is classed as Vacant Commercial/Industrial.

The reason for the application of a vacant commercial/industrial land differential rate is to ensure the equitable and efficient carrying out of Council's functions.

The objective is to ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Commercial/Industrial Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.
Specifically, reasons include –

- » To encourage occupation of developed commercial/industrial land to ensure the appropriate distribution of the cost of Council services
- » To discourage the stockpiling of sought after commercial/industrial land for investment purposes
- » To encourage social and economic development
- » To encourage development of community facilities and amenity

Land classed as vacant commercial/industrial is identified as that land which is categorised within the rating system as having a commercial or industrial use and has improvements valued at $20,000 or less.

The characteristics of the land classed as vacant commercial/industrial are that it is classed as being available for purposes of retail, wholesale, tourism activities, accommodation, professional or other commercial services or for manufacturing, maintenance, storage and distribution of goods or other industrial services.

Vacant commercial/industrial land which is considered contiguous with occupied commercial/industrial land will be rated as vacant commercial/industrial.
The appropriate level for the Commercial/Industrial (Vacant) rate is considered to be 210% of the General rate.

Council considers that the introduction of a vacant commercial/industrial land differential is consistent with the principles of fairness and equity.

Advantages of a differential rating system
The advantages of utilising a differential rating system summarised below are:

» There is greater flexibility to distribute the rate burden between all classes of property, and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for commercial and industrial premises.
» Differential rating allows Council to better reflect the investment required by Council to establish infrastructure to meet the needs of the commercial and industrial sector.
» Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome (eg. Farming enterprises).
» Allows Council discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community. (ie. Vacant Commercial properties still attract the commercial differential rate)

Disadvantages of a differential rating system
The disadvantages in applying differential rating summarised below are:

» The justification of the differential rate can at times be difficult for the various groups to accept giving rise to queries and complaints where the differentials may seem to be excessive.
» Differential rates can be confusing to ratepayers, as they may have difficulty understanding the system. Some rating categories may feel they are unfavourably treated because they are paying a higher level of rates than other ratepayer groups.
» Differential rating involves a degree of administrative complexity as properties continually shift from one type to another (e.g. residential to commercial,) requiring Council to update its records. Ensuring the accuracy/integrity of Council's data base is critical to ensure that properties are correctly classified into their right category.
» Council may not achieve the objectives it aims for through differential rating. For example, Council may set its differential rate objectives to levy a higher rate on land not developed, however it may be difficult to prove whether the rate achieves those objectives.

4.5 | Special Charge Schemes

The Local Government Act 1989 recognises that councils need help to provide improved infrastructure for their local communities. Legislation allows councils to pass on the cost of capital infrastructure to the owner of a property that generally receives a unique benefit from the construction works. The technical explanation of a Special Charge comes from legislation (under the Local Government Act 1989) that allows councils to recover the cost of works from property owners who will gain special benefit from that work.

The purposes for which special rates and special charges may be used include road construction, kerb and channelling, footpath provision, drainage, and other capital improvement projects.

The special rate or special charges may be declared on the basis of any criteria specified by the council in the declaration for the special charge (Section 163 (2)). In accordance with Section 163 (3), council must specify:

a. the wards, groups, uses or areas for which the special rate or charge is declared; and
ab) a description of the function to be performed or the power to be exercised; and
ac) the total cost of the performance of the function or the exercise of the power; and
ad) the total amount of the special rates and special charges to be levied; and
b. the land in relation to which the special rate or special charge is declared;
c. the manner in which the special rate or special charge will be assessed and levied; and
d. details of the period for which the special rate or special charge remains in force; and

that the declaration expires if the special rate or special charge is not levied to each person liable to pay it within 12 months after the day on which the declaration to which the rate or charge relates is made.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of special rates and charges is proof "special benefit" applies to those being levied. For example, they could be used to fund co-operative fire prevention schemes. This would ensure that there were no 'free-riders' reaping the benefits but not contributing to fire prevention.

Landscaping and environmental improvement programs that benefit small or localised areas could also be funded using special rates or charges.

4.6 | Service Rates and charges

Section 162 of the Local Government Act 1989 provides council with the opportunity to raise service rates and charges for any of the following services:

a. (repealed);
b. Waste, recycling or resource recovery services;
c. (repealed);
d. Any other prescribed service.

The Local Government Act allows Council to declare a service rate or an annual service charge.

This service rate or service charge may be declared on the basis of any criteria specified by the Council in the rate or charge. The service charges applied by Council are a Waste Collection Charge for the collection and disposal of household waste, including recyclables and organics.

