REVENUE AND RATING PLAN

2021-2025

Contents

1. Revenue and Rating Plan

1.1. Purpose

This Revenue and Rating Plan (the Plan) outlines the assumptions, policy, and decisions of Council in relation to generating the required income to effectively support implementation of the Council Plan and Budget for a 4-year period. The Plan will be updated every 12 months with the information relative to the current budget period.

1.2. Introduction

Council must raise revenue each year to provide the appropriate services, infrastructure and support for our community. The services Council provides are broad and are allocated according to community needs. The major services provided by Council include (but are not limited to):

- Kindergarten, early learning, and children's programs
- Home and Community Care, and positive ageing programs
- Waste Collection and disposal
- Road and street construction, upgrades, and maintenance
- Recreational and leisure facilities and programs
- Community infrastructure construction, upgrades, and maintenance
- Environmental management and services, including vegetation and pest control
- Public Health Services including food safety and immunisations
- Economic Development, Tourism and local area marketing
- Local laws governance and enforcement
- Statutory and strategic planning services
- Emergency planning and management

The most important sources of revenue to fund these services and infrastructure are:

- general rates;
- government grants; &
- fees and charges.

In 2021/22, income from government grants and fees & charges and other revenue represents 37 per cent of the total revenue required. The balance of 63 per cent is to be obtained from general rates and charges income.

Council's assumptions and approach to each of the revenue classifications in its Income Statement are explained within this document.

Council's current approach to revenue and rating is meeting the needs of delivering on the Council Plan, and ensuring Council is financially sustainable into the future.

1.3. Legislative context

Section 93 of the new Local Government Act 2020 requires Council to adopt a 4-year Revenue and Rating Plan by 30 June. The diagram below shows how this Plan sits within the strategic planning framework of Council.

In preparing the Revenue and Rating Plan, Council has taken into consideration other sections of the Local Government Act 2020. These are outlined below.

<u>Section 89 - Strategic Planning Principles</u>

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.

Section 101 – Financial Management Principles

(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.

Section 106 - 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.

2. Rates & Charges

Rates and charges are an important source of revenue, accounting for over 63% of operating revenue received by Council. The collection of rates is an important factor in funding Council services. The following sections outline the elements Council has considered in adopting its rating framework.

2.1. Taxation Principles

Council rates are a form of taxation based on property value. They are not a fee for service.

Listed below are good practice taxation principles often applied within tax regimes:

- 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 property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates.

Equity

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

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

Efficiency

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

Simplicity

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

Benefit

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

Capacity to Pay

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

Diversity
The capacity of ratepayers within a group to pay rates.

The rating challenge for Council has been to determine the appropriate balance of competing considerations of all of the above principles. Council's rating strategy is to adopt the wealth tax, horizontal equity, and simplicity principles, with some capacity to pay principles in place for pensioners.

2.2. Fair Go Rates System

In 2015, a system to cap rates was introduced for the 2016/17 financial year, to limit the amount of revenue increases a Council can levy through rates.

Each year the Minister for Local Government sets a cap on rate increases based on that period's Consumer Price Index (CPI) and advice from the Essential Services Commission (ESC). The decision must be made by 31 December each year to apply to rates in the following financial year.

For the 2021/22 financial year, Councils total average rate rises have been capped at 1.50%.

Councils can apply for a higher cap if they can demonstrate community support and a critical need for spending on services or projects that requires a rate rise above the capped amount.

The rate cap limits the total amount a council can increase its rates each year based on the amount it levied in the previous year.

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.

Only the general rates and municipal charges part of a rates bill are subject to the rate cap. All other parts, such as waste charges and other user fees and levies, remain uncapped.

The rate cap applies to Council's total rate revenue and not individual properties. In many cases, individual rates bill may increase or decrease by more (or less) than the capped rise amount. This may happen because:

i. the value of the property has increased or decreased in relation to the value of other properties in the municipality
ii. other charges and levies that are not subject to the cap, such as the waste charge, have risen. The capped increases apply to the general rates and municipal charges only
iii. the amount of rates levied from properties of that type (residential, commercial or rural) has changed through Council's application of differential rates

The Fair Go Rates System constrains Council's ability to deliver the range of services and projects that our community would like Kingston to deliver on.

Previous rate caps
Since the introduction of rate capping in 2015, the rate caps have been:

Financial year	Rate cap
2021-22	1.50%
2020-21	2.00%
2019-20	2.50%
2018-19	2.25%
2017-18	2.00%
2016-17	2.50%

2.3. Rates Burden

A primary objective of all Victorian Local Governments is to ensure the equitable imposition of rates and charges.

