

SURF COAST SHIRE COUNCIL

# Revenue and Rating Plan 2025-29





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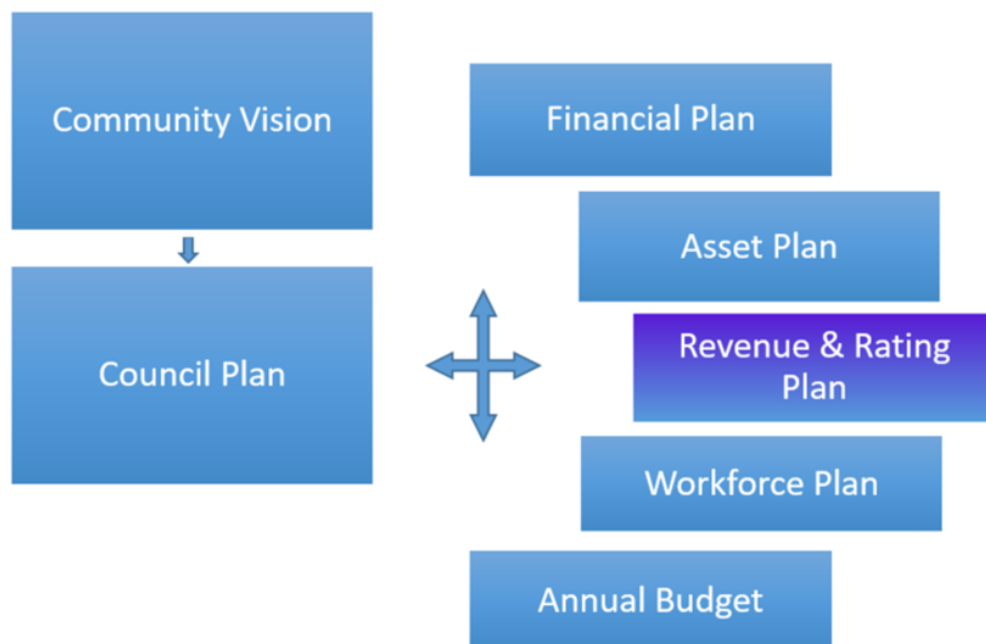
# 1. Purpose

The purpose of the Revenue and Rating Plan is to determine the most appropriate, equitable, and affordable revenue and rating approaches for Surf Coast Shire Council to apply in planning to fund the objectives in its Council Plan.

The Local Government Act 2020 requires that each council must 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 Council proposes to work.

This plan is an important part of Council's integrated planning framework, all of which is created to help Council achieve its vision 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.

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 and practices for fee and charge setting and other revenue items to ensure Council's commitment to responsible financial management is achieved, while at the same time continuing to meet community demand for services.

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.

## 1.1 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.

Council's revenue sources include:

- Rates and charges
- Waste Service Charge
- 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 and charges are the most significant revenue source for Council and make up approximately 70% of its adjusted underlying revenue. Adjusted underlying revenue removes government grants received for capital projects and non-cash contributions received via assets being handed to Council from developers. The below table records Council's rates compared to adjusted underlying revenue as presented in Council's 2025-26 budget.

| Indicator           | Measure                                       | 2023-24<br>Actual | 2024-25<br>Forecast | 2025-26<br>Budget | 2026-27 | 2027-28<br>Projections | 2028-29 |
|---------------------|---|-------------------|---------------------|-------------------|---------|------------------------|---------|
| Stability           |   |                   |                     |                   |         |                        |         |
| Rates concentration | Rates compared to adjusted underlying revenue |                   |                     |                   |         |                        |         |
|                     | Rate revenue / adjusted underlying revenue    | 72.0%             | 67.9%               | 70.7%             | 69.6%   | 68.6%                  | 70.3%   |

The introduction in 2016 of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus on Council's long-term financial sustainability. The FGRS continues to restrict Council's ability to raise revenue above the rate cap unless application is made to the Essential Services Commission for a variation. Optimising service delivery is a key priority for Council.

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 planning fees, are set by State Government laws and are commonly known as regulatory fees. In these cases, Council usually has no control over service pricing. However, in relation to other services, Council has the ability to set a fee or charge 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 others 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 in the delivery of services or infrastructure.

