ALPINE SHIRE COUNCIL

COUNCIL DOCUMENT

Revenue and Rating Plan 2025

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Date	Version	Revision description
15 June 2021	1.0	Final Plan adopted by Council
25 July 2023	2.0	Desktop review to update and reflect references to Financial Hardship Policy No. 127 adopted by Council
29 April 2025	2.1	Plan reviewed in line with *LGA 1989 and LGA 2020;* and approval sought to release for public consultation.
1 July 2025	3.0	Proposed commencement date for Revenue and Rating Plan 2025.

1. Purpose

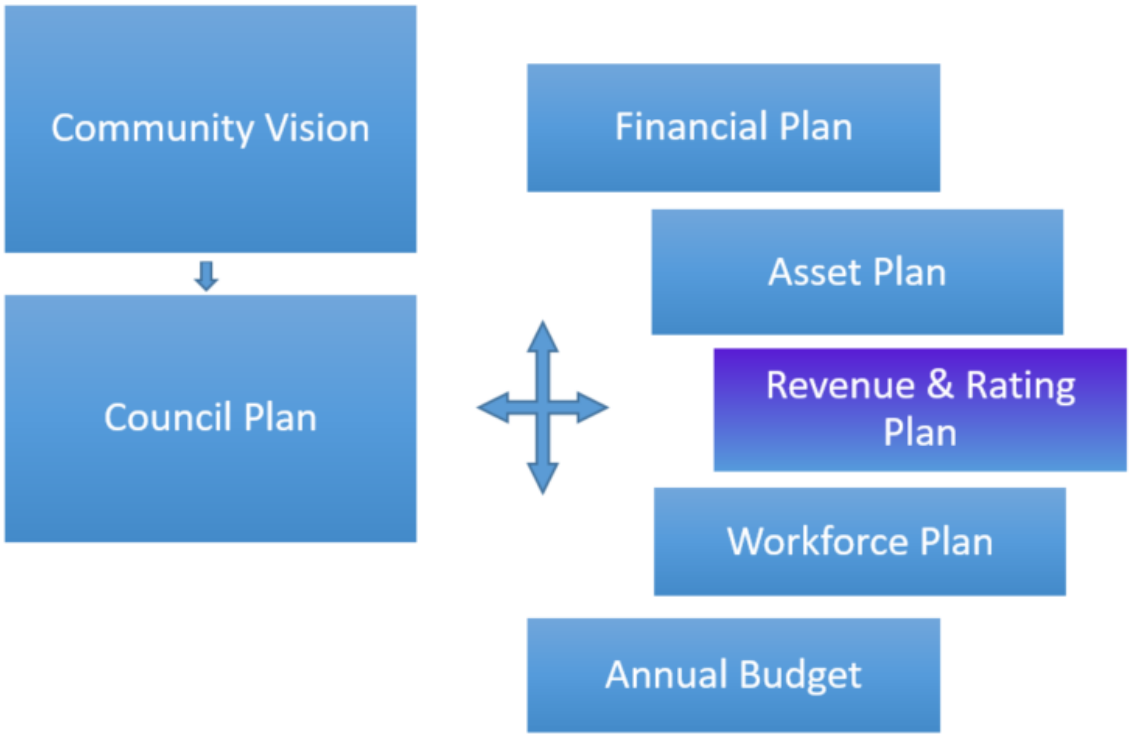
The *Local Government Act 2020* requires each council to prepare a Revenue and Rating Plan to cover a minimum period of four years following each council election. The Revenue and Rating Plan establishes the revenue raising framework within which the council proposes to work.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Alpine Shire Council 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 (as contained in the draft Council Plan 2025 - 2029):

"Everyone can reach their full potential through a welcoming, supportive and connected community. We are resilient, adaptable, and we will continue to thrive by embracing change and uncertainty."

Strategies outlined in this plan align with the strategic direction contained in the Council Plan, in particular "Evidence-based and sustainable organisation" and will feed into our budgeting and long-term financial planning documents, as well as other strategic planning documents under our Council's strategic planning framework.



