City of Kingston

ADOPTED
REVENUE & RATING PLAN

2024–28

Contents

1. Revenue and Rating Plan

1.1. Purpose

This Revenue and Rating Plan (**"Plan"**) outlines the assumptions, policies, and decisions of Council in relation to generating the required income to effectively support implementation of the community needs and aspirations over the long term (Community Vision), medium term (Council Plan) and short term (Annual 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 the Kingston community. The services Council provide 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 the Adopted Budget 2024/25, income from government grants and fees & charges and other revenue represents 40 per cent of the total revenue required. The balance of 60 per cent is to be obtained from general rates and charges income.

Council's assumptions and approaches to each of the revenue classifications in its Income Statement (Council Annual Budget) are explained within this Plan.

Council's current approach to revenue and rating is to meet the needs for the delivery of the Council Plan, and to ensure Council remains financially sustainable into the future.

1.3. Legislative context

Section 93 of the *Local Government Act 2020* (Vic) ("**LGA 2020"**) states:

> "*A Council must prepare and adopt a Revenue and Rating Plan by the next 30 June after a general election for a period of at least the next 4 financial years.*"

The diagram below shows how this Plan sits within the strategic planning framework of Council.

In preparing the Plan, Council has taken into consideration other sections of the LGA 2020. These are set out below.

Section 89 of LGA 2020 - Strategic planning principles

(1) A Council must undertake the preparation of its Council Plan and other strategic plans in accordance with the strategic planning principles.

(2) The following are the strategic planning principles—

(a) an integrated approach to planning, monitoring and performance reporting is to be adopted;

(b) strategic planning must address the Community Vision;

(c) strategic planning must take into account the resources needed for effective implementation;

(d) strategic planning must identify and address the risks to effective implementation;

(e) strategic planning must provide for ongoing monitoring of progress and regular reviews to identify and address changing circumstances.

Section 101 of LGA 2020 – 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 of LGA 2020 - 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 60% of operating revenue received by Council. The collection of rates is an important factor in funding Council services and infrastructure. 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

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 is 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. This rates cap is designed 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 for the following financial year.

For the 2024/25 financial year, Council's total average rate rise has been capped at 2.75%.

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

The rate cap limits the total amount a municipal 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, an individual's rates bill may increase or decrease by more (or less) than the capped rise amount. This may happen because:

- the value of the property has increased or decreased in relation to the value of other properties in the municipality
- 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
- 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 the Kingston community would like Kingston to deliver on.

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

Financial year	Rate cap
2016-17	2.50%
2017-18	2.00%
2018-19	2.25%
2019-20	2.50%
2020-21	2.00%
2021-22	1.50%
2022-23	1.75%
2023-24	3.50%
2024-25	2.75%

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

Council'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 and reviewed annually during annual budget process
- 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.

3. 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* (Vic) (**LGA 1989**) provides Council with three choices in terms of which valuation base to utilise. They are:

- Capital improved valuation – Value of land and improvements upon the land.
- Site value – Value of land only.
- Net annual value – Rental valuation based on capital improved value.

In choosing a valuation base, Council must decide on whether it wishes 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 Council was to choose the former, under the LGA 1989 it must adopt either the capital improved valuation or net annual value method of rating.

3.1. Capital improved value

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 to the market value of the property.

Section 161 of the LGA 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 capital improved value, it may only apply limited differential rates in relation to farmland, urban farmland or residential use land in circumstances set out in section 161A of the *Local Government Act 1989* (LGA 1989).

Advantages of using capital improved value

Capital improved valuation includes all improvements, and hence is often supported on the basis that it more closely reflects "capacity to pay". The capital improved value rating method takes into account the full development value of the property, and therefore better meets the equity criteria than site value and net annual value.

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 capital improved value rather than net annual value or site value.

Makes it easier to compare relative movements in rates and valuations across councils.

The use of capital improved value 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. The capital improved value 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

The main disadvantage with capital improved value 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.

3.2. Site value

Site value is based on the valuation of land only The Site Value is the value of the land only, and assumes the land is vacant with no improvements (such as buildings).

Advantages of site value

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

Disadvantages in using site value

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

Site value 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 site value 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.

Site value 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.

3.3. Net annual value

Net annual value, in concept, represents the annual rental value of a property. However, in practice, net annual value is closely linked to capital improved value for residential and farm properties. Valuers derive the net annual value directly as 5 per cent of capital improved value. In contrast to the treatment of residential properties and farms, net annual value for commercial and industrial properties are assessed with regard to actual market rental.

