



REVENUE AND
RATING PLAN
2024 - 2028



Yarriambiack
SHIRE COUNCIL

CONTENTS...

1.	EXECUTIVE SUMMARY	3
2.	WHAT IS A REVENUE AND RATING PLAN?	6
3.	FINANCIAL MANAGEMENT	7
4.	REVENUE AND RATING FRAMEWORK	8
	4.1 Rate Capping	9
5.	PROPERTY VALUATION	11
	5.1 Valuation Process	11
	5.2 Supplementary Valuation Process	11
	5.3 Objections to Property Valuation	11
6.	GENERAL RATING	13
	6.1 Yarriambiack Shire Council's Model	14
7.	SERVICE RATES AND CHARGES	16
	7.1 Waste Management Capital Investment	16
8.	MUNICIPAL CHARGE	17
9.	SPECIAL RATES AND CHARGES	17
10.	COLLECTION OF RATES AND CHARGES	17
	10.1 Payment Options	17
	10.2 Payment Methods	18
	10.3 Unpaid Rates and Charges	18
	10.4 Debt Recovery	18
11.	USER FEES	19
12.	OTHER REVENUE SOURCES	20
	12.1 Government Grants	20
	12.2 Contributions	20
	12.3 Other Revenue	20
13.	FINANCIAL HARDSHIP CONSIDERATION	20
14.	CONCESSIONS AND REBATES	20
15.	FIRE SERVICES PROPERTY LEVY	20
16.	COMMUNITY ENGAGEMENT	20
17.	FURTHER INFORMATION	22
	Contact Us	23

1. EXECUTIVE SUMMARY

Council must determine the fairest rating system from within the parameters established in the *Local Government Act 1989 (Vic)* and *Local Government Act 2020 (Vic)*. The *Local Government Act 1989 (Vic)* is the governing legislation when referring to Rates and Charges on Ratable Land.

Rates are the primary source of income for Council. Other revenue sources include fees, fines, grants from Federal and State Governments, proceeds from the sale of assets, and interest earned on investments.

Developing a Revenue and Rating Plan requires Council to strike a balance between competing priorities for Council services and infrastructure and to come up with a mixture of rates and charges (a Rating System) that provides the revenue needed for ongoing financial sustainability.

The key platforms to the current approach to rating at Council include:

SECTION	DESCRIPTION
Property Valuation	<p>Council applies the Capital Improved Value (CIV) as the valuation methodology to levy Council rates.</p> <p>A general revaluation of all properties is completed annually, and supplementary valuations will be performed between each revaluation cycle.</p>
Differential Rates	<p>Council utilises a differential rating system.</p> <ul style="list-style-type: none"> • a General Rate for Residential, Commercial, and Industrial use. • a Farm Rate for Farming use.
Service Charges	<p>Council currently provides:</p> <ul style="list-style-type: none"> • a compulsory weekly kerbside waste collection service for residential properties in urban areas. • a compulsory fortnightly kerbside mixed recycling collection service for residential properties in urban areas. • an optional weekly kerbside waste collection service for rural areas abutting the sealed road network. • an optional fortnightly kerbside mixed recycling collection service for rural areas abutting the sealed road network. • an optional weekly kerbside waste collection service for commercial properties. • an optional fortnightly kerbside mixed recycling collection service for commercial properties. • a compulsory bi-monthly kerbside glass recycling collection service for residential properties in urban areas. • a compulsory bi-monthly kerbside glass recycling collection service for rural and commercial properties who have opted to have a recycling service. <p>Service charges are levied for each of these collections.</p> <p>The service charges do not apply to commercial and residential vacant land.</p>
Municipal Charge	<p>A municipal charge as provided under Section 159 of the <i>Local Government Act 1989</i> allows Councils to raise up to 20% of their rates from a flat base amount per assessment across the municipality.</p> <p>The council raises approximately 3.3% of its rates from a municipal charge on each* property. (* Single farm enterprise exemptions may be granted to eligible properties upon application.)</p>

SECTION	DESCRIPTION
Special Rates & Charges	Council currently has no special rates and charges.
Rate Payment Options	<p>Council must allow rates to be paid by four gazetted instalments with due dates in September, November, February and May.</p> <p>In addition, Council will offer:</p> <ul style="list-style-type: none"> a lump sum payment option due 15 February. fortnightly payment option to Council Staff as per the Yarriambiack Shire Council Consolidated Enterprise Agreement. Payment plans are available under section 171A of the <i>Local Government Act 1989</i>. Council will allow payment plans where the payments will have the balance paid by 30 June of the year where the payment plan is applicable. The payment plan will be cancelled when three payments are defaulted within the term of the plan.
Financial Hardship Consideration	Council recognises there are cases of genuine financial hardship and assessment will be based on compassion, fairness, confidentiality, and compliance with statutory requirements. Council's "Debt Management, Relief and Hardship Policy" guides the management of customers facing financial hardship.
Concession/ Rebates	<p>Council will:</p> <ul style="list-style-type: none"> Continue to provide concessions as determined by the State Government. Continue to review the suitability of any possible concessions and/or rebates that maybe applied without causing an equality imbalance across the community.