This plan will explain how Council calculates the revenue needed to fund its activities, and how that funding will be split between ratepayers and other users of Council services.

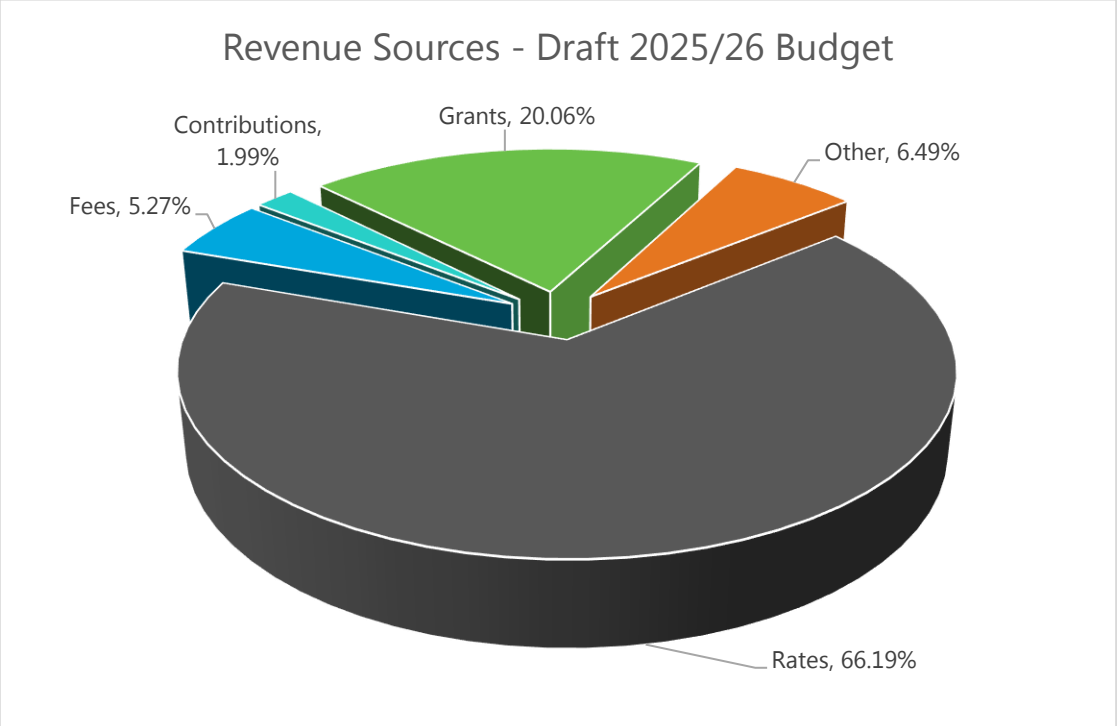
This plan will set out decisions that Council has made in relation to rating options available to it under the *Local Government Act 1989* to ensure the fair and equitable distribution of rates across property owners. It will also set out principles that are used in decision making for other revenue 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.

This plan provides a control measure towards Council's Strategic Risk as described in Council's Risk Register – "Financial Sustainability – the organisation has inadequate planning in place to assure sustainable funding and expenditure into the future."

2. Introduction

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



Council's revenue sources include:

- Rates and Charges
- Waste Service Charges (if applicable)
- Grants from State and Commonwealth Governments
- Statutory Fees and Fines
- User Fees

- Cash and non-cash contributions from other parties (i.e., developers, community groups)
- Other Income

Rates are the most significant revenue source for Council, accounting for 66% of expected operating revenue received by Council in 2025/26. The collection of rates is an important factor in funding Council services.

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) continues to keep focus on Council's long-term financial sustainability. The FGRS limits Council's ability to raise revenue above the rate cap unless an application is made to the Essential Services Commission for a variation. Maintaining service delivery levels and investing in community assets in this constrained revenue environment remain key priorities for Council. This strategy considers 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 the provision of statutory or discretionary services. Some of these fees and charges, 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 can set a fee or charge and sets 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, while many are directly linked 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.