The rating system is based on property valuations, these being carried out annually by the Victorian Valuer-General. Rates are based on these valuations. 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.

Kingston's rating process is designed to incorporate multiple differential rates, which provides flexibility with our rating system regarding different property types. Council uses capital improved values as the base valuation for the rates being raised. Council's rating approach takes into account several factors, such as:

- the valuation base being the capital improved value (CIV)
- the use of differential rates
- a municipal charge being set at $100
- The use of rebates for eligible aged pensioners across the municipality
- Subsidised rating of Cultural and Recreational Land.

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

2.4. Property Valuations

In raising Council rates, Council is required to primarily use the valuation of the rateable property to levy rates.

Section 157 of the Local Government Act 1989 provides Council with three choices in terms of which valuation base to utilise. They are:

- Capital Improved Valuation (CIV) – Value of land and improvements upon the land.
- Site Valuation (SV) – Value of land only.
- Net Annual Value (NAV) – Rental valuation based on CIV.

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.

Capital improved value (CIV)

Capital Improved Value is the most commonly used valuation base by Local Government in Victoria. Based on the value of both land and all improvements on the land, it is generally easily understood by ratepayers as it equates 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 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 therefore better meets the equity criteria than Site Value and NAV.
- With the valuations being set annually, the market values are more predictable
- The concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- Makes it easier to compare relative movements in rates and valuations across Councils.
- The use of CIV allows Council to apply differential rates which adds to Council's ability to equitably distribute the rating burden based on ability to afford Council rates. CIV allows Kingston to apply higher rating differentials to current and former extractive land and lower rating differentials to Retirement Villages, some Heritage properties and Agricultural Land.

Disadvantages of using Capital Improved Value (CIV)

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

Site value (SV)

Site Value is based on the valuation of land only and with very limited ability to apply differential rates, making an objective of a fair and equitable rating system slightly more challenging.

Advantages of Site Value

- Scope for possible concessions for urban farm land and residential use land.

Disadvantages in using Site Value

- Under SV, there would be a significant shift from the Industrial/Commercial sector onto the residential sector of Council. The percentage increases in many cases would be in the extreme range.

• SV is a major burden on property owners that have large areas of land. A typical example is flats, units, or townhouses which would all pay lower 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, such as farmers for example, are disadvantaged using site value.

• 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.

Net annual value (NAV)

NAV, in concept, represents the annual rental value of a property. However, in practice, NAV is closely linked to capital improved value for residential and farm properties. Valuers derive the NAV directly as 5 per cent of CIV. In contrast to the treatment of residential and farms, NAV for commercial and industrial properties are assessed with regard to actual market rental. This differing treatment of commercial versus residential and farms has led to some suggestions that all properties should be valued on a rental basis. Overall, the use of NAV is not well 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.

Council's chosen valuation basis is Capital Improved Value (CIV) as it allows greater equity outcomes.

How properties are valued

The Valuation of Land Act 1960 is the principal legislation in determining property valuations. Under the Valuation of Land Act 1960, the Victorian Valuer-General conducts property valuations on an annual basis. As mentioned above, Kingston applies a Capital Improved Valuation (CIV) to all properties within the municipality to consider the full development value of the property. This basis of valuation considers the total market value of the land including buildings and other improvements. 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.

Objections to property valuations

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

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

Supplementary Valuations

Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. The Victorian Valuer-General is tasked with undertaking supplementary revaluations 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 the Valuer-General within two months of the issue of the supplementary rate notice.

2.5. Differential Rates

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for general purposes (residential, industrial, commercial), agricultural purposes, extractive, retirement, or residential heritage purposes.

This distinction is based on the concept that different property categories should pay a fair and equitable contribution, considering the benefits those properties derive from the local community.

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. The differential rates are currently set as follows:

- General Rate 100%
- Extractive/Landfill 300%
- Agricultural 80%
- Residential Retirement 90%
- Residential Heritage 90%
- Valuation (Capital Improved Value) x Rate in the Dollar (Differential Rate Type)

Section 161 of the Local Government Act 2020 outlines the regulations relating to differential rates, which include:

a) A Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.

b) If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Council's functions and must include the following:

i. A definition of the types of 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 general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to 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.

Differential rate definitions and objectives

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 types of classes of land which are subject to each differential rate and the uses of each differential rate are set out below.

General Land

Characteristics:

General Land is any land which does not have the characteristics of agricultural land, extractive and landfill land, retirement village land, or residential heritage land.

Objective:

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

- Construction and maintenance of public infrastructure;
- Development and provision of health and community services;
- Provision of general support services; and
- Requirement to ensure that Council has adequate funding to undertake it's strategic, statutory and service provision obligations.

