

GREATER SHEPPARTON CITY COUNCIL

# Revenue and Rating Plan

2025-2029



GREATER  
SHEPPARTON







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# 1. Purpose

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

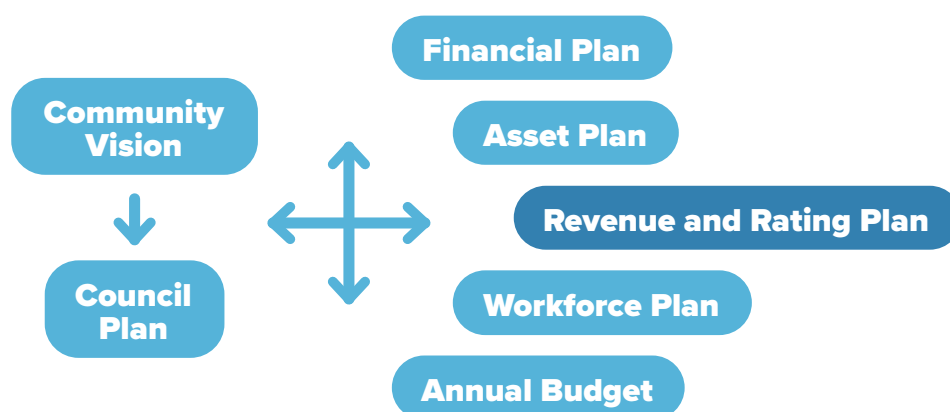
The purpose of the Plan is to determine the most appropriate and affordable revenue and rating approach for Greater Shepparton City Council (Greater Shepparton) in conjunction with other income sources that will adequately finance the objectives in the Council Plan.

The Plan is an important part of Council's integrated planning framework. Strategies outlined in this plan align with the objectives contained in the Council Plan and will feed into our budget and long-term financial planning documents, as well as other strategic planning documents under our Council's strategic planning framework.

The Plan will explain how Council calculates both the rates and non-rates revenue needed to fund delivery of services and infrastructure, and how the funding burden will be apportioned between ratepayers and other users of Council facilities and services.

In particular, the Plan will set out decisions that Council has made in relation to rating options available to it under the *Local Government Act 1989 (LGA 1989)* to ensure a 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 the 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.





## 2. Introduction

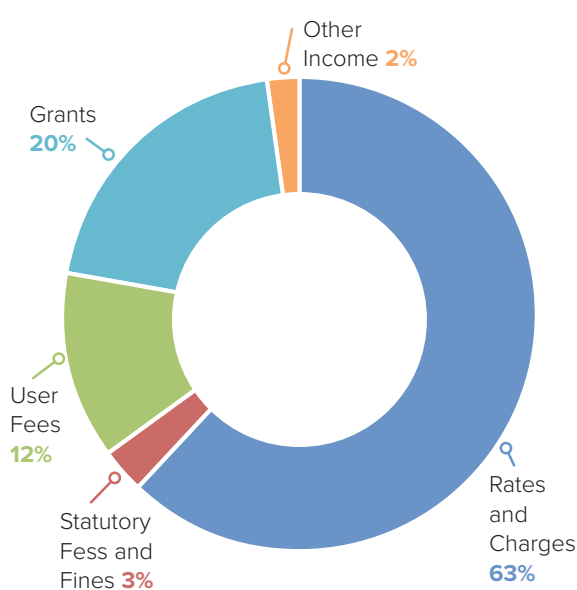
Council provides and maintains a number of services and facilities to the local community, and in doing so must collect revenue to cover the cost of providing and maintaining these services and facilities.

Council's revenue and funding sources include:

- Rates and Charges, including waste service charges;
- Statutory Fees and Fines;
- User fees;
- Contributions, cash and non-cash from other parties;
- Grants from other levels of Government;
- Other income, such as interest on investments

The graph below shows a breakdown of Council's proposed operating income for 2025/2026.

Rates are the most significant revenue source for Council and in 2025/2026 makes up 63% of its annual income.



The introduction of the Fair Go Rates System (rate capping) has provided substantial financial challenges to Council's long term financial sustainability and continues to restrict Council's ability to raise revenue to maintain service delivery levels and invest in community assets.

Council provides a wide range of services to the community, often for a fee or charge. The nature of these fees and charges generally depends on whether they relate to statutory or discretionary services. As an example, fees connected with a statutory planning service are set by State Government statute and are commonly known as statutory fees. In these cases, Council usually has no control over service pricing. However, for discretionary services, Council can set a fee or charge and will set that fee based on the principles outlined in the Plan. As an example, fees payable for the use of child care facilities.

Council revenue can also be affected by changes to funding from other levels of government. Some grants are tied to the delivery of council services and for a fixed period, whilst many are tied directly to the delivery of new community assets, such as roads or sports pavilions.

All avenues are pursued to obtain external grant funds for prioritised works and projects. Similarly, Council actively seeks to grow its own-sourced revenue outside of rates to provide additional funding for both service delivery and infrastructure projects to reduce the burden on ratepayers.



