



BULOKE SHIRE COUNCIL

DRAFT REVENUE AND RATING STRATEGY
2025 – 2029



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1. Purpose

The *Local Government Act 2020* requires each council to prepare a Revenue and Rating Strategy to cover a minimum period of four years following each Council election. The purpose of the Revenue and Rating Strategy is to establish the revenue raising framework within which the Buloke Shire Council (Council) proposes to work.

The strategy determines the most appropriate and affordable revenue and rating approach for Council, which in conjunction with other income sources, will adequately finance the objectives of the Council Plan and Council services. The strategy forms an important part of Council's integrated strategic planning and reporting framework, which is intended to achieve its Community Vision.

The Revenue and Rating Strategy does not set revenue targets for Council but explains the strategy which is to be used by Council to calculate and collect revenue needed to fund its activities and how the funding burden will be apportioned between ratepayers and other users of Council facilities and services. This strategy outlines Council's approach to rating options available to it under the *Local Government Act 2020*, ensuring fair and equitable distribution of rating charges across the municipality property owners. It also sets out principles that are used in decision making for other revenue sources such as Council's discretionary fees and charges.

The strategy is aligned with the objectives contained in the Council Plan and Council's annual budget and long-term financial plan, as well as other key strategic planning documents within Council's Integrated Strategic Planning and Reporting Framework.

Buloke Shire Council Integrated Strategic Planning & Reporting Framework Diagram:

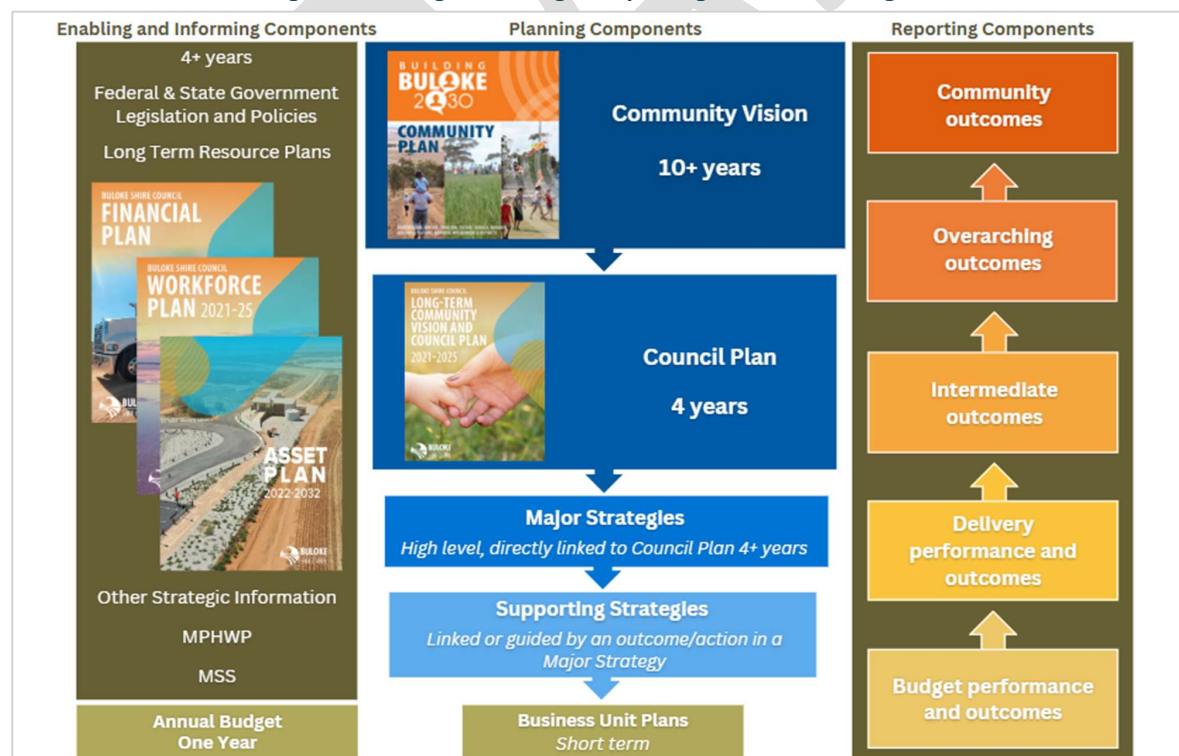


Image 1 – Source: Buloke Shire Council Integrated Strategic Planning and Reporting Framework Policy

2. Community Engagement

The following community engagement process will be undertaken for the draft Revenue and Rating Strategy. The engagement and public exhibition period will enable members of the community and key stakeholders to provide their feedback ahead of the finalization of the document and proposed recommendation to adopt the strategy in line with Council's legislative requirements, by June 2025.