## 1.2 What is a Revenue and Rating Plan?

The *Local Government Act 2020* states that councils must adopt a Revenue and Rating Plan by the next 30 June after a general election for a period of at least the next 4 financial years. Council adopted the first Revenue and Rating Plan under the Act in June 2021. This Revenue and Rating Plan has been updated by the new Council and covers the period 1 July 2025 to 30 June 2029.

A Revenue and Rating Plan is the policy by which council systematically considers factors of importance that informs its decisions about how Council raises revenue, including by the rating system Council uses. The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount to be raised, only the share of revenue contributed by each property. The rating system comprises the valuation base and actual rating instruments allowed under the *Local Government Act 1989* to calculate property owners' liability for rates.

The *Local Government Act 2020* requires councils to exercise sound financial management. In particular, the *Local Government Act 2020* states that the principles of sound financial management are:

- a) revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans;
- b) financial risks must be monitored and managed prudently having regard to economic circumstances;
- c) financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability
- d) accounts and records that explain the financial operations and financial position of the Council must be kept

Through Councils integrated planning framework Council ensures that all its activities and financial resources are aligned to meet the aspirations, needs and expectations of the Surf Coast Shire Council community vision. Integrated planning documents include:

- Council Plan
- Financial Plan
- Asset Plan
- Council Budget
- Revenue and Rating Plan

### **1.3 Community Engagement**

The following public consultation process was followed to ensure due consideration and feedback is received from relevant stakeholders.

Revenue and Rating Plan community engagement process:

- Draft Revenue and Rating Plan prepared
- Draft Revenue and Rating Plan placed on public exhibition at the April 2025 Council meeting for a period of 26 days, and calling for public submissions.
- Community engagement through local news outlets and social media
- Hearing of public submissions (June)
- Revenue and Rating Plan (with any revisions) presented to June 2025 Council meeting for adoption.

## 2. Rates and Charges

Rates are a property tax that allows Council to raise revenue to fund essential public services to cater for the municipal population. Importantly, it is a taxation system that includes flexibility for councils to utilise different tools in its rating structure to accommodate issues of equity and to contribute towards fairness in rating for all ratepayers.

Although the *Local Government Act 2020* is in force, the rating provisions of the *Local Government Act 1989* still apply. The State Government held off making any changes to rating provisions whilst conducting its investigation into Victoria's Rating System, which concluded in early 2021. This Revenue and Rating Plan will be updated if and when the *Local Government Act* rating provisions change.

The selection of rating philosophies and the choice between the limited rating options available under the *Local Government Act 1989* is a difficult one for all councils and it is most likely that a perfect approach is almost impossible to achieve in any local government environment.

The rating system chosen by Council should take into account a number of factors including equity, efficiency, capacity to pay and the benefit derived.

The overarching governance principles and supporting principles, Section 9 of the *Local Government Act 2020*, need to be considered when developing Council's rating strategy.

In developing a rating strategy councils consider what rating options are available under the *Local Government Act 1989* and how Council's choices in applying these options contribute towards seeking the best outcomes for the municipal community including future generations.

It is important to note at the outset that the focus of this plan is very different to that which is discussed in the Financial Plan or Annual Budget. In these latter documents the focus is the quantum of rates to be raised for Council to deliver the services and capital expenditure required. In this plan the focus instead is on how the obligation to pay this quantum will be equitably distributed amongst Council's ratepayers.

Rates and charges are an important source of revenue making up approximately 70% of its adjusted underlying revenue. Adjusted underlying revenue removes government grants received for capital projects and non-cash contributions received via assets being handed to Council from developers. The 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.

### 2.1 Rating – Legislative Framework

The legislative framework set out in the *Local Government Act 1989* determines Council's ability to develop a rating system. 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

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 utilise. They are: Site Valuation, Capital Improved Valuation and Net Annual Value. 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*. This plan outlines the principles and strategic framework Council will utilize in calculating and distributing the rating burden to property owners, however, the quantum of rate revenue will be determined in Council's Annual Budget.