Types and Classes:

Rateable land having the relevant characteristics described above.

Use and Level of General Land:

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

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

Geographic Location:
Wherever located within the municipal district.

Use of Land:

As permitted under the relevant Planning Scheme.

Planning Scheme Zoning:

The zoning applicable to each rateable land with this category, as determined by consulting maps in the relevant Planning Scheme.

Types of Buildings:
All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2021/22 Financial Year.

Agricultural Land

Agricultural Land is land that is:

- used for agricultural purposes;
- having an area of 2 hectares or more; and
- is located outside the Urban Growth Boundary.

Objective:
To support and encourage the agricultural use of land in the non-urban areas of the City to achieve the stated purposes of the Urban Growth Boundary being the development of a sustainable and viable agricultural industry; and

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

- Construction and maintenance of public infrastructure;
- Development and provision of health and community services;
- Provision of general support services; and
- Requirement to ensure that Council has adequate funding to undertake it's strategic, statutory and service provision obligations.

Types and Classes:
Rateable land having the relevant characteristics described above.

Use and Level of Agricultural Land:
The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

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

Geographic Location:
Wherever located within the municipal district.

Use of Land:
Use consistent with the characteristics set out above.

Planning Scheme Zoning:
The zoning applicable to each rateable land with this category, as determined by consulting maps in the relevant Planning Scheme.

Types of Buildings:
All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2021/22 Financial Year.

Extractive and Landfill Land

Characteristics:
Extractive and landfill land is land located outside the Urban Growth Boundary that:

- is used for the extraction of natural resources; or
- was previously used for the extraction of natural resources and is not filled; or
- is used as an EPA licensed landfill; or
- is used as a resource recovery centre, recycling depot or transfer station.

Objective:
To encourage the early rehabilitation of land having the above characteristics; and

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

- Construction and maintenance of public infrastructure;
- Development and provision of health and community services;
- Provision of general support services; and
- Requirement to ensure that Council has adequate funding to undertake it's strategic, statutory and service provision obligations.

Types and Classes:
Rateable land having the relevant characteristics described above.

Use and Level of Extractive Landfill Land Rate:
The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

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

Geographic Location:
Wherever located within the municipal district.

Use of Land
Use consistent with the characteristics set out above.

Planning Scheme Zoning:
The zoning applicable to each rateable land with this category, as determined by consulting maps in the relevant Planning Scheme.

Types of Buildings:
All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2021/22 Financial Year.

Retirement Village Land

Characteristics:

Retirement Village Land is land that is:

- defined under the Retirement Village Act

Objective:

Guidelines issued by the Valuer-General have disallowed Valuers from making allowances for the constraints imposed by the operation of the Retirement Village's Act. It is the opinion of Council that this has led to a proportionately higher Statutory Valuation for retirement village dwellings occasioning in an inequitable distribution of the municipal rate burden. A differential rate for retirement village dwellings is recognition of the special nature of this class of land would assist in the equitable distribution of the rate burden.

Types and Classes:

Rateable land having the relevant characteristics described above.

Use and Level of Retirement Village Land:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Use consistent with the characteristics set out above.

Planning Scheme Zoning:

The zoning applicable to each rateable land with this category, as determined by consulting maps in the relevant Planning Scheme.

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2021/22 Financial Year.

Residential Heritage Land

Characteristics:
Residential heritage sites:

- Are protected in the Kingston Planning Scheme by the Heritage Overlay.
- Can have heritage significance at a local or state level.

Objective:
To support and encourage the retention of heritage listed land; and

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

- Construction and maintenance of public infrastructure;
- Development and provision of health and community services;
- Provision of general support services; and
- Requirement to ensure that Council has adequate funding to undertake it's strategic, statutory and service provision obligations.

Types and Classes:
Rateable land having the relevant characteristics described above.

Use and Level of Heritage Land:
The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

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

Geographic Location:
Wherever located within the municipal district.

Use of Land:
Use consistent with the characteristics set out above.

Planning Scheme Zoning:
The zoning applicable to each rateable land with this category, as determined by consulting maps in the relevant Planning Scheme.

Types of Buildings:
All buildings which are now constructed on the land or which are added to the Kingston Planning Scheme Heritage Overlay during the 2021/22 Financial Year.

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.
- Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome.
- Allows Council discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community.

Disadvantages of a differential rating system

The disadvantages in applying differential rating summarised below are:

• The justification of the differential rate can at times be difficult for the various rate paying groups to accept, giving rise to queries, objections and complaints where the differentials may seem to be excessive.