### 3. Community Engagement

Community engagement was sought via the Community Panel and the Shaping Greater Shepp website prior to the Draft Plan being developed. What Council heard from the consultation is summarised in the 2025-2029 Revenue and Rating Plan Conversation Report.

The Community Panel attended a five hour workshop in relation to rates and revenue. The Community Panel considered if the current rating structure was the best option for Greater

Shepparton, whether the municipal charge should remain and if uniform rating should be applied.

The engagement via Shaping Greater Shepp sought feedback on the current differentials and whether they are fair and equitable, if new differentials should be introduced, whether the municipal charge is an effective tool for Greater Shepparton and which services should be subsidised.





## 4. Rates and Charges

Rates are a property tax that allows Council to raise revenue to fund services and infrastructure for the municipal population. It is important to note, rates are a taxation system and not a value proposition, which includes flexibility for council to utilise different tools in its rating structure to accommodate issues of equity, efficiency, simplicity, sustainability and to ensure fairness.

The Plan does not consider the total amount of revenue to be raised, only the share contributed by each property. The total rate revenue is determined in the annual budget process and in accordance with the Fair Go Rates system. The Fair Go Rates system caps the increase to the total revenue Council can generate from general rates and a municipal charge (if applicable). Each year the Minister for Local Government declares the maximum rate cap which can be applied.

The introduction of the Fair Go Rates System has brought a renewed focus and challenge to Council's long-term financial sustainability. Optimising service delivery levels and maintaining community assets remain key priorities for Council.

Rates and Charges on Rateable Land has not been written into LGA 2020. Therefore, the Act which governs rates and charges remains the LGA 1989.



### 4.1 Rating Legislation

In accordance with the LGA 1989 Council may declare the following rates and charges:

- General Rates under Section 158;
- Municipal Charge under Section 159;
- Service rates and charges under Section 162;
- Special rates and charges under Section 163.

Council has adopted a rating structure comprised of three key elements as below:

- General Rates – Based on the Capital Improved Value of a property;
- Municipal Charge – A 'minimum rate' per eligible property;
- Waste Service Charge – a charge for waste, recyclables organics and glass kerbside services in accordance with Council's Kerbside Landfill, Recycling and Organic Waste Collection Policy.

In raising rates, Council is required to primarily use the valuation of the rateable property to levy rates. Section 157 (1) of the LGA 1989 provides Council with three options of which valuation base it can utilise: Site Value, Capital Improved Value (CIV) and Net Annual Value (NAV).

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

Section 94 of the LGA 2020 states that Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) and it is to include:

- the total amount that the Council intends to raise by rates and charges;
- a statement as to whether the rates will be raised by the application of a uniform rate or a differential rate:



- a description of any fixed component of the rates, if applicable;
- if the Council proposes to declare a uniform rate, the matters specified in section 160 of the LGA 1989;
- if the Council proposes to declare a differential rate for any land, the matters specified in section 161(2) of the LGA 1989.

Section 94 also states that Council must ensure that, if applicable, the budget also contains a statement:

- 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
- that the Council has made an application to the Essential Service Commission for a special order and is waiting for the outcome of the application; or
- that a special Order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year.

## 4.2 Rating Principles

There are several good practice taxation principles to be considered with developing a rating structure as outlined below, and the challenge for Council is to determine an appropriate balance of competing considerations:

- Efficiency - Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates.  
The efficiency of a tax also relates to the cost of administration. A rating structure should be administratively efficient, in the sense that it should provide required income to council without being consumed by administrative costs.
- Simplicity - The taxation principle of simplicity revolves around how easily the system can be understood by the public and the ease of administration.

- Equity - Equity has two broad sub-categories in its application to rates:
  - a) Horizontal equity: in which ratepayers with similar property values should pay similar rates; and
  - b) Vertical equity: embraces the view that those with more, or who are better off, pay more tax than those who are worse off. This primarily applies to income tax assessment in distributing the tax burden.
- Sustainability – Decisions made during the preparation of the Plan should be durable over time
- Capacity to Pay - Its measurability may be either determined by wealth or income. In the case of local government rating, it is determined that the value of the property reflects wealth, rather than the actual income of the ratepayer.
- Fairness – can be subjective, but in the context of a rating system refers to consistency of application of policy decisions and the consideration Council makes to respond reasonable to ratepayers.

Past consultation has shown that the community want a rating structure that is fair and easy to understand. This is evidenced by the outcomes of the rating structure review for the 2018/2019 financial year, where 74% of respondents voted to reduce eleven differentials to four.

Council reviews rates annually which involves analysing the movement in property valuations, the percentage of rates contributed by each rating differential, the number of ratepayers, the average rates payable, the impact of the municipal charge and the effect on the above rating principles should any, all or none of these factors be changed. Council endeavours to provide stability to ratepayers by not dramatically changing the rating structure from one year to the next on a regular basis.



