

# **Revenue and Rating Plan 2021/22 to 2025/26**



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## 1. Purpose

The Revenue and Rating Strategy provides an “at a glance” explanation of information considered by the Council when determining the most appropriate approach to costing services and modelling its system of rating across a four year period.

This document assists Council in balancing competing principles to provide the revenue needed for financial sustainability and achieving the Council Plan strategic objectives, focusing on good governance and administration in order to provide appropriate goods and services for the community.

In setting fees, rates and charges, Council gives consideration to its strategic directions detailed in the Strategic Resource Plan, the current economic climate, and other external factors that likely impact the community.

It is important to note that the focus of the Rating Strategy is different to that of the Annual Budget<sup>1</sup>, which details what services and programs Council will deliver within the financial year and how these activities will be funded.

The following diagram depicts the strategic planning framework of Council:



<sup>1</sup> <https://www.brimbank.vic.gov.au/council/annual-budget-and-council-plan>

When modelling rates and charges, Council is informed by the Local Government Act 1989 and 2020 (the Act) which determines Council's ability to develop varied rating systems.

The Act provides flexibility for Council to determine its rating system to best suit its requirements within the context of a public finance methodology. This legislation does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

## **2. Identified Challenges**

The Local Government Act 2020 requires Council to "...prepare and adopt a Revenue and Rating Plan by the next 30 June after a general election<sup>2</sup> for a period of at least the next 4 financial years."<sup>3</sup>

In finalising the Revenue and Rating Strategy, Council has identified the following challenges:

- The timing of the 2020 General Election does not provide a suitable timeframe to complete comprehensive consultation across all areas of Council without extensive disruption to Brimbank's 2021/2022 budgetary process;
- That two pieces of legislation currently inform Council regarding their rating structure (Local Government Act 1989 & 2020) and that the State Government's Local Government Rating System Review<sup>4</sup> has not finalised recommended changes that will affect the sector over the next four years; and
- Extensive change to Brimbank's pricing policy and rating structure should be rolled out over a four year period in order to adapt to new legislation and to minimise unexpected or irregular economic and financial impacts to council and the community.

## **3. Community Engagement**

The Revenue and Rating Plan outlines Council's decision-making process on how revenues are calculated and collected. The following public consultation process, carried out in conjunction with consultant of the 2021/22 Annual Budget will be followed to ensure due consideration and feedback is received from relevant stakeholders.

Revenue and Rating Plan community engagement process:

- Draft Revenue and Rating Plan prepared by officers;

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<sup>2</sup> The last General Election was declared on 6 November 2020 -

<https://www.vec.vic.gov.au/results/2020-council-election-results/brimbank-city-council>

<sup>3</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga2020182/s93.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga2020182/s93.html)

<sup>4</sup> <https://engage.vic.gov.au/rating-review>

- Draft Revenue and Rating Plan placed on public exhibition at (April) Council meeting for a period of 28 days and calling for public submissions;
- Community engagement through local news outlets and social media;
- Hearing of public submissions (June); and
- Draft Revenue and Rating Plan (with any revisions) presented to (June) Council meeting for adoption.

## 4. What are our Principals?

The main purpose of Councils revenue collection systems (including council rates) is to raise revenue to fund public services. To avoid unintended consequences on the community (including ratepayers, residents, businesses and government agencies), Brimbank's Revenue and Rating Policy is based on the following principles:

**Efficiency** – Sources of revenue should not significantly distort decisions when engaging with council services. For example, services identified as a community benefit as well as those that are considered "commercial" (i.e. a fee for service that does not benefit the community clearly and directly) should be costed at their appropriate levels.

In addition, council rates and charges should not create inefficient taxes without clear and measurable purposes. For example, a Municipal Charge should detail what the charge is directly funding its impact on amounts raised through General Rates.

**Equity** – Equity is a subjective concept that is difficult to define, especially because it has a number of elements. What seems reasonable to one person may not seem acceptable to another.

Regarding the payment of council rates and charges, the burden should fall across different types of ratepayers according to:

- *Vertical equity*: Taxpayers with greater capacity to pay should pay more taxes; and
- *Horizontal equity*: Taxpayers in similar circumstances should be treated in a similar way.

Brimbank recognizes that Council Rates constitute an equitable form of taxation on the local community for the purposes of Local Government, and that the benefits that a ratepayer may receive will not necessarily be to the extent of the rates paid (ie: rates are not a "fee for service").