The Victorian Government has passed the Local Government Legislation Amendment (Rating and Other Matters) Act 2022 (Act), making a number of amendments including a particular focus on ratepayers experiencing hardship and improving the way rates are collected. The Act amends both the *Local Government Act 1989* and the *Local Government Act 2020*. Where applicable amendments have been included throughout this Plan including resulting changes to the Act.

## 2.2 Declaring rates and charges

- a) Section 158 of the *Local Government Act 1989* provides that Council must at least once in respect of each financial year declare by 30 June the following for that year: the amount which the Council intends to raise by general rates, municipal charges, services rates and service charges;
- b) whether the general rates will be raised by application of:
  - I. A uniform rate, or
  - II. Differential rates (if Council is permitted to so under Section 161(1))
  - III. Urban farm rates, farm rates or residential use rates (if Council is permitted to do so under Section 161A).

## 2.3 Equity

Having determined that Council must review its Revenue and Rating Plan in terms of the equitable imposition of rates and charges, it is a much more vexed question in terms of how to define and determine what is in fact equitable in the view of Council.

In considering what rating approaches are equitable, Council needs to have regard to the principles of taxation which are:

- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to Pay
- Sustainability
- Competitive neutrality

**Equity:** does the tax burden fall appropriately across different classes of ratepayers?

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:** does the rating methodology significantly distort property ownership and development decisions in a way that results in significant efficiency costs?

**Simplicity:** is the system practical and cost effective to administer and enforce? Is the system simple to understand and comply with?

**Benefit principle:** where the distribution of benefits is not uniform, should those who benefit more contribute more?

**Capacity to Pay:** are those ratepayers with greater economic capacity in fact contributing more?

**Sustainability:** does the system generate sustainable, reliable revenues for Council?

**Competitive neutrality:** are all businesses conducting similar activities treated in similar ways within the municipality?

Simultaneously applying all of these criteria is imperative to ensure a balanced approach as possible. The rating challenge for Council therefore is to determine the appropriate balancing of competing considerations.

## 2.4 Fair Go Rates System

The State Government’s Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. The prescribed rate caps were set by the Minister at:

| Financial Year | Rate Cap |
|----------------|----------|
| 2016-17        | 2.50%    |
| 2017-18        | 2.00%    |
| 2018-19        | 2.25%    |
| 2019-20        | 2.50%    |
| 2020-21        | 2.00%    |
| 2021-22        | 1.50%    |
| 2022-23        | 1.75%    |
| 2023-24        | 3.50%    |
| 2024-25        | 2.75%    |
| 2025-26        | 3.00%    |

The calculation of the cap under the Victorian Government’s Fair Go Rate System is legislated under S185A *Local Government Act 1989*.

|   |
|---|
| <p>Adopted General Rate and Municipal Charge Income +<br/>Annualised Supplementary Rate and Municipal Charge Income<br/>Number of Assessments as at 30 June = Base Average Rate<br/>Base Average Rate x (1 + Prescribed Rate Cap) = Maximum allowable Capped Average Rate</p> |
|---|

In situations where the rate cap is not enough for Council’s needs, Council can apply to the Essential Services Commission for a higher cap; this is known as a rate-cap variation.

### 3. Rating Framework – Surf Coast Shire Council

The below table includes the rating options under Section 155 of the *Local Government Act 1989* that Council may declare and the Surf Coast Shire rating structure.

| Rating Option   | Description   | Surf Coast Structure   |
|---|---|--|
| Valuation Method  | Options are: site value, net annual value or capital improved value system of valuation.  | Capital improved value system of valuation. Further information under section 3.1  |
| General Rate: Uniform Rate or several differential rates                | A general rate is applied to all properties and can be set as either a uniform rate or several differential rates   | General rate set as 3 differentials. Further information under section 3.2   |
| Differential Rates  | Differential rates are different rates in the dollar that are applied to different classes of properties and are permitted if the Council uses Capital Improved Value as the rating valuation base. The <i>Local Government Act 1989</i> allows the use of differential rates if the Council considers that this will contribute to the equitable and efficient carrying out of its functions | Three differentials: <ol style="list-style-type: none"> <li>1. General Rate Land</li> <li>2. Farm Rate Land</li> <li>3. Commercial/Industrial Rate Land</li> </ol> Further information under section 3.3 |
| Municipal Charge S159   | A municipal charge covers some of the administrative costs of Council. This is a flat-rate charge applied to all rateable properties.   | Yes  |
| Service rates and charges S162 (rateable land) S221 (non rateable land) | Service rates and charges can be levied for provision of waste, recycling or resource recovery services and any other prescribed service (the Minister has not prescribed any other service)  | Two Waste Services Charges: <ol style="list-style-type: none"> <li>1. Urban Waste Services Charge</li> <li>2. Rural Waste Services Charge</li> </ol>   |