3. Community Engagement

The Revenue and Rating Plan outlines Council's decision-making process on how revenue is calculated and collected. The following public consultation process 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;
- Draft Revenue and Rating Plan placed on public exhibition once endorsed at Council meeting for a period of 28 days allowing for public submissions;
- Community engagement through public notice in local newspaper and Council's Engage platform;
- Hearing of public submissions ; and
- Final Revenue and Rating Plan (including any revisions) presented to Council meeting for adoption in June.

4. Rates and charges

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

Council has established a rating structure comprised of three 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*;
- Special Rates: Based on property values (using the Capital Improved Valuation methodology) and charged in addition to the general rates which defray the expense of an initiative of special benefit;
- Service Charges: A 'user pays' component for council services to reflect benefits provided by Council to ratepayers who benefit from a service, such as waste and recycling charges.

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

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.

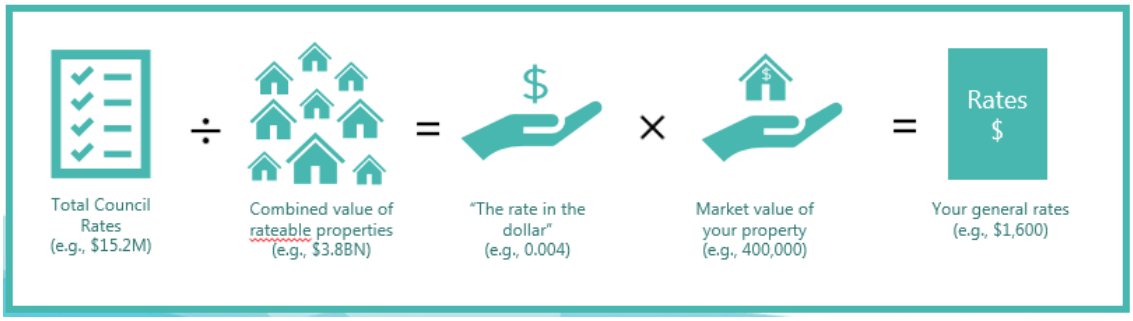
The Alpine Shire Council rating structure comprises three differential rates (residential or general, commercial/industrial, and farm land). These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the *Local Government Act 1989*, and the *Ministerial Guidelines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

The differential rates are currently set as follows:

- Residential 100%
- Commercial / Industrial 143%
- Farm land 73%

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.

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 need to balance rate revenue (as an important income source) and community sensitivity and capacity to pay 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 currently utilises a service charge to recover a portion of the cost of Council's waste services and provide for future landfill rehabilitation costs. The waste service charge is not capped under the Fair Go Rates System, and Council will continue to allocate funds from this charge towards the provision of waste services. The Minister for Local Government in December 2023 issued a guideline that stated that recovering costs related to the management of public waste should not be collected through a waste services charge. Council has assessed this guideline and has chosen to maintain the current process for collecting funds for public waste management pending further guidance and strategic decision making.

4.1 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 both its and our community 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 levying Council rates, Council is required to primarily use the valuation of the rateable property. Section 157 (1) of the *Local Government Act 1989* provides Council with three choices in terms of which valuation base to utilise. These being:

- Site Value (SV);
- Capital Improved Value (CIV); and
- Net Annual Value (NAV).

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

Section 94(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 ESC for a special order and is waiting for the outcome of the application; or
c. Yhat 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 rating burden to property owners, however, the quantum of rate revenue and rating differential amounts will be determined in the annual Alpine Shire Council budget.

4.2 TAXATION PRINCIPLES

When developing a rating strategy including, in particular with reference to differential rates, a Council should consider 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 means that 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 means that those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden).

Efficiency

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 link between consumption/benefit and the rate burden.

Capacity to Pay

The capacity of ratepayers or groups of ratepayers 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.

Differential rating should be applied as equitably as is practical and will comply with the Ministerial Guidelines for Differential Rating 2013.