Benefits are consumed in different quantities and types over the lifecycle of the ratepayer e.g. maternal and child health, libraries and aged care, local laws, roads and footpaths, parks and gardens.

**Simplicity** – Council's revenue systems should be practical and cost-effective to administer and enforce, as well as simple to understand and comply with;

**Sustainability** – The system should generate reliable revenues for council on an ongoing basis, which rates revenue should be durable and flexible in changing economic conditions.

## **Financial Management Principles**

In addition to Councils stated principles above, s101 of the Local Government Act 2020 sets out the following financial management principles that Brimbank also applies:

(1) The following are the financial management principles—

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

(2) For the purposes of the financial management principles, financial risk includes any risk relating to the following—

- a) the financial viability of the Council;
- b) the management of current and future liabilities of the Council;
- c) the beneficial enterprises of the Council.

## **Service Performance Principles**

In addition to Councils stated principles above, s106 of the Local Government Act 2020 sets out the following financial management principles that Brimbank also applies:

### **Service performance principles**

(1) A Council must plan and deliver services to the municipal community in accordance with the service performance principles.

(2) The following are the service performance principles—

- (a) services should be provided in an equitable manner and be responsive to the diverse needs of the municipal community;
- (b) services should be accessible to the members of the municipal community for whom the services are intended;
- (c) quality and costs standards for services set by the Council should provide good value to the municipal community;
- (d) a Council should seek to continuously improve service delivery to the municipal community in response to performance monitoring;

- (e) service delivery must include a fair and effective process for considering and responding to complaints about service provision.

### **Strategic planning principles**

- (1) A Council must undertake the preparation of its Council Plan and other strategic plans in accordance with the strategic planning principles.
- (2) The following are the strategic planning principles—
- (a) an integrated approach to planning, monitoring and performance reporting is to be adopted;
  - (b) strategic planning must address the Community Vision;
  - (c) strategic planning must take into account the resources needed for effective implementation;
  - (d) strategic planning must identify and address the risks to effective implementation;
  - (e) strategic planning must provide for ongoing monitoring of progress and regular reviews to identify and address changing circumstances.

### **Policy Decisions**

Council understands that a comprehensive review of all forms of revenue is a lengthy task involving direct community consultation. Due to this, Council has determined that a four-year cycle of ongoing review is appropriate to ensure that the community is fully informed of proposed changes.

This document will list decisions pertaining to both immediate revenue decisions in addition to future areas of development, which will appear as follows:

#### **Example Decision**

**Principle:** Details which principles this declaration adheres to.

Additional information is provided in this area regarding recognition and decision making around relevant legislation.

## **5. Council's Pricing Policy**

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

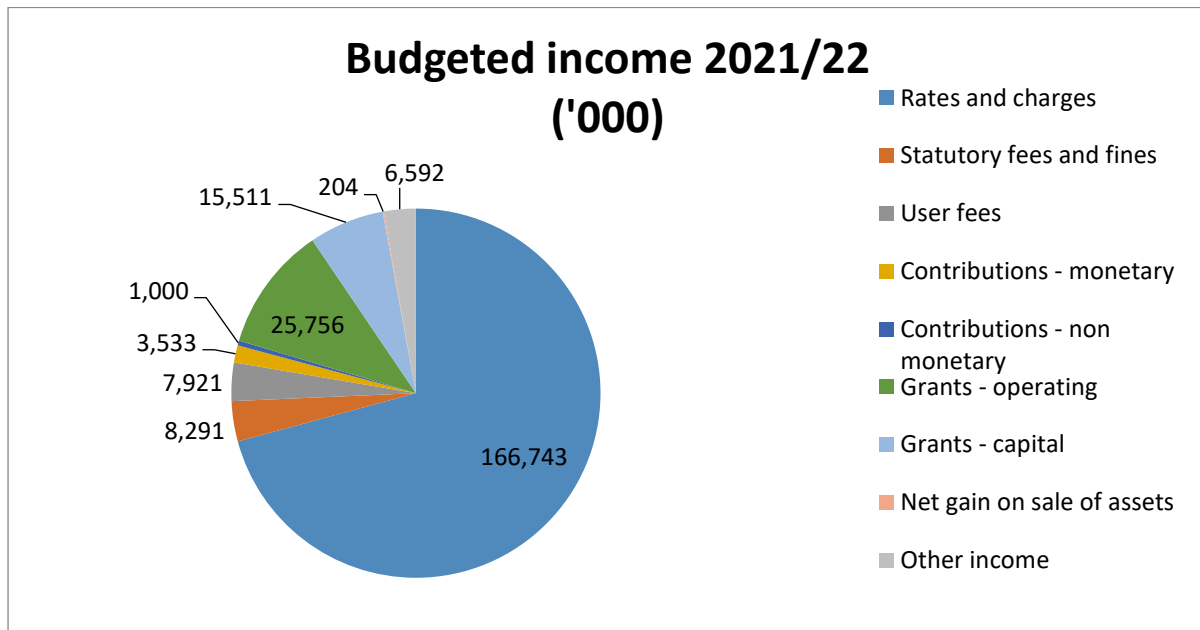
- Government grants;
- Fees and charges; and
- General rates and charges.