• Differential rates can be confusing to ratepayers, as they may have difficulty to understand 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 may shift from one type of land to another (e.g. residential to retirement village land,) 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 differential rate achieves those objectives.

2.6. Municipal charge

Council also levies a municipal charge. The municipal charge is declared for the purpose of covering some of the administrative costs of Council.

Under Section 159 of the Local Government Act 1989, Council may declare a municipal charge to cover some of its administrative costs. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what is covered by the charge. Under the Local Government Act, A Council's total revenue from a municipal charge in a financial year must not exceed 20% of the combined sum total of the Council's total revenue from the municipal charge and the revenue from general rates (total rates).

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. The municipal charge applies 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 or regressive in the sense that every rateable property pays this amount regardless of the property value.

2.7. Cultural & Recreational Land

In addition to the Local Government Act, there is also the Cultural and Recreational Lands Act (1963). This Act amends the law in relation to the acquisition and rating of certain lands used for cultural, recreational, sporting activities, and similar purposes.

Under the Cultural & Recreational Lands Act, council can vary the rates payable to be "any such amount as the municipal council thinks reasonable, having regard to the services provided by council in relation to such lands and having regard to the benefit to the community derived from such recreational lands."

Council levies 11 properties under this Act.

2.8. Rebates & Concessions

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 Veteran 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 these claims may be approved by the relevant government department.

There are 2 rebates available to Kingston eligible pensioners – the State Government rebate (2021/22 – yet to be released; 2020/21 - $241.00), and Kingston's additional pensioner rate rebate (2021/22 - $113.90; 2020/21 - $112.20).

2.9. Special Charge Schemes

The Local Government Act 2020 recognises that Councils need help to provide improved infrastructure for their local communities. Legislation allows councils to pass on the cost of capital infrastructure to the owner of a property that generally receives a unique benefit from the construction works. The technical explanation of a Special Charge comes from legislation (under the Local Government Act 1989) that allows Councils to recover the cost of works from property owners who will gain special benefit from that work.

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

The special rate or special charges may be declared based on any criteria specified by the Council in the rate (Section 163). In accordance with Section 163, Council must specify:

a) the wards, groups, uses or areas for which the special rate or charge is declared; and

b) the land in relation to which the special rate or special charge is declared;

c) the manner in which the special rate or special charge will be assessed and levied; and

d) details of the period for which the special rate or special charge remains in force.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of special rates and charges is to ensure an additional benefit applies to those being levied. For example, they could be used to fund co-operative fire prevention schemes. This would ensure that there were no non-contributors reaping the benefits but not contributing to fire prevention. Landscaping and environmental improvement programs that benefit small or localised areas could also be funded using special rates or charges.

Kingston has successfully used special charge schemes in the past and is likely to continue to do so.

2.10. Service Rates & 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 sewerage services

d) Any other prescribed service.

Council currently applies a service charge for the collection and disposal of refuse on urban properties (compulsory) and rural properties (optional) and for providing waste services for the municipality. Council retains the objective of setting the service charge for waste at a level that seeks to recover the cost of its waste services.

The waste service charge is not capped under the Fair Go Rates legislation.

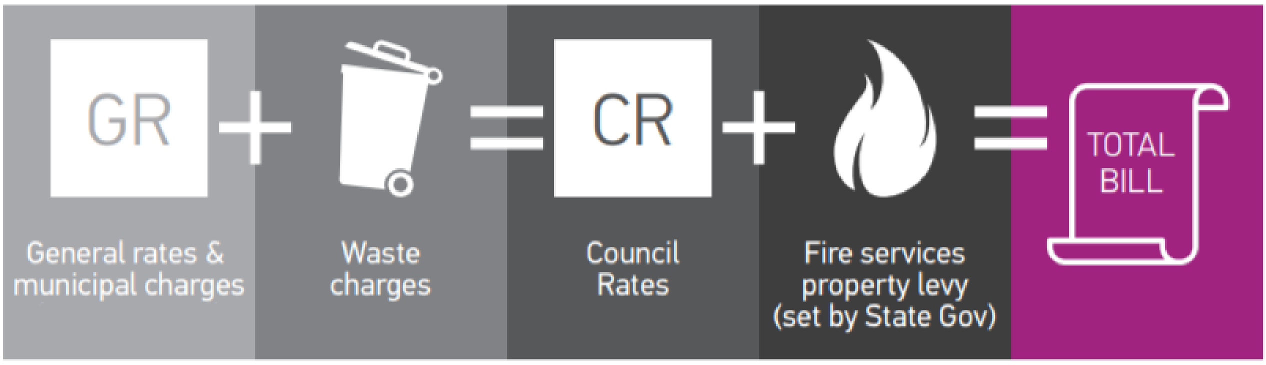
2.11. Fire Services Levy

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

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

2.12. How are my rates calculated?

Your share of the total rate amount is set by the value of your property multiplied by the applicable differential rate in the dollar, plus a municipal charge, a user-pays waste charge and a Fire Services Levy. Your rates bill is made up of the following components:



2.13. Collection and Administration of Rates

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

Payment options

In accordance with the Local Government Act 1989, Section 167, ratepayers have the option of paying rates and charges by way of four instalments. Payments are due on the prescribed dates below, or alternatively a payment in full can be made by 15 February.