Components of waste management charges are as follows:

Garbage

All developed land used primarily for residential, commercial or other purposes that are serviced by the weekly or fortnightly waste collection service will incur a Garbage Collection Charge for the provision of a domestic garbage bin. This charge will also be applied to all non-rateable properties that utilise the garbage collection service.

Recycling
All developed land used primarily for residential, commercial or other purposes that are serviced by the weekly or fortnightly waste collection service will incur a Recycling Charge for the provision of a recycling bin. This charge will also be applied to all non-rateable properties that utilise the recycling collection service.

Organic Waste
All developed land used primarily for residential, commercial or other purposes that are serviced by the weekly or fortnightly waste collection service will incur a Organic Waste Charge for the provision of an organic waste bin. This charge will also be applied to all non-rateable properties that utilise the organic waste collection service.

Glass
All developed land used primarily for residential, commercial or other purposes that are serviced by the weekly or fortnightly waste collection service will incur a Glass Waste Charge for the provision of a glass waste bin. This charge will also be applied to all non-rateable properties that utilise the glass waste collection service.

4.7 | Collection and Administration of rates and charges

The purpose of this section is to outline the rate payment options, processes, and the support provided to ratepayers facing financial hardship.

Payment options

In accordance with section 167(1) of the Local Government Act 1989 ratepayers pay rates and charges by way of four instalments. Payments are due on the prescribed dates below:

» 1st Instalment: 30 September
» 2nd Instalment: 30 November
» 3rd Instalment: 28 February
» 4th Instalment: 31 May

Council offers a range of payment options including: in person at Council offices (cheques, money orders, EFTPOS, credit/debit cards and cash),

» online via Council's ratepayer portal, direct debit (on prescribed instalment due dates or other regular intervals),
» BPAY,
» Australia Post
» by mail (cheques and money orders only).

Interest on arrears and overdue rates

Interest is charged on all overdue rates in accordance with Section 172 of the Local Government Act 1989. The interest rate applied is fixed under Section 2 of the Penalty Interest Rates Act 1983, which is published by notice in the Victorian Government Gazette.

Pensioner rebates

Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card which stipulates TPI or War Widow may claim a rebate on their sole or principal place of residence. Upon initial application, ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rate account before payment is required by the ratepayer.

With regards to new applicants, after being granted a Pensioner Concession Card (PCC), pensioners can then apply for the rebate at any time throughout the rating year. Retrospective claims up to a maximum of one previous financial year can be approved by Council on verification of eligibility criteria, for periods prior to this claims may be approved by the relevant government department.

Deferred payments

Under Section 170 of the Local Government Act 1989, Council may defer the payment of any rate or charge for an eligible ratepayer whose property is their sole place of residency, if Council considers that an application by that person shows that the payment would cause hardship to the ratepayer ,allowing ratepayers an extended period of time to make payments or alternatively to forestall payments on an indefinite basis until the ratepayer ceases to own or occupy the land in respect of which rates and charges are to be levied.

Under the Council's Hardship Policy, application can be made to prove financial difficulty suffered by a ratepayer regarding deferral of rates and charges. Where Council approves an application for deferral of rates or charges, interest can continue to be levied on the outstanding balance of rates.

Ratepayers seeking to apply for such provision will be required to submit a Rates and Charges Financial Hardship Application form which is available at the council offices, on the Council website or which can be posted upon request.

Rates Assistance

Any ratepayer who has difficulty paying their rates is invited to contact Council to make alternate payment arrangements. If no payment is forthcoming or no arrangements have been made to pay the amount outstanding, Council pursues the recovery of outstanding rates and charges through Debt Collection agents. All costs incurred for recovery are added to the amount outstanding.

Council has a Hardship Policy that is to be referenced in all cases and this is available on the Council website or from the Council offices. All Hardship Applications and Payment Arrangements are revisited annually to ensure that circumstances have not altered.

Debt recovery

Council makes every effort to contact ratepayers at their correct address but it is the ratepayers' responsibility to properly advise Council of their contact details using the form available from the Council website or from the Council offices. The Local Government Act 1989 Section 230 and 231 requires both the vendor and buyer of property, or their agents (e.g. solicitors and or conveyancers), to notify Council by way of notice of disposition or acquisition of an interest in land.

