

THE CITY OF GREATER GEELONG

# 4 YEAR REVENUE AND RATING PLAN

—

2021-22 TO 2024-25

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# Preamble

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Council is required to adopt a 4-year Revenue and Rating Plan (the Plan) by 30 June 2021 which will be reviewed annually. The plan aims to provide a medium-term plan for how Council will generate sufficient income to deliver on the Community Plan, maintain its programs and services and fund the ongoing infrastructure and asset management needs.

Council's intention is to adopt the current rating framework and objectives as part of Our Community Plan and Proposed Budget for 2021-22 to 2024-25. The differential rates for residential, commercial, industrial and other rating groups will continue to be reviewed by Council as part of future Revenue and Rating plans. The Plan has been updated to include the outcome of Council's 2021-22 Budget deliberations.

The current differential rating structure is based on cumulative impact of previous rating strategies that have occurred at and since Council amalgamation in 1993.

Prior to the 2021-22 financial year, Council's most recent rating strategy was to bring the industrial differential rate into alignment with the commercial rate and maintain a low residential rate.

In 2021-22 Council proposes as part of the 2021-22 to 2024-25 Budget to:

- Increase general rates by a total of 1.5%, this is in line with the State Government rate cap.
- Hold the average commercial rates payable for 2021-22 at the same level as 2020-21.
- Increase residential rates by an average of 1.7% to offset the hold on the average commercial rate increase.
- Reduce the gap between the commercial and industrial rate from 9.3% in 2020-21 to 6.4% in 2021-22 in line with previous Council rating strategies.
- Align the petroleum differential rate to the industrial rate in the dollar.
- Set the farm rebate at 18.6% to maintain an average rate increase consistent with the residential rate increase.
- Introduce future changes further outlined in the Medium and Long Term Strategy section of this document, key features being;
  - Medium term alignment of Commercial, Industrial and Petroleum rate differentials to 2024-25; and
  - Long term reduction of Commercial, Industrial and Petroleum rate differentials to more closely align with the Residential Rate.

Council also plans to undertake a review of the existing rating structure during the 2021-22 financial year and to provide an opportunity for ratepayers to provide input into the rating structure.

The Plan also includes Council's approach to fees and user charges, operating and capital grants, cash contributions and other non-rate revenue.

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# Introduction

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## PURPOSE

The *Local Government Act 2020* requires each council to prepare a Revenue and Rating Plan (the Plan) cover a minimum period of four years, following each Council election.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for City of Greater Geelong in conjunction with other income sources will adequately finance the objectives and actions of Our Community Plan.

This plan will outline the revenue needed to fund Council services and activities and how the funding responsibility will be apportioned between rate payers and users of Council facilities and services.

In particular, the Plan sets out the system of, rates and charges adopted by the City of Greater Geelong Council (The Council) for the purposes of allocating the required rates contribution across the municipality on the most appropriate and affordable basis.

The Plan also includes Council's approach to fees and user charges, operating and capital grants, cash contributions and other non-rate revenue.

## LINKS TO OUR COMMUNITY AND FINANCIAL PLANS

Our Community Plan 2021-25 outlines how we will work towards making Greater Geelong a clever and creative city-region and will guide the allocation of Council's resources to deliver infrastructure, asset renewal, services and programs to the community in a sustainable way.

As part of moving towards Council's 30-year vision, Our Community Plan focuses on 4 strategic pillars over the next four years, these pillars and links to the revenue and rating plan are summarised below:

### 1. Healthy, caring and inclusive community

Working alongside other stakeholders and community groups, our role is to deliver liveable and accessible places, promote active and healthy lifestyles at every stage of life, deliver services and programs more equitably and support people to stay connected with others in their local community. The Plan strongly supports the actions and outcomes of this key initiative in the following ways:

- i. Income received from general rates are used to support key direct services and support functions of local government (i.e. community grants, statutory planning and administration) and indirect services and amenity (i.e. open space, playgrounds, footpaths and roads).
- ii. The use of fees and charges to support fully or partly subsidised services (i.e. fee for service in long day care, leisure and recreation services).

### 2. Sustainable growth and environment

It is anticipated that Greater Geelong will continue to experience strong growth and demand for housing over a sustained period. Our role will be to manage population growth while maintaining what people love about living in this region, both now and in the future.

The Plan's rating strategy and direction on fees and charges will assist in the supporting growth in in the region.

### 3. Strong local economy

To secure Geelong's economic future, we must support business and industry across:

- existing sectors – health, education, construction, tourism, retail and hospitality.
- diversifying industries – advanced manufacturing, technology, research and innovation, transport, warehousing and logistics.
- emerging industries – carbon fibre manufacturing, progressive agribusiness, creative and cultural industries, smart technology businesses.

We will continue to work with a range of partners to leverage and promote our competitive strengths including transport and access, available and affordable land, and natural and cultural assets. In addition, we will continue

to work with our stakeholders to help prepare our workforce for this changing economy and support equal participation in the workforce for all.

The long-term rating strategy aims to support the delivery of a strong economy. A strong focus of the rating strategy is considering the equitable distribution of rate income between residential and commercial and industrial rate payers as well as recognising the need to consider innovative approaches in attracting new business to the City of Greater Geelong.

#### **4. High performing Council and Organisation.**

Under the leadership of Council, we make decisions that are evidence-based, financially responsible and reflect the needs of the community and stakeholders we serve. In a rapidly changing environment, this can be a balancing act.

Advancing technologies, environmental issues, social inequity, rapid growth, organisational change and ageing assets all place pressure on our existing resources. We must adapt to these challenges if we are to continue delivering services, programs and infrastructure to our communities in a way that is equitable and fair.

The Revenue and Rating plan strongly supports this initiative through:

- a. Ensuring sufficient revenue is generated to maintain service levels.
- b. Investing in efficiencies, with the budget investing in key initiatives to drive cost savings and efficiencies.
- c. Investing in our people, systems and processes to drive an improved community experience of services delivered by Council.

As part of the Council's Integrated Strategic Planning and Reporting Framework, an annual budget for a four-year financial plan is required which will be reviewed on an annual basis and will be provided as part of the Draft Community Plan and Budget process.

In past years the Council has published an annual Rating Strategy as part of the Annual Draft and Final Budget process.

The 4 Year Revenue and Rating Plan includes increased focus on the following:

- The objectives of the Rating Strategy within the context of the Council's current rating regime and consideration of changing the relativity between different rating sectors over time.
- Justification of rating decisions and linkages to long term financial plans.
- Engagement opportunities for the community to review and provide feedback on the rating strategy including deliberative engagement opportunities.
- Revenue raising practices covering both rates and other sources of income such as fees and charges, operating and capital grants and other non-rate income.

