



CITY OF
DAREBIN

the place
to live

REVENUE AND RATING PLAN 2023-27

Acknowledgement of Traditional Owners and Aboriginal and Torres Strait Islander people

Darebin City Council acknowledges the Wurundjeri Woi-wurrung people as the traditional owners and custodians of the land and waters we now call Darebin and affirms that Wurundjeri Woi-wurrung people have lived on this land for millennia, practicing their customs and ceremonies of celebration, initiation and renewal. Council acknowledges that Elders past, present and emerging are central to the cohesion, intergenerational wellbeing and ongoing self-determination of Aboriginal communities. They have played and continue to play a pivotal role in maintaining and transmitting culture, history and language.

Council respects and recognises Aboriginal and Torres Strait Islander communities' values, living culture and practices, including their continuing spiritual connection to the land and waters and their right to self-determination. Council also recognises the diversity within Aboriginal and Torres Strait Islander communities.

Aboriginal and Torres Strait Islander people and communities have had and continue to play a unique role in the life of the Darebin municipality. Council recognises and values this ongoing contribution and its significant value for our city and Australian society more broadly.

Extract from Darebin City Council's Statement of commitment to Traditional Owners and Aboriginal and Torres Strait Islander people 2019

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REVISED VERSION

1.1 PURPOSE

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

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for the City of Darebin which in conjunction with other income sources will adequately finance the objectives in the Council Plan.

This plan is an important part of Council's integrated planning framework, all of which is created to help Council achieve its vision of being equitable, vibrant, green and connected. It respects First Nations peoples, diverse communities and places. Council is committed to a sustainable, climate safe future.

Strategies outlined in this plan align with the objectives contained in the Council Plan and will feed into our budgeting and long-term financial planning documents, as well as other strategic planning documents under our Council's integrated planning and reporting framework.

Diagram 1 – Council's Integrated Planning and Reporting Framework



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

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

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

1.2 INTRODUCTION

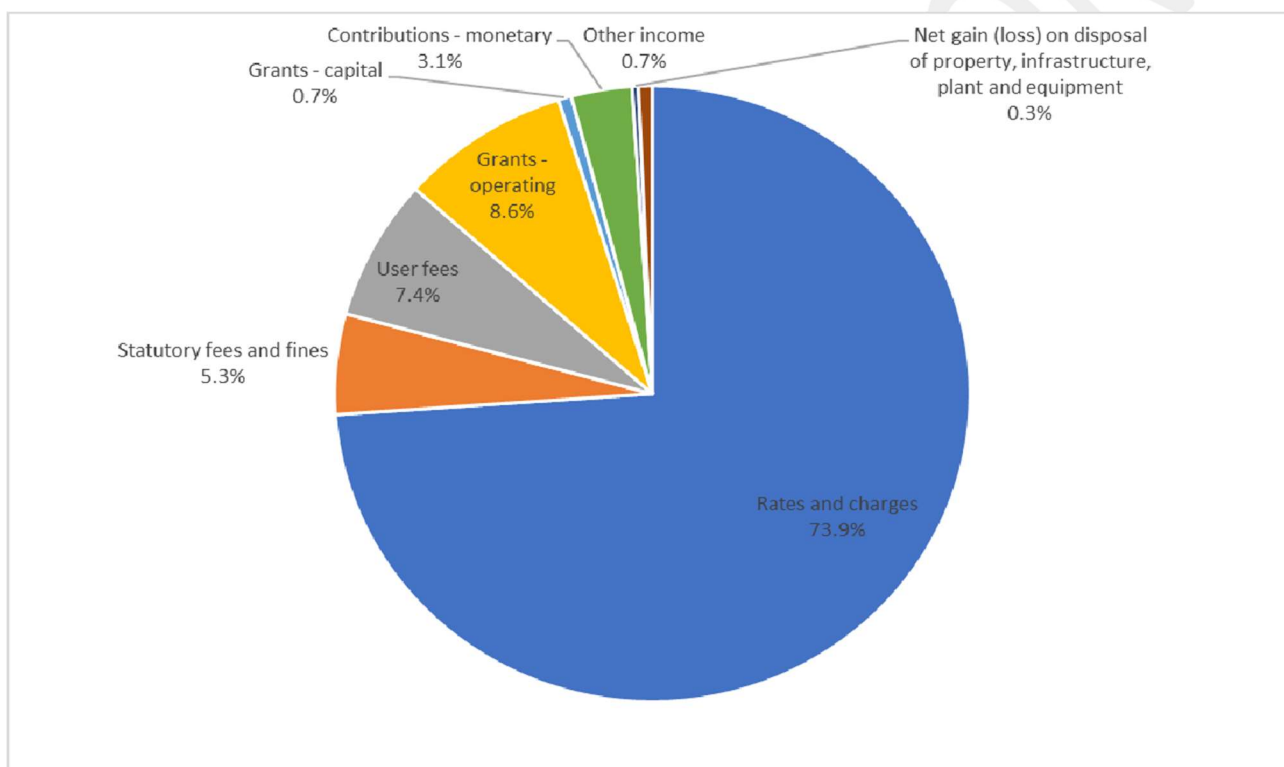
Council provides a number of services and facilities to our local community, and in doing so, must collect revenue to cover the cost of providing these services and facilities.

Council's revenue sources include:

- Rates and Charges
- Grants from other levels of Government
- Statutory Fees and Fines
- User Fees
- Cash and non-cash contributions from other parties (i.e. developers, community groups)
- Interest from investments included in other income
- Sale of Assets

Rates are the most significant revenue source for Council and make up roughly 74% of its annual income as depicted in the chart below.

Chart 1: Financial Revenue by Percentage – Source Budget for financial year 2022-23



The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. Rate Capping continues to restrict Council's ability to raise revenue to maintain service delivery levels and invest in community assets. It is not possible for Council to raise rate revenue above the rate cap unless application is made to the Essential Services Commission for a variation. Maintaining service delivery levels and investing in community assets remain key priorities for Council. This strategy will address Council's reliance on rate income and provide options to actively reduce that reliance.