In the event that an account becomes overdue, Council will issue an overdue reminder notice which will include accrued penalty interest. In the event that the account remains unpaid, and no payment plan is able to be arranged, or one arranged is not fully complied with, Council may take legal action after the periods specified in the Local Government Act 1989 or any ministerial guidelines in force, to recover the overdue amount. All eligible fees and court costs incurred as part of legal action will be recoverable from the ratepayer.

If an amount payable by way of rates in respect to land has been in arrears for three years or more, Council may take action to sell the property in accordance with the section 181 of the Local Government Act 1989.

Fire Services Property Levy/Emergency Services Volunteer Fund

In 2012 the Victorian State Government passed legislation requiring the Fire Services Property Levy to be collected by Councils from ratepayers, from 1 July 2013. Previously this was collected through building and property insurance premiums.

The Fire Services Property Levy helped fund the services provided by the Metropolitan Fire Brigade (MFB) and Country Fire Authority (CFA), and all levies collected by Council are passed through to the State Revenue Office.

From 1 July 2025, the Fire Services Property Levy will be replaced by the Emergency Services Volunteer Fund, as a result of legislation passed in late May 2025.

The Emergency Services Volunteer Fund (ESVF) will help fund and support a broader range of emergency services and for the first time include VICSES, Triple Zero Victoria, the State Control Centre, Forest Fire Management Victoria and Emergency Recovery Victoria, as well as the Country Fire Authority (CFA) and Fire Rescue Victoria (FRV).

The Emergency Services Volunteer Fund (levy) is based on two components, a fixed charge, and a variable charge which is linked to the Capital Improved Value of the property. This levy is not included in the rate cap and increases in the levy are at the discretion of the State Government.

Ratepayers who have multiple properties under the one business can apply for a Single Farm Enterprise which in turn recognises the principal place of residence for the fixed and variable charge and all other properties associated with the business are charged at the variable rate only. With the new ESVF (levy), eligible CFA and VICSES volunteers and life members will be entitled to a rebate on the ESVF on their principal place of residence or farm, which will be administered by the Victorian State Government through the Department of Government Services.

5.

Other Revenue Items

5.1 | User Fees and Charges

User fees and charges are those that Council will charge for the delivery of services and use of community infrastructure.

- Examples of user fees and charges include:
- Saleyard fees
- Swimming Pool fees
- Waste Management fees
- Cinema entry
- Leases and facility hire fees

The provision of infrastructure and services form a key part of council's role in supporting the local community. In providing these, council must consider a range of 'Best Value' principles including service cost and quality standards, value-for-money, and community expectations and values. Council must also balance the affordability and accessibility of infrastructure and services with its financial capacity and in the interests of long-term financial sustainability. Councils must also comply with the government's Competitive Neutrality Policy for significant business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

In providing services to the community, council must determine the extent of cost recovery for particular services consistent with the level of both individual and collective benefit that the services provide and in line with the community's expectations.

Services are provided on the basis of one of the following pricing methods:

a. Market Price
b. Full Cost Recovery Price
c. Subsidised Price – partial cost recovery
d. Subsidised Price – no cost recovery

Market pricing (A) is where council sets prices based on the benchmarked competitive prices of alternate suppliers. In general market price represents full cost recovery plus an allowance for profit. Market prices will be used when other providers exist in the given market, and council needs to meet its obligations under the government's Competitive Neutrality Policy.

It should be noted that if a market price is lower than council's full cost price, then the market price would represent council subsidising that service. If this situation exists, and there are other suppliers existing in the market at the same price, this may mean that council is not the most efficient supplier in the marketplace. In this situation, council will consider whether there is a community service obligation and whether council should be providing this service at all.

Full cost recovery price (B) aims to recover all direct and indirect costs incurred by council. This pricing should be used in particular where a service provided by council benefits individual customers specifically, rather than the community as a whole. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation.

Subsidised pricing (C and D) is where council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from partial subsidies, where council provides the service to the user with a discount to full subsidies (ie council provides the service free of charge) to. The subsidy that applies can be funded from council's rate revenue or other sources such as Commonwealth and state funding programs. Full council subsidy pricing and partial cost pricing should always be based on knowledge of the full cost of providing a service.