4.3 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 and farm properties, NAV is calculated at 5 per cent of the Capital Improved Value. For commercial and industrial properties, NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

4.3.1 Capital Improved Value (CIV)

Capital Improved Value is the most used valuation base by local government with over 95% 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 farm land, urban farm land or 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 annual valuations, market values are more predictable and reduce 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 in particular to property types that result in higher servicing costs to Council, as well as providing a mechanism for a

lower differential rates to be applied to farming properties to assist with farm properties remaining viable.

Disadvantages of using CIV

- Rates are based on the total property value which may not necessarily reflect the income level of the property owner, for example with pensioners and low-income earners.

4.3.2 Site value (SV)

With valuations based simply on the valuation of land and with only very limited ability to apply differential rates, the implementation of Site Value in an Alpine Shire Council 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 Alpine Shire Council.

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 urban farm-land and 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 the Shire. 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. farm land and residential use properties). Large landowners are disadvantaged using site value.
- Use of SV would 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 SV valuation on their rate notices.

4.3.3 Net annual value (NAV)

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

In contrast to the treatment of residential and farm properties, NAV for commercial and industrial properties are assessed regarding 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.

4.3.4 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.

Alpine Shire Council applies Capital Improved Value (CIV) to all properties within the municipality to consider the fully developed value of the property. This basis of valuation considers 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 Councils 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.

4.3.5 Property Valuations

The *Valuation of Land Act 1960* is the principal legislation in determining property valuations. Under this Act, the Valuer General Victoria conducts property valuations on an annual basis.

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

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

4.3.6 Supplementary Valuations

Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, demolitions, 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.

4.3.7 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 electronically via the Valuer General Victoria Portal or in writing to the Alpine Shire Council. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council).

Property owners can also object to the site valuations on receipt of their Land Tax Assessment.

4.4 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.

Changes to rating classification

Ratepayers are responsible for ensuring that the details contained in the individual notices are correct. Any adjustments to rates or rating categories will only be effective in the year the adjustment is made and will not be applied retrospectively.

4.4.1 General Rate

The general rate is applied to every property unless the property falls into a specific differential rate category.

Definition:

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

Objectives:

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

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

4.4.2 Farm Rate

A differential rate is applied to farm land at 73% of the general rate. An application must be made in writing to change the classification of a property to the differential farm rate.

Definition:

"Farm Land" means any rateable land which satisfies the following criteria:

- The land area must be of 8Ha or more; or
  - be used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and
  - show that the primary source of income is derived from the land; and
- The land must be used by a business:
  - that has a significant and substantial commercial purpose or character; and
  - that seeks to make a profit on a continuous or repetitive basis from its activities on the land; and - that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way it is operating.

Any variations outside this policy require Council approval.

Objectives:

The objective of the farm rate policy is to "to allow for a reduced rate on all land declared as farm land which will more equitably spread the general rate burden over the rate base of the municipality given the broad nature of services provided by Council and their availability to the farming community."

It is important to ensure that highly productive farming land is not rated at levels that force farmers to seek to subdivide and sell off parcels to remain viable.

Scope: The policy applies to Council when considering and determining the annual budget of rates and charges. It does not apply to land located in Dinner Plain Village.

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:

73% of the General Rate.

4.4.3 Commercial / Industrial Rate

A commercial / industrial differential rate of 143% of the general rate is applied to commercial / industrial land.

Definition:

Commercial or industrial land is any land, which is:

- is used primarily for commercial or industrial purposes (including but not limited to any accommodation premises, motel or hotel used primarily to accommodate travellers, tourists or other persons engaged in recreational pursuits); or
- is adapted or designed to be used primarily for commercial or industrial purposes (including but not limited to any accommodation premises adapted or designed to be used primarily for accommodating travellers, tourists or other persons engaged in recreational pursuits); or
- is located in a Commercial 1 Zone, Industrial 1 Zone or Industrial 2 Zone under the Alpine Planning Scheme; or
- has a dwelling constructed on it, which is not the principal place of residence of the owner and which is made available for commercial hire, lease or licence to tourists, persons engaged in recreational pursuits or other like persons (on either a casual or permanent basis). This is defined as a 'holiday house'.