| Rating Option                            | Description  | Surf Coast Structure   |
|--|--|--|
| Rebates and concessions S169             | <p>The <i>Local Government Act 1989</i> allows Councils to grant a rebate or concession in relation to any rate or charge:</p> <ul style="list-style-type: none"> <li>• To assist the proper development of all or part of the municipal district, preserve buildings or places that are of historical or environmental interest, or to restore or maintain buildings or places of historical, environmental, architectural or scientific importance.</li> <li>• The land in relation to which the rate or charge is being used for a public benefit, direct provision of goods or services to the public, or a substantial portion of the public, free of charge or for a nominal charge</li> <li>• Land is not used, or will not be used, primarily for the purposes of the distribution of profit to an owner or shareholder of an entity.</li> </ul> | Council rebates are not offered.   |
| Special Rates and Charges S163           | <p>A special rate or charge may be declared for purposes of:</p> <ul style="list-style-type: none"> <li>• Defraying any expenses, or</li> <li>• Repaying with interest any advance made or debt incurred, or loan raised by Council</li> </ul>   | <p>Council has an adopted policy in relation to special rates and charges:</p> <p>SCS-009 Infrastructure Special Rate and Charge</p> |
| Cultural and Recreational Lands Act 1963 | In accordance with the Cultural and Recreational Lands Act 1963 Council may levy an amount in lieu of rates on properties that meet the definition of cultural and recreational lands.   | An amount in lieu of rates for cultural and recreational lands is not levied.  |

Council has established a rating structure which is comprised of three key elements. These are:

- 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*
- A 'user pays' component to reflect usage of services provided by Council
- A 'fixed' municipal charge per property to cover some of the administrative costs of Council

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

The rating structure comprises three differential rates (general rate land, commercial/industrial, 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 set as follows:

| Type of Property                  | 2021-25<br>Differential<br>Rate | 2025-26<br>Temporary<br>Differential Rate^ | 2026-29<br>Differential<br>Rate^ |
|-----------------------------------|---------------------------------|--|----------------------------------|
| General Rate Land                 | 100%                            | 100%                                       | 100%                             |
| Commercial / Industrial Rate Land | 190%                            | 165%                                       | 190%                             |
| Farm Rate Land                    | 75%                             | 64%  | 75%                              |

^ Note for Temporary 2025-26 Differential Rates and 2026-29 Differential Rates:

- As a result of the financial pressure the drought is having on farmers and the flow on impacts to commercial / industrial businesses and employers in our community, the 2025-26 Budget is seeking to offer temporary support. This appears in the form of a reduced rating differentials for 2025-26. The Farm Rate Land will decrease to 64% (down from 75%) and Commercial / Industrial Rate Land to 165% (down from 190%). This reduction aims to keep the average Council farm rates and municipal charge at the same levels as 2024-25, whilst also reducing the financial pressure on commercial and industrial ratepayers.
- Due to the uncertain nature of the drought duration, future annual budget processes of Council will then assess the suitability to conclude this temporary relief and return to the 2026-29 Differential Rates structure.

Council also levies a municipal charge. The municipal charge is declared for the purpose of covering some of the administrative costs of Council. The municipal charge is calculated at approximately 10% of total General Rates.

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

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

The 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 currently utilises a service charge to fully recover the cost of Council's waste services and provides for future landfill rehabilitation costs. The garbage service charge is not capped under the Fair Go Rates legislation, and Council will continue to allocate surplus funds from this charge towards the future rehabilitation of the Anglesea Landfill.



### 3.1 Determining which valuation base to use

Under section 157(1) of the *Local Government Act 1989*, Council has three options as to the valuation base it elects to use. They are:

- Capital Improved Valuation (CIV) – Value of land and improvements upon the land.
- Site Valuation (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.