# What makes up total revenue

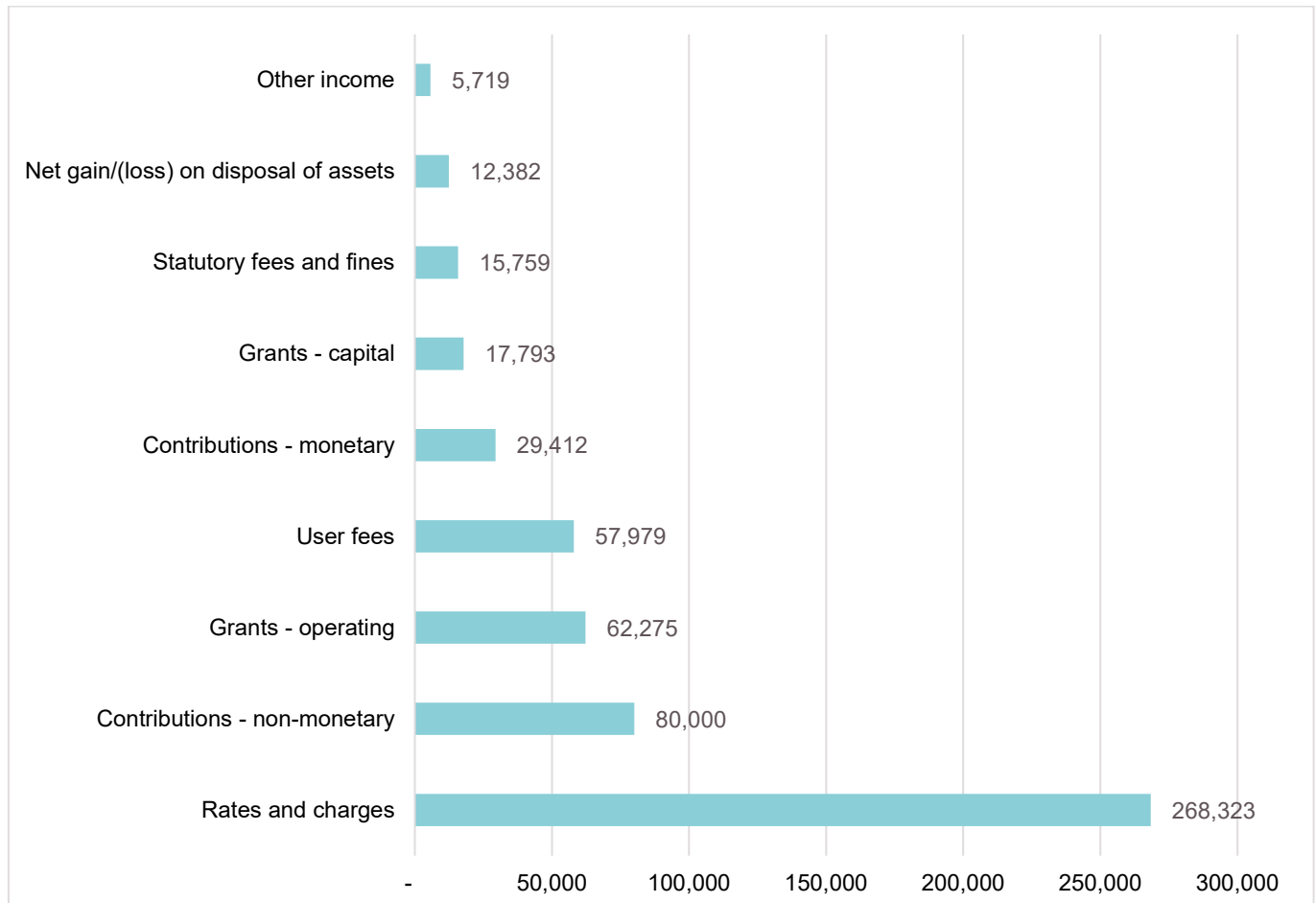
## REVENUE SOURCES

The Council requires sufficient revenue to satisfy its governance requirements, service delivery needs and ongoing infrastructure and asset management needs. Council also provides services that are not provided by the general market (e.g. community services, infrastructure, street lighting, regulatory and compliance activities). The most significant sources of these Council funds are:

- General rates and charges;
- Statutory fees and fines;
- User fees and charges;
- Government grants (operating and capital);
- Contributions (both cash and non-cash); and
- Asset sales

Detailed descriptions for each revenue source can be found in Appendix 1.

The composition of Council's revenue for 2021-22 is shown in the graph below.



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# Rates and Charges

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## WHY HAVE A RATING STRATEGY?

The purpose of a strategy is for Council to consider how the rate contributions from individual rating sectors can be most appropriately apportioned. It is the method by which Council informs its decisions about the rating strategy and how Council will raise revenue from properties within the municipality.

The rating system comprises the valuation base for each property sector and the actual rating instruments allowed under the Local Government Act (1989) to calculate property owners' contribution for rates.

Council believes that overall rating strategy must be underpinned by sound principles, which are well understood, communicated to ratepayers and compliant with current legislation.

Council aspires to balance service levels in accordance with the needs and expectations of its community and applies taxation (rating) to adequately resource its roles and responsibilities.

In setting rates, Council gives primary consideration to its strategic directions, budget considerations, the current economic climate, other external factors and likely impacts upon the community.

Council currently receives 65% of its total revenue (excluding nondiscretionary capital grants and contributions) by way of property based rates and waste charges. The balance of 35% is received from government grants, fees and charges and other sources. The development of strategies in respect of the rating base is therefore of critical importance to both Council and ratepayers. The principles of good governance require Council to provide ongoing or periodic monitoring and review of the impact of major decisions. It is, therefore, essential for Council to evaluate on a regular basis, the legislative objectives to which it must have regard and those other objectives which Council believes are relevant.

## RATING FRAMEWORK

Rates are a property tax on the local community to help fund local infrastructure and services and subsequently a ratepayer will not necessarily receive services to the extent of the tax (rates) paid. Benefits are consumed in different quantities and types over the lifecycle of the ratepayer (e.g. maternal and child health, libraries and aged care, roads and footpaths, local laws).

Our practices and decisions regarding rating are underpinned by:

- Accountability, transparency and simplicity;
- Efficiency, effectiveness and timeliness;
- Equitable distribution of the rate contribution across the community according to assessment of property values for like uses (Horizontal equity further defined below) and capacity to pay (Vertical equity further defined below) based on different uses.;
- A "safety net" approach to assist eligible ratepayers significantly affected by increasing rates; and
- Compliance with relevant legislation.
- Where feasible, services should be funded on a user pays system.
- Where specified, local objectives can be achieved using differential rates.
- Residual service costs should be apportioned on the basis of property valuation.