Where is Council's Money Coming From?

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUE	Actual	Actual	Actual	Actual	Forecast	Budget
	\$M	\$M	\$M	\$M	\$M	\$M
Rates and Charges	12.6	12.8	13.1	13.4	14.6	14.9
	46.7%	45.2%	39.8%	43.5%	50.9%	52.8%
User Fees, Statutory Fees and Fines	1.1	1.1	1.1	0.9	0.8	0.8
	4.1%	3.9%	3.3%	3.5%	2.8%	2.8%
Grants	13.6	15.1	18.3	19.1	12.2	12.1
	50.4%	53.4%	55.6%	52.2%	42.5%	42.9%
Contributions	0.0	0.1	0.2	0.2	0.2	0.0
	0.0%	0.4%	0.6%	0.4%	0.7%	0.0%
Other	-0.3	-0.8	0.2	0.00	0.9	0.4
	-1.1%	-2.8%	2.6%	0.4%	3.1%	1.4%
TOTAL	27.0	28.3	32.9	33.6	28.7	28.2

Rates and Charges, and grants are the largest source of Council's revenue and together these sources account for 96% of total revenue between 2019-20 and 2024-25.

The Inquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils identified that Council's such as Yarriambiack Shire Council have:

- a) Lower community income, fewer employment opportunities and higher levels of disadvantage resulting in communities having a higher reliance on Council services with less capacity or means to pay for them.
- b) Greater applications of pension and other consideration discounts on Council rates.
- c) Higher cost of living.
- d) Inability to generate additional revenue streams in comparison to their metropolitan counterparts, such as parking fees and fines, building fees, development applications, user charges for facilities and services.

The 2015 Whelan Report outlined that some regional Councils including Yarriambiack have the lowest capacity to pay with the highest cost structure.

Yarriambiack Shire Council is heavily reliant on grant funding to meet its operational requirements and to deliver on community expectations.

2. WHAT IS A REVENUE AND RATING PLAN?

The aim of a Revenue and Rating Plan is to determine the most appropriate, affordable revenue and rating strategy which, in conjunction with other income sources, will adequately finance the objectives proposed in the Council Plan.

Yarriambiack Shire Council requires sufficient revenue to satisfy its service delivery requirements and fund its infrastructure needs. The most important sources of these funds are:

- General rates.
- Government grants.
- Fees and charges.

This Plan is based on the premise of:

- Providing sufficient funding to maintain a broad range of quality services and well-designed and constructed capital works that meet current and future needs; and
- Providing the community with a degree of certainty with regard to predictable and affordable future rate increases.

The following are the foundations for the Revenue and Rating Plan:

Rating

- Apply Capital Improved Value (CIV) as the valuation methodology to levy Council rates.
- Apply a differential rate for farming properties.
- Review the rating structure following each annual valuation.
- Apply the mandatory four instalment payment options.
- Provide alternative payment options.
- Consider applications for financial hardship assistance based on current policy guidelines.

Fees, Charges and Grants

- Complete an annual assessment of fees and charges and include them as a schedule in the annual Budget.
- Undertake a rolling review process for all service areas every four years. The assessment is to include the cost of the service compared to the fees charged for their provision.
- Actively pursue all opportunities for government grant funding to supplement revenue streams.

This Plan will inform the preparation of the annual budget each year.

3. FINANCIAL MANAGEMENT

Council must make decisions about how much of the cost of specific services is to be funded by users/ consumers and how much is to be funded generally by ratepayers. There are some major practical considerations that will influence what type of services will attract fees and charges. Most important is whether the services being considered are either entirely or partially “public goods”.

Public Goods

Public goods are services that provide a broad and often unquantifiable benefit to the community rather than a particular benefit to individuals, businesses, specific groups, or individual properties. The characteristics of “public goods” include:

- The use of or enjoyment by one person does not diminish their availability to, or enjoyment by, others (that is, they are non-rival); and
- It is not practical to exclude access to them (that is, they are non-excludable).
- Examples include roads, parks and public toilets.

Private Goods

Private goods are those goods which are both rival in consumption (that is, one person’s use diminishes its availability or enjoyment by others) and excludable.

Examples include transfer stations, caravan parks, leisure centre and use of community halls.