Any variations outside this policy require Council approval.

Objectives:

The objective of the Commercial / Industrial Rate Policy is "to ensure equity in the application of the rating burden across the Shire. It provides for the higher costs of servicing commercial and industrial properties, specialist properties and undertaking economic development and tourism strategies. This is reflected in the application of a rate in the dollar which is higher than the rate in the dollar for other land."

The tourism industry is the largest industry within the Shire. Festivals and events are a critical driver for the Alpine Shire economy and Council delivers a coordinated program to facilitate a strong calendar of events.

A significant portion of the money raised is invested to undertake economic development and tourism strategies, to support the growth and future wellbeing of both tourism and economic development within the Shire.

Investment in tourism and economic development, along with the physical location and general nature of commercial/industrial properties, results in a higher servicing cost to Council. Therefore, a differential rate is applied to ensure equity.

Scope:

The policy applies to Council when considering and determining the annual budget of rates and charges.

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:

143% of the General Rate.

4.4.4 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)

4.4.5 Disadvantages of a differential rating system

The disadvantages in applying differential rating 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.

4.5 CULTURAL AND RECREATIONAL LANDS

Under the *Cultural Recreational Land Act 1963*, Council can charge a reduced amount of rates, or not charge rates, to lands that fall under this category. These may include, for example, tennis clubs, bowls clubs or golf clubs. In making this decision, Council needs to have regard to the services provided by the Council and the benefit to the community derived from the recreational lands.

Council individually considers community recreational lands that provide a community benefit as to whether they warrant a reduced or nil rate charge. These lands may still be required to pay service charges such as a waste and recycling collection on a user pays basis.

4.6 PAYMENT IN LIEU OF RATES

In line with the *Electricity Industry Act 2000 s94 (6A)*, Council has a 'Payment in lieu of Rates (PiLoR)' arrangement with the AGL Hydro Partnership for its properties within the Alpine Shire. The amount paid is determined by a Victorian Government Gazette and is based on the power generating capacity of the operation, indexed annually in line with CPI. Discounts may be provided where the station operates at low capacity.

4.7 MUNICIPAL CHARGE

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

The application of a municipal charge represents a choice to raise a portion of the rates by a flat fee for all properties, rather than sole use of the CIV valuation method.

Under the *Local Government Act 1989*, a council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the combined sum of total rates.

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

Municipal Charges have the effect of flattening the rate burden making people in lower valued properties pay more. The Alpine Shire does not have many low value properties and to place a charge on the rate notice to cover the 'administrative costs' of Council, is unpopular and hard for the ratepayer to understand. Accordingly, this mechanism has been deemed to be unsuitable and is not applied to the Alpine Shire.

4.8 SPECIAL RATE AND CHARGE SCHEMES

The *Local Government Act 1989* recognises that councils need mechanisms 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 a council 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, landscaping and environmental improvement programs, fire prevention schemes or other projects that benefit small or localised areas or ratepayer groups. Council can require a person to pay a special rate or charge, if it will defray the expense of an initiative of special benefit to the person required to pay it.

Council had raised a special rate for the Dinner Plain Village for a number of years to defray the costs of providing special services to specific ratepayer groups within the Village. It is not proposed to raise a Special Rate in the 2025/26 financial year. This change does not preclude Council from raising a Special Rate in the future in line with the requirements of the Act.

4.9 SERVICE RATES AND CHARGES

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

a. The provision of a water supply
b. The collection and disposal of refuse
c. The provision of sewage services
d. Any other prescribed service.

Alpine Shire Council levies the following annual waste service charges:

- Waste & Recycling Collection Service
- Dinner Plain Waste Collection Service
- Waste Management Charge
- FOGO Service

Waste service charges will be charged according to

a. The bins or waste services that each ratepayer receives; and
b. The overall cost of managing waste, for example developing, monitoring, managing and rehabilitating landfills; operating our transfer stations; and managing public place waste.