In addition to the decisions above, public finance theory sets three major criteria for successful taxation policy:

- Equity - including both horizontal and vertical equity.
  - Horizontal equity means ratepayers in similar situations should pay similar amounts. This is 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 means those who are better off should pay more 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 - Has two meanings first that in a technical sense the tax should not unduly interfere with the efficient operation of the economy and secondly is related to the cost of administering the collection of rates. For local government the tax should also be consistent with the major policy objectives of Council. The efficiency of a tax is also related to the cost of administration. Administration costs include the issuing of assessments, collection of rates (including maintaining and improving collection systems), monitoring outcomes, educating and informing ratepayers, and enforcement and debt recovery.
- Simplicity - for both administrative ease (and therefore lower cost) and to ensure that the tax is understood by taxpayers. The latter ensures that the tax system is transparent and capable of being questioned and challenged by ratepayers.

Council has determined that the issues concerning equity within the community and the impact of rates is best dealt within application of the entire Rating framework having regard to:

- Land use – differential groups;
- Valuation – valuation relative to other properties within land use groups;
- Rate in the dollar – based on the City’s revenue requirements and % contribution by differential group;
- Collection arrangements – access to multiple payment methods to suit; and
- Hardship being taken into consideration – subject to rating impact on class of persons or by application for individuals.

Rating equity as it relates to land uses with the exception of the specified objectives in each of the differentials are as follows:

- The Point (land at Point Lonsdale) – Differs from the residential, commercial and vacant differentials and the horizontal equity principle on the basis of its specified maintenance expense, in order to maintain the water quality of the waterways in line with the environmental obligations, once it becomes Council’s responsibility;
- Commercial, Industrial, Petroleum and Mixed Use differs from the Residential differential based on:
  - a) Vertical equity principle in that these uses all generate a revenue and that it recognises the ability of ratepayers to obtain concessions from the tax deductibility of council rates.
  - b) The horizontal equity principle in that they attract non-residents and consequently additional demands on public infrastructure and the environment.
- Vacant Land – As distinct from all other differentials to stimulate the development of vacant land to attract new residents and businesses; and
- Farm – As distinct from all other differentials to stimulate sustainable primary production.

### **No Windfall Gain**

Council does not receive any “windfall gain” of additional income when the number of properties change nor the property valuations change. The revaluation process results in a redistribution of rate revenue across all properties in the municipality. Any increase to total valuations/number of properties of the municipality is adjusted by recalculating the rate in dollar (ad valorem rate) used to calculate the rate for each property and to stay within the rate cap set by State Government.

### **MEDIUM AND LONG TERM RATING STRATEGY**

At the time and since amalgamation in 1993, the relativity of differentials for the commercial and industrial sectors has increased from 1.61 to 2.39 times for commercial and 2.54 for industrial rates times residential rates.

Since 2017-18 there has been a focus on future alignment for Revenue Generating differentials (Commercial, Industrial, Petroleum) and reducing their relativity to the residential rate to help stimulate economic development in the region. Over the next four years of this plan, it is the intention to bring commercial and industrial rates together reduce them relatively to residential rates. The strategy with the farm differential is to encourage and support the business of sustainable primary production.

It is the intention of Council’s medium term (2021-22 to 2024-25) and long-term (to 2031-32) rating strategy to:



- Maintain rate increases in alignment with State Government rate cap, unless significant circumstances warrant a request for a variation to the rate cap.
- Continue to align commercial, industrial and petroleum rate differentials over the medium term under the horizontal equity principle (refer above).
- Reduce the commercial, industrial and petroleum differentials relative to the residential differentials over the medium and long term as opportunities arise in the setting of the annual rate cap and valuation changes allow. The target state to be set in the range between 1.5 and 1.8 times the residential differential by 2031-32.
- Residential rates will, depending on the movement in valuations, need to increase at amounts higher than the rate cap over the medium and long term in order to reduce the relativity of the commercial and industrial rating differentials.
- The current Farm rebate is transitioned out over the medium term to allow all differential rates to be managed solely within the 4 times rule.
- The Farm rate differential to be set at 75% of the residential rates over the medium to long term.
- All rating differentials including vacant land, mixed use and other land use types will continue to be reviewed on an annual basis.

This medium to long term strategy recognises the current rating differential comparisons within the Local Government sector where average rates paid by Commercial and Industrial rate payers are in the top quartile and the Residential rates are in the lowest quartile.

## RATE CAPPING

The rate cap is determined by the Essential Services Commission (ESC).<sup>1</sup> For the 2021-22 financial year, this is capped to a maximum of 1.5% increase on the total rates amount levied and not individual differentials. Waste charges are a separate cost reflective charge which is excluded from the rate cap calculations.

The Valuer General-Victoria provides the valuations to Council on an annual basis. The actual rate increase for an individual rateable property is likely to differ from the rate cap percentage due to changes in individual property valuations.

Where the change in an individual property valuation is higher than the average for all rateable properties, the rate increase for that property may be greater than the cap. Where the change in the property valuation is lower than the average for all properties, the rate increase may be lower than the cap.

## Property Valuations

For the purpose of the Act and its rating provisions, the *Valuation of Land Act 1960*, is the principal act in determining property valuations. Generally, each separate occupancy on rateable land must be valued and rated. Contiguous areas of vacant land with more than one title in the same ownership may be consolidated for rating purposes.

An assessment for the purpose of rating may be against any piece of land subject to separate ownership or occupation. In this context, land has been defined to include buildings, structures or improvements and may include automatic teller machines, show case, signage, advertising, radio and mobile telecommunications towers.

Local government may adopt one of the following three valuation methodologies to value properties in its area (LGA section 157).

**Capital Value:** (CIV) the value of land and other improvements including the house, other buildings and landscaping.

**Site Value:** (SV) the value of the land plus any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements. Also referred to as the unimproved market value of the land.

**Net Annual Value:** (NAV) the value of the rental potential of the land, less the landlords' outgoings (such as insurance, land tax and maintenance costs). For residential and farm properties this must be set at 5% of the CIV (Valuation of Land Act 1960 - section 2).

<sup>1</sup> The *Local Government Act (Vic) 1989* (the Act) was amended in December 2015 to include Part 8A – Rate Caps, sections 185A to 185G to promote the long-term interests of ratepayers and the community in relation to sustainable outcomes in the delivery of services and infrastructure.

Council has adopted the Capital Improved Value as the value to which the rate in the dollar will be assessed.

The Council applies a capital improved valuation (CIV) method to all properties within the municipality to take into account the full development value of the property. This method is applied irrespective of whether the property is subject to rates or exempt under legislation. The City recognises that people with higher value properties generally have higher wealth and a greater ability to meet the provision of council services.

The Valuer General-Victoria has a statutory requirement under the Valuation of Land Act section 13DC (5), to conduct a review of property values based on market movements and recent sales trends on an annual basis. For the 2021-22 rating year, valuations will be based on values returned as at 1 January 2021.