Generally, Council should fund “Private Goods” through user charges and fund “Public Goods” through rates. However, it is often difficult to define Local Government services as either purely public goods or purely private goods, and most will lie somewhere on the spectrum between the two. This inevitably results in many Council services, although having some limited income from user fees, being subsidised by rates.

Council reviews the user fees and charges annually as part of the annual budget process. The applicable annual user fees and charges are provided in Council’s budget document.

Council Rates

Rates are levied on each property owner based on the value of their property and are calculated as follows:

PROPERTY VALUE X RATE IN THE DOLLAR = COUNCIL RATES

$$\mathbf{\$50,000 \times 0.006550 = \$327.50}$$

In the example the “rate in the dollar” for a residential property is 0.006550 and when applied to a property capital improved value of \$50,000, the rates payable would be \$327.50.

Rates are in the form of a general-purpose levy and the benefits that a ratepayer may receive will not necessarily be to the extent of the rates paid in any one year. Benefits are consumed in different quantities and types over the lifecycle of the ratepayer, for example: maternal and child health, playgrounds, libraries, swimming pools, local laws, roads and footpaths.

Council’s practices and decisions regarding rating are underpinned by:

- Accountability, transparency, and simplicity.
- Efficiency, effectiveness, and timeliness.
- Equitable distribution of the rate burden across the community according to assessment of property wealth.
- Consistency with Council’s strategic, corporate, and financial directions and budgetary requirements.
- Compliance with relevant legislation.

Some of the services that Council provides include:

- Building and Planning services.
- Environmental Health.
- Fire Prevention.
- Dog and cat management and control.
- Community leadership/advocacy and community development programs.
- Events and tourism.
- Library services.
- Parks, gardens, playgrounds, and street lighting.
- Road and footpath construction and maintenance.
- Skate parks, sporting and recreation facilities.
- Stormwater and drainage management.
- Family services including maternal and child health and immunisation.
- Waste and recycling collection and disposal.

4. REVENUE AND RATING FRAMEWORK

The *Local Government Act* stipulates that the primary objective of a Council is to endeavour to achieve the best outcomes for the local community while considering the long-term and cumulative effects of decisions. In seeking to achieve its primary objective, a Council must have regard to several facilitating objectives, including:

- Promoting the social, economic, and environmental viability and sustainability of the municipal district.
- Ensuring that resources are used efficiently and effectively, and services are provided in accordance with best value principles to best meet the needs of the local community.
- Improving the overall quality of life of people in the local community.
- Promoting appropriate business and employment opportunities to ensure that services and facilities provided by the Council are accessible and equitable.
- Ensuring the equitable imposition of rates and charges.
- Ensuring transparency and accountability in council decision-making.

In developing a Revenue and Rating Strategy due regard is also given to:

Local Government (Planning and Reporting) Regulations 2020

These regulations set out the information to be disclosed in Council's annual budgets in relation to rates and charges.

Valuation of Land Act 1960

For the purpose of the *Local Government Act* and its rating provisions, the *Valuation of Land Act* is the principal legislation that relates to determining property valuations.

Revenue and Rating Strategy Local Government Better Practice Guide 2014

The Department of Transport, Planning and Local Infrastructure published a best practice guide to support Councils to take an integrated approach to developing a revenue and rating strategy which considers all Council revenue components.

Local Government Revenue and Rating Plan Guide

This guide, developed by the Department of Jobs, Precincts and Regions to support Victorian Councils in developing a four-year Revenue and Rating Plan, and is to be read as a supplement to the Local Government Better Practice Guide Revenue and Rating Strategy 2014 publication.

Rating Taxation Principles

When developing the revenue and rating strategy, Council has considered the following when determining whether to apply uniform or differential rates:

Wealth Tax

Wealth can be defined as the total value reflected in property and investments and income directed to day-to-day living. Local Government is limited to taxing one component of wealth – real property. Council rates tax the stored “wealth” or unrealised capital gains inherent in land and buildings.

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

Equity

Including both horizontal and vertical equity. Horizontal equity means that those in the same position (i.e., with the same property value) should be treated the same. Vertical equity in respect to property taxation means that higher property values should incur higher levels of tax.

Efficiency

Meaning that in a technical sense the tax should not unduly interfere with the efficient operation of the economy. For Local Government, the tax should be consistent with the major policy objectives of Council.

Simplicity

For both administrative ease (and therefore lower cost) and to ensure that the tax is understood by taxpayers. The latter ensures the system is transparent and capable of being questioned and challenged by ratepayers.

Benefit

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

Capacity to Pay

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

Diversity

The capacity of ratepayers within a group to pay.