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

It is a choice of Council as to what degree it wishes to pursue a 'user pays' philosophy in relation to charging for individual services on a fee for service basis. Council's pricing policy must determine how charges are set to reflect the cost of services provided and if they are to defray other costs to Council.

Currently rates and charges are the primary source of revenue, accounting for **71%** of the total operating income (forecast) for 2021/22.



## Decision

### **Principle: Efficiency / Sustainability**

Council recognises the importance of an ongoing system of review to ensure the efficiency of user-pays services provided to avoid undue stress on the rating system.

Over the course of the four-year review, Council will review non-rate revenue with a view to reduce reliance on Rates and Charges.

## **5.1 Government Grants**

All avenues have been pursued to obtain external grant funds for prioritised works and Council will continue to aggressively pursue all available grants to support community services.

## **5.2 Fees and Charges**

Council has reviewed all fees and charges and has determined that the increased levels are consistent with application of the user pays principle – that is, so far as is

possible, the cost of providing a direct service will be met by the fees charged.

Council has determined that an annual assessment of all fees and charges is excessively costly for the 2021/2022 financial year and not immediately necessary.

An ongoing assessment and review of all sources of revenue is important, as it allows Council to assess all services to ensure they are being costed appropriately. Ongoing assessments across all directorates within a four year period has been recognised as an appropriate method to determine this.

A schedule of the current user fees and charges is presented in the annual budget. Also included is a selection of council services and their costs compared to the fees charged for their provision.

For 2021/2022 Council has resolved to utilise a band of plus or minus **1.75%** with regard to the cost/price ratio of services. In instances where this is not the case, a rationale is included to explain the variance and the basis for the subsidy.

### **Decision**

#### **Principle: Efficiency / Sustainability**

Council recognises the importance of a rolling review process for all service areas which must be undertaken at least once every four years to ensure all are priced appropriately to cover Council's revenue requirements.

A timeline for this rolling review process, including when certain directorates will be assessed, will be incorporated into Council's existing Service Reviews over the next four-years.

## **5.3 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 \$165.22, from 1 July 2020 to 30 June 2021.

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 \$14.81. This value may increase at the beginning of a financial year, at the same time as penalty units.

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

**5.4 General Rates and Charges**

Council has several means by which it can vary the amounts which are levied, including:

- a general rate;
- a municipal charge;
- differential rates;
- service rates and charges;
- special rates and charges;
- rebates, waivers, deferments, concessions and exemptions.

Council Rates and Charges are primarily based on property valuations, with the valuation of properties being conducted annually by the Victorian Valuer-General.<sup>5</sup>

Several propositions were put through a rate modelling process to develop the most suitable rating system. This entailed the council giving consideration to a number of factors, such as:

- equity of the system
- efficiency of application
- the link between rate levied and benefit to be derived.

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<sup>5</sup> <https://www.land.vic.gov.au/valuations/first-time-here/about-valuer-general-victoria>

## 6. System of Valuation<sup>6</sup>

When determining what valuation to use when calculating rates, Council may adopt one of the following methods:

**Capital Improved Value** – the total market value of the land plus buildings and other improvements.

**Net Annual Value** – the current value of a property's net annual rent (by law, Net Annual Value must be at least 5% of the Capital Improved Value for commercial property and exactly 5% of Capital Improved Value for residential property).

**Site Value** – the market value of the land only.

Council is provided property valuations by the Valuer-General annually as required by the Valuation of Land Act 1960. This ensures the value we place on each property is up-to-date and reflects its current market value.