1st Instalment: 30 September

2nd Instalment: 30 November

3rd Instalment: 28 February

4th Instalment: 31 May

Council offers a range of payment options including: in person at Council offices (cheques, money orders, EFTPOS, credit/debit cards and cash), online via Council's ratepayer portal, direct debit (on prescribed instalment due dates or monthly), BPAY, using Australia Post (over the counter, over the phone via credit card and on the internet) and by mail (cheques and money orders only).

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 the Penalty Interest Rates Act 1983, which is determined by the Minister and published by notice in the Government Gazette. This rate is currently 10%.

Rates Assistance Policy

It is acknowledged that various ratepayers may experience financial hardship for many reasons and that meeting rate obligations constitutes just one element of a number of difficulties that they are facing. The purpose of the 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. Ratepayers seeking to apply for such provision will be required to submit a Rates Deferral Application or a Rates Payment Arrangement Application which is available at council's offices, or via the website at www.kingston.vic.gov.au

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. Both the vendor and buyer of property, or their agents (e.g. solicitors and or conveyancers), are required to notify Council by way of notice of disposition or acquisition of an interest in land. In the event that an account becomes overdue, Council will issue an overdue reminder notice which will include accrued penalty interest. In the event that the account remains unpaid, Council may take legal action 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, without a payment plan in place, Council may sell the land in accordance with Section 181 of the Local Government Act 1989.

2.14. Rates & Charges Summary

In council's view the proposed rates and charges framework sets equitable rates, complies with the rate cap set by the Minister for Local Government, and generates the revenue required for council to deliver its current services and infrastructure needs.

3. Non-Rate Revenue

3.1. Government Grants

Government grants are also an important source of revenue for Council, particularly in relation to capital works projects, and subsidising the cost of many operational services.

Grant income is not, however, guaranteed, and in some instances, council is unable to deliver on projects if grant income is not forthcoming.

All avenues have been pursued to obtain external grant funds for prioritised services and works, and continued advocacy is ongoing.

3.2. Statutory fees & fines

Council's statutory fees and fines are determined by the many fee levels set by Victorian Government, and relate mainly to parking infringements and planning related fees & charges. Council has no control over these fees & charges.

3.3. User fees & charges

Each of Council's services determine their fees and charges based on a number of factors such as benchmarked competitor pricing, direct and or indirect cost recovery, and the capacity of our community to pay for services.

For 2021/22, council has reviewed its fees and charges and either held the fee at the previous year's level, or increased the fee with the 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.

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

Council has resolved to utilise an increment of 3 per cent for 2021/22 with regard to the increment of fees to cover the increasing cost of delivering its services.

The table below outlines some of the constraints Kingston can experience with setting its user fees & charges.

Area	**Type of fee or charge**	**Examples of constraints**
Business & Economic	Planning application fees	Many fee levels set by the Victorian Government
Traffic & Streets	Parking fees & fines	Nil
Recreation & Culture	Leisure Centre fees	Competition from other centres
	Library fees	Basic services free as a condition of State Govt funding
Family & Community	Child care centres	Constraints from funding agreements Competition from other providers
	Maternal & child health	Basic services free as a condition of State Govt funding
Aged & Disabled	HACC services fees	Maximums set by State Govt
Governance	Local Law fees or fines	Some related to penalty units set annually by State Govt.

3.4. Contributions

Council will also receive cash contributions from time to time from community groups contributing towards capital projects. This income is not guaranteed, and is subject to the capacity of the community group involved in the project.

Council also receives cash contributions for open space reserves. This money is held in trust for specific purpose open space projects and doesn't go towards the cost of delivering services.

3.5. Other income

Council receives investment income from cash it holds in investment term deposits, until it needs to spend the money on services or projects.

4. Community Engagement

Whilst community engagement is not prescribed for this Revenue and Rating Plan, Kingston intends to consult on the Plan each year, in order to enhance our community's understanding of how rates work, and how council's budgeted income is derived each year.