In considering what rating approaches are equitable, Council must deal with all facets of the rating structure, including valuation, budgetary requirements, differential rating, government taxation and concessions, collection, and hardship considerations. In aspiring to balance service levels in accordance with the needs and expectations of the community it must set rating or taxation levels to adequately resource its roles and responsibilities.

4.1 RATE CAPPING

Council is required to adhere to the *Local Government Amendment (Fair Go Rates) Act 2015* and prepare a budget based on applying an average rate cap fixed by general order.

The Fair Go Rates System (FGRS) sets out the maximum amount Council’s may increase rates in a year. For the 2023-24 year the FGRS cap was set at 3.5%. For the 2024-25 year it has been set at 2.75%. The cap applies to both general rates and municipal charges and is calculated on the basis of Council’s average rates and charges.

Since 2019 - current year, general revaluations of all properties have been undertaken on an annual basis. As a result, the actual rate increase for an individual rateable property may differ from the rate cap percentage due to changes in its valuation. Where the change in an individual property valuation is higher than the average for all rateable properties, the rate increase for that property will be greater than the rate cap. Where the change in the property valuation is lower than the average for all properties, the rate increase will be lower than the rate cap.

The rates cap does not apply to other revenue such as service rates and charges for waste. However, there is scope for the Minister to extend the application of the rate cap to other rates or charges in future years.

If Council deems that the average rate cap is insufficient for its needs it can apply to the Essential Services Commission for a higher cap. Council will however have to demonstrate community engagement and a long-term funding need, supported by good long term financial planning.

Council also has the ability to not apply the maximum rate cap set by the Minister for Local Government in December each year. Situations such as a declared state, national or world emergency and/or disaster may warrant such occurrence. Council would assess each incident on its merits and apply due judgement.

5. PROPERTY VALUATION

The *Local Government Act 1989* and the *Valuation of Land Act 1960* are the principal Acts in determining property valuations. Generally, occupancy on each rateable land can be valued and rated. Contiguous areas of vacant land with more than one title in the same ownership may be consolidated for rating purpose.

Council may adopt one of the following three valuation methodologies:

- **Site Value (SV):** the value of the land plus any improvements which permanently affect the amenity or use of 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.
- **Capital Improved Value (CIV):** the value of the land and other improvements, including dwellings, other buildings, fencing and landscaping.
- **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 capital improved value (*Valuation of Land Act Section 2*).

The advantages of CIV are:

- CIV includes all property improvements, and hence is often supported on the basis that it more closely reflects market value.
- The CIV rating method considers the full development value of the property, and hence better meets the equity criteria than SV and NAV.
- With annual revaluations the market values are more predictable and there is a low level of objection to valuation.
- The concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- Most councils in Victoria have now adopted CIV which makes it easier to compare relative movements in rates and valuations across councils.
- The use of CIV allows council to apply differential rates which may add to council's ability to equitably distribute the rating burden based on the perceived ability to afford council rates.
- Using CIV for Council rates is consistent with the Fire Services Property Levy valuation base (*Fire Services Property Levy Act 2012*).

The main disadvantage of CIV is the fact that rates are based on the total property value and does not reflect the income level of the property owner, for example pensioners and low-income earners. However, the government does provide concessions to assist to address this burden.

5.1 VALUATION PROCESS

Council is required to conduct a revaluation of all properties annually. The revaluation is conducted by a Valuer appointed by the Valuer General Victoria. The valuations are used for rating purposes each year.

During the revaluation process the Valuer has a statutory requirement to conduct a review of property values based on market movements and recent sales trends.

The Valuer undertakes a physical inspection of some properties during each revaluation. Other valuations are derived from complex formulas based on sectors, submarket 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 consistent property types which are reviewed during the revaluation process.

All properties in each of the 79 Victorian Councils are valued by a Valuer appointed by the Valuer General Victoria, using the same valuation methodology across all 79 Councils.

5.2 SUPPLEMENTARY VALUATION PROCESS

Supplementary valuations are returned by the Valuer appointed by the Valuer General Victoria (VGV) during the financial year when a significant change to the valuation occurs. The most common causes for supplementary valuations are:

- Construction of a new dwelling or building.
- Further material improvement to an existing dwelling or building.
- Subdivision of a property.
- Consolidation of properties.

Council will send a Supplementary Rate Notice to property owners to advise them of the valuation change and the resulting impact on the rates payable.

5.3 OBJECTIONS TO PROPERTY VALUATION

The *Valuation of Land Act 1960* provides that an objection to the valuation may be made each year within two months of the issue of the annual or supplementary rates notice. Objections must be dealt with in accordance with the *Valuation of Land Act* – Division 3 Sections 16-21.

Council will continue to advise ratepayers via the Rate Notice of their right to object and appeal the valuation. Property owners also can object to the site valuations on receipt of their Land Tax Assessment.