Ratepayers may lodge an objection if they disagree with the value of their property. The objection must:

- be in writing
- lodged within 2 months of receiving the notice
- state the grounds on which (why) you are objecting

Successful objections may result in the alteration of the property's valuation, which then may then reduce the amount of rates payable. Until a final decision has been made by the Valuer-General, all rates and charges remain due and payable.

### Decision

#### Principle: Equity

Brimbank Council recognises the benefit of the ad-valorem valuation system as a measure of the property wealth of ratepayers. Council identifies the Capital Improved Value (CIV) as the both the most equitable method of distributing rates across the municipality, and the most flexible as it allows the application of differential rating.

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<sup>6</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga1989182/s157.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga1989182/s157.html)

## 7. Uniform/Differential Rates<sup>7</sup>

Council may choose to raise general rates by application of either:

**Uniform Rates<sup>8</sup>** – all occupancies in the municipality are allocated the same rate in the dollar to determine the amount payable;

**Differential Rates<sup>9</sup>** – Council may allocate occupancies into categories with different rates in the dollar in order to achieve a specified objective.

### Decision

#### Principle: Equity

Council will apply differential rating to the following property classes:

1. Residential
2. Residential Flats/Units
3. Retirement Village
4. Commercial/Industrial Developed
5. Vacant Land
6. Commercial/Industrial Vacant Land
7. Farm
8. Cultural & Recreational Land

The following provides details of the breakup of Council declared rates and charges:

Type of Property	Rate Multiplier
Residential	x1.17
Commercial/Industrial	x2.47
Farm Land	Lowest Rate
Residential Flats/Units	x1.17
Vacant Land	x2.44
Commercial/Industrial Vacant	x4.00
Retirement Village	x1.09
Culture Recreation Land	x1.25

All differential rates are structured in accordance with the provision of Section 161 of the Act, noting that the maximum differential rate in the dollar allowed can be no more than four times the lowest differential rate.

<sup>7</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga1989182/s158.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga1989182/s158.html)

<sup>8</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga1989182/s160.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga1989182/s160.html)

<sup>9</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga1989182/s161.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga1989182/s161.html)

## **8. Differential Rating Definitions and Objectives**

**Primary Objective:** The money raised by differential rating categories will be applied to the items of expenditure described in the Annual Budget by Council. The level of the rate for these categories are considered to provide for an appropriate contribution to Council's budgeted expenditure, having regards to the characteristics of the land.

The geographical location of the land within these differential rates are wherever located within the municipal district, without reference to ward boundaries.

### **8.1 Residential Property**

Residential property is any property, which is used for private residential purposes, including but not limited to houses and dwellings together with vacant unoccupied houses or dwellings and includes vacant land which is located within the Solomon Heights Estate in North Sunshine which is bounded on the east by the Melbourne to Sydney freight line and is north of Munro Avenue, east of Vermont Avenue and south of Baldwin Avenue. It excludes motels, caravan parks, supported accommodation, accommodation houses, boarding houses and the like. Rateable assessments under this category will be charged at a multiplier of rate of **114%** of the Farm Land differential rate (the lowest rate).

### **8.2 Residential Flat/Unit Property**

Residential Flat/Unit property is any property which is used for private residential purposes, including but not limited to flats, units, dual occupancy dwellings together with vacant flats, units, dual occupancy dwellings. It excludes motels, caravan parks, supported accommodation, accommodation houses, boarding houses and the like.

Rateable assessments under this category will be charged at a multiplier of rate of **114%** of the Farm Land differential rate (the lowest rate).

### **8.3 Retirement Village Property**

Retirement village property is any property, which is defined as a Retirement Village under the Retirement Villages Act 1986.

Rateable assessments under this category will be charged at a multiplier of rate of **105%** of the Farm Land differential rate (the lowest rate).