4.10 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.

4.10.1 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, EFTPOS, credit/debit cards and cash);
- Online via Council's ratepayer portal;
- Flexipay (one-off and direct debit and arrangement payments);
- BPAY;
- BPAY View;
- Australia Post (over the counter, over the phone via credit card and on the internet);
- By mail (cheques and money orders only).

4.10.2 Interest on arrears and overdue rates

Interest is charged on all overdue rates in accordance with Section 172 of the *Local Government Act 1989*. The interest rate applied is fixed under Section 2 of the *Penalty Interest Rates Act 1983*, which is determined by the Minister and published by notice in the Government Gazette.

Penalty interest is to be charged from the date when each instalment was due.

Council cannot apply an alternative rate but has the power to exempt any person from paying the whole or part of any interest amount generally or specifically payable in accordance with Section 172 (2A) of the *Local Government Act (1989)*.

4.10.3 Pensioner rebates

Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold Card which stipulates TPI (Totally or Permanently Incapacitated) or War Widow may claim a rebate on their sole or principal place of residence. Upon initial application, ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veterans' Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rate account before payment is required by the ratepayer.

With regards to new applicants, after being granted a Pensioner Concession Card (PCC), pensioners can then apply for the rebate at any time throughout the rating year. Retrospective claims up to a maximum of one previous financial year can be approved by Council on verification of eligibility criteria, for periods prior to this, claims may be approved by the relevant government department.

Council does not provide further rebates to pensioners beyond that provided above, noting that a reduction of rates in one area redistributes the costs to other rate payers.

4.10.4 Deferred payments

Under Section 170 of the *Local Government Act 1989*, Council may defer the payment of any rate or charge for an eligible ratepayer whose property is their sole place of residency, allowing ratepayers an extended period to make payments or alternatively to forestall payments on an indefinite basis until the ratepayer ceases to own or occupy the land in respect of which rates and charges are to be levied.

Deferral of rates and charges are available to all ratepayers who have proven financial difficulties. Where Council approves an application for deferral of rates or charges, interest will continue to be levied on the outstanding balance of rates and charges.

Any application for deferral will be assessed in line with Council's Financial Hardship Policy.

4.10.5 Financial Hardship Policy

It is acknowledged at the outset that various ratepayers may experience financial hardship for a range of issues, and that meeting rate obligations constitutes just one element of several difficulties that may be faced. The purpose of the 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. Ratepayers may elect to either negotiate a rate payment plan or apply for a rate deferral.

The current version of the Financial Hardship Policy can be found on the Alpine Shire Council web site.

4.10.6 Debt recovery

Council makes every effort to contact ratepayers at their correct address but it is the ratepayers' responsibility to properly advise Council of their contact details. The *Local Government Act 2020* Section 122 requires the buyer of property, or their agents (e.g., solicitors and or conveyancers), to notify Council by way of notice of acquisition of an interest in land.

If an account becomes overdue, Council will issue an overdue reminder notice which will include accrued penalty interest. If the account remains unpaid, Council may take legal action without further notice to recover the overdue amount. All fees and court costs incurred will be recoverable from the ratepayer.

If an amount payable by way of rates in respect to land has been in arrears for three years or more, Council may take action to sell the property in accordance with the *Local*

Government Act 1989 Section 181. Council also has the option of placing a caveat on the property until the debt is extinguished.

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

4.10.7 Emergency Services and Volunteer Fund (ESVF)

In 2012 the Victorian State Government passed legislation requiring the Fire Services Property Levy (FSPL) to be collected from ratepayers. Previously this was collected through building and property insurance premiums. The FSPL sought to fund the services provided by the Fire Rescue Victoria (FRV) and Country Fire Authority (CFA), and all levies collected by Council are passed through to the State Government.

The FSPL was 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.