The valuers undertake a physical inspection of some properties during each revaluation. Other valuations are derived from a complex formula based on sectors, sub market groups, property condition factors (including age, materials and floor area), influencing factors such as locality and views, and land areas compared to sales trends within each sector/sub-market group. The municipality has defined sub-market groups of homogeneous property types which are reviewed during the revaluation process. The valuers determine the valuations according to the highest and best use of a property.

In valuing large areas of land without buildings, residential zoning, permits for subdivision or structure plans are indications of potential for subdivision. If the land is capable of subdivision it will be valued accordingly as potential subdivisional land rather than farm land, despite its use. The value of subdivisional land will typically be higher than farm land. The amount of valuation increase will depend on market factors at the time of valuation.

### Supplementary Rates

In certain circumstances, valuations must be performed between general valuations. These are known as supplementary valuations. The Valuer-General Victoria is tasked with undertaking supplementary valuations and advises council 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.

They are mainly required when properties are:

- physically changed – for example, when buildings are altered, erected or demolished; or
- amalgamated or subdivided; or
- when data held on Council's database is corrected.

Supplementary valuations are completed in accordance with the circumstances as listed in section 13DF (2) (a)-(o) of the *Valuation of Land Act 1960*.

### Rate Review

Rateable and non-rateable land shall be subject to regular review and audit.

- upon revaluation;
- when building permits or subdivisions occur;
- physically changed – for example, when buildings are altered, erected or demolished;
- where a parcel of land may have more than one land use;
- if the creation of a separate assessment on a parcel of land is required;
- upon sale and transfer of land;
- upon inspection by the City; and
- upon application and inquiry by the ratepayer.

### Objections for Property Valuation

The Valuation of Land Act 1960 provides that objection to the valuation may be made each year 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.

Objections must be dealt with in accordance with the Valuation of Land Act – Division 3 sections 16-21.

The Act was amended in 2006 in order to improve the valuation objection process and reduce the number of lengthy and costly disputes. The Act specifically improves the processes and practices for lodging an objection, sharing and exchange of information, referring an objection dispute to VCAT, awarding of costs, Valuer General notifications and certification of

supplementary valuations. Further information can be obtained by contacting Council or accessing the Land Victoria web site at [www.land.vic.gov.au/valuation](http://www.land.vic.gov.au/valuation).

Council will continue to advise ratepayers via the "Rates, Charges and Valuation Notice (the Rate Notice), brochure, web site and City News, of their right to object and appeal the valuation.

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 council Rate Notice (via the City) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).

Property owners will be able to lodge objections directly with the Valuer-General Victoria via an online portal commencing from the 2021-22 rating year.

## **DIFFERENTIAL RATING CATEGORIES**

### **Ministerial Guidelines**

The *Local Government Legislation Amendment (Miscellaneous) Act 2012* allows the Minister to set differential rating guidelines for compliance by councils. The final version of the Ministerial Guidelines was gazetted on 26 April 2013 and came into effect from 1 July 2013. Council needs to consider the objectives, the suitable uses and the types of classes of land when introducing a differential rate. There are no new differential rates being introduced as part of the 2021-22 Budget.

### **Reasons for Differential Rates**

Rating, through the application of different differentials recognises the ability of some ratepayers to obtain concessions from the tax deductibility of council rates and provides for a series of differential rates. This considers low economic return to large landholdings, avoid distortions in the market or an ability to contribute above the standard charge.

## **DIFFERENTIAL CHARACTERISTICS & RATING OBJECTIVES**

**Residential Land** - means any land:

- i. that is used exclusively for residential purposes; or
- ii. on which a habitable building is erected, which building is unoccupied, and which is zoned residential under the Greater Geelong Planning Scheme.

Rating Objective:

To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:

- a) construction and maintenance of public infrastructure;
- b) development and provision of health and community services; and
- c) provision of general support services

**Vacant Land** - means any land:

- i. that does not have the characteristics of Farm Land; and
- ii. on which no building is erected, save for any uninhabitable shed or shelter, the size of which does not exceed 5% of the total area of the land.

Rating Objectives:

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) construction and maintenance of public infrastructure;
  - b) development and provision of health and community services; and
  - c) provision of general support services.
- ii. To encourage the prompt development of vacant land to attract new residents and businesses to the City of Greater Geelong.
- iii. To discourage untimely and unnecessary divisions of land.

These objectives will be met by setting the Vacant Land differential at 139.9% of the Residential Land differential.

**Commercial Land** – means any land that:

- i. does not have the characteristics of:
  - a) Farm Land; or
  - b) Industrial Land; and
  - c) Petroleum Production Land.
- ii. is used predominantly for the sale of goods or services or other commercial purposes; or
- iii. on which a habitable building is erected, which building is unoccupied, and which is zoned other than residential under the Greater Geelong Planning Scheme.

Rating Objective:

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) construction and maintenance of public infrastructure;
  - b) development and provision of health and community services; and
  - c) provision of general support services.
  - d) Commerce attracts non-residents and consequently additional demands on public infrastructure and the environment;
  - e) That the equitable contribution made by Commercial land recognises the income generating capability and tax deductibility of Council rates, which is not available to the residential sector; and

**The Point – Residential Land** - means any land that:

- i. is used exclusively for residential purposes; or
- ii. on which a habitable building is erected, which building is unoccupied, and which is zoned residential under the Greater Geelong Planning Scheme; and

All the residential land formerly described in Certificate of Title Volume 09901 Folio 324 and also described as Lot B PS 635643, PS 640648Y, PS 722221H, PS 722220K, PS 743868K, PS 732908M, PS 638301D, PS 635642R, PS722215C, PS 722214E, PS 743877, PS 816893, PS 743876 and PS 743878, PS 822924, PS 822922, PS 822918, PS 816907, PS 822928, PS 832773, PS 822948 PS 743870 and PS 843583.

Rating Objectives:

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) construction and maintenance of public infrastructure;
  - b) development and provision of health and community services;
  - c) provision of general support services; and
  - d) management of environmentally sensitive land.
- ii. To ensure that, following the development of the Point Land, and transfer to the City of the management of environmentally sensitive land, including the provision of a range of services around an existing waterway, constructed lake and canal system, an equitable and efficient financial contribution to the cost of the City's management responsibilities will be made by the ratepayers in respect of that land.

**The Point – Vacant Land** - means any land:

- i. that does not have the characteristics of Farm Land; and
- ii. on which no building is erected save for any small uninhabitable storage shed or shelter, the size of which does not exceed 5% of the total land area; and
- iii. All the vacant land formerly described in Certificate of Title Volume 09901 Folio 324 and also described as Lot B PS 635643, PS 640648Y, PS 722221H, PS 722220K, PS 743868K, PS 732908M, PS 638301D, PS 635642R, PS722215C, PS 722214E, PS 743877, PS 816893, PS 743876 and PS 743878, PS 822924, PS 822922, PS 822918, PS 816907, PS 822928, PS 832773, PS 822948 PS 743870 and PS 843583.