### **8.4 Commercial/Industrial Developed Property**

Commercial/Industrial developed land is any land on which a building designed or adapted for occupation is erected to be used for business and/or administrative purposes, which are used primarily for manufacturing processes, including, but not limited to properties used for:

- The sale or hire of goods by retail sales, e.g. shops, auction rooms, hardware stores;
- The manufacture of goods where the goods are sold on the property;
- The provision of entertainment, e.g. theatres, cinemas, amusement parlors, nightclubs;

- Media broadcasting/communication establishments, e.g. television stations, newspaper offices, radio stations, and associated facilities;
- The provision of accommodation other than private residential, e.g. motels, caravan parks, camping grounds, camps, supported accommodation, accommodation houses, hostels, boarding houses;
- The provision of hospitality, e.g. hotels, bottle shops, restaurants, cafés, takeaway food establishments, tearooms;
- Tourist and leisure industry, e.g. flora and fauna parks, gymnasiums, golf courses, indoor sport stadiums, gaming establishments;
- Showrooms, e.g. display of goods;
- Brothels;
- Commercial storage, e.g. mini storage units, wholesale distributors;
- Halls for commercial hire;
- Mixed businesses/milk bars (those operating in a residential type zone under the Brimbank Planning Scheme and nonconforming residential/milk bar properties within industrial zones under the Brimbank Planning Scheme with attached residences, occupied as the principal place of residence of the person(s) operating the mixed business/milk bar component of the rateable property, will have the residential portion rated as residential);
- The manufacture of goods, equipment, plant, machinery, food or beverage which are generally not sold or consumed on site;
- Warehouse/bulk storage of goods;
- The treatment and storage of industrial waste materials;
- Properties used for the provision of health services, hospitals, nursing homes, rehabilitation, medical practices and dental practices; and
- Properties used as offices.

Rateable assessments under this category will be charged at a multiplier of rate of **247%** of the Farm Land differential rate (the lowest rate).

**Additional Differential Rate Objective:** This rate is set higher to recognize that there is generally a higher capacity to pay due to income earning capacity of the property.

## 8.5 Vacant Land

Vacant land is any land, which is:

- Unimproved land; and
- which does not have the characteristics of:
  - Commercial/Industrial Vacant Land; or
  - Farm Property,

but does not include land which is located within the Solomon Heights Estate in North Sunshine which is bounded on the east by the Melbourne to Sydney freight line and is north of Munro Avenue, east of Vermont Avenue and south of Baldwin Avenue.

Rateable assessments under this category will be charged at a multiplier of rate of **244%** of the Farm Land differential rate (the lowest rate).

**Additional Differential Rate Objective:** The Vacant Land Differential Rate is set higher to encourage development of vacant land sites and ensure that vacant land property owners make a fair and reasonable contribution for current and future infrastructure development.

## **8.6 Commercial/Industrial Vacant Land**

Commercial/Industrial Vacant land is any land on which no building designed or adapted for occupation is erected and is located within:

- Commercial 1, 2 or 3 Zone;
- Industrial 1, 2 or 3 Zone;
- an Activity Centre Zone with an approved precinct plan for commercial or industrial use;
- a Mixed Used Zone;
- a Comprehensive Development Zone with an approved Concept Plan for commercial use; or
- a Special Use Zone

but does not include land which is located within the Solomon Heights Estate in North Sunshine which is bounded on the east by the Melbourne to Sydney freight line and is north of Munro Avenue, east of Vermont Avenue and south of Baldwin Avenue.

Rateable assessments under this category will be charged at a multiplier of rate of **400%** of the Farm Land differential rate (the lowest rate).

**Additional Differential Rate Objective:** This rate is set higher to encourage development of Commercial/Industrial vacant land sites and ensure that Commercial/Industrial vacant land property owners make a fair and reasonable contribution for current and future infrastructure development.

## **8.7 Farm Property**

Farm property is any land, which is:

- Not less than 2 hectares in area;
- Used for the carrying of a business of primary production as determined by the Australian Taxation Office; and
- Used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing, or the growing of crops of any kind or for any combination of these activities.

The Farm Property Differential Rate is the lowest (and base) rate, and does not require any additional objectives.

## **8.8 Cultural and Recreational Land**

Under the Cultural and Recreational Land Act 1963, provision is made for a Council to grant a rating concession to any recreational lands which meet the test of being rateable land under the Local Government Act 1989.

Rateable assessments under this category will be charged at a multiplier of rate of **125%** of the Farm Land differential rate (the lowest rate).



## 9. Municipal Charge<sup>10</sup>

A Municipal Charge can be applied to properties allowing Council to recover part of the administrative cost in operating Council.

The Act is not definitive on what comprises administrative costs, however, Council declares that administrative programs such as finance, asset management, information systems, corporate records, human resources and governance are supported by this income.

Legislation requires that this amount cannot exceed 20% of total rates raised (including rates and municipal charge combined).