**Council uses the Capital Improved Value for rating purposes.**

#### 3.1.1 Capital improved value (CIV)

Capital Improved Value is the most commonly used valuation base by Local Government with nearly all of the 79 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 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
- b) 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 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 (SV) and Net Annual Value (NAV).
- The concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- Most, if not all 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.

The major disadvantage with CIV, and indeed all the other rating methods, is that rates are based on the property value which may not necessarily reflect the income level of the property owner as with pensioners and low income earners.

#### 3.1.2 Site value (SV)

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 Surf Coast Shire Council context would cause a shift in rate burden from the industrial/commercial sectors onto the residential. In addition, there

would be further rating movements away from modern townhouse style developments on relatively small land parcels to older established homes on the more typical quarter acre residential block.

There are currently no Victorian Councils that use this valuation base.

### **3.1.3 Net annual value (NAV)**

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

In contrast to the treatment of residential and farms, NAV for commercial and industrial properties are assessed with regard to actual market rental.

Overall, the use of NAV is not well 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.

## **3.2 Determining the rating system – uniform or differential**

Council may apply a uniform rate or differential rates to address the needs of the Council.

**Council uses the differential rates system for calculating rates.**

### **3.2.1 Uniform Rate**

Section 160 of the Act stipulates that if a Council declares that general rates will be raised by the application of a uniform rate, the Council must specify a percentage as the uniform rate. Rates will be determined by multiplying that percentage by the value of the land.

#### **Advantages of a Uniform Rate**

- Simpler to understand and administer with only one rate in the dollar
- No movement of properties between differentials

#### **Disadvantages of a Uniform Rate**

- No ability to shift part of the rates levied from one class of ratepayer to another
- Does not reflect a variable rate base profile e.g. farming properties versus residential properties

### **3.2.2 Differential Rate**

Differential rating allows (under the CIV method) 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 of the *Local Government Act 1989* outlines the regulations relating to differential rates, which include:

- a) A Council may raise any general rates by the application of a differential rate, if it uses the capital improved value system of valuing land.
- b) If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which 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 within a specific ward in Council's district) and planning scheme zoning of the land and the types of buildings situated on it and any other criteria relevant to the rate;
- iii) Specify the characteristics of the land, which are the criteria for declaring the differential rate.

Council must have 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.

The general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council. The Ministerial Guidelines for Differential Rating specifies the types of differentials that may and may not be used. The highest differential rate can be no more than four times the lowest differential rate.

### **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 (e.g. 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. (i.e. 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 rating groups to accept giving rise to queries, objections and complaints where the differentials may seem to be excessive.
- Differential rates can be confusing to ratepayers, as they may have difficulty to understand 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 differential rate achieves those objectives.

### 3.3 Differential Rate definitions and objectives

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 types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

#### 3.3.1 General Rate

**Definition:**

General land is any rateable land which does not have the characteristics of Farm Rate land or Commercial/Industrial Rate Land.

**Objectives:**

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 general rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

**Characteristics:**

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate of residential land.

The vacant land affected by this rate is that which is zoned residential under the Surf Coast Shire Planning Scheme.

The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

**Types and Classes:**

Rateable land having the relevant characteristics described below:

- a. used primarily for residential purposes; or
- b. any land that is not defined as Farm Land or Commercial/Industrial Land.

**Use of 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.

**Level of Rate:**

100% of General Rate.

**Use of Land:**

Any use permitted under the Surf Coast Shire Planning Scheme.

**Geographic Location:**

Wherever located within the municipal district.

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Surf Coast Shire Planning Scheme.



**Types of Buildings:**

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

**3.3.2 Farm Rate****Definition:**

Any land which is “Farm Land” within the meaning of Section 2(1) of the Valuation of Land Act 1960.

- a) Farm Land means any rateable land that is 2 or more hectares in area;
- b) used primarily for primary producing purposes from its activities on the land; used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and

That is used by a business –

- That has a significant and substantial commercial purpose of character;
- That seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
- That is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

**Objectives:**

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 Farm Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services with considerations to maintain agriculture as a major industry in the municipal district, to facilitate the longevity of the farm sector and achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

**Characteristics:**

The characteristics of the planning scheme zoning are applicable to the determination of farm land which will be subject to the rate of farm land.