## 4.3 Property Valuation Base

LGA 1989 allows Council to elect one of three options to utilise as the valuation base for rating purposes. They are:

- Capital Improved Value – Value of the land and improvements on the land
- Site Value – Based on the value of the land only.
- Net Annual Value – Rental valuation based on Capital Improved Value

### 4.3.1 Capital Improved Value (CIV)

CIV is the most commonly used valuation base by Victorian local governments. It is relatively easily understood by ratepayers as it generally equates to the market value of the property.

#### *Advantages of using CIV*

1. 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 Net Annual Value.
2. With the increased frequency of valuations (now undertaken annually) the market values are more predictable.
3. The concept of the market value of property is more easily understood with CIV rather than Site Value or Net Annual Value.
4. Most councils in Victoria have now adopted CIV which makes it easier to compare relative movements in rates and valuations across councils.
5. The use of CIV allows Council to apply differential rates which greatly adds to Council’s ability to equitably distribute the rating burden based on ability to afford council rates.

#### *Disadvantages of using CIV*

1. 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.

### 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 SV in Greater Shepparton would cause a shift in rate burden from the commercial/industrial and residential sectors onto the farming sector, and would hinder Council’s objective of a fair and equitable rating system. It is difficult to see an equity argument being served by the implementation of SV as the valuation base in Greater Shepparton.

### 4.3.3 Net Annual Value (NAV)

NAV, in concept, represents the annual rental value of a property. However, in practice, NAV is loosely linked to capital improved value for residential and farm properties. In contrast to the treatment of residential and farm properties, NAV for commercial and industrial properties are assessed with regard to actual market rental. This differing treatment of commercial versus residential and farm properties has led to some suggestions that all properties should be valued on a rental basis.

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





#### 4.4 Recommended Property Valuation Base

In choosing a valuation base, Council must decide on whether they wish to adopt a differential rating structure (different rates in the dollar for different property categories) or a uniform rating structure (same rate in the dollar regardless of property categories). If Council was to choose the former, under the LGA 1989 it must adopt either of the CIV or NAV valuation base.

On the basis that the calculation of CIV is easy to understand, it allows Council to raise rates by the application of rating differentials (discussed below) and the advantages listed above, it is recommended that Greater Shepparton City Council continue to use Capital Improved Value as the property valuation base for rating purposes.

#### 4.5 Property Valuations

*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. Valuations are made by certified practising valuers and consider:

- Sales and rental transactions;
- Historical property data;
- Planning and building permits and
- Planning zones and schemes

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.

There is a common misconception that as property values rise Council receives a 'windfall gain' of additional revenue, this is not so. Revaluation may result in the redistribution of the rates burden, not additional income. The total income generated from rates revenue is determined by the annual budget process and is based on the Fair Go Rates System as discussed earlier.

#### 4.6 Supplementary Valuations

Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. The Victorian Valuer-General is tasked with undertaking supplementary valuations and applying 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.

#### 4.7 Objections to Property Valuations

Under Part 3 of the *Valuation of Land Act 1960* an objection against the valuation of a property or the AVPCC can be lodged within two months of the issue date (Date of Notice) on the original or amended (supplementary) Valuation, Rate and Charge Notice (Rates Notice), or within four months if the notice was not originally issued to the occupier of the property. A property owner must lodge their objection to the valuation or the AVPCC in writing to either Greater Shepparton or online direct to the Victorian Valuer-General's contracted valuer's website.

Property owners also have the ability to object to the site valuations on receipt of their Land Tax Assessment. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).



## 4.8 Rating Differentials

Council is able to distribute the rate burden between different groups of ratepayers, through different “rates in the dollar” for each class of property by utilising a differential rating structure and CIV as the valuation base.

Section 161(1) of the LGA 1989 outlines the requirements relating to differential rates, which include:

1. 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.
2. If a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Council's functions and must include the following:
  - i. A definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate.
  - ii. An identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in Council's district).
  - iii. Specify the characteristics of the land, which are the criteria for declaring the differential rate.

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

1. Specify the objectives of the differential rates
2. 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 LGA 1989 and LGA

2020. Differential rating is further governed by the *2013 Ministerial Guidelines for Differential Rating*.

The general objectives of each of the differential rate is 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.

The revenue raised by each differential will be applied to the items of expenditure described in the Annual Budget for Council. The level of rate in each differential provides an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Through analysis of the movement in property valuations, the number of ratepayers and the average rates paid by each group, Council determined that adjustment to the differential rate ratios is required to ensure the rating structure aligns with the rating principles:

- The average rate increase for farming properties is increasing at a greater rate than General and Commercial/Industrial, shifting more of the rate burden to Farms
- Valuations across rating differentials have moved inconsistently.
- The number of ratepayers rated General has increased over time, whilst Farm and Commercial/Industrial ratepayers remain steady

To ensure that the rating structure remains equitable, sustainable and fair Council determined that the ratios of the differentials required updating. The Farm differential will be reduced to 80% and the Commercial/Industrial differential increased to 210%.