### Decision

#### Principle: Simplicity

Brimbank recognises that Municipal Charges are a useful tool to ensure all ratepayers contributes an equal amount to the administrative functions of council, separate from the valuation of their property.

Council will declare a Municipal Charge to be applied on rateable occupancies at a rate no more than 20% of total rates raised in line with legislation.

## 10. Rebates and Waivers

The Act provides Council with the ability to provide a General Rates rebate to eligible recipients in accordance the State Concessions Act 2004 on the proviso that the rateable or part of rateable land by the applicant is that person's sole or principal place of residence.

This rebate is available to Pensioners, War Widows and returned Servicemen on a War Pension who is totally and permanently incapacitated. Proof of eligibility is determined by the Department of Health and Human Services (DHHS) and verified by Council.

In addition to the rebate Council may choose to provide additional rate waivers at its sole discretion. In this manner, Council allows for an additional waiver available to ratepayers that satisfy the conditions of the DHHS rebate as well as waivers of penalty interest charges to eligible applicants in accordance with the Hardship Policy.

### Decision

#### Principle: Equity

Brimbank recognises the importance of providing financial relief to ratepayers identified by DHHS through their rates rebate program. Council chooses to adopt the rebates available through the State Concessions Act 2004.

In addition, Council will provide a rates waiver on these occupancies at a rate set within the Annual Budget.

<sup>10</sup> [http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol\\_act/lga1989182/s159.html](http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/vic/consol_act/lga1989182/s159.html)

## **11. Hardship Policy**

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

Brimbank has adopted a Hardship Policy that establishes the guidelines for assessment of a hardship application based on the principles of fairness, integrity, confidentiality and compliance with statutory requirements.

In developing this policy, Brimbank City Council considered the demographic makeup of the municipality and took into consideration that almost 25% of residential properties receive a government rebate on their rates and charges.

As part of the Brimbank City Council Coronavirus (COVID-19) Response Strategy a COVID-19 Financial Hardship Policy was adopted by Council. The Policy is to assist impacted local businesses, residents, and any other affected ratepayers.

## **12. Service Rates and Charges**

The Act allows Council to declare a Service Rate or Service charge which can be applied for any of the following services:

- Provision of a water supply
- Collection and disposal of refuse
- Provision of sewerage services
- Any other prescribed service

This service rate or service charge may be declared based on criteria specified by Council.

### **Decision**

#### **Principle: Equity**

- Council recognises that waste management services are directly suited to collection via Service Charges as a fee-for-service, or as a Levy suited for collection across all rateable and non-rateable occupancies.
- Council declares the following Service Charges:
  - Public Amenities Cleansing Levy
  - 80ltr Environmental Charge
  - 140ltr Environmental Charge
  - 240ltr Environmental Charge\*
  - 140ltr Green Waste Charge
  - 240ltr Green Waste Charge

\* No longer available/existing customers only.

All Service Charges are set on a full cost recovery basis, where the income received from the charge offsets the direct costs of delivering the service.

1. Public Amenities Cleansing Levy

The Public Amenities Cleansing Levy applies to all rateable occupancies to ensure that all rateable occupancies fairly contribute to the cost of street sweeping, waste and rubbish collection and disposal from public places.

2. Environmental Service Charges

Environmental Service Charges directly funds the collection and disposal of household waste and recyclables. All residential, residential flats/units and retirement village units will incur a 140 litre Environmental Charge for the provision of a domestic garbage bin and recycling service, including non-rateable occupancies.

Residents may request an 80 litre domestic garbage bin to replace this service with Environmental Charges to be adjusted from the date that the relevant bins are replaced.

3. Green Waste Service Charges

The Green Waste Service Charges are available to all residential, residential flat/unit and retirement village units and directly funds the collection and disposal of green waste. Residents may request a 140 litre or 240 litre Green Waste bins.

### **13. Special Rates and Charges**

The Act allows Victorian Councils to impose a special rate, a special charge, or a combination of both, for works or services on ratepayers who receive "special benefit" from these works or services.

A work is of special benefit to a portion of a local authority area if the lands comprising that portion derive from the work a benefit which is not shared by other lands or a benefit which is additional to, or greater than, that which is derived by other lands.