Rating Objectives:

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City, generally including the:
  - a) construction and maintenance of public infrastructure;
  - b) development and provision of health and community services;
  - c) provision of general support services; and
  - d) management of environmentally sensitive land.

- ii. To ensure that, following the development of the Point Land, and transfer to the City of the management of environmentally sensitive land, including the provision of a range of services around an existing waterway, constructed lake and canal system, an equitable and efficient financial contribution to the cost of the City's management responsibilities will be made by the ratepayers in respect of that land.
- iii. To encourage the prompt development of vacant land to attract new residents and businesses to the City of Greater Geelong and, more specifically, to the Point Land.
- iv. To discourage untimely and unnecessary divisions of land.

**The Point – Commercial Land** - means any land that:

- i. does not have the characteristics of:
  - a) Farm Land; or
  - b) Industrial Land; and
- ii. is used predominantly for the sale of goods or services, or other commercial purposes; or
- iii. on which a habitable building is erected, which building is unoccupied, and which is zoned other than residential under the Greater Geelong Planning Scheme; and
- iv. All the commercial land formerly described in Certificate of Title Volume 09901 Folio 324 and also described as Lot B PS 635643, PS 640648Y, PS 722221H, PS 722220K, PS 743868K, PS 732908M, PS 638301D, PS 635642R, PS722215C, PS 722214E, PS 743877, PS 816893, PS 743876 and PS 743878, PS 822924, PS 822922, PS 822918, PS 816907, PS 822928, PS 832773, PS 822948 PS 743870 and PS 843583.

**Rating Objectives:**

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to cost of carrying out the functions of the City, generally including the:
  - a) Construction and maintenance of public infrastructure;
  - b) Development and provision of health and community services;
  - c) Provision of general support services; and
  - d) Commerce attracts non-residents and by the nature of its activities, may create additional demands on public infrastructure and the environment;
  - e) That the equitable contribution made by Commercial land recognises the income generating capability and tax deductibility of Council rates, which is not available to the residential sector
  - f) Management of environmentally sensitive land.
- ii. To ensure that, following the development of the Point Land, and transfer to the City of the management of environmentally sensitive land, including the provision of a range of services around an existing waterway, constructed lake and canal system, to ensure that an equitable and efficient financial contribution to the cost of the City's management responsibilities will be made by the ratepayers in respect of that land.

**Industrial Land** – means any land that:

- i. does not have the characteristics of:
  - a) Vacant Land; or
  - b) Commercial Land; and
  - c) Petroleum Production Land.
- ii. is used predominantly for industrial purposes, which includes manufacturing, repairing, servicing, processing and reprocessing or warehousing.

**Rating Objective:**

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) Construction and maintenance of public infrastructure;
  - b) Development and provision of health and community services; and
  - c) Provision of general support services.
  - d) Industry attracts non-residents and by the nature of its activities, may create additional demands on public infrastructure and the environment;
  - e) That the equitable contribution made by industrial land recognises the income generating capability and tax deductibility of Council rates, which is not available to the residential sector

**Mixed Use Land** – means any land that:

- i. has the characteristics of Residential Land combined with the characteristics of Commercial Land or Industrial Land; and
- ii. is used partly for residential purposes and partly for commercial and/or industrial purposes.

**Rating Objective:**

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) Construction and maintenance of public infrastructure;
  - b) Development and provision of health and community services; and
  - c) Provision of general support services.
  - d) Commerce attracts non-residents and by the nature of its activities, may create additional demands on public infrastructure and the environment;
  - e) That the equitable contribution made by Commercial land recognises the income generating capability and tax deductibility of Council rates, which is not available to the residential sector

**Farm Land** – means any land which:

- i. is not less than 2 hectares in area; and
- ii. is used predominantly for the business of 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; or
- iii. satisfies the criteria for municipal purpose benefit for large holdings to the extent that it is, for example, land that is predominantly used and maintained for heritage, cultural or environmental purposes, or land that is held as natural bushland under a trust for nature covenant, or land that is held under some other type of similar formal undertaking.

To avoid doubt, 'business' for the purposes of identifying Farm Land has the same meaning as that given to it by section 2(1) of the *Valuation of Land Act* 1960 for the same purpose, being a business that:

- a) has a significant and substantial commercial purpose or character; and
- b) seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
- c) 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.

**Rating Objectives:**

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) construction and maintenance of public infrastructure;
  - b) development and provision of health and community services; and
  - c) provision of general support services.
- ii. To encourage and support the business of primary production and, where appropriate, expand the business of and viability of primary production.

These objectives will be met by setting the Farm Land differential at 63.6% of the Residential Land differential and by the provision of a farm rebate of 18.6% under section 169 of the LGA.

**Petroleum Production Land** – means any land that is:

- i. used primarily for the production or conveyance of petroleum and/or petroleum by-products; and
- ii. described as all that land generally bounded more or less by Princes Highway, Shell Parade, Corio Bay Foreshore, Wharf Road, Station Road and neighbouring land.

**Rating Objective:**

- i. To ensure that all rateable land makes an equitable and efficient financial contribution to the cost of carrying out the functions of the City generally, including the:
  - a) Construction and maintenance of public infrastructure;
  - b) Development and provision of health and community services; and
  - c) Provision of general support services.
  - d) Industry attracts non-residents and by the nature of its activities, may create additional demands on public infrastructure and the environment;



- e) That the equitable contribution made by Industrial land recognises the income generating capability and tax deductibility of Council rates, which is not available to the residential sector

The Petroleum Production Land differential is set at the Industrial Land rate differential from 2017-18.

**Cultural & Recreational Land** – means any land that:

- i. has the characteristics of '*recreational lands*' as defined by the *Cultural and Recreational Lands Act 1963*;

## **CULTURAL AND RECREATIONAL LAND RATES**

Council declares the Cultural and Recreation Rate on all land reserved under and in accordance with the *Cultural and Recreational Lands Act 1963* – section 4.

The *Cultural and Recreational Lands Act* provides that “an amount be payable in lieu of rates in each year being such amount as the municipal council thinks reasonable having regard to the services provided in relation to such lands and having regard to the benefit to the community derived from such recreational lands”.

Rather than calculating the costs that local government bears in respect to such lands, or the benefits received by locals in relation to these properties, Council has set the rate representing a concession to the commercial rate. The 2021-22 rate is 31.4% of the commercial rate. An assessment of the direct and indirect costs involved is problematic. For example, depreciation of local roads related to access while the quantification of benefits in terms of income, employment, social interaction, community and physical wellbeing is also problematic. The resources involved in attempting to accurately identify and quantify benefits and costs is not justifiable on grounds of efficiency especially given the low levels of rate income involved.