Objections to property valuation can be lodged either directly with Council, or through the Valuer-General Victoria's website.

While written objections must be lodged directly with Council, the Valuer General Victoria provides an electronic portal which allows you to lodge an objection online. This Objection Portal may be accessed at: <https://ratingvaluationobjections.vic.gov.au/>

The Valuer-General Victoria is Victoria's leading property valuation authority and is responsible for the administration of the *Valuation of Land Act 1960*. Questions about provisions of this Act and disputes about valuations should be directed to the Valuer General Victoria.

6. GENERAL RATING

Council rates are predominantly made up of a General Rate. Pursuant to the *Local Government Act 1989*, Council has two options for the distribution of a General Rate burden across the Municipality:

- Uniform Rating (s160)
- Differential Rating (s161)

When declaring a uniform rate, general rates will be raised by the same multiplier, regardless of property type. A uniform rate in the dollar will apply to the CIV of every rateable property within the municipality. Rates will be determined by multiplying the rate in the dollar by the value (CIV) of the land.

Differential rating allows council to shift part of the rate burden from some groups of ratepayers to others, through different rates in the dollar for each class of property. A council may raise any general rates by the application of a differential rate only if it uses the capital improved value system of valuing land. If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate. A Council must have regard to any Ministerial Guidelines before declaring a differential rate for any land under Section 161 of the *Local Government Act 1989*.

Yarriambiack Shire Council considers differential rates as a useful tool to address equity issues that may arise from the setting of council rates derived from property valuations.

When considering the application of a Uniform Rating System versus a Differential Rating System, Council considered the following:

Advantages of a uniform rating system

The advantages of applying uniform rating system are:

- The justification of the differential rate can at times be difficult for the various groups to accept giving rise to queries and complaints where the differentials may seem to be excessive.
- Uniform rates are easily understood by ratepayers, as the system is consistent across all properties.
- Uniform rating has administrative simplicity, with rates being independent of property type. Properties may continually shift from one type to another (e.g., residential to commercial) requiring Council to update its records if differential rating is used.
- Aligns with rates being a taxation system, and not a fee for service.
- In the final report from the Local Government Rating System Review Panel, it was suggested that there is a lack of clarity about rationales and evidence for using differentials.

Advantages of a differential rating system

The advantages of applying differential rating system are:

- There is flexibility to distribute the rate burden between all classes of property, and therefore link rates with the assumed ability to pay and reflecting the tax deductibility of rates for commercial and industrial premises.
- 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.
- 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 properties).

6.1 YARRIAMBIAICK SHIRE COUNCIL'S MODEL

Differential Rate

Yarriambiack Shire Council has adopted the Differential Rating model to ensure that equitable contribution is obtained from general rates in respect of rateable land, having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure.
2. Development and provision of health and community services.
3. Provision of general support services.

Council has established two types of differential rating, General and Farm.

General Differential Rate

The General Differential Rate is separated into two classes, Residential and Commercial/Industrial.

Residential land is any land, which is:

- Occupied for the principal purpose of physically accommodating persons; or
- Unoccupied but zoned residential under the Yarriambiack Shire Council Planning Scheme.

Commercial and Industrial land is any land, which is:

- Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services; or
- Unoccupied but zoned commercial or industrial under the Yarriambiack Shire Council Planning Scheme.

Use and Level of General Differential Rate

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is the level which the Council considers is necessary to achieve the objectives specified above.

Farm Differential Rate

The Farm Differential Rate is applied to rateable land having the relevant characteristics described below: Any land which is "farmland" within the meaning of Section 2(1) of the *Valuation of Land Act 1960*. Farmland means any rateable land -

- a) that is not less than 2 hectares in area; and
- b) that is used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish-farming, tree-farming, beekeeping, viticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- c) that is used by a business -
 - i. that has significant and substantial commercial purpose or character; and
 - ii. that seeks to make a profit on a continued basis from its activities on the land; and
 - iii. that is making a profit from its activities on the land or has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way it is operating.

Use and Level of Farm Differential Rate

The farm differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The current level (2023/24) of the differential rate is set at 62.5 per cent of the general rate.

Differential Rates History

Category	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General	100%	100%	100%	100%	100%	100%	100%
Farm	72.0%	62.5%	62.5%	62.5%	62.5%	62.5%	58.0%

Council is satisfied that its current and proposed farm differential rate sits somewhere in the middle of the range of farm differential rates applied across the State. The council will review its differential rate annually in response to relative changes in the average property valuations of its two differential rating categories. The council believes that this approach provides stability and simplicity for its rating model.