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

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

1.3 RATES AND CHARGES

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, aged care, roads and footpaths, local laws). This taxation system that includes flexibility for councils to utilise different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

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

- **General Rates** – Based on property values (using the Capital Improved Valuation methodology), which are indicative of capacity to pay and form the central basis of rating under the *Local Government Act 1989*;
- **Service Rate** for public waste collection (also based on the Capital Improved Valuation methodology)
- **Service Charge** for kerbside waste collection
- **Special Charges** – is a charge levied on property owners who benefit from infrastructure works on assets affecting their property. Council has a Solar Saver charge scheme in operation.
- **Special Rate** – a levy for particular works or services on a limited number of ratepayers. Council has four special rates in operation shown at Appendix A. The rate collected under this category is forwarded to traders' association

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

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

The differential rates are currently set as follows:

- Residential 100%
- Business / Commercial 175%
- Vacant Residential 300%
- Vacant Business/Commercial 400%
- Mix Use Occupancy 140%
- Vacant Retail 400%
- Rateable Recreational 87.5%

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

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

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

Rates and charges are an important source of revenue, accounting for over 74% of operating revenue received by Council. The collection of rates is an important factor in funding Council services.

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

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

Council introduced a service rate and service charge in 2022 to fully recover the cost of Council's waste services and provide for the future impact of Recycling Victoria Reforms and waste sector impacts. The Kerbside Service Collection Charge and Service Rate for Public Waste Collection are not capped under the Fair Go Rates System, and Council will continue to allocate funds from this charge towards the provision of waste services.

While service charges are fixed, the formula for calculating service rates is:

- Valuation (Capital Improved Value) x Rate in the Dollar

1.3.1 RATING LEGISLATION

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

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

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

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

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

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

Section 94 (1 and 2) of the *Local Government Act 2020* states that Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) to include:

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

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

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

This plan outlines the principles and strategic framework that Council will utilise in calculating and distributing the rates to property owners. The quantum of rate revenue and rating differential amounts will be stated in the annual City of Darebin budget.

The Victorian Government has passed the *Local Government Legislation Amendment (Rating and Other Matters) Act 2022 (Act)*, making a number of amendments including a particular focus on ratepayers experiencing hardship and improving the way rates are collected. This change has amended both the *Local Government Act 1989* and the *Local Government Act 2020*.

Some of the key changes are:

- a) service rates and charges: Waste charges were previously limited to the collection and disposal of refuse. The Act updates the description of waste charges to include all modern waste management activities such as collection, transport, processing, storage and treatment of waste and recyclable material.
- b) rebates and concessions: The previous arrangements for rate rebates and concessions were confined to the preservation of buildings and the environment, the Act recommends a new, contemporary public benefit test for councils to offer rate rebates and concessions for land uses that provide a public benefit to the community
- c) hardship and payment plans: The alternative means of paying rates via a payment plan has been formalised in the Act which ensures consistent application across all councils. The Act supports people who are struggling to pay their debt and limits the use of court proceedings for recovering unpaid rates in situations where rates or charges have not been paid for two years or more. It also requires interest rate on unpaid rates to be set by the Minister of Local Government instead of being levied pursuant to Penalty Interest Rate Act 1983 at.
- d) Special rates and charges: The Act require Councils to levy special rates and charges within 12 months of declaring such a scheme, else the scheme itself lapses.

1.3.2 RATING PRINCIPLES

Taxation Principles:

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

- Wealth Tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to Pay
- Diversity

Wealth Tax

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

Equity

Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation).

Vertical equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a “relativity” dimension to the fairness of the tax burden).

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
- Concessions aligned to equity principles – access to concessions, rebate
- Hardship being taken into consideration – subject to application for individuals.

Darebin also provides an overlay in alignment with the following principles of the Toward Equality Framework:

1. Recognising Australia’s First peoples
 - a. Concession for Aboriginal Housing Victoria properties that provide affordable housing
 - b. Exemption for Aboriginal Victoria Housing Properties used for charitable purposes
3. Advancing social justice
 - a. Concession for Aboriginal Housing Victoria properties that provide affordable housing
 - b. Pensioner Concessions aligned to equity principles
 - c. Concessions aligned to equity principles for the principle place of residence for properties valued at \$500k or less
 - d. Rates Financial Hardship policy

Efficiency

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

Simplicity

How easily a rates system can be understood by ratepayers and the practicality and ease of administration.

Benefit

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

Capacity to Pay

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

Diversity

The capacity of ratepayers within a group to pay rates.

The rating challenge for Council therefore is to determine the appropriate balancing of competing considerations.

Rates and Charges Revenue Principles:

Property rates will:

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

1.3.3 DETERMINING WHICH VALUATION BASE TO USE

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

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

Net Annual Value (NAV) – Rental valuation based on CIV. For residential properties, NAV is calculated at 5 per cent of the Capital Improved Value. For commercial and industrial properties, NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

Capital Improved Value (CIV)

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

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

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

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

Advantages of using Capital Improved Value (CIV)

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

Disadvantages of using CIV

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

Site value (SV)

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

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

Advantages of Site Value

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

Disadvantages of using Site Value

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

Net annual value (NAV)

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

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

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

Recommended valuation base

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

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

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

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

- a) A Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.
- b) If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Council's functions and must include the following:
 - i. A definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate.
 - ii. An identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in Council's district).
 - iii. Specify the characteristics of the land, which are the criteria for declaring the differential rate.

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

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

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

The general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council. There is no limit on the number or types of differential rates that can be levied, but the highest differential rate can be no more than four times the lowest differential rate.

Property Valuations

The *Valuation of Land Act 1960* is the principle legislation in determining property valuations. Under the *Valuation of Land Act 1960*, the Victorian Valuer-General conducts property valuations on an annual basis. Darebin applies a Capital Improved Value (CIV) to all properties within the municipality to take into account the full development value of

the property. This basis of valuation takes into account the total market value of the land including buildings and other improvements.