Advantages of site value

This differing treatment of commercial versus residential properties and farms has led to some suggestions that all properties should be valued on a rental basis.

Disadvantages in using site value

Overall, the use of net annual value 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 capital improved value but is harder to understand.

Council's chosen valuation basis is capital improved value as it allows greater equity outcomes.

3.4. How properties are valued

The *Valuation of Land Act 1960* (Vic) ("**VLA**") is the principal legislation in determining property valuations.

Under the VLA the Victorian Valuer-General conducts property valuations on an annual basis. As mentioned above, Council applies a capital improved value 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.

3.5. Objections to property valuations

Part 3 of the VLA 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 Rate Notice (via the Valuer-General) or within two months of receipt of their Land Tax Assessment (via State Revenue Office).

3.6. 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 revaluations and advises Council on a monthly basis of valuation and 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 VLA. Any objections must be lodged with the Valuer-General within two months of the issue of the supplementary Rates Notice.

3.7. 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 LGA 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 LGA 1989 says:

(1) A Council may raise any general rates by the application of a differential rate if it uses the capital improved value system of valuing land.

(2) If a Council declares a differential rate for any of the land, the Council must-

a) specify the objectives of the differential rate which 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 in relation to those types or classes of land;

ii. an identification of the types 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 the Council's municipal district) and planning scheme zoning of the land and the types of buildings situated on it and any other criteria relevant to the rate;

iii. if there has been a change in the valuation system, any provision for relief from a rate for certain land to ease the transition for that land; and

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.

Advantages of a differential rating system

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

- There is greater flexibility to distribute the rate burden between all classes of property.
- It allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome.
- It 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 are summarised below:

- 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 understanding the system. Some rating customers may feel they are being 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 use 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.

4. 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.

4.1. 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.

Objectives

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

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

Geographic location

Wherever located within the municipal district as amended from time to time.

Use of land

As permitted under the relevant Planning Scheme.

Planning Scheme zoning

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

Types of buildings

All buildings which are now constructed on the land, or which are constructed prior to the expiry of the 2023/24 Financial Year.

4.2. Agricultural Land

Characteristics

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.

Objectives

1. To support and encourage the agricultural use of land in the non-urban areas of the municipality of Kingston to achieve the stated purposes of the Urban Growth Boundary being the development of a sustainable and viable agricultural industry; and
2. 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 outside of the Urban Growth Boundary as shown in the Kingston Planning Scheme.

Use of land

Use consistent with the characteristics set out above.

Planning Scheme zoning

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

Types of buildings:

All buildings which are now constructed on the land, or which are constructed prior to the expiry of the 2023/24 Financial Year.

4.3. 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 Environment Protection Authority licensed landfill; or
- is used as a resource recovery centre, recycling depot or transfer station.

Objectives

1. To encourage the early rehabilitation of land having the above characteristics; and
2. 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 outside of the Urban Growth Boundary as shown in the Kingston Planning Scheme.

Use of land

Use consistent with the characteristics set out above.

Planning Scheme Zoning

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

Types of Buildings

All buildings which are now constructed on the land, or which are constructed prior to the expiry of the 2023/24 Financial Year.

4.4. Retirement Village Land

Characteristics

Retirement Village Land is land that is defined under the *Retirement Village Act 1986* (Vic).

Objective

Guidelines issued by the Valuer-General have disallowed Valuers from making allowances for the constraints imposed by the operation of the Retirement Village 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 a recognition of the special nature of this class of land and 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 within this category, as determined by consulting maps in the Kingston Planning Scheme.

Types of buildings

All buildings which are now constructed on the land, or which are constructed prior to the expiry of the 2023/24 Financial Year.

4.5. 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.

Objectives

1. To support and encourage the retention of heritage listed land; and
2. 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 within this category, as determined by consulting maps in the Kingston 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 2023/24 Financial Year.

5. 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 LGA 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 LGA 1989, 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 capital improved 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.

6. Cultural & Recreational Land

In addition to the LGA 1989, there is also the *Cultural and Recreational Lands Act* 1963 (Vic). This Act amends the law in relation to the rating of certain lands used for cultural, recreational, sporting activities, and similar purposes.

Under the *Cultural and 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."

Refer to Council's adopted Cultural & Recreational Lands Policy.

Council levies 11 properties under this Act.