On 13 December 2024, the Treasurer wrote to councils indicating that the FSPL would be replaced by the Emergency Services and Volunteer Fund (ESVF) from 1 July 2025. The aim of the ESVF is to support a broader range of emergency services and for the first time includes funding for Victorian State Emergency Service, Triple Zero Victoria, the State Control Centre, Forest Fire Management Victoria and Emergency Recovery Victoria, as well as the previously funded Country Fire Authority and Fire Rescue Victoria.

The Treasurer announced the changes would occur in two tranches with the first tranche effective from 1 July 2025 and a second effective from 1 July 2026. For further information refer to:

https://www.dtf.vic.gov.au/emergency-services-and-volunteers-fund

As this is an evolving change, if you desire to know more, it is recommended that you follow the above link.

Council will be directed on the rate of ESVF to be collected by the State Government per property and as per the FSPL, Council will be the collection agency for the ESVF and will remit 100% of funds collected to the State Government.

Active volunteers and lifetime members of the Country Fire Authority (CFA) and Victoria State Emergency Service (VicSES) will be offered a rebate on the ESVF on their primary place of residence (such as a house or farm). Further details on eligibility for this rebate will be provide by the State Government closer to the ESVF implementation date of 1 July 2025.

4.10.8 Land Tax

Land tax is charged and collected by the State Government. Enquiries related to land or vacant land tax should be directed to the State Revenue Office.

5. Other revenue items

5.1 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:

- Kindergarten and Childcare fees
- Waste Management charges
- Leases and facility hire 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 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 based on one of the following pricing methods:

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

Market pricing 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 Commonwealth'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 aims to recover all direct and indirect costs incurred by council. This pricing should be used where a service provided by council benefits individual customers specifically, rather than the community as a whole. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation.

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

As per the 2010 Victorian Auditor General's Office report "Fees and charges – cost recovery by local government" recommendations, Council has developed a user fee pricing approach to help guide the fair and equitable setting of prices. This outlines the process for setting fee prices and includes such principles as:

- Both direct and indirect costs to be taken into account when setting prices;
- Accessibility, affordability and efficient delivery of services must be taken into account; and
- Competitive neutrality with commercial providers.

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

Council's approved Fees and Charges Schedule can be found in the Annual Budget and on the Council's website.

5.2 STATUTORY FEES AND CHARGES

Statutory fees and charges 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 determine the amount a person is fined when they commit an infringement offence. For example, the fine for selling a tobacco product to a person aged under 18 is four penalty units.

One penalty for the period 1 July 2024 to 30 June 2025 is $197.59. Penalties are rounded to the nearest dollar.

The value of a penalty unit is set annually by the Victorian Treasurer, and is updated on 1 July each year. More information can be found here: Indexation of fees and penalties | dtf.vic.gov.au

Fee units

Fee units are used to calculate the fee Council can charge for a range of Regulatory services under Acts and Regulations including certificates and registration, or licencing of activities.

The value of one fee unit for the period 1 July 2024 to 30 June 2025 is $16.33 from. This value will 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.

The value of a fee unit is set annually by the Victorian Treasurer and is updated on 1 July each year. More information can be found here : Indexation of fees and penalties | dtf.vic.gov.au

5.3 GRANTS

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of specific projects, while 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.

5.4 CONTRIBUTIONS

Contributions represent funds received by Council, other than the State or Commonwealth Governments and are usually linked to projects or specific activities.

Contributions can be made to Council in the form of either cash payments or asset handovers.

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 footpaths.

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.

5.5 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, while minimising risk.

5.6 BORROWINGS

Whilst not a source of income, borrowings can be an important cash management tool in appropriate circumstances. Loans can only be approved by Council resolution. Refer to the Council's Borrowing Policy for more information.

6. Approval

THE COMMON SEAL OF THE
ALPINE SHIRE COUNCIL was
hereunto affixed this xx day of xxxx 2025
in the presence of:

COUNCILLOR	SIGNATURE
COUNCILLOR	SIGNATURE
CHIEF EXECUTIVE OFFICER	SIGNATURE