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

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

Supplementary Valuations

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

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

Objections to property valuations

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

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

1.3.4 RATING DIFFERENTIALS

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

General Rate

Definition:

General land is any rateable land which does not have the characteristics of Business/Commercial Land.

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined general rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate of residential land. The vacant land affected by this rate is that which is zoned residential under the City of Darebin. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Rateable land having the relevant characteristics described below:

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

Use of Rate:

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

Level of Rate:

100% of General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Types of Buildings:

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

Business/Commercial Rate**Definition:**

Business or Commercial Land is any land which is not Vacant Business or Commercial and, as described under the heading Vacant business/commercial land and:

- the primary use of which is the carrying out of the manufacture or production of, or the trade in, goods or services; or
- which is unoccupied and is zoned other than residential under the Darebin Planning Scheme.

Objectives:

The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- construction and maintenance of infrastructure assets;
- development and provision of health and community services; and
- provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described in the paragraphs immediately above.

Characteristics:

The use of the land within this differential rate is, in the case of improved land, any use of land creating the relevant characteristics described in this section above.

Types and Classes:

Business/Commercial having the relevant characteristics described below:

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

Use of Rate:

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of Rate:

175% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Types of Buildings:

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

Vacant Residential Land Rate**Definition:**

Vacant Residential Land is any land which is zoned residential under the of Darebin Planning Scheme and:

- on which there is no dwelling or other building designed or adapted for permanent occupation; and
- in respect of which a building permit for demolition was issued under the Building Act 1993 since the date 18 months prior to the date of declaration of rates for the next financial year; and

- in respect of which no building permit for the construction of a new dwelling or other building designed or adapted for permanent occupation has been issued under the Building Act 1993 in the period since demolition, with the date of demolition taken to be the date on which the building permit for demolition was issued under the Building Act 1993;

or

- on which there is no dwelling or other building designed or adapted for permanent occupation; and
- in respect of which no building permit for demolition was issued under the Building Act 1993 since the date 18 months prior to the date of declaration of rates for the next financial year; and
- in respect of which no building permit for the construction of a new dwelling or other building designed or adapted for permanent occupation has been issued under the Building Act 1993 since the date 12 months prior to the date of declaration of rates for the next financial year.

Objectives:

The objectives of this differential rate are to:

- promote responsible land management through appropriate maintenance and development of the land; and
- encourage prompt development of vacant residential land and attract new residents to the Darebin; and
- ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:
 - (a) construction and maintenance of infrastructure assets;
 - (b) development and provision of health and community services; and
 - (c) provision of economic development and general support services.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Vacant Residential Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Vacant Residential land having the relevant characteristics described below:

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

Use of Rate:

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of Rate:

300% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Vacant Business/Commercial Land Rate

Definition:

Vacant Business or Commercial Land is any land:

- which is zoned other than residential under the Darebin Planning Scheme; and
- on which no building designed or adapted for permanent occupation is constructed; and
- in respect of which no building permit for the construction of a new building designed or adapted for permanent occupation has been issued under the Building Act 1993 since the date 12 months prior to the date of declaration of rates for the next financial year.

Objectives:

The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:

- promote responsible land management through appropriate maintenance and development of the land;
- ensure that foregone community and economic development resulting from underutilisation of land is minimised;

- encourage the use and occupancy of business land, leading to reinvigoration of trade and commerce within the Darebin; and
- ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:
 - (a) construction and maintenance of infrastructure assets;
 - (b) development and provision of health and community services; and
 - (c) provision of economic development and general support services.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Vacant Business or Commercial Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Vacant Business or Commercial land having the relevant characteristics described below:

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

Use of Rate:

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of Rate:

400% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Council Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Mixed Use Occupancy Rate

Definition:

Mixed Use Occupancy Land is any land:

- on which there is a building, at least part of which is used, designed or adapted for the carrying out of the manufacture or production of, or the trade in, goods and services and is occupied for that purpose; and
- on which there is a building, at least part of which is used, designed or adapted as a principal place of residence and is occupied as such; and
- both the part of the land which meets the requirements the first bullet point of this section and the part of the land which meets the requirements of second bullet point of this section is occupied by the ratepayer; or
- where there is more than one ratepayer, at least one of those ratepayers occupies both the part of the land which meets the requirements of the first bullet point of this section and the part of the land which meets the requirements of the second bullet point of this section.

Objectives:

The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:

- ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
 - (a) construction and maintenance of public infrastructure assets;
 - (b) development and provision of health, environmental and community services; and
 - (c) provision of general support services; and
- address an apparent inequity for those ratepayers who reside in, and operate a business from, the same building and have previously been required to pay rates in respect of two separate assessments.

Characteristics:

The types and classes of rateable land within this differential rate are those having the relevant characteristics described in this section above.

Types and Classes:

Mixed Use Occupancy having the relevant characteristics described below:

- a) used primarily for business and residential; or
- b) any land that is not defined as General Land.

Use of Rate:

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

Level of Rate:

140% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Types of Buildings:

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

Vacant Retail Land Rate**Definition:**

Vacant Retail Land is any land:

- on which a building designed or adapted for retail occupation is constructed; and
- in respect of which:
 - (a) the building has not been open for trade since a date 24 months prior to the date of declaration of rates for the next financial year; and
 - (b) no building permit has been issued under the Building Act 1993 since the date 12 months prior to the date of declaration of rates for the next financial year.

Objectives:

The objectives of this differential rate are to:

- promote responsible land management through appropriate maintenance, development and use of the land;
- ensure that foregone community and economic development resulting from underutilisation of the land is minimised;
- encourage the use and occupancy of retail land, leading to reinvigoration of trade and commerce within the Darebin; and
- ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:
 - (a) construction and maintenance of public infrastructure assets;
 - (b) development and provision of health, environmental and community services; and
 - (c) provision of economic development and general support services.