## **REBATES AND CONCESSIONS**

For 2021-22 Council do not grant rebates or concessions to assist the proper development in full or part unless a council resolution as per the LGA specifies the benefit to the community as a whole.

Council offers support by way of sponsorships, grants and donations to specific groups as an alternative to rate rebates.

### **Pensioner Rebates**

Council administers the State Government funded pension rebate according to the eligibility criteria set by the State Government.

Holders of a Centrelink or Veterans Affairs pension concession card, or a Veteran Affairs Gold card which stipulates TPI or War Widow (excludes Health Care and DVA all conditions, POW, EDA and dependant cards) may claim a rebate on their sole or principal place of residence.

For 2021-22 the government-funded indexed rebate is provided under the Municipal Rates Concession scheme. It will increase from \$241.00 to an estimated \$244.60 (to be confirmed in June 2021) or 50% of the rate payment, whichever is the less. Upon initial application, an ongoing eligibility is maintained unless rejected by Centrelink or Department of Veteran Affairs during verification procedures. Upon acceptance of pensioner status the concession or rebate is deducted from the rate account before payment by the ratepayer.

Applications for the concession must be lodged by 30 June in each year.

Council considers that it is not appropriate for council via ratepayer funds to make an additional rebate or offset to all pensioners.

Councils view is that pensioners receive a variety of utility and other concessions funded from general government taxation, which is appropriate. The State government has historically accepted the need to redistribute income taxes in support of utility concessions and rebates to low income households. Council supports this view, along with annual indexation of the municipal rate concession amount.

For Council to make further concessions would mean a redistribution of the rate burden with other ratepayers bearing the cost by way of higher rates and charges and having regard to these factors would unfairly penalise those ratepayers.

## Farm Rebates

Council declares a Farm Rebate to support the continuation of broad acre farming. The Farm Rebate is fixed at 18.7% of farm rates payable in respect of each assessment that is subject to the Farm Land differential.

Traditionally a discounted rate (lower differential) for the farm sector has been justified due to factors, which include:

- Perception of inequality between rates paid and services received;
- Geographic impediments in terms of access to council services, which are primarily located in urban areas;
- Perception that “farmers” use less council services due to “cultural” differences;
- The relatively low return on asset of the farm sector;
- The need to protect the commercial viability of the farm sector;

However, given significant variations to valuations across differentials and the limitations of the ‘four times’ rule the Act section 169 (5), Council has resolved to retain and set the farm differential at a lower rate than the residential rate, (for 2021-22 the farm differential will be set at 63.6% of the residential differential) and provide a rebate to all farm properties in accordance with having the farm sector as the lowest rated differential.

To qualify for the farm rebate properties will be defined as farm land. The rebate will be set at 18.7% (46.5% for 2010-11 and 2011-12, 36.2% for 2012-13 and 2013-14, 34% for 2014-15 and 2015-16, 40% 2016-17 and 2017-18, 37.3% 2018-19, 33.3% 2019-20, 15.6% 2020-21) of the amount payable of the capital improved value of the property.

The rebate recognises the nature of the farm with a LGA section 169 rebate.

## Incentives for Prompt Payment

The Act section 168 provides that incentives for prompt payment may be offered. Discount for early payment should be based on cash flow benefit to the City.

Council has determined that no incentives for prompt payment will be offered for the year 2021-22.

Council offers payments via a number of agencies and services and to provide discount would be administratively cumbersome and costly. Awards and competition based incentives are generally only of benefit to the City via early cash flow and to the successful ratepayer(s). Any incentive would only apply to ratepayers that could afford to pay in a lump sum, disadvantaging those ratepayers unable to do so.

## Liability to Pay Rates

LGA section 156 makes the owner of the land liable to pay the rates and charges on that land. In certain cases, the occupier, mortgagee or licensee holder is liable to pay the rates.

The LGA section 156(6) declares the rate or charge, unpaid interest or costs to be a first charge upon the land.

## Electronic Notices

Council encourages the electronic distribution of rate notices and promotes My Geelong. Ratepayers can elect to receive either their Annual Rate notice or Instalment Rate notice electronically which is received through their email address.

Register with your rate notice at [www.geelongaustralia.com.au/ratesonline](http://www.geelongaustralia.com.au/ratesonline).

Once you have registered you can:

- Receive and manage rate notices and payments
- Receive and manage animal registrations
- Check bin collection days
- Submit service requests

## Payment Dates for Rates

Council, in accordance with the Act section 167 (1) must allow for the payment of rates by four instalments per annum. Council may allow a person to pay a rate or charge in a single lump sum payment LGA section 167 (2).

The Minister fixes instalment and single lump sum payment dates by notice published in the Government gazette.



Council offers ratepayers the option to pay rates by four instalments due on 30 September, 30 November, 28 February and 31 May each year, or the next working day thereafter should those days be a weekend or public holiday.

Ratepayers may pay in a single lump sum payment provided that payment is received by 15 February or next working day thereafter if that day is a weekend or public holiday.

This is set in accordance with the Act.

### **Alternative Instalment / Payment Options**

A number of councils offer four instalments per annum as the only payments option (e.g. Queenscliffe Borough Council).

The Act section 167 requires that councils “must allow” payment in four instalments and “may allow” payment in one lump sum. The Minister fixes the dates of instalments and lump sum by notice published in the Government Gazette. The dates are set state wide with no variability between councils and have traditionally been the dates as listed above.

Council may in future consider moving to the instalment payment options only. Of the 133,348 rate accounts issued annually, some 47.4% now use the 4-instalment option. A move to four instalments only would bring cash flow forward and increase interest on cash held in investments. However, this is offset by increased postage and collection fees.

For 2021-22 there is to be no change to the existing payment instalment arrangements.

### **Payment Options**

Council offers a range of payment options including direct debit, Bpay, internet via [www.geelongaustralia.com.au](http://www.geelongaustralia.com.au), by mail, telephone, over the counter services at customer service centres. Over the counter is also available at Australia Post agencies at a significant cost to Council. This service is to be reviewed in the future as a part of a review of payment options. Council also uses Centrepay arrangements which allows Centrelink recipients to have payments deducted directly from their Centrelink entitlements.

In addition to annual and instalment direct debits, Council has 20 fortnightly direct debits or nine monthly direct debit payments.

Individual payment arrangements are available by contacting our team. Any payment arrangement should be set with a known end date that clears the debt within an agreed timeframe preferably within 12 months.

Council incurs costs of collection via agency and merchant service fees. A payment processing fee on credit card transactions was introduced during 2014-15 at 0.4% to offset the merchant service fees charged by financial institutions. The percentage recovered will be 0.46% from 1 July 2021.

### **Late Payment of Rates**

Council has determined that the application of interest penalties will be in accordance with the Act section 172.