#### **Decision**

##### **Principle: Efficiency / Equity**

- Council recognises the importance of projects and support that Special Rates and Charges can provide specific ratepayers requiring "special benefits". Council currently provides support through several Special Rates and Charges schemes, and will continue to assess existing and new schemes based on their individual merits.

Current Special Rates and Charges schemes are as follows:

**Flora Street Keilor Special Charge**

Providing and maintaining community infrastructure in the municipal district by the construction of 475 lineal metres of Flora Street, Keilor, commencing from about 65 metres north of the Old Calder Highway and associated works.

**Marketing and Business Development Special Rates**

Supporting the establishment of representative Business Associations in Town Centres to drive local leadership and business growth and development.

Two special rate schemes have been established to fund marketing and business development programs in St Albans and Sunshine town centres. The programs provide secure funds which Council collects and provides to the Business Associations to employ a marketing coordinator and deliver ongoing marketing and business development programs.

## **14. Other Rating Components**

**Fire Services Property Levy**

While the Fire Service Property Levy is not part of the rating strategy, from 1 July 2013, Council is responsible for the collection of the FSPL on behalf of the State Government.

Prior to the introduction of the Fire Services Property Levy, Victoria's fire services were funded by financial contributions from insurance companies, the State Government and metropolitan councils. Insurance companies recovered the cost of their contributions by imposing a fire services levy on insurance premiums.

The Fire Services Property Levy Act 2012 (FSPLA) determines the legal framework for the calculation of Fire Services Property Levy.

Local Government was appointed as the collection agency for the State Government to collect the levy on leviable land within their municipal district including leviable land owned by Council.

Council acts solely as a collection agent regarding these charges.

**The Rates Cap**

In 2015, the Victorian Government introduced rate capping legislation in the form of its "Fair Go Rates System" (FGRS). The rate capping system introduces an annual rate cap set by the Minister for Local Government which controls general rate increases for all councils during that financial year.

Council recognizes the challenges regarding predicting rate caps over a four-year period, as this figure is provided by the Essential Services Commission annually<sup>11</sup>,

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<sup>11</sup> <https://www.esc.vic.gov.au/local-government/annual-council-rate-caps>

however Council will avoid using Higher Rate Cap Applications to fund services wherever possible.

Details of Council's financial position, including rate increases, is included in the 2021-2031 Long Term Financial Plan.

### **Penalty Interest**

The Act allows Council to charge interest on unpaid rates and charges in accordance with the rate fixed under Section 2 of the Penalty Interest Rate Act 1983. The penalty interest rate applicable under the Local Government Act 1989 is the rate ruling on 1 July each year.

### **Decision**

#### **Principle: Equity**

Council recognises the importance of prompt payments to fund Council services and avoid borrowing funds to cover budget short-falls. The application of interest assists in the continuance of service provision and ensures that general rate revenue provided by prompt payments are not unduly effected.

- Council will adopt the full interest rate applicable under the Act.

### **Debt Recovery**

Should a ratepayer fall into arrears with payment of rates and charges, reminder notices will be issued for these occupancies. Council will also make every reasonable effort to contact ratepayers but notes that it is the ratepayer's responsibility to properly advise Council of their contact details.

If no payment is forthcoming (or no arrangements have been made to pay the amount outstanding), Council will pursue the outstanding rates and charges. All costs incurred for recovery are added to the amount outstanding.

Full details of Council's Debt Recovery declarations are provided in the Debt Recovery Policy.

### **When do we Collect Rates?**

In accordance with the Act, Council must allow a person to pay a rate or charge in four instalments. The instalments are due and payable on the date fixed by the Minister by notice published in the Government Gazette.

All rates must be paid via instalments with the due dates for payment each financial year as follows:

1st Instalment due – 30 September

2nd Instalment due – 30 November

3rd Instalment due – 28 February

4th Instalment due – 31 May

Additionally, the Act provides that a Council may allow a person to pay a rate or charge in a lump sum on 15 February. It also allows the provision of other forms of instalment payments (not lump sum), at the discretion of Council.

### **Decision**

#### **Principle: Sustainability**

Council recognises that maintaining a frequent, consistent and reliable revenue stream is important for cash-flow purposes. To this end, Council:

- Must offer the four instalment payment method with due dates fixed by the Minister;
- Does not offer the lump sum due date of 15 February;
- Provides a 10 monthly instalment option commencing from 30 September, up to and including 30 June each financial year. This option is restricted to ratepayers making payment by a Council approved method of direct debit.