Characteristics:

The types and classes of rateable land within this differential rate are those having the relevant characteristics described in this section above.

Types and Classes:

Vacant Retail land having the relevant characteristics described below:

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

Use of Rate:

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

Level of Rate:

400% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Cultural and Recreational Land Rate**Definition:**

Cultural and Recreational Land is any land, which is:

- a) vested in or occupied by any body corporate or unincorporate which exists for the purpose of providing or promoting cultural or sporting recreational or similar facilities or objectives and which applies its profits in promoting its objects and prohibits the payment of any dividend or amount to its members; and
- b) used for out-door sporting recreational or cultural purposes or similar out-door activities

Objectives:

To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Cultural and Recreational land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

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

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Cultural and Recreational Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Cultural and Recreation land having the relevant characteristics described below:

- a) used primarily for outdoor activities; or
- b) any land that is not defined as General Land.

Use of Rate:

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

Level of Rate:

87.5% of the General Rate.

Use of Land:

Any use permitted under the City of Darebin Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant City of Darebin Planning Scheme.

Advantages of a differential rating system

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

- There is greater flexibility to distribute the rate burden between all classes of property, and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for commercial and industrial premises.
- Differential rating allows Council to better reflect the investment required by Council to establish infrastructure to meet the needs of the commercial and industrial sector.
- Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome (e.g. Farming enterprises).

- Allows Council discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community. (i.e. Vacant Commercial properties still attract the commercial differential rate)

Disadvantages of a differential rating system

The disadvantages in applying differential rating summarised below are:

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

1.3.5 SPECIAL CHARGE SCHEMES

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

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

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

- a. the wards, groups, uses or areas for which the special rate or charge is declared; and
- b. the land in relation to which the special rate or special charge is declared;
- c. the manner in which the special rate or special charge will be assessed and levied; and
- d. details of the period for which the special rate or special charge remains in force.

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

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

In recognition of the *Local Government Legislation Amendment (Rating and Other Matters) Act 2022*, the declaration of a Special Charge of Special Rate made after 9 August 2022 will expire if the special rate or special charge is not levied within 12 months of declaring such a scheme.

Calculate the Maximum Total Special Charge

In order to calculate the maximum total Special Rate **S**, the following formula is used:

$$S = R \times C$$

Where **R** is the benefit ratio and **C** is the cost of all works

R is the 'benefit ratio' which is the percentage of the total cost that Council determines is able to be charged. It takes into account whether there are properties Council believes will derive a 'special benefit' and are to be charged, and others which also receive such a benefit, but which aren't to be levied (such as non-commercial community facilities).

S is the maximum amount that can be charged.

The total maximum amount that can be levied on liable property owners is 100% of the total cost of the Special Rate Scheme established for each business precinct.

Note there is no community benefit amount payable by Council. The community benefit has been assessed and equates to zero for these charges.

Estimate Total Special Benefits

As per the Ministerial Guideline for Special Rates and Charges, total special benefits are defined according to the formula below:

$$\text{TSB} = \text{TSB}_{(in)} + \text{TSB}_{(out)}$$

- **TSB** is the estimated total special benefit for all properties that have been identified to receive a special benefit.
- **TSB_(in)** is the estimated total special benefit for those properties that are included in the scheme.
- **TSB_(out)** is the estimated total special benefit for those properties with an identified special benefit that are not included in the scheme.

For the purposes of each scheme, total special benefits have been calculated as follows:

- **TSB_(in)** – The estimated total special benefit is based on the request from the Business Association required for their annual budget.
- **TSB_(out)** – This is not applicable as all participating properties are included.

TCB – Total Community Benefit is assessed to be 0 benefit units

H. Calculate the Benefit Ratio

The benefit ratio is calculated as:

$$R = \frac{\text{TSB}_{(in)}}{\text{TSB}_{(in)} + \text{TSB}_{(out)} + \text{TCB}}$$

Special Charge for Solar Saver Scheme

In August 2018 Council resolved to offer the Darebin Solar Saver Program to all residential properties, with no interest charged as part of the special charge scheme and authorised the inclusion of non-residential properties up to 30kW in size with no interest charged. This commitment formed part of the Climate Emergency Plan 2017.

Council's commitment to the Solar Saver program was reaffirmed through the Council Plan 2021-25. In November 2021 Council endorsed the revised program parameters, which included only making the special charge mechanism available to households experiencing disadvantage and meeting set criteria, including reverse cycle air-conditioning in the offering, and introducing a household financial cap of \$6,000.

The Solar Saver Special Charge Scheme provides opportunity for ratepayers to access solar power systems and other approved energy efficiency equipment with Council paying the upfront costs for the installation and supply, and ratepayers repaying these costs over 10 years in accordance with the special charge. Through the Solar Saver program and Special Charge for Solar Saver Scheme, Council is able to effectively offer an interest free loan to ratepayer participants.

There are a number of Special Charges for Solar Saver Scheme in effect, declared by Council in batches throughout the course of each year in accordance with the Solare Saver Program to improve affordability and access to solar power systems and to reduce fuel poverty.

Special Rate for Business Precincts

Council has established a series of Special Rates for Business Precincts in collaboration with Trader Associations for retailing precincts for the purposes of marketing, promotion and development of business precincts. The funds collected from the special rate schemes assist precincts to market and promote the businesses within the precinct and are also used to market the precinct as a whole to attract new visitors and shoppers.

The rate set is informed by the respective Traders Association to provide the necessary funding to sustain a proactive marketing approach and promotional campaign to assist the business precinct to remain competitive. The viability of each precinct is dependent on its ability to represent as a cohesive management group of businesses, allowing them to unite in effectively responding to external threats or opportunities so to protect their investment in the Darebin community; and provide a holistic approach to marketing and promotion of the precinct.