To alleviate any discussion or debate late payment of fines and penalties will be applied to any outstanding rates not paid by the due date. A period of not less than one day grace will be allowed.

### **Interest on Arrears and Overdue Rates**

Interest is charged on all overdue rates in accordance with the Act section 172. Penalty interest is to be charged from the date when each instalment was due, irrespective of whether a lump sum option is available.

The interest rate to apply is fixed under section 2 of the Penalty Interest Rates Act 1983, which is determined by the Minister and published by notice in the Government Gazette. The penalty interest rate of 10% per annum will apply from 1 July 2017.

Council cannot apply an alternative rate but has the power to exempt any person from paying the whole or part of any interest amount generally or specifically payable – LGA section 172 (2A).

As part of the hardship provisions the City allows people who have proven financial difficulties to defer rate payments. The interest rate for deferred rate payments is set at 3.56% for 2021-22.

## Debt Recovery - Collection of Overdue Rates

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. Amendments to the Act require both the vendor and buyer of property, or their agents (e.g. solicitors), to notify Council by way of a notice of acquisition.

In the event that an account becomes overdue, Council has established procedures for the issue of an overdue final notice which may include interest pre calculated to a forward payment date.

In the event that the account remains unpaid, we may take legal action without further notice to recover any overdue amount. All fees and court costs are 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 sell the land in accordance with the *Local Government Act* – section 181.

Councils debt collection practices are intended to act as a deterrent to ratepayers who might otherwise fail to pay rates on time, to allow Council to recover the administrative cost of following up unpaid rates and to recover any interest cost Council may incur due to lost investment opportunities. The principle in providing for such penalty is that ratepayers who pay within the required timeframe should not have to subsidise or bear any cost of ratepayers who default in payment.

## RELIEF AND HARDSHIP POLICIES AVAILABLE TO RATEPAYERS IN FINANCIAL DISTRESS

Rates Assistance is reviewed annually as part of the budget process and published within Council's Revenue and Rating Plan and on our website. Applications for hardship will be considered in accordance with sections 170 and 171 of the LGA and as per Council's hardship policy.

### Rates Assistance Waiver

Council declares a waiver to any qualifying ratepayer experiencing an increase in valuation of more than 50% due solely to the annual revaluation.

In each revaluation there has been significant increases in valuations above the average, which have occurred due to the diverse property types and market influences within the municipal district and especially along coastal and waterfront locations. Based upon analysis of rating impacts, Council has determined that the continuation of the assistance measure will ensure that equity, benefit, ability to pay, efficiency and simplicity principles of taxation are adhered to.

The purpose of this measure is to provide relief to qualifying ratepayers who have incurred significant increases to valuation and hence rates arising solely from an increase in valuation caused by market conditions. Relief is granted subject to the criteria below.

- the property is the principal place of residence;
- the property has been owned by the same ratepayer for both valuation periods;
- the property is rated within the residential or farm differential; and
- have not had an increase in valuation because of improvements made requiring a building permit;
  - a. currently eligible as a pensioner under the *State Concession Act* (2004) (Centrelink Pensioner Concession, Department of Veterans Affairs Pension Concession, Gold Card -widow or TPI specific - Cards); and
- can demonstrate that they are of low income status with a maximum income of \$55,626 or less (Statement of Earnings SOE - Centrelink or most recent tax assessment notice).

The amount of the waiver is set at:

- between 25% and 49.99% of the general rates payable for the 2020-21 financial year, increasing pro rata according to the valuation increase, for valuation increases between 50% and 59.99%; and
- 50% of the general rates payable for the 2021-22 financial year for valuation increases of 60% or more.

The waiver for 2021-22 is granted in accordance with the waiver / hardship provisions of section 171A of the Act.

### Housing Support Waivers

Council declares a Housing Support Waiver of 100% of general rates under section 171 of the LGA for the class of persons comprised of ratepayers in respect of assessments which contain the following types of housing:

- transitional, emergency or crisis housing;
- housing for legatees or war widows, provided by the Geelong Legacy Club or provided by RSL; and

- supported housing for disabled people.

This allows Council to waive the fire services property levy under section 27 of the FSPL Act.

This waiver recognises that these properties provide for specific needs within the community.

### **Assistance to Individuals in Hardship or Domestic Violence**

Council has determined that the provisions for deferral (the Act section 170) and waiver of rates (the Act section 171 & 171A) may be utilised in accordance with the delegated authority to officers approved by Council.

Promotion of this option will occur on the rate notice, rate brochures and web site.

Council will consider an application for financial hardship relief confidentially and objectively based on the information provided by the person or business in the application and will advise of its decision in writing within 14 days of receiving the application and all supporting information.

The deferral will be granted on the following conditions:

- That the ratepayer pay interest on the amount affected by the deferral at a rate fixed by Council.
- The deferral ceases if Council in its discretion revokes the deferral (in which case Council must give the ratepayer at least 30 days' notice in writing of the revocation before taking action to recover rates affected by the deferral);
- The ratepayer ceases to own or occupy the land in respect of which rates are imposed (in which case the rates are immediately payable); and
- Any other conditions as Council thinks fit.

The application for deferral does not change the due date for payment of rates.

In all applications for Deferral, Ratepayers will be encouraged to continue to pay that portion of the rates, fees and charges or rent that is affordable given their individual circumstances. This will be mutually agreed given the particular circumstances of the Ratepayer's individual case.

Council policy is that deferral is appropriate where ratepayers have incurred increases to rates and immediate affordability is an issue.

Council acknowledges an inequity for ratepayers is created where rates are waived which would otherwise be charged against the property assets and recognises the deferral of rates and charges as a more equitable outcome for the entire community.

However, Council will consider waiving or reducing rates for certain Ratepayers where exceptional circumstances are experienced, and where severe impact can be demonstrated.

Consideration of a waiver can only occur if all relevant financial information has been disclosed to Council with supporting documentation as may be requested. Penalties apply for providing false and misleading information for an application for waiver.

Exceptional Circumstances will be determined at the sole discretion of the Chief Executive Officer. Waivers can only be approved by the Chief Executive Officer and are limited to a total value of \$1,000.

Where a person or business is dissatisfied with the outcome of their application, the person or business may ask the Chief Financial Officer to review Council's decision by completing and lodging the [Appeal Against Decision](#) form. The Chief Financial Officer will determine the appeal within 14 days from receipt of the form.

### **New Corio Estate Waivers**

For 2021-22 financial year, Council declares a waiver of 100% of general rates under section 171 of the LGA for the class of persons comprised of ratepayers in respect of assessments which are in private ownership within the inappropriate subdivision known as New Corio Estate.