#### 4.8.1 GENERAL LAND

##### Definition:

General land is land that meets one or more of the following criteria:

- Is land not defined as Farm or Commercial/Industrial Land;
- Has a dwelling that is primarily used for residential purposes;
- Is vacant land that's best use is classified as suitable for the erection of a dwelling that will primarily be used for residential purpose;
- Is vacant land that has an approved building permit for a structure that will primarily be used for residential purpose;
- Is vacant land that would be best used for future residential subdivision;
- Is assigned an Australian Valuation Property Classification Code which correlates to a Residential land use classification for the purpose of administering the Emergency Services and Volunteers Fund.

##### Objective:

To ensure that Greater Shepparton 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

##### Types and Classes:

Rateable land having a relevant characteristic as described in the above definition.

##### Level of Rate:

100% of the General Rate

##### Geographic Location:

Wherever located with the municipal district.

##### Use of Land:

Any use permitted under the relevant Planning Scheme.

##### Planning Scheme Zoning:

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

##### Types of Buildings:

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





#### 4.8.2 FARM LAND

##### Definition:

Farm land is land that meets one or more of the following criteria:

- Is land not defined as General or Commercial/Industrial Land;
- Is not less than 2 hectares in area;
- Is used primarily for grazing (including agistment), dairying, animal-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing, growing of crops or any combination of those or similar activities; and
- Is used by a business –
  1. That has significant and substantial commercial purpose or character,
  2. That seeks to make a profit on a continues or repetitive basis from its activities on the land,
  3. That is making a profit, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.
- Is assigned an Australian Valuation Property Classification Code which correlates to a Primary Production land use classification for the purpose of administering the Emergency Services and Volunteers Fund.

##### Objective:

The objective of this differential is to recognise that the operations on Farm land may involve large properties which have significant value. Agricultural producers are unable to pass on increases in costs like other businesses and their profitability is affected by weather and international markets, which can lead to their income being more susceptible and fragile than many other businesses.

To ensure that Greater Shepparton has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the rate in the dollar declared for defined Farm land properties is fair and equitable, having regard to the cost

and the level of benefits derived from provision of Council services with considerations to maintain dairying, fruit growing and agriculture as a major industry in the municipal district, to facilitate the longevity of the sector and achieve a balance between providing for municipal growth and retaining the important dairying, fruit growing and agricultural economic base.

##### Types and Classes:

Rateable land having a relevant characteristic as described in the above definition.

##### Level of Rate:

80% of the General Rate

##### Geographic Location:

Wherever located with the municipal district.

##### Use of Land:

Any use permitted under the relevant Planning Scheme.

##### Planning Scheme Zoning:

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

##### Types of Buildings:

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



### 4.8.3 COMMERCIAL/INDUSTRIAL LAND

#### Definition:

Commercial/Industrial land is land that meets one or more of the following criteria:

- Is land not defined as General or Farm Land;
- Is used primarily for, or is capable of use primarily for the sale of goods or services or other commercial purposes;
- Is used primarily for, or is capable of use primarily for industrial purposes, including but not limited to manufacturing, processing, storing, repairing, servicing machinery such as motor vehicles, boats, tractors and aeroplanes;
- Is unimproved or unoccupied land that's best use is classified as being suitable for the sale of goods or services or other commercial purposes;
- Is unimproved or unoccupied land that's best use is classified as being suitable for industrial purposes;
- Is assigned an Australian Valuation Property Classification Code which correlates to a Commercial or industrial land use classification for the purpose of administering the Emergency Services and Volunteers Fund.

#### Objective:

The objective of this differential is to recognise both the tax deductibility of rates and the income generating capacity for commercial and industrial properties that is not available to the General land properties. This also recognises that Farm Land, by comparison, generally needs a larger land area to produce the same income and has a relatively lower capacity to pay.

The commercial and industrial properties of Greater Shepparton benefit from ongoing investment by Council in services and infrastructure.

#### Types and Classes:

Rateable land having a relevant characteristic as described in the above definition.

#### Use of Rate:

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

#### Level of Rate:

210% of the General Rate

#### Geographic Location:

Wherever located with the municipal district.

#### Use of Land:

Any use permitted under the relevant Planning Scheme.

#### Planning Scheme Zoning:

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

#### Types of Buildings:

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





## 4.9 Cultural and Recreational Land

Under the *Cultural and Recreational Land Act 1963*, provision is made for Council to decide on the rates payable on Cultural and Recreational Land with reasonable regard to the public benefit provided to the community from such lands which meet the test of being rateable land under the LGA 1989.