100% of the money raised by these Special Rates is paid directly to the business association's elected account, over instalments throughout the year in accordance with a Memorandum of Understanding established to govern the arrangement. The relevant association spends the funds as specified in the Special Rate declaration and in accordance with an agreement between them and Council which requires annual budgets, regular financial reporting and audited annual financial statements. The administration of the charge is provided by Council within existing resources at no charge.

The community benefit which is calculated in circumstances where Council considers that the services and activities to be provided from the proceeds of the special rate, all being for the purpose of marketing, management and development of the Centre, will only benefit the commercial properties (all of which are rateable land) specified in the Special Rate area.

If a property will receive a special benefit but is not included in the scheme, the calculation of the benefit ratio will result in Council paying the share of costs related to the special benefits for that property. Only those properties at which are included in the Business Precinct receive a special benefit from the scheme. Accordingly, only commercial properties are charged the Special Rate. Council will not, then, be required to pay a share of costs related to special benefits for any property that is not included in the scheme.

The following Special Rates have been established by Council, noting the introduction of a new Special Rate for the Reservoir Business Precinct from 1 July 2022 following expiry of the previous charge on 30 June 2022. It is important to note that the rate set for each Business Precinct varies depending on the needs of each Precinct identified by the relevant Association in consultation with traders.

Business Precinct	Rate	Benefit Ratio	Community Benefit (163(2b))	Timeframe for Special Rates
Fairfield Village Business Precinct	Declared at \$66,000 for 2019/20 +CPI increase annually in future years Primary Benefit 0.00066645c in 19/20 +CPI increase in future years Secondary Benefit 0.00049984 in 19/20 + CPI increase in future years The rate per property is calculated annually based on the amount to be collected as per the special rate calculation.	1:1	Zero	1 July 2019 – 30 June 2024 <i>Established 24 June 2019</i>
Preston Central Business Precinct	Declared at \$110,000 for 2019/20 + CPI increase annually in future years Note this was not raised in 2021/22 due to the pandemic. The rate per property is calculated annually based on the amount to be collected as per the special rate calculation.	1:1	Zero	1 July 2019 – 30 June 2024 First introduced in 2008 <i>Established 12 August 2019</i>
Reservoir Village Business Precinct	Declared at \$75,000 for 2022/23 + CPI increase annually in future years. The rate per property is calculated annually based on the amount to be collected as per the special rate calculation.	1:1	Zero	1 July 2022 – 30 June 2026 <i>Established 1 July 2022</i>

The following Special Charge has been established by Council. It is important to note that the charge set for each Business Precinct varies depending on the needs of each Precinct identified by the relevant Association in consultation with traders.

Business Precinct	Special Charge	Benefit Ratio	Community Benefit (163(2b))	Timeframe for Special Rates
Northcote Business Precinct	Declared at \$88,745 for 2019/20 + CPI increase annually in future years. Primary Benefit \$480 in 19/20 +CPI increase in future years Secondary Benefit \$235 in 19/20 + CPI increase in future years	1:1	Zero	1 July 2019 – 30 June 2024 <i>Established 24 June 2019</i>

Specified Properties for the above Special Rates and Special Charges for Business Precincts are provided in **Appendix A**.

1.3.6 SERVICE RATES AND CHARGES

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

- b) waste, recycling or resource recovery services;
- d) any other prescribed service.

Service Charges

Council introduced a Kerbside Waste Collection Service Charge for the collection and disposal of refuse through the kerbside service from July 2022.

The Kerbside Waste Collection Service charge covers the costs of collection, recycling and landfill disposal. Council operates a full domestic general waste, recycling and green waste system providing a three-bin service to all residential and participating small businesses. Private contractors generally undertake all non-residential refuse collections by direct arrangement with the landowner, tenant or business owner.

The Kerbside 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 kerbside waste collection and disposal service.
- The charge will be raised for rateable and non-rateable properties, irrespective of whether the service is used or not unless it has been identified as:
 - a. a multi-unit dwelling via the planning process where the traditional kerbside waste collection service cannot be used.
 - b. a business that is not serviced by the kerbside waste collection service.

Note: Businesses may be eligible to receive a kerbside waste service for landfill bin collection only. Where a business is in receipt of one kerbside waste collection service, the full kerbside waste collection service charge will apply, irrespective of the provision of the full suite of kerbside waste collection services. This is provided as an alternative to private commercial waste collection services for businesses within the Darebin community.

Property owners currently receiving the kerbside waste collection service can apply for additional bins or larger bins via an application form. The property owner will be required to make upfront payment for the additional service and agree to meet the additional costs annually through the rates notice from 1 July 2024. All applications for food and green waste bins and garbage and recycling bins are subject to approval.

Applications for additional or larger bins will be charged on a pro rata basis for both permit payments and through the rates notice.

The following service options and charges will be available for additional bin service per year, and fees will be subject to annual review of Council's Fees and Charges each year through the Budget process that is subject to community consultation:

- Extra food and green waste bin 240L
- Larger food and green Waste bin
- Larger food and green waste bin (Concession)**
- Extra garbage bin 240L ***
- Larger garbage bin from 80L to 120L*
- Larger garbage bin from 80L to 240L
- Extra recycling bin 240L ***

Note: the maximum number of additional bins is one additional bin per household, for each bin type

*charge not applicable until 1 July 2024

** concession applies to Pension Card holders only.

*** service not available until after 1 July 2023

The charges for a larger garbage waste bin may be waived for households with special waste needs including:

- families with six or more members
- families with multiple children in nappies
- households with additional waste for medical reasons

The advantage of the kerbside waste service collection fee is that it will be readily understood by residents as a fee for a direct service that they receive. It further provides equality in the rating system in that all residents who receive the same service level all pay an equivalent amount. The disadvantage of the waste service charge is that it is regressive in nature,

and a fixed charge to a property with a low value comprises a far greater proportion of the overall rates than it does to a property with a higher value.

Service Rates

Council introduced a Service Rate for Public Waste Collection Service for the collection and disposal of refuse through the public waste collection service from July 2022.