The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

**Types and Classes:**

Farm Land having the relevant characteristics described below:

- a) used primarily for primary production purposes; or
- b) any land that is not defined as General Land or Commercial/Industrial Land.

**Use of 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.

**Level of Rate:**

75% of the General Rate, with a temporary 2025-26 rate of 64% of the General Rate as described at the start of Section 3.

**Use of Land:**

Any use permitted under the Surf Coast Shire Planning Scheme.

**Geographic Location:**

Wherever located within the municipal district.

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Surf Coast Shire Planning Scheme.

**Types of Buildings:**

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

### 3.3.3 Commercial/Industrial Rate

**Definition:**

Commercial/Industrial Land is any land, which is:

- a. Used primarily for the carrying out the manufacture or production of, or trade in goods or services (including tourist facilities and in the case of a business providing accommodation for tourists, is prescribed accommodation under the *Public Health and Wellbeing Act (Vic)* 2008; or
- b. Unoccupied building erected which is zoned Commercial or Industrial under the Surf Coast Shire Planning Scheme; or
- c. Unoccupied land which is zoned Commercial or Industrial under the Surf Coast Shire Planning Scheme

**Objectives:**

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.

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

The Commercial differential rate is applied to promote the economic development objectives for the Surf Coast Shire as outlined in the Council Plan. These objectives include an ongoing significant investment to create a vibrant economy and includes the maintenance and improvement of tourism infrastructure. Construction and maintenance of public infrastructure, development and provision of health and community services and the general provision of support services and promotion of business in Surf Coast Shire.

**Characteristics:**

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Commercial/Industrial Land.

The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

**Types and Classes:**

Commercial/Industrial having the relevant characteristics described below:

- a) used primarily for commercial purposes; or
- b) any land that is not defined as General Land or Farm Land.

**Use of 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.

**Level of Rate:**

190% of the General Rate, with a temporary 2025-26 rate of 165% of the General Rate as described at the start of Section 3.

**Use of Land:**

Any use permitted under the Surf Coast Shire Planning Scheme.

**Geographic Location:**

Wherever located with the municipal district.

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Surf Coast Shire Planning Scheme.

**Types of Buildings:**

All buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

## 4. 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.

Surf Coast Shire Council applies a Capital Improved Valuation (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 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.

### 4.1 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 revaluations and advises Council on a monthly basis 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.

### 4.2 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 Surf Coast Shire Council using the appropriate objection form that can be found on Council's website.

Property owners also have the ability to object to the site valuations on receipt of their Land Tax Assessment. An objection to a land tax assessment should be made directly to the Victorian Valuer-General. 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 State Revenue Office).



## 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 rate (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
- 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.

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.

The application of special charge schemes in the Surf Coast Shire are administered under the Infrastructure Special Rate or Charge Scheme Policy, which is available on Council’s website.

## 6. Municipal Charge

Another principle rating option available to Councils is the application of a municipal charge. Under Section 159 of the *Local Government Act (1989)*, Council may declare a municipal charge to cover some of the administrative costs of the Council. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what is covered by the charge.

Under the Local Government Act, a Council's total revenue from a municipal charge in a financial year must not exceed 20% of the combined sum total of the Council's total revenue from the municipal charge and the revenue from general rates (total rates). However, under the Local Government Bill 2018, it was proposed to reduce this limit to 10%. This bill has not been adopted, however, Council will limit the total revenue from the municipal charge to 10% of total rates.

The application of a municipal charge represents a choice to raise a portion of the rates by a flat fee for all properties, rather than sole use of the CIV valuation method. Note that the municipal charge is included in the calculation of the rate-cap under the Victorian Government's Fair Go Rates System.

The municipal charge applies equally to all properties and is based upon the recovery of a fixed cost of providing administrative services irrespective of valuation. Levying the same contribution amount per assessment to cover a portion of Councils administrative costs can be seen as an equitable method of recovering these costs.

### 6.1 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) waste, recycling or resource recovery services; and
- b) Any other prescribed service.