Recreational land is defined in the Cultural and Recreational Act 1963 as outdoor land which is vested in or occupied by any body corporate or incorporate which exists for the purpose of providing or promoting cultural or sporting recreational facilities, prohibits the payment of any dividend or amount to its members. The properties that meet these requirements within greater Shepparton City council are:

Property Location	Ratepayer Name
71 Gowrie Street TATURA	Hilltop Golf and Country Club
160-200 Ross Street TATURA	Tatura and Shepparton Racing Club
7580 Goulburn Valley Highway KIALLA	Shepparton Trotting Club
2 Fairway Drive MOOROOPNA	Mooroopna Golf Club Inc
15 Golf Drive SHEPPARTON	Shepparton Golf Club Inc
55 Rudd Road SHEPPARTON	Shepparton Golf Club Inc
7582 Goulburn Valley Highway KIALLA	Shepparton Greyhound Racing Club

The level of the concession is 73% of the General Rate.

## 4.10 Municipal Charge

Under Section 159 of the LGA 1989, Council may declare a municipal charge to cover some of the administrative costs of the Council. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what is covered by the charge.

In recognition of the shortcomings of this definition, the Report of the Ministerial Panel March 2020 from the Local Government Rating System Review recommended that the municipal charge be replaced by an optional 'fixed charge' without a legislative reference to a council's administrative costs. To avoid confusion and provide greater transparency, Greater Shepparton prefers this definition of a 'fixed' or a 'minimum' rate.

The municipal charge applies equally to all properties, regardless of CIV, and is seen as an equitable method to ensure all property owners, who have access to the same services such as roads, street lighting, drainage and more, contribute a minimum amount to the unavoidable costs of running a council.

Under the LGA 1989, Council's total revenue from the municipal charge in a financial year must not exceed 20 per cent of the combined total of the Council's rates revenue.

On the basis of equity, Greater Shepparton continues to apply a Municipal Charge to each rateable occupancy.

## 4.11 Special Rates and Charges Schemes

The LGA 1989 recognises that councils need help to provide improved infrastructure for their local communities. Legislation allows Council 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 the LGA 1989 that allows 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, and other capital improvement projects.

The special rate or special charges may be declared on the basis of any criteria specified by the council in Section 163(2) of the LGA 1989 and in accordance with Section 163 (3), Council must specify:

- a. the wards, groups, uses or areas for which the special rate or charge is declared;
- 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 proof that a "special benefit" applies to those being levied. For example, special rates and charges could be used to fund co-operative fire prevention schemes. This would ensure that there were no 'free-riders' reaping the benefits but not contributing to fire prevention. Landscaping and environmental improvement programs that benefit small or localised areas could also be funded using special rates or charges.

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

Greater Shepparton will consider declaring a special rate and charge scheme where appropriate.

## 4.12 Revenue in Lieu of Rates

In accordance with the *Electricity Industry Act 2000* wind and solar farm ratepayers are able to negotiate with Council an annual payment in lieu of paying property rates. Section 94 of the *Electricity Industry Act 2000* describes the rateability of certain property. The *Electricity Industry Act 2000* refers to a methodology for calculating a suitable amount to be paid in lieu of rates which is published in a Victoria Government Gazette. Council will employ this methodology when negotiating the amount of revenue to be paid in lieu of rates to ensure consistency and transparency

## 4.13 Service Rates and Charges

Section 162 of the LGA 1989 allows Council to declare a service rate, a service charge or any combination of such a rate and charge for any of the following services:

- a. waste, recycling or resource recovery services
- b. any other prescribed service

Council currently applies a service charge for the collection and disposal of waste, recycling, food and garden organics and glass to residential properties within urban boundaries, other than vacant land, and to properties outside urban boundaries that elect to have waste bins at the property. Council retains the objective of setting the service charge for waste, recycling, food and garden organics and glass at a level that fully recovers the cost of these services, including collection, management, transportation, processing and disposal.

Greater Shepparton continues to implement waste service charges in accordance with the Kerbside Landfill Waste, Recycling and Organics Collection Policy.



## 4.14 Collection and Administration of Rates and Charges

This section will outline the rate payment options, processes, and the support provided to ratepayers facing financial hardship.

### 4.14.1 Payment Options

In accordance with Section 167(1) of the LGA 1989 Council offers payment of rates and charges by way of four instalments. Payments are due on the prescribed dates as listed:

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

Council also offers payment by 10 monthly instalments via Direct Debit only from a nominated bank account. Payments are deducted on the last Friday of each month, commencing in September through to June of each rating period. The arrangement is ongoing and rolls to the next financial year unless the ratepayer cancels the direct debit in writing or the property is sold.

Council offers numerous payment method options which include:

- In person at Council offices (cheques, money orders, cash, EFTPOS and credit/debit cards)
- Direct debit from a nominated bank account weekly/fortnightly/monthly on a Friday at an agreed upon amount
- BPay, via telephone or internet banking
- Centrepay
- By post (Locked Bag 1000, Shepparton VIC 3632)
- At Australia Post
- By phone, 1300 181 761
- Online via Council's payment portal.

If the above mentioned payment options do not suit a ratepayers needs, in accordance with Section 171B of LGA 1989, a person may make an application to enter into a suitable payment plan.