The Public Waste Collection Service rate covers the costs of collection, transport, processing, education, storage and treatment of waste and recyclable materials. Darebin City Council applies a Public Waste Collection Service Rate annually for the collection and disposal of public refuse applicable to all rateable properties* within the municipality.

The advantage of the public waste collection service rate is that all properties ratepayers will contribute to the cost of keeping our municipality clean through public waste services and is aligned to the rateable value (CIV).

The service rate for public waste service collection services is set annually per rateable property and subject to the annual valuation by the Valuer General of Victoria.

**excluding advertising signs, telecommunication poles and non-rateable properties*

1.3.7 COLLECTION AND ADMINISTRATION OF RATES AND CHARGES

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

Payment options

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

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

Council offers a range of payment options including:

- in person at Council offices (cheques, money orders, credit/debit cards and cash*),
- online via Council's ratepayer portal, direct debit (on prescribed instalment due dates or monthly),
- BPAY,
- Australia Post (over the counter, over the phone via credit card and on the internet),
- By phone (credit/debit card)
- by mail (cheques and money orders only).

**subject to maximum permitted cash payments*

SPECIFIED EXEMPTION / CONCESSION

Aboriginal Housing Victoria Concession

In 2019 Darebin reviewed its Statement of Commitment to renew, strengthen and formalise Council's long standing commitment and relationship with the diverse Aboriginal and Torres Strait Islander communities of Darebin. Darebin City Council acknowledges the Wurundjeri Woi-wurrung people as the traditional owners and custodians of the land and waters we now call Darebin and affirmed that the Wurundjeri Woi-wurrung people have lived on this land for millennia practicing their customs and ceremonies of celebration, initiation and renewal.

Council also has a firm commitment through the Toward Equality Framework in recognising Australia's First peoples and advancing social justice.

It is noted that Council has established Memorandum of Understanding with Aboriginal Housing Victoria, and this concession is further commitment to the ongoing relationship.

Toward these commitments, Council established a 100% concession for general rates for all properties owned or managed by Aboriginal Housing Victoria as a 'registered agency', relating to the provision of affordable housing, in accordance with s169 (1d) of the *Local Government Act 1989*. Further, Council confirms the existing exemption from general rates for properties owned or managed by Aboriginal Housing Victoria for charitable purposes, excluding those used for affordable housing.

Note: 'registered agency' is identified in the *Local Government Act 1989* as being that defined in the *Housing Act 1983*.

Note: This concession applies only to general rates. Other charges still apply (for example and not limited to: the Fire Services Property Levy, the Kerbside Waste Collection Service Fee, the Public Waste Service Rate and any other requested service such as a larger or additional FOGO bin).

This concession has been granted “to assist the proper development of the municipal district” in accordance with s169 (1(a)) and (1B(b)) of the *Local Government Act 1989*, the Statement of Commitment to Aboriginal and Torres Strait Islander Peoples and the Toward Equality Framework. The concession will apply to the rateable properties who satisfy the terms specified by Council that directly relate to the community benefit. Given the concession is based on property value, it will be applied directly by Council for all eligible properties based on CIV as informed by the Valuer General of Victoria and no application will be necessary.

The benefit to the broader community through the concession (aligned to equity principles) include:

- Recognising Australia’s First peoples. (Statement of Commitment)
- Recognising and seeking to address financial inequity within our community through targeted and customised responses that prioritise the application of equity.
- Advancing social justice. (Towards Equality Framework)

RELIEF

Local Government Legislation Amendment (Rating and Other Matters) Bill 2022 has amended the *Local Government Act 1989* section 169. The amended changes has expanded the circumstances in which Councils may grant a rebate or concession through a new subsection (1AA) to Section 169 (1) to enable Councils to grant a rebate or concession in relation to any rate or charge if all of the following are satisfied:

- The land is being used for a public benefit
- The land is being used for the direct provision of goods or services that are available to the public, or a substantial portion of the public, free of charge or for a nominal charge; and
- the land is not being, or will not be, used primarily for the purposes of the distribution of profit to owner (s), members or shareholders of the entity from the operation of the entity, the winding up the entity or the estimated annual value of the land.

This change expands the options available to Council at its discretion, through the legislation and aligns with Councils commitment through the Toward Equality Framework.

Council has established a range of concessions, aligned to equity principles and the Toward Equality Framework in accordance with the provisions of the *Local Government Act 1989*. These concessions are funded through Council's rating system and the redistribution across ratepayers, aligned to equity principles.

Standard Concessions

To support the community, four concessions have been introduced. These four concessions align to equity principles in accordance with the Toward Equality Framework, to address inequity across the municipality and the impact of this change.

Public Waste Service Rate

- A concession for residential properties with a CIV value at \$500,000 or less by the Valuer General of Victoria that equates to 100% of the public waste rate. This concession will automatically be applied to the principal place of residence for ratepayers and will not require an application.

This concession has been granted “to assist the proper development of the municipal district” in accordance with s169 (1(a)) and (1B(b)) of the *Local Government Act 1989* and the Toward Equality Framework. Given the concession is based on property value, it will be applied directly by Council for all eligible properties based on CIV as informed by the Valuer General of Victoria and no application will be necessary.

The benefit to the broader community through the concession (aligned to equity principles) include:

- Recognising and seeking to address financial inequity within our community through targeted and customised responses that prioritise the application of equity.
- Addressing service inequity through the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate (Toward Equality Framework).
- Advancing social justice and climate justice to support the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate. (Towards Equality Framework)
- Seeking to ensure that our processes and decisions do not inadvertently compound and exacerbate existing disadvantage. (Toward Equality Framework).
- Seeking to ensure that our processes and decisions do not create a further barrier for community members to live their lives well.
- Improved fairness and transparency in the collection of waste costs.

Kerbside Waste Service Charge

- A concession for residential properties with a CIV value at \$500,000 or less by the Valuer General of Victoria that caps the kerbside waste collection service fee to a maximum amount for residential properties. This concession will automatically be applied to the principal place of residence for ratepayers and will not require an application.