2024-25 Budget - Number of Assessments vs. Budget Income vs. % of Rates Income Table

Rating Category	Number of Assessments	Budget Rates Income	Percentage of Rates Income
General - Residential	3,452	\$ 1,754,987	13.83%
General - Commercial	447	\$ 252,553	1.99%
Farm	3,156	\$ 10,258,602	80.82%
Municipal Charge	5,074	\$ 426,624	3.36%
		\$12,692,766	100.00%

PAYMENT IN LIEU OF RATES (PILOR SCHEMES)

Forms of PiLoR schemes include land rated under private agreements (such as Commonwealth land i.e., public airports), the *Cultural and Recreational Lands Act 1963* and the *Electricity Industry Act 2000*.

Council currently receives payment in lieu of rates through the *Electricity Industry Act* framework, which allows for councils and electricity generators to negotiate annual payments. The methodology combines a fixed charge with a variable charge based on the capacity of the power station in megawatts.

Council reports its revenue from payment in lieu of rates in the budget documents, in a way to ensure that it is not confused with other forms of rates and charges (such as general rates and service rates and charges).

The rate cap is not applicable to this revenue.

RATEABLE LAND AND EXEMPTIONS

Rates exemptions allow for some types of property to be exempt from paying rates. All land is considered rateable in Victoria, except where it is specified as exempt in the Act. The current exemptions include:

- State and Commonwealth land (Crown Land), where it is either unoccupied or it is used exclusively for public or municipal purposes;
- Crown land leased to a rail transport operator;
- Land used exclusively for charitable purposes;
- Land used as a residence of ministers of religion;
- Cultural and Recreational lands;
- Mines; and
- Returned Services League (RSL) clubs.

CULTURAL AND RECREATIONAL LAND

Council does not levy a rate on Cultural and Recreational Land with the municipality in accordance with Section 4 (1) of the *Cultural and Recreational Lands Act 1963*. Cultural and Recreational Land is defined as land that is used primarily for recreational and cultural purposes by not-for-profit organisations.

7. SERVICE RATES AND CHARGES

The *Local Government Legislation Amendment (Rating and Other Matters) Act 2022* allows Council to declare annual service charges for waste, recycling or resource recovery services. Included in these services are all modern waste management activities as defined in the *Circular Economy Act 2021*.

The Council provides a weekly kerbside waste service that is compulsory for residential properties (excluding vacant land) and optional for commercial and rural properties that abut the sealed road network.

The Council provides a fortnightly recycling service that is compulsory for residential properties (excluding vacant land) and optional for commercial and rural properties that abut the sealed road network.

The Council provides a bi-monthly glass recycling collection service that is compulsory for residential properties (excluding vacant land), and compulsory for commercial and rural properties that abut the sealed road network, that have opted to receive a recycling service.

The waste and recycling service charges account for the various costs associated with the provision of waste management activities, including collection, transport, processing, storage, and treatment of waste and recyclable materials.

Waste and recycling services charges are not subject to the rate cap. Waste and recycling service charges are based on an annual financial year assessment of market conditions. The assessment factors the total income derived from the service less the total cost to operate the service. The profit and/or deficit is then reflected in the following budget period as an increase or decrease in the charge.

Council does not waiver waste and recycling service charges related to bin collection for community groups or not for profit organisations.

Service Rates and Charges History

	2020/21	2021/22	2022/23	2023/24	2024/25
Residential 80L waste service	\$142.30	\$144.43	\$146.96	\$157.98	\$173.78
Residential 120L waste service	\$197.55	\$200.51	\$204.02	\$219.32	\$241.25
Residential 240L waste service	\$384.49	\$390.26	\$397.09	\$426.87	\$469.56
Commercial 120L waste service	\$197.55	\$200.51	\$204.02	\$219.32	\$241.25
Commercial 240L waste service	\$384.49	\$390.26	\$397.09	\$426.87	\$469.56
Rural 80L waste service	\$142.30	\$144.43	\$146.96	\$157.98	\$173.78
Rural 120L waste service	\$197.55	\$200.51	\$204.02	\$219.32	\$241.25
Rural 240L waste service	\$384.49	\$390.26	\$397.09	\$426.87	\$469.56
Residential recycling service	\$138.47	\$140.55	\$143.01	\$153.74	\$169.11
Commercial recycling service	\$138.47	\$140.55	\$143.01	\$153.74	\$169.11
Rural recycling service	\$138.47	\$140.55	\$143.01	\$153.74	\$169.11
Glass recycling service				\$76.87	\$84.56

7.1 WASTE MANAGEMENT CAPITAL INVESTMENT

At times, Council is required to undertake capital improvement programs to meet legislative requirements at Council owned and operated transfer stations. Council will endeavor where possible, to source grants to fund such capital infrastructure investments. From time to time either funding opportunities may not exist or will not meet the monetary value to fulfill Council's legislative obligations. Council will assess each situation on its merits and may approve the rates and waste management surpluses or the application of a general waste charge to fund such improvement programs. A business case to support such investment will be required prior to Council approval.