The pricing methods used by Council are summarised in the table below:

User Fee Summary Table			
Cost Recovery	Target Council Contribution (% Rate/Grant Contribution)	Fees and Charge Setting Criteria	Impediments/ Constraints
A) Market Price (must be full cost recovery plus margin)	0% Rate/Grant contribution	Fee set by Council (Discretionary)	This service is a significant business activity and subject to National competition policy
B) Full cost recovery Process	0% Rate/Grant contribution	**OPTIONS** 1. Fee set by statute 2. Fee set by local law 3. Fee set by funding agreement 4. Fee set by Council (Discretionary)	Impediments may prevent full cost recovery (e.g. set by statute)
C) Subsidised Price - Partial cost recovery	Partial Rate/Grant contribution	Fee set by Council (Discretionary)	Impediments may prevent targeted cost recovery (e.g. set by statute)
D) Subsidised Price - No cost recovery	100% Rate/Grant contributionn	No fee or charge levied	N/A

Council will develop a table of fees and charges as part of its annual budget each year. Proposed pricing changes will be included in this table and will be communicated to stakeholders before the budget is adopted, giving them the chance to review and provide valuable feedback before the fees are set and adopted for the coming financial year.

5.2 | Statutory Fees and Charges

Statutory fees and fines are those which council collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the state government department responsible for the corresponding services or legislation, and generally councils will have limited discretion in applying these fees.

Examples of statutory fees and fines include:

» Planning and subdivision fees
» Building and Inspection fees
» Infringements and fines
» Land Information Certificate fees
» Animal registration fees

Penalty and fee units are used in Victoria's Acts and Regulations to describe the amount of a fine or a fee.

Penalty Units

Penalty units are used to define the amount payable for fines for many offences. For example, the fine for selling a tobacco product to a person aged under 18 is four penalty units.

One penalty unit is currently $203.51 from 1 July 2025 to 30 June 2026 (updated after the State Budget each year).

The rate for penalty units is indexed each financial year so that it is raised in line with inflation. Any change to the value of a penalty unit will happen on 1 July each year, in accordance with the Monetary Units Act 2004.

Fee units

Fee units are used to calculate the cost of a certificate, registration or licence that is set out in an Act or Regulation. For example, the cost of depositing a Will with the supreme court registrar of probates is 1.6 fee units.

The value of one fee unit is currently $16.81.
This value may increase at the beginning of a financial year, at the same time as penalty units.

The cost of fees and penalties is calculated by multiplying the number of units by the current value of the fee or unit. The exact cost may be rounded up or down.

5.3 | Grants

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of specific projects or services, whilst others can be of a recurrent nature and may or may not be linked to the delivery of services or projects.

Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community. Council may use its own funds to leverage higher grant funding and maximise external funding opportunities.

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, up-coming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.
Grant assumptions are then clearly detailed in council's budget document. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

5.4 | Contributions

Contributions represent funds received by council, usually from non-government sources, and are usually linked to projects.

Contributions can be made to council in the form of either cash payments or asset hand-overs.

Examples of contributions include:

- Monies collected from developers under planning and development agreements
- Monies collected under developer contribution plans and infrastructure contribution plans
- Contributions from user groups towards upgrade of facilities
- Assets handed over to council from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Contributions should always be linked to a planning or funding agreement. Council will not undertake any work on a contribution-funded project until a signed agreement outlining the contribution details is in place.

Contributions linked to developments can be received well before any council expenditure occurs. In this situation, the funds will be identified and held separately for the specific works identified in the agreements.

5.5 | Interest on Investments

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of required expenditure, or for special purposes. The investment portfolio is managed in accordance with council's investment policy, which seeks to earn the best return on funds, whilst minimising risk.

5.6 | Borrowings

Whilst not a source of income, borrowings can be an important cash management tool in appropriate circumstances. Loans can only be approved by council resolution. The following financial sustainability principles must be adhered to with new borrowings:

- Borrowings must only be applied for where it can be proven that repayments can be met in the Long Term Financial Plan
- Borrowings must not be used to fund ongoing operations
- Borrowings are appropriate for funding large capital works where the benefits are provided to future generations.
- Council will maintain its debt at levels which are sustainable, with:
  - indebtedness <60% of rate and charges revenue, and
  - debt servicing cost <5% of total revenue (excluding capital revenue).

SHIRE COUNCIL

PO Box 177, Euroa VIC 3666
Phone: 1800 065 993
Email: info@strathbogie.vic.gov.au

www.strathbogie.vic.gov.au

EUROA HEAD OFFICE

Address: 109a Binney Street
Euroa VIC 3666, Australia

Opening Hours:
Monday to Friday, 9am to 5pm

NAGAMBIE CUSTOMER SERVICE

Address: 352 High Street
Nagambie VIC 3608, Australia

Opening Hours:
Monday to Friday, 9am to 4pm