Council applies a service charge for the collection and disposal of refuse on urban properties (compulsory) and rural properties (optional), and providing waste services for the municipality (Street litter bins for instance). Council retains the objective of setting the service charge for waste at a level that fully recovers the cost of the waste services, including providing for the cost of rehabilitation of the Anglesea Landfill once it reaches the end of its useful life.

## 7. Collection and Administration of Rates

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

### 7.1 Payment options

In accordance with the *Local Government Act 1989*, Section 167(1), Ratepayers have the option of paying rates and charges by way of four instalments. Payments are due on the prescribed dates below, or alternatively a payment in full can be made by 30 September.

1<sup>st</sup> Instalment: 30 September

2<sup>nd</sup> Instalment: 30 November

3<sup>rd</sup> Instalment: 28 February

4<sup>th</sup> Instalment: 31 May

Council offers a range of payment options including: in person at Council offices (cheques, money orders, EFTPOS, credit/debit cards, online via Council's ratepayer portal, direct debit (on prescribed instalment due dates or monthly), BPAY, using Australia Post (over the counter, over the phone via credit card and on the internet) and by mail (cheques and money orders only).

### 7.2 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 at the rate fixed by the Minister under section 172A(1) and published by notice in the Government Gazette.

### 7.3 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.

### 7.4 Deferred payments

Under Section 170 of the *Local Government Act 1989*, Council may defer the payment of any rate or charge for an eligible ratepayers who property is their sole place of residency, 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.

Deferral of rates and charges are available to all ratepayers who satisfy the eligibility criteria and have proven financial difficulties. Interest will continue to be levied on the outstanding balance of rates of approved applications for deferral of rates or charges, but at an interest rate fixed annually by

Council. This deferred interest rate will typically be well under the penalty interest rate levied by Council on unpaid rates and charges.

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

## **7.5 Hardship Policy**

It is acknowledged at the outset that various ratepayers may experience hardship and/or financial hardship for a whole range of issues and that meeting rate obligations constitutes just one element of a number of difficulties that may be faced. The purpose of the Hardship Policy is to provide options for ratepayers facing such situations to deal with the situation positively and reduce the strain imposed by financial hardship. The Hardship Policy provides ratepayers with different relief measures if they are experiencing hardship or financial hardship and is available on Council's website.

## **7.6 Debt recovery**

Council must balance its revenue and rating responsibilities with its ethical responsibilities to ensure a fair, supportive, transparent and accountable approach to debt management

Rates and Charges and Interest not the subject of approved relief measures under Council's Hardship Policy and overdue for payment will be consigned for debt recovery.

Council may issue overdue notices where payment has not been made within two weeks after the payment due date. Overdue notices will require payment immediately. Where payment is still unpaid (in part or in full) for a further two weeks after issue of the overdue notice and the amount due exceeds \$1,000, Council will refer the matter to a debt recovery agency.

Council may commence proceedings to recover unpaid Rates and Charges, Interest and Default Costs in the Magistrates Court of Victoria or otherwise by suing for debt. Proceedings will only be commenced not prior to:

- (a) 24 months after the Ratepayer has been given a rates notice and the Ratepayer has not made payment in accordance with that rates notice; or
- (b) 24 months after the Ratepayer has failed to make payment in accordance with a Payment Plan cancellation notice.

Where Council has obtained a Court order as part of its debt recovery proceedings and the debt is not less than 3 years overdue, Council may sell the Rateable Land to which the Rates and Charges have been levied against. Council will only use its power to sell once all other debt recovery measures have been exhausted and sale is appropriate and proportionate in the circumstances. Council will only sell Rateable Land where the sale has been approved by Council resolution



## 8. Other Revenue Items

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

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 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) is where Council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (ie Council provides the service free of charge) to partial subsidies, where Council provides the service to the user with a discount. The subsidy can be funded from Council's rate revenue or other sources such as Commonwealth and state funding programs.

The Victorian Auditor General's Office report "Fees and charges – cost recovery by local government" recommends that councils develop a user fee pricing policy to help guide the fair and equitable

setting of prices. The report outlines the process for setting fee prices and includes such principles as:

- Both direct and indirect costs to be taken into account when setting prices
- Accessibility, affordability and efficient delivery of services must be taken into account
- Competitive neutrality with commercial providers.
- Full Council Subsidy Pricing and Partial Cost Pricing should always be based on knowledge of the full cost of providing a service.