### 4.14.2 Interest on arrears and overdue rates

Interest may be charged on all overdue rates in accordance with Section 172 of the LGA 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.

### 4.14.3 Pensioner Rebates

Holders of a Centrelink or Veteran Affairs Pension Concession Card or a Veteran Affairs Gold Card, which stipulates TPI 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 process. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rates due.

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 and receive the maximum rebate allowed for that 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 are referred to the relevant Government department for approval. All requests for a pension rebate to be applied retrospectively are to be made in writing to Council in the first instance.

#### **4.14.4 Rates Rebate for Retail Land Occupied by Charitable Organisations**

To acknowledge the valuable services charitable organisations provide to the wider community, Council has a Rates Rebate for Retail Land Occupied by Charitable Organisation as allowed under Section 169 (1AA) of the LGA 1989. This policy was developed as Section 154 (4)(d) of the LGA 1989 requires land that is used to carry on a business for profit be rateable.

The Policy allows charitable organisations to apply for a rebate of 50 per cent of the current years general rate and municipal charge at the property where the sale of the goods contribute to the organisations objectives, without having a negative distributional effect on other ratepayers.

#### **4.14.5 Trust for Nature – Conservation Covenant Rates Rebate**

To acknowledge and support landowners of private land that voluntarily agree to protect and conserve land with natural, cultural or scientific value through a trust for Nature conservation Covenant, Council has a Trust for Nature Conservation Covenant Policy as allowed under section 169 (1)(b) and (c) of the LGA 1989.

The rebate acknowledges the long-term commitment of these property owners to conserving their land by offering a rebate of \$20.00 per hectare with a minimum rebate of \$100.00 and a maximum rebate of \$500.00 per year.

#### **4.14.6 Financial Hardship**

It is acknowledged that at various times a person may experience financial hardship for a range of reasons. The purpose of Council's Financial Hardship Policy is to provide the framework for assisting people who are experiencing or at risk of experiencing financial hardship and outline the options and assistance available.

A person may elect to negotiate a short or long term payment arrangement or apply for a deferment. All options require an application to be submitted to Council. The application form is available at the Council office at 90 Welsford Street, on Council's website, or can be posted or emailed upon request.

#### **4.14.7 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. Any change in contact details must be advised to Council in writing.

Section 122 of the LGA 2020 requires the vendor or their agent (e.g. solicitors and or conveyancers), to notify Council by way of an acquisition notice when land is acquired.

In the event that an account becomes overdue, Council will issue a final notice which may include accrued penalty interest. In the event that the account remains unpaid and it has been at least 24 months since the ratepayer was advised of the overdue amount, 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, Council may take action to sell the property in accordance with the LGA 1989 Section 181.

#### **4.14.8 Emergency Services and Volunteers Fund**

In 2012 the Victorian State Government passed legislation, *Fire Services Property Levy Act 2012*, requiring the Fire Services Property Levy to be collected from ratepayers commencing 1 July 2013. Prior to the introduction of this legislation the levy was collected through building and property insurance premiums. From 1 July 2025, the Fire Services Property Levy will be replaced with the Emergency Services and Volunteers Fund.

The Emergency Services and Volunteers Fund is based on two components, a fixed charge, and a variable charge which is linked to the CIV of the property. The Emergency Services and Volunteers Fund is not included in the rate cap and increases to the charge are at the discretion of the State Government.



## 5. Other Revenue Items

### 5.1 User Fees and Charges

User fees and charges are discretionary fees that Council charges for the delivery of services and the use of community infrastructure when Council can easily identify the user.

Examples of user fees and charges include:

- Aquamoves memberships and casual fees
- Early Childhood Education fees
- Parking fees
- Performing Arts fees
- Waste Management fees at Cosgrove Landfill and the Resource Recovery Centres
- Aged and Health Care service fees
- Leases and facility hire fees

Council plays a key role in supporting the Greater Shepparton community, and the provision of services and infrastructure enable Council to achieve its strategic objectives. In providing these services, Council must consider a range of 'Best Value' principles including service cost and quality standards, value-for-money, and community expectations and values. As well as balancing the affordability and accessibility of infrastructure and services within its financial capacity and in the interests of long-term financial sustainability.

Council is required to comply with the government's Competitive Neutrality Policy for significant business activities and adjust service prices to neutralise any competitive advantages when competing with the private sector.

In providing these services, Council determines the extent of cost recovery for particular services that is consistent with the level of both individual and collective benefit that the services provide and in line with community expectations.

Pricing methods for determining user fees and charges include:

- a. Full Cost Recovery
- b. Subsidised or Accessible Pricing
- c. Market Pricing

Full cost recovery involves measuring the direct and indirect costs incurred by Council, and setting a price that recovers these costs. This pricing is often used when the service provided benefits individual customers specifically, rather than the community as a whole. Unless there is an overriding policy or imperative in favour of subsidisation, fees and charges are generally set at a level that recovers the full cost of providing those services.