## **Appendix One**

### **Summary of Revenue and Rating Decisions**

The following declarations form the basis for the rating portion of this strategy:

#### **Council's Pricing Policy**

##### **Decision**

##### **Principle: Efficiency / Sustainability**

Council recognises the importance of an ongoing system of review to ensure the efficiency of user-pays services provided to avoid undue stress on the rating system.

Over the course of the four-year review, Council will review all non-rate revenue with a view to reduce reliance on Rates and Charges.

#### **Fees and Charges**

##### **Decision**

##### **Principle: Efficiency / Sustainability**

Council recognises the importance of a rolling review process for all service areas which must be undertaken at least once every four years to ensure all are priced appropriately to cover Council's revenue requirements.

A timeline for this rolling review process, including when certain directorates will be assessed, will be incorporated into Council's existing Service Reviews over the next four-years.

#### **System of Valuation**

##### **Decision**

##### **Principle: Equity**

Brimbank Council recognises the benefit of the ad-valorem valuation system as a measure of the property wealth of ratepayers. Council identifies the Capital Improved Value (CIV) as the both the most equitable method of distributing rates across the municipality, and the most flexible as it allows the application of differential rating.

## Uniform / Differential Rates

### Decision

#### Principle: Equity

Council will apply differential rating to the following property classes:

1. Residential
2. Residential Flats/Units
3. Retirement Village
4. Commercial/Industrial Developed
5. Vacant Land
6. Commercial/Industrial Vacant Land
7. Farm
8. Cultural & Recreational Land

The following provides details of the breakup of Council declared rates and charges:

Type of Property	Rate Multiplier
Residential	x1.17
Commercial/Industrial	x2.47
Farm Land	Lowest Rate
Residential Flats/Units	x1.17
Vacant Land	x2.44
Commercial/Industrial Vacant	x4.00
Retirement Village	x1.09
Culture Recreation Land	x1.25

All differential rates are structured in accordance with the provision of Section 161 of the Act, noting that the maximum differential rate in the dollar allowed can be no more than four times the lowest differential rate.

## Municipal Charge

### Decision

#### Principle: Simplicity

Brimbank recognises that Municipal Charges are a useful tool to ensure all ratepayers contributes an equal amount to the administrative functions of council, separate from the valuation of their property.

Council will declare a Municipal Charge to be applied on rateable occupancies at a rate no more than 20% of total rates raised in line with legislation.



## Rebates and Waivers

### Decision

#### Principle: Equity

Brimbank recognises the importance of providing financial relief to ratepayers identified by DHHS through their rates rebate program. Council chooses to adopt the rebates available through the State Concessions Act 2004.

In addition, Council will provide a rates waiver on these occupancies at a rate set within the Annual Budget.

## Service Rates and Charges

### Decision

#### Principle: Equity

- Council recognises that waste management services are directly suited to collection via Service Charges as a fee-for-service, or as a Levy suited for collection across all rateable and non-rateable occupancies.
- Council declares the following Service Charges:
  - Public Amenities Cleansing Levy
  - 80ltr Environmental Charge
  - 140ltr Environmental Charge
  - 240ltr Environmental Charge\*
  - 140ltr Green Waste Charge
  - 240ltr Green Waste Charge

\* No longer available/existing customers only.

## Special Rates and Charges

### Decision

#### Principle: Efficiency / Equity

Council recognises the importance of projects and support that Special Rates and Charges can provide specific ratepayers requiring "special benefits". Council currently provides support through several Special Rates and Charges schemes, and will continue to assess existing and new schemes based on their individual merits.

## **Penalty Interest**

### **Decision**

#### **Principle: Equity**

Council recognises the importance of prompt payments to fund Council services and avoid borrowing funds to cover budget short-falls. The application of interest assists in the continuance of service provision and ensures that general rate revenue provided by prompt payments are not unduly effected.

- Council will adopt the full interest rate applicable under the Act.

## **Collection of Rates**

### **Decision**

#### **Principle: Sustainability**

Council recognises that maintaining a frequent, consistent and reliable revenue stream is important for cash-flow purposes. To this end, Council:

- Must offer the four instalment payment method with due dates fixed by the Minister;
- Does not offer the lump sum due date of 15 February;
- Provides a 10 monthly instalment option commencing from 30 September, up to and including 30 June each financial year. This option is restricted to ratepayers making payment by a Council approved method of direct debit.



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