8. MUNICIPAL CHARGE

A municipal charge as provided under Section 159 of the *Local Government Act 1989* allows councils to raise up to 20% of their rates from a flat base amount per assessment across the municipality to recover part of the administrative operating costs. Where multiple properties form part of a single farming enterprise, exemptions may be granted to eligible properties upon application. Yarriambiack Shire Council's municipal charge is only 3.47% of the rates income in the 2024/25 Council budget. This charge is considered low in comparison to other rural Councils who raise a municipal charge that is up to 10% of their rates.

Municipal Charge History

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Municipal Charge	\$75.08	\$76.55	\$77.70	\$79.06	\$81.83	\$84.08

9. SPECIAL RATES AND CHARGES

Council has the power to levy a special rate or special charge, or a combination of special rate and charge, to fund service provision under Section 163 of the *Local Government Act 1989*. A special rate or charge can be used if Council deems that a special benefit is received by those properties on which it is levied. Council need not necessarily use property value as the basis for levying a special rate or charge.

Council may have several special rates and charges schemes in place at any one time, however, the proliferation of these schemes is not a practical option, particularly given the impact on efficiency as each scheme must be justified, advertised, and managed. The consideration of such schemes should be on a case-by-case basis as to whether revenue collection issues would be better addressed by general rates or user charges.

10. COLLECTION OF RATES AND CHARGES

Under section 156 of the *Local Government Act 1989*, the owner of any rateable land is liable to pay the rates and charges on that land. If the owner cannot be found the occupier is liable to pay. If rates are unpaid, they are regarded as the first charge on the land and are recoverable by legal proceedings. Council may sell the land to recover any debt as a result of the non-payment of rates and charges, including the costs of the legal action.

10.1 PAYMENT OPTIONS

In accordance with Section 167(1) of the *Local Government Act 1989*, Council must allow a person to pay their rates and charges in four instalments and the instalments are due and payable on the dates fixed by the Minister as published in the Government Gazette.

- 1st Instalment due – 30 September
- 2nd Instalment due – 30 November
- 3rd Instalment due – 28 February
- 4th Instalment due – 31 May

Section 167(2A) provides that a Council may also allow a person to pay their rates and charges in a lump sum. Council offers the lump sum option with the Government gazetted due date of 15 February.

Council also offers Council employees the option of paying their Yarriambiack Shire Council rates through fortnightly payments as part of Council's Enterprise Agreement. A Rates Deduction Form is required to be completed annually by the employee to opt-in to the program.

10.2 PAYMENT METHODS

Council offers an extensive range of payment options for ratepayers to pay their accounts:

- BPay – secure banking web page or phone.
- Australia Post – in-store, phone, secure payment web page or AusPost app.
- Council Offices (Warracknabeal) – phone and over the counter during business hours or via mail; and
- Payment by Centrepay (a voluntary bill-paying service which is free for Centrelink customers).

10.3 UNPAID RATES AND CHARGES

In accordance with Section 172 of the *Local Government Act 1989* Council may charge interest on unpaid rates and charges in accordance with the rate fixed under Section 2 of the *Penalty Interest Rate Act 1983* that applied on the first day of July immediately before the due date.

The penalty interest will be applied after the due date of an instalment. For lump sum payers, the interest penalty will be applied after the due date of the lump sum but calculated on each of the instalment amounts that are overdue from the day after their due dates. In all cases interest penalty will continue to accrue until all amounts are paid in full.

10.4 DEBT RECOVERY

If an account becomes overdue, Council will issue an overdue final notice which includes interest charges. If no payment is forthcoming or no arrangements have been made to pay the debt, Council may pursue the recovery of outstanding rates and charges through its debt collection agencies.

Any recoverable costs incurred during the recovery process are added to the amount outstanding. Council will also make every effort to contact ratepayers at their correct address, but it is the ratepayer's responsibility to properly advise Council of their correct mailing and contact details.

Any ratepayer who has difficulty paying their rates is invited to contact Council to make alternate payment arrangements.

An accumulation of three or more years of rates and charges debt enables Council to initiate sale proceedings of the rateable property in accordance with Section 181 of the *Local Government Act 1989*.

Refer to Councils Debt Management, Relief and Hardship Policy to read more on how Council manages outstanding debts.