Subsidised or Accessible pricing is where Council subsidises a service by not passing the full cost onto the customer. Subsidies can range from full subsidies (e.g. the service is free of charge) to partial subsidies, where Council provides the service to the user for a fee but does not recover the costs in full. The subsidy may be funded from Council's rate revenue or other sources such as Commonwealth and State funding programs.

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

Council will develop a schedule of fees and charges as part of the Annual Budget each year.

## 5.2 Statutory Fees and Fines

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

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and inspection fees
- Infringements and fines
- Land Information Certificate fees
- Penalty and fee units are used in Victoria's Acts and Regulations to describe the amount of a fine or a fee.

### Penalty units

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

One penalty unit is currently \$197.59, from 1 July 2024 to 30 June 2025.

The rate for penalty units is indexed each financial year, therefore raising the penalty unit in line with inflation. Any change to the value of a penalty unit will have an effective date of 1 July each year.

### Fee units

Fee units are used to calculate the cost of a certificate, registration or licence that is set out in an Act or Regulation. For example, a Freedom of Information application attracts 2 fee units.

The value of one fee unit for 2024/2025 is \$16.33. This value may increase at the beginning of a financial year, at the same time as penalty units.

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

Statutory Fees and Charges are also included in the schedule of Fees and Charges in Council's Annual Budget.





### 5.3 Grants

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of a specific project, whilst others can be of a recurrent nature and may or may not be linked to the delivery of projects. Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community.

Recurrent grants, such as the Federal Financial Assistance Grants, are an important source of revenue for Council and are budgeted to continue within Council's Financial Plan. Discontinuation of any of these recurrent grants would likely require Council to re-assess the scope or quality of its service delivery to maintain financial sustainability.

Singular (i.e. non-recurrent grants) are also included in Council's Financial Plan, taking into consideration the project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine grant funding applications.

In addition to pursuing planned grant funding priorities, Council officers seek out and monitor grant funding programs to maximise external funding opportunities. Council will apply for and accept external funding only when it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Grant assumptions will be documented in Council's Budget document and Financial Plan. Any project that is reliant on grant funding will not proceed until a signed funding agreement is in place.

### 5.4 Contributions

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

Contributions can be made to Council in the form of either cash payments or the hand-over of assets (i.e. non-monetary contributions).

Examples of contributions include:

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

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

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



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 in line with Council's Investment and Cash Management Policy, which seeks to manage risk whilst maximising return on investment, and to take up sustainable investment opportunities where possible.

5.6 Borrowings

Whilst borrowings are not a source of income, borrowings are accepted by Council as a legitimate and responsible cash management tool in appropriate circumstances, to meet Council's long term strategic objectives and financial responsibilities.

Council will be guided by its Borrowing Policy, Financial Plan and the LGA 2020 when making borrowing decisions.











## CONTACT US

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**Email:** [council@shepparton.vic.gov.au](mailto:council@shepparton.vic.gov.au) **Web:** [www.greatershepparton.com.au](http://www.greatershepparton.com.au)

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GREATER SHEPPARTON CITY COUNCIL

# 2025-2029 Revenue and Rating Plan Conversation Report



GREATER  
SHEPPARTON



# Introduction

A Revenue and Rating Plan is required to be adopted for a period of at least four financial years by 30 June following a general council election.

The purpose of the Revenue and Rating Plan (the Plan) is to determine the most appropriate and affordable revenue and rating approach for Greater Shepparton City Council (Greater Shepparton).

The Plan is an important part of Council’s integrated planning framework and works in conjunction with the Council Plan, Financial Plan, Annual Budget, Asset Plan and Workforce Plan.

## Consultation

In developing the Plan, Council consulted with Community members via the Community Panel and Shaping Greater Shepp.

The Community Panel was established to support Council in developing key strategic documents. The panel received an introduction to the revenue and rating system, the mechanisms available in determining rates and the principles that should be considered. The panel also received rate modelling of various scenarios to assist their considerations.

Two surveys were conducted via the Shaping Greater Shepp website, one pre Draft Plan and the second for feedback on the Draft Plan.

A series of workshops were conducted with Councillors prior to the Draft Plan being prepared. These workshops covered the rating legislation, current rating structure, alternative rating structures and decision points. Councillors were also provided with, and briefed, on the feedback received from the community via both of these surveys.

Council endorsed the Draft Plan at the April 2025 Council Meeting to be made available for community feedback. This level of engagement is line with Council’s Community Engagement Policy.