This rates assistance waiver recognises the financial burden associated with ownership of this land. Land within the New Corio Estate is zoned as farming land and the area has been determined to be an inappropriate subdivision due to the difficulty of providing utilities and drainage and due to its distance from other residential areas. The Minister for Environment & Climate Change has approved a native vegetation plan for this land in support of natural temperate grassland of the Victorian Volcanic Plains.

The waiver recognises the ongoing encumbrances on the land that prevent owners from making any demands on Council services now and into the future.

## OTHER SERVICE RATES AND CHARGES COLLECTED VIA THE RATES PROCESS

### Service Charges – LGA section 162

A service rate or annual service charge for water supply, refuse, sewerage or other prescribed services may be declared under any criteria specified by Council. Council currently declares a service charge only in respect to the collection and disposal of refuse. The Recycle and Waste Collection service is based on user-pay principles to cover the costs of collection, recycling and landfill disposal. Council operates a full domestic garbage, recycling and green waste system providing a three bin service to all residential and eligible farm households. Private contractors generally undertake all non-residential refuse collections by direct arrangement with the landowner or tenant.

The Recycling and Waste Collection Service charge is levied on the following criteria:

- Geographic existence within those areas of the municipal district in which Council provides a domestic refuse collection and disposal service.
- The charge will be raised irrespective of whether the service is used or not unless it has been identified as a multi-unit assessment via the planning process where the traditional waste collection service cannot be used.

The Waste Collection Service charge is calculated based on a fee for service, including direct, indirect and overhead costs. The service charge does not form part of the rate cap. The waste collection charge will increase from \$360.95 to \$396.35 or 9.8%. For identified multi-unit assessments, a new fee has been introduced from 2021-22. The charge will be \$151.55 per assessment. The EPA landfill levy increases from \$38.95 to \$56.88 per tenement (included in the service charge).

A section 162 service charge was introduced in 2016-17- The Annual Service Charge – Additional Bin Service.

From 1 July 2016 property owners currently receiving the waste collection service charge are able to apply for the additional bin service via application compliant with the following criteria with upfront payment:

- In all cases of application for additional bins, Council reserves the right to inspect the applicant's existing bins to confirm that they are overloaded. If this cannot be confirmed, the additional bins will not be provided;
- The property owner or their authorised agent signs the additional bin application form, provides appropriate supporting evidence and agrees to the application service charge.

Applications that meet the criteria will be billed via the Rate, Valuation & Charges notice in future years.

If an application is received and approved in the first six months of the financial year, that is, from July to December, the full annual cost of the additional bin will be charged. If an application is received and approved in the second half of the financial year, that is January to June, half the annual cost will be charged.

The following costs will apply for the additional bin service per year:

- |                                 |          |
|---------------------------------|----------|
| – Garbage bin 140L              | \$162.60 |
| – Garbage bin from 140L to 240L | \$117.55 |
| – Recycling bin 240L            | \$ 89.60 |
| – Green waste bin 240L          | \$ 84.90 |

### Special Charge Rates – LGA section 163

Council has special rates and charges to defray the cost for the performance of a function that is of special benefit to any specific ratepayer group (refer Council Policy Special Rates & Charges).

Council from time to time declares special charges in respect to street schemes, construction of footpaths and area beautification subject to the provisions of LGA S163-S166.

### Ex Gratia Rates

Council has "Ex Gratia Rates" to gain contributions towards its operational costs from those property owners which are otherwise exempt from paying rates. It is Council's intent to align ex gratia contributions as close, or equivalent, to the applicable rate category for that property as possible, subject to particular circumstances.

## THE FIRE SERVICES PROPERTY LEVY (FSPL) AND ITS IMPACT ON RATE NOTICES

### Fire Services Property Levy (FSPL)

The Victorian State Government introduced the *Fire Services Property Levy Act (2012)* which came into effect from 1 July 2013 and requiring local government to bill, receipt and collect a Fire Services Property Levy on rateable and non rateable properties.

The Act was in response to one of the recommendations of the Victorian Bushfires Royal Commission with the objective being to ensure that all property owners benefitting from Victoria's Fire Services should make a contribution to the cost of the service compared with the existing insurance based levy.

The levy is designed to ensure that all property owners pay a contribution for fire services so that Victoria's fire services continue to operate with sufficient resources. The levy is assessed on the Capital Improved Value (CIV) of property and is consistent with the valuation base used by most municipalities in levying rates.

How is the payment calculated?

The levy will consist of a fixed component plus a variable component based on the property's capital improved value. The variable component will be a rate based on the land use classification code, known as the Australian Valuation Property Classification Code (AVPCC) for different property types [residential, commercial, industrial, primary production, public benefit, vacant] and will be determined by the Minister on or before 31 May each year. A \$50 per property concession will apply to pensioner concession and Veterans Affairs gold card holders.

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# Fees and Charges

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## USER FEES AND CHARGES

The City provides a wide range of services to its community. In undertaking this role, the City assesses community needs through its planning process and determines which services Council will support. Of those identified services, the City can advocate for the service, facilitate the service or actively participate and deliver the service.

Examples of user fees and charges provided by the Council include:

- Kindergarten & childcare fees
- Leisure Centre, Gym and Pool visitation and membership fees
- Waste management fees
- Aged and health care service fees
- Leases and facility hire fees.

Council periodically reviews user fees and charges and adjusts the levels consistent with application of the principles outlined in the Council's Fees and Charges Policy.

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.

Council has adopted a Fees and Charges Policy that guides in the setting of user fees and charges for Council services. This policy and methodology is applied to setting fees consistently across the organisation in order to enhance accountability and provide transparency to the community in the decision-making process.

A schedule of the current user fees and charges is presented in Council's annual budget.

## 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

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

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# Grants Revenue

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Grant revenue represents income usually received from other levels of government. Council pursues all avenues to obtain external grant funds for programs and prioritised works. The Community Plan guides us in prioritising new initiatives and improvements to our services and allows us to ensure resources are directed to areas where action is needed to achieve our Council priorities. However, we cannot deliver this alone. Key to our success will be our ability to advocate to and collaborate with:

- state and federal governments
- other local governments, especially those in the G21 region
- peak bodies
- community groups
- local organisations
- businesses.

A large proportion of grants income is made up of the Financial Assistance grant provided by the Commonwealth Government under the Local Government (Financial Assistance) Act 1995 (Commonwealth) and distributed annually to 79 local governing bodies within Victoria.

The Financial Assistance Grant program consists of two components:

- A general purpose component, which is distributed between the states and territories according to population (i.e., on a per capita basis), and
- An identified local road component, which is distributed between the states and territories according to fixed historical shares.

Both components of the grant are untied in the hands of local government, allowing councils to spend the grants according to local priorities. Council applies the local roads component to road rehabilitation projects in its Capital Works Program and utilizes the general purpose component to fund Council operations and Capital works.

When preparing its budget and financial plan, council considers its future projects, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for.

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# Contributions

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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.