Please note: the concession will be applied on 1 July for all existing properties. Where a new property is established or subject to supplementary valuation after 1 July the concession will not be applied as the impact of this change has no comparison for new properties or is impacted by increase as a result of property redevelopment rather than this change.

This concession has been granted “to assist the proper development of the municipal district” in accordance with s169 (1(a)) and (1B(b)) of the *Local Government Act 1989* and the Toward Equality Framework. Given the concession is based on property value, it will be applied directly by Council for all eligible properties based on CIV as informed by the Valuer General of Victoria and no application will be necessary.

The benefit to the broader community through the concession (aligned to equity principles) include:

- Recognising and seeking to address financial inequity within our community through targeted and customised responses that prioritise the application of equity.
 - Addressing service inequity through the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate (Toward Equality Framework).
 - Advancing social justice and climate justice to support the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate. (Towards Equality Framework)
 - Seeking to ensure that our processes and decisions do not inadvertently compound and exacerbate existing disadvantage. (Toward Equality Framework).
 - Seeking to ensure that our processes and decisions do not create a further barrier for community members to live their lives well.
 - Improved fairness and transparency in the collection of waste costs.
- A Pensioner Concession of \$150 for pensioners who are holders of an eligible Centrelink or Veteran Affairs Pension Concession Card or a Veteran Affairs Gold Card which stipulates TPI or War Widow for the Kerbside Waste Collection Service Charge. This concession will be provided by direct provision (without application where information is known) for the Kerbside Collection Service Charge on their principal place of residence only.

Ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner concession is deducted from the Kerbside Waste Charge on the rates notice.

Please note: the concession will be applied on 1 July for all existing property where pensioner status is known. s. Where a new property is established or subject to supplementary valuation after 1 July the concession will not be applied as the impact of this change has no comparison for new properties or is impacted by increase as a result of property redevelopment rather than this change.

This concession has been granted “to assist the proper development of the municipal district” in accordance with s169 (1(a)) and (1B(b)) of the *Local Government Act 1989* and the Toward Equality Framework. Given the concession is based on property value, it will be applied directly by Council for all eligible properties based on CIV as informed by the Valuer General of Victoria and no application will be necessary.

The benefit to the broader community through the concession (aligned to equity principles) include:

- Recognising and seeking to address financial inequity within our community through targeted and customised responses that prioritise the application of equity.
- Addressing service inequity through the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate (Toward Equality Framework).
- Advancing social justice and climate justice to support the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate. (Towards Equality Framework)
- Seeking to ensure that our processes and decisions do not inadvertently compound and exacerbate existing disadvantage. (Toward Equality Framework).
- Seeking to ensure that our processes and decisions do not create a further barrier for community members to live their lives well.
- Improved fairness and transparency in the collection of waste costs.

General Rates

- A Pensioner Safety Net Concession of \$150 for pensioners who are holders of a Centrelink or Veteran Affairs Pension Concession Card or a Veteran Affairs Gold Card which stipulates TPI or War Widow and who are not eligible for the Pensioner Concession for the Kerbside Waste Collection Service Charge, for the principal place of residence. Ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner concessions deducted from the rate account before payment is required by the ratepayer.

Please note: the concession will be applied on 1 July for all existing property where pensioner status is known. Where a new property is established or subject to supplementary valuation after 1 July the concession will not be applied as the impact of this change has no comparison for new properties or is impacted by increase as a result of property redevelopment rather than this change.

This concession has been granted “to assist the proper development of the municipal district” in accordance with s169 (1(a)) and (1B(b)) of the *Local Government Act 1989* and the Toward Equality Framework. Given the concession is based on property value, it will be applied directly by Council for all eligible properties based on CIV as informed by the Valuer General of Victoria and no application will be necessary.

The benefit to the broader community through the concession (aligned to equity principles) include:

- Recognising and seeking to address financial inequity within our community through targeted and customised responses that prioritise the application of equity.
- Addressing service inequity through the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate (Toward Equality Framework).
- Advancing social justice and climate justice to support the recently introduced Kerbside Waste Collection Service Charge and Public Waste Service Rate. (Towards Equality Framework)
- Seeking to ensure that our processes and decisions do not inadvertently compound and exacerbate existing disadvantage. (Toward Equality Framework).
- Seeking to ensure that our processes and decisions do not create a further barrier for community members to live their lives well.
- Improved fairness and transparency in the collection of waste costs.

Rates Financial Hardship Policy

It is acknowledged at the outset that various ratepayers may experience financial hardship for a whole range of issues and that meeting rate obligations constitutes just one element of a number of difficulties that may be faced. The purpose of the Rates Financial Hardship Policy is to provide options for ratepayers facing such situations to deal with the situation positively and reduce the strain imposed by financial hardship.

The Rates Financial Hardship Policy provides the options available to ratepayers and the options available to address hardship in accordance with legislative requirements and in alignment to the Toward Equality Framework. Access to the Hardship Provisions available from Council in the Rates Financial Hardship Policy are accessed through one streamlined Rates Financial Hardship Application Form.

OTHER

Fire Services Property Levy

In 2016 the Victorian State Government passed legislation requiring the Fire Services Property Levy to be collected from ratepayers. Previously this was collected through building and property insurance premiums. The Fire Services Property Levy helps fund the services provided by the Metropolitan Fire Brigade (MFB) and Country Fire Authority (CFA), and all levies collected by Council are passed through to the State Government.

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

1.4 OTHER REVENUE ITEMS

1.4.1 USER FEES AND CHARGES

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

Examples of user fees and charges include:

- Arts and Culture fees

- Leisure Centre, Gym, and Pool visitation and membership fees
- Family, children and community programs fees
- Aged and Health Care service fees
- Registration and other permits fees
- Golf Course attendance fees

The provision of infrastructure and services form a key part of council's role in supporting the local community. In providing these, council must consider a range of 'Best Value' principles including service cost and quality standards, value-for-money, and community expectations and values. Council must also balance the affordability and accessibility of infrastructure and services with its financial capacity and in the interests of long-term financial sustainability.