### Pre-Draft Consultation November 2024

Workshop conducted with Community Panel to gather insights into different options available to for the rating structure and which structure would be most equitable for Greater Shepparton



### Pre-Draft Consultation February & March 2025

Briefings and workshops conducted with Councillors



### Pre-Draft Consultation March 2025

Survey via Shaping Greater Shepp to gather community members feedback to help shape the draft plan



### Draft Presented April 2025

The Draft Revenue and Rating Plan was presented to Councillors at April Council Meeting



### Post-Draft Consultation 28 April to 16 May 2025

The Draft Plan available via Shaping Greater Shepp for community members to provide feedback



### Present Revenue and Rating Plan June 2025

The Revenue and Rating Plan 2025-2029 tabled for adoption at the June 2025 Council Meeting







## Promotion

Council used various methods to promote the consultation being conducted via Shaping Greater Shepp webpage, ensuring inclusivity and accessibility to provide the community with maximum opportunities to contribute. The methods included:



Method	Description
Media Release	Issued pre-consultation press release
Council's Website	Provided regular updates on Council's website
Social Media posts	Used paid and boosted posts for wider reach
Radio	Ran radio ads across multiple dates
Internal Awareness	Posted on Intranet for staff awareness
Advertising	Ran Shepparton News ads across multiple dates

## What we heard

### Who did we hear from via Shaping Greater Shepp?

#### PRE DRAFT REVENUE AND RATING PLAN



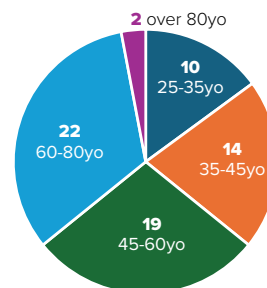
**65**

of 67 contributors were **ratepayers**



**92%**

contributors were **general**, 7% farm and 2% commercial/industrial



**32.8%**

majority of submissions from **60 to 80 year old**

#### DRAFT REVENUE AND RATING PLAN



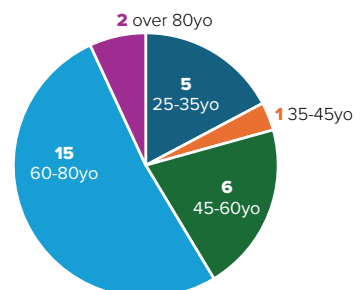
**29**

contributors were **ratepayers**



**83%**

contributors were **general** and 17% were farm



**52%**

majority of submissions from **60 to 80 year old**

# What we heard via Shaping Greater Shepp

## Current Rating Structure

- Most respondents think it is **fair and equitable for commercial and industrial properties to pay more** relative to their valuation than residential and farm properties
- Most respondents think it is **fair and equitable for farming properties to pay less** relative to their valuation than residential, commercial and industrial properties
- Most respondents **did not support social housing dwellings paying less** than other residential dwellings
- Most respondents did **not support retirement/lifestyle/independent villages paying less** than other residential dwellings
- There was an even split of respondents that did and did not **support recreational social clubs paying less** the residential dwellings
- The community were split in relation to a **Municipal Charge being a part of the rating structure**

## Top 6 services receiving support for subsidisation

- Residential Waste at Resource Recovery Centres,
- Parking
- KidsTown
- Animal Shelter
- Aquamoves
- Sports Field

## Areas Council should focus on to ensure financial sustainability

1. Reduce operating costs
2. Disposing Council assets
3. Maximise grant revenue
4. Remove subsidies for fees and charges
5. Increase user fees
6. Increase fines and infringements
7. Grow Council borrowings
8. Increase per hour parking rate









## What we heard from the Community Panel

- There was general agreement within the group that the current rating structure is fair and equitable
- That applying differential rates without a municipal charge may be more equitable, but less sustainable
- That uniform rating is not equitable or fair for our municipality due to the impact it would have on lower valued residential properties
- There was general agreement that retirement/lifestyle/independent living villages should not pay less rates compared to similar ratepayers
- It was suggested that Council could investigate a differential rate for social housing, however acknowledged that any subsidy provided to this group of ratepayers may be better suited under State or Federal Government.

## What can be influenced in the rating structure?

Council rates and charges are governed by the Local Government Act 1989 and Council's Revenue and Rating Plan must align with the requirements of the legislation. In line with the legislation the parts of a rating structure that can be influenced are:

- If a Municipal Charge is part of the rating structure
- If a uniform rate is applied or differential rating
- If differential rating is applied, how many differentials are applicable and what they are

## Revenue and Rating Plan 2025-2029

A rating structure is required to consider many factors. These factors include legislative compliance as well as balancing the rating principles of equity, efficiency, simplicity, sustainability and fairness. The Plan should also consider what the community said.

The consultation with community members that did engage, didn't yield an overwhelming sentiment to change the current differentials, whilst the municipal charge discussion was one that divided community members. Nearly an equal number of people stated the municipal charge should remain, should be removed and remained unsure.

Considering the consultation with Councillors, the community panel and survey respondents it has been assessed that the differentials Council currently have in the rating structure are supported. However, as property valuations and the number of ratepayers have changed over time, the differential ratios require adjustment to continue to ensure the rating structure is equitable, sustainable and fair. Therefore, the Revenue and Rating Plan 2025-2029 proposes the following rating structure:

- General rate at a level of 100%
- Farm rate at a level of 80% of the General rate
- Commercial/Industrial at a level of 210% of the General rate
- A Municipal Charge.





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