Council acknowledges the best-practice principles recommended in the Victorian Auditor General's Office report, and is working towards the implementation of these principles. Council's 'Our Focus Our Future' community engagement project as part of the development of the 2025-2029 Council Plan and Financial Plan will further inform Council's pricing strategies.

Council's current strategy around the pricing of service delivery can be summarised as:

- Remaining comparative to other service providers (via benchmarking fees and charges)
- Progressive implementation of service reviews
- Using short-term fee subsidies for new facilities to attract new users and new services
- Setting fees and charges that account for the increasing cost of providing services

Remaining comparative to other service providers:

When setting fees and charges Council compares its proposed prices against both commercial operators and neighbouring councils in a regional, sector, and local context to ensure that services provided do not undercut other providers or unnecessarily effect local markets for services.

Service reviews:

Council conducts ongoing service reviews, with targeted reviews completed as part of its Business Improvement program. The aim of the Business Improvement program is to identify ongoing savings that can be obtained by identifying efficiencies and changing Council services for the better. Part of these reviews include detailed review of costs and revenues and identifying where Council may be subsidising service delivery. Any changes to Council pricing are recommended for consideration in the Council budget or through a separate Council resolution following the service review.

New facility fee subsidies to attract new services and users:

When opening a new facility, Council may elect to provide subsidised pricing for a period of time to attract new service providers and users to the facility. Many modern facilities are built with multiple uses and complementary service provision in mind. By providing a short term pricing subsidy for new facilities, Council can encourage new service providers enter the facility and start providing important services to the local community. Council may also recalibrate fees at similar facilities to ensure prices take into account improvements in service provision.

Setting fees and charges that account for the increasing cost of providing services:

When setting prices for the next financial year, Council will review service costs and ensure that any increasing costs are taken into account. Additional costs may be related to change in service provision, new legislation affecting the cost of providing services, or inflationary pressures on operating costs. This needs to be balanced with an understanding of affordability of the user of the service.

Council develops 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 feedback before the fees are locked in.

## 8.1 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:

Infrastructure:

- Vehicle crossing permits
- Asset protection permits
- Building over easement fees
- Legal point of discharge (stormwater) permits
- Stormwater connection permits

Waste:

- Gate fees for garbage and recyclable material drop-offs
- Gate fees for construction & demolition waste
- Sale of mulch and other reusable items
- Bin upgrade and additional kerbside services fees

Administration:

- Recovery referral fees
- Copy fees for old permits and records

Facilities/Services:

- Water standpipe charges
- Public hall or facility hire charges
- Winchelsea swimming pool entrance fees
- Winchelsea health club memberships
- Sport and Recreation activity fees
- Australian National Surfing Museum entrance fees

Planning and Compliance

- Planning permit adjustment fees
- Planning advice fees
- Food and health business registration fees
- Street trading permits
- Pet registrations

User fees and charges are reviewed individually on an annual basis, taking into account service costs (where identified), market conditions (including competitor or neighbouring council pricing), movements in the Consumer Price Index (CPI), and usage/volume rates.

Council's annual budget includes a fees and charges list outlining each user fee and charge, comparison to the previous year, and GST status.

## 8.2 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
- Works Within Road Reserve Permits

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 \$197.59, with this pricing fixed from 1 July 2024 to 30 June 2025. 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.

### 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 \$15.90. 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.

Council's annual budget includes a fees and charges list outlining each statutory fee, comparison to the previous year, and GST status.

## 8.3 Grants

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

Council pro-actively advocates 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, upcoming 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, and grant funds will only be included in Council's budget when the funds are confirmed via a signed funding agreement or official notification from the grantor.

## **8.4 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 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 in a separate cash reserve for the specific works identified in the agreements.

## **8.5 Interest on Investments**

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or for special purposes. The investment portfolio is managed per Council's investment policy.

## **8.6 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. Council borrowings are managed per Council's borrowings policy, which seeks to ensure borrowings are kept at responsible levels in line with Council's financial management principles.