Councils must also comply with the government's Competitive Neutrality Policy for significant business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

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

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

- a. Market Price
- b. Full Cost Recovery Price
- c. Subsidised Price

In addition, Council will apply an equity lens to pricing in alignment with the Toward Equality Framework. This will include undertaking an equity impact assessment on fees and charges annually.

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

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

Full cost recovery price (B) aims to recover all direct and indirect costs incurred by council. This pricing should be used in particular where a service provided by council benefits individual customers specifically, rather than the community as a whole. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation. It is acknowledged that in applying an equity lense to full cost recovery, some users may be charged more than other service users in order to subsidise those identified as having lesser means or access to services. The overall effect being full cost recovery with adjustments aligned to equity principles committed to by Council's Toward Equality Framework.

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

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

1.4.2 STATUTORY FEES AND CHARGES

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

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and Inspection fees
- Infringements and fines
- Land Information Certificate fees

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

Penalty units

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

One penalty unit is currently \$184.92, from 1 July 2022 to 30 June 2023.

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

Fee units

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

The value of one fee unit is currently \$15.29. This value may increase at the beginning of a financial year, at the same time as penalty units.

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

1.4.3 GRANTS

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

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

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Grant assumptions are then clearly detailed in council's budget document. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

1.4.4 CONTRIBUTIONS

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

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

Examples of contributions include:

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

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

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

1.4.5 INTEREST ON INVESTMENTS

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

APPENDIX A – Properties subject to Special Rates

Preston Business Precinct

- 317-509 High Street, Preston (inclusive)
- 274-444 High Street, Preston (inclusive)
- 241A-251 Murray Road, Preston (inclusive)
- 2-26 Cramer Street, Preston (inclusive).
- 25 Preston Street, Preston (inclusive)
- 14-32 The Centreway, Preston (inclusive)
- 1-12 The Strand, Preston (inclusive)
- 1 Cook Street, Preston (inclusive)
- 19-29 Mary Street, Preston (inclusive)
- 267-275 Gower Street, Preston (inclusive)
- 88 Roseberry Avenue, Preston (inclusive).

Northcote Business Precinct

Properties enjoying a “primary” special benefit (as shown below)

Property	Property Classification
203 to 385 High Street (inclusive)	Primary
200 to 360, 360A High Street (inclusive)	Primary

Properties enjoying a “secondary” special benefit (as shown below)

Property	Property Classification
387 to 409 High Street (inclusive)	Secondary
372 to 392 High Street (inclusive)	Secondary
176 to 198 High Street (inclusive)	Secondary
2A and 4A Mitchell Street (inclusive)	Secondary
The property known as Northcote Central Shopping Centre Secondary (corner of High and Separation Streets Northcote)	Secondary

Fairfield Business Precinct

Properties enjoying a “primary” special benefit (as shown below)

Property	Property Classification
74-152 Station Street (inclusive)	Primary
85-157 Station Street (inclusive)	Primary

Properties enjoying a “secondary” special benefit (as shown below)

Property	Property Classification
3-29 Railway Place (inclusive)	Secondary
256-288 Wingrove Street (inclusive)	Secondary
68-152 Station Street (second floor) (inclusive)	Secondary
75-157 Station Street (second floor) (inclusive)	Secondary
99a Station Street	Secondary
68-72 Station Street (inclusive)	Secondary
75 – 83 Station Street (inclusive)	Secondary

Reservoir Business Precinct

Properties enjoying a benefit within the geographic district identified in the map below :



Properties enjoying a “primary” special benefit (as shown below)

2A Byfield Street	52 Edwardes Street	2C Edwardes Street	291 Spring Street
1 Edwardes Street	54 Edwardes Street	30A Edwardes Street	293 Spring Street
2 Edwardes Street	56 Edwardes Street	38A Edwardes Street	295 Spring Street
3 Edwardes Street	58 Edwardes Street	42A Edwardes Street	297 Spring Street
4 Edwardes Street	60 Edwardes Street	48-50 Edwardes Street	299 Spring Street
5 Edwardes Street	62 Edwardes Street	52A Edwardes Street	301 Spring Street
8 Edwardes Street	64 Edwardes Street	84A Edwardes Street	307 Spring Street
10 Edwardes Street	66 Edwardes Street	84B Edwardes Street	313 Spring Street
12 Edwardes Street	68 Edwardes Street	1 Ralph Street	315 Spring Street
14 Edwardes Street	70 Edwardes Street	2 Ralph Street	317 Spring Street
20 Edwardes Street	72 Edwardes Street	257 Spring Street	319 Spring Street
22 Edwardes Street	74 Edwardes Street	263 Spring Street	321 Spring Street
24 Edwardes Street	75 Edwardes Street	265 Spring Street	325 Spring Street
32 Edwardes Street	76 Edwardes Street	267 Spring Street	1/291A Spring Street
34 Edwardes Street	77 Edwardes Street	273 Spring Street	2/291A Spring Street
36 Edwardes Street	78 Edwardes Street	275 Spring Street	269-271 Spring Street
38 Edwardes Street	82 Edwardes Street	277 Spring Street	3/291A Spring Street
40 Edwardes Street	2/38 Edwardes Street	279 Spring Street	303-305 Spring Street
41 Edwardes Street	16-18 Edwardes Street	281 Spring Street	309-311 Spring Street
42 Edwardes Street	26-30 Edwardes Street	283 Spring Street	4/291A Spring Street
43 Edwardes Street	2A Edwardes Street	285 Spring Street	Rear of 283 Spring Street
44 Edwardes Street	2AA Edwardes Street	287 Spring Street	
46 Edwardes Street	2B Edwardes Street	289 Spring Street	

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