11. USER FEES

11.1 SCHEDULE OF FEES AND CHARGES

For user fees not regulated by statute, the Council determines 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. The three types of non-statutory pricing are as follows:

- **Market Price:** Price based on benchmarked competitive prices of alternate suppliers. In general, this represents full cost recovery plus an allowance for profit.
- **Full Cost Recovery Price:** Price based on recovering all direct and indirect costs incurred by Council. This pricing is used where a service provided by council benefits individual customers specifically, rather than the community as a whole.
- **Subsidised Price:** Price based on less than full cost of the service and ranges from fully subsidised (i.e., The Council provides the service free of charge) to partial subsidies, where the council provides the service to the user with a discount.

The Schedule of Fees and Changes is included in the Budget which is reviewed annually as part of the budget process. Council currently benchmarks user fees as part of its annual Budget process.

11.2 FEE WAIVER POLICY

Fee waiver applications from community groups are considered in accordance with Council's Community Assistance and Fee Waiver Policy. This policy sets a clear framework outlining when community assistance and fee waivers can be approved.

12. OTHER REVENUE SOURCES

Other revenue sources that Council uses to fund services and facilities include government grants, contributions, and other revenue.

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

When preparing its financial plan, the Council considers its priority project list, advocacy priorities and upcoming grant program opportunities, and co-funding options to determine what grants to apply for. The Council will only apply for and accept external funding if it is consistent with the Community Vision and Council Plan Objectives and does not lead to the distortion of Council Plan priorities. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

12.2 CONTRIBUTIONS

Contributions represent funds received by Council, usually from non-government sources, and are usually linked to projects. Contributions can be made to the Council in the form of either cash payments or physical assets. Contributions are always linked to a planning or funding agreement and the Council will not undertake any work on a contribution-funded project until a signed agreement outlining the contribution details is in place.

12.3 OTHER REVENUE

The Council earns other revenue from sources such as property rental and interest on investments. The amount of revenue earned from property rental is based on rental agreements that set the rental amount at market rates. The 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 in accordance with the Council's Investment Policy, which seeks to earn the best return on funds, whilst minimising risk.

13. FINANCIAL HARDSHIP CONSIDERATION

Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances.

Council will assess financial hardship applications by considering the principles of fairness, integrity, confidentiality, and compliance with statutory requirements.

Financial Hardship applications are considered in accordance with Council's Debt Management, Relief and Hardship Policy.

14. CONCESSIONS AND REBATES

Section 169 of the *Local Government Act 1989* provides Council with the ability to grant rebates or concessions on rates and charges:

- To assist proper development of the municipal district; or
- To preserve buildings or places in the municipal district that have a historical or environmental interest; or
- To restore or maintain buildings or places of historical, environmental, architectural, or scientific importance in the municipal district; or
- To assist the proper development of part of the municipal district.

In addition, section 171(4) of the *Local Government Act 1989* provides Council with the ability to waive rates to eligible recipients in accordance with the *State Concessions Act 2004* provided that the rateable or part of the rateable land by the applicant is that person's sole or principal place of residence. Only one application (in the prescribed form) for each rating period can be made by that person. Proof of eligibility is provided by Pensioner Concession Cards but not extended to Health Care cardholders. Eligible pensioners may gain a concession of up to 50 per cent of their total rates and charges, up to a maximum amount set by the State Government each year.

No further concessions are available to eligible pensioners, but Council will review this position periodically.

15. FIRE SERVICES PROPERTY LEVY

Effective from 1 July 2013 Council is an appointed collection agent for the State Government Fire Services Property Levy. Council is required to calculate and collect a levy from all land within the Yarriambiack municipality unless specifically exempt, i.e.: Commonwealth owned land or State Government owned land.

Property owners who currently receive a council rates concession in respect of their principal place of residence automatically receive the Fire Services Property Levy \$50.00 concession.

16. COMMUNITY ENGAGEMENT

The Revenue and Rating Plan outlines Council's decision-making process on how revenue is calculated and collected.

Public consultation was undertaken to ensure due consideration and feedback was received from relevant stakeholders on Council's first Revenue and Rating Plan adopted in June 2021.

Each year Council will review its Revenue and Rating Plan in accordance with its Community Engagement Policy.

The Revenue and Rating Plan will be updated annually as part of the budget process.

17. FURTHER INFORMATION

For further information on the Council's Revenue and Rating Plan please contact Council on 5398 0100 or by email info@yarriambiack.vic.gov.au.



Yarriambiack
SHIRE COUNCIL

Contact Us

Business hours: 8.30am to 5.00pm Monday-
Friday

In person: 34 Lyle Street, Warracknabeal Mail:
PO Box 243, Warracknabeal, VIC, 3393

Phone: (03) 5398 0100

Fax: (03) 5398 2502

Email: info@yarriambiack.vic.gov.au

Web: www.yarriambiack.vic.gov.au