7. Rebates & concessions

Holders of a Pension Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card (given to Totally or Permanently Incapacitated (TPI), War Widow, Extreme Disablement Adjustment (EDA), or Prisoners of War (POW) 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 Families, Fairness and Housing 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, 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 (2024/25 – yet released, 2023/24 – $253.20; 2022/23 – $253.20), and Kingston's additional pensioner rate rebate (2024/25 - $123.30; 2023/24 - $120.0; 2022/23 - $115.90).

8. Special Rate and Special Charge

The LGA 1989 recognises that councils need help to provide improved infrastructure for their local communities. Legislation allows councils to pass on the cost of capital infrastructure to the owner of a property that generally receives a unique benefit from the construction works.

The technical explanation of a special rate or special charge comes from legislation (the LGA 1989). These charges allow 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 (but are not limited to) road construction, kerb and channelling, footpath provision, drainage, and other capital improvement projects.

Before declaring a special charge scheme, the Council must comply with the requirements of the LGA 1989 as well as any Ministerial Guidelines.

According to section 163(1) of the LGA 1989, a council may declare a special rate, a special charge or a combination of both only for the purposes of –

(a) defraying any expenses; or

(b) repaying (with interest) any advance made to or debt incurred or loan raised by the Council

"*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*"

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.

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

9. Service Rates & Service Charges

Section 162 of the LGA 1989 provides Council with the opportunity to declare a service rate or an annual service charge or any combination of such rate and charge for any of the following services:

- The provision of a water supply
- The collection and disposal of refuse
- The provision of sewerage services
- Any other prescribed service (as prescribed by regulations)

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.

10. Fire Services Levy

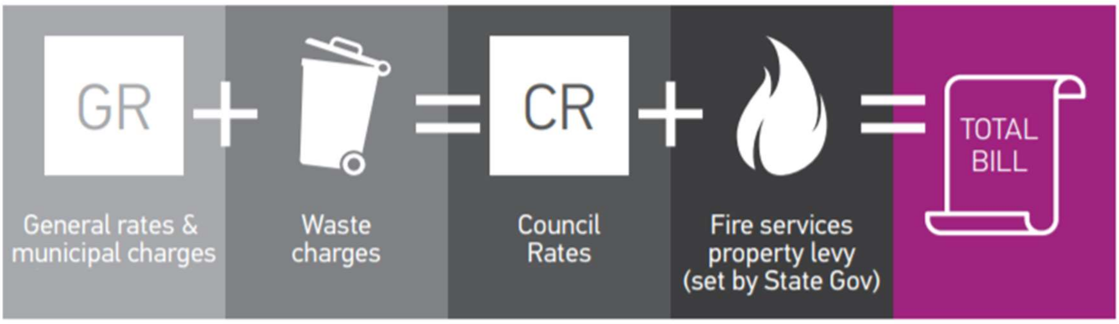
In 2012, the Victorian State Government passed the *Fire Services Property Levy Act 2012* (Vic). This Act requires a fire levy to be collected by Council from ratepayers. Previously this was collected through building and property insurance premiums.

The Fire Services Property Levy helps fund 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.

11. 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:



12. Collection and administration of rates

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

12.1. Payment options

In accordance section 167 of the LGA 1989 rates can be paid in full by 15 February or, alternatively, ratepayers have the option of paying rates and charges in four instalments. Payments are due on the prescribed dates below.

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

Council offers a range of payment options including: in person at Council offices (cheques, money orders, 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), instalment payment and by mail (cheques and money orders only).

12.2. Interest on arrears and overdue rates

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

The *Local Government Legislative Amendment (Rating and Other Matters) Act 2022* introduced reforms allowing the Minister for Local Government to set the cap for interest rates for unpaid rates and charges. This rate is yet announced.

12.3. 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 Rates 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.

12.4. 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 a property, or their agents (e.g. solicitors and or conveyancers) are required to notify Council by way of a notice of disposition or acquisition of an interest in land.

Council makes every effort to communicate and remind ratepayers via phone call, mail and e-communication of any outstanding rates and applicable payment dates.

In the event that an account becomes overdue, Council will issue an overdue reminder notice which may 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 LGA 1989.

12.5. 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.

13. Non-Rate Revenue

13.1. 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.

13.2. 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.

13.3. 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 Adopted Budget 2024/25, 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 proposed to utilise a baseline of 3 per cent, unless benchmarked, for Adopted

Budget 2024/25 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.

13.4. 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.

13.5. 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.

14. Community engagement

Whilst community engagement is not prescribed for the Plan, Kingston intends to update and release the Plan each year to enhance our community's understanding of how rates work, and how Council's budgeted income is derived on a yearly basis.

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