Buloke Shire Council Community Engagement process for the Draft Revenue & Rating Strategy 2025-2029:

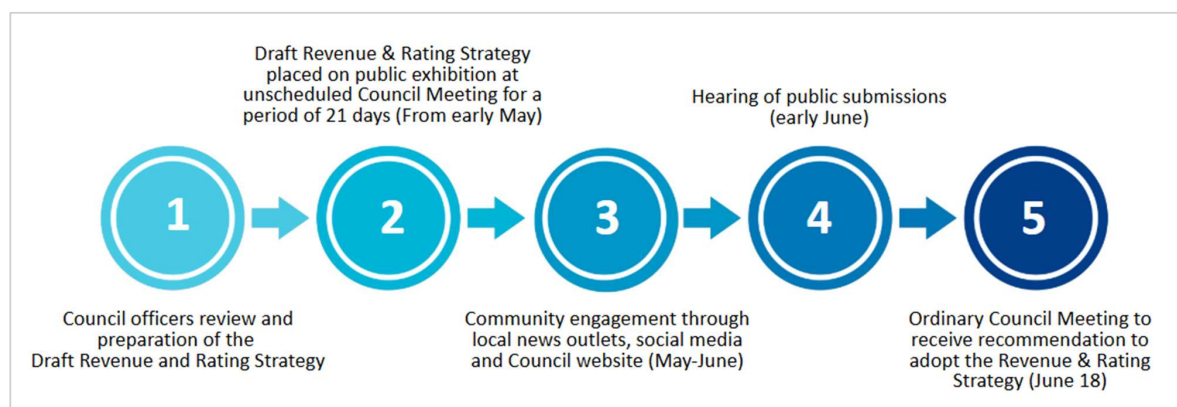


Image 2: Buloke Shire Council Revenue and Rating Strategy 2025-29 – Community Engagement Process

3. Introduction to Council Revenue Sources

Council undertakes a variety of key services and holds responsibilities for the management, maintenance and renewal of many community facilities, public assets and infrastructure. In undertaking these roles, Council must collect revenue to reasonably recover costs of providing services and facilities to ensure ongoing financial sustainability for future generations. To determine the recoverable revenue required to deliver its services, Council identifies sources of revenue, undertakes forecasting and modelling for various scenarios and determines the rationale/assumptions for each method of generating revenue.

Council's key revenue sources include rates and charges, grant funding from other levels of Government, statutory fees and fines, user fees, cash and non-cash contributions from other parties, interest from investments and the sale of assets. A diagram of the various income sources according to the draft annual budget for FY25/26 is shown below:

Diagram of Various Income Sources Based on FY2025/26 Budget

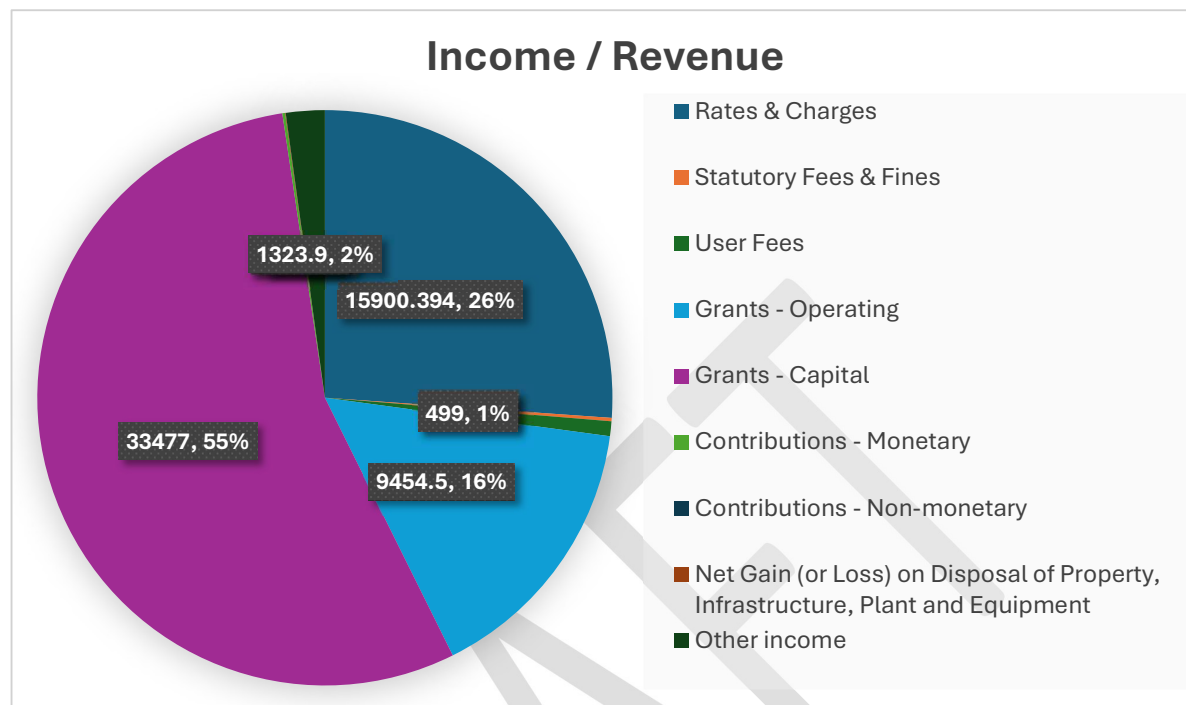


Image 3 – Source: Buloke Shire Council Annual Budget FY2025/2026

Rating income is the most significant revenue source for Council as it normally comprises approximately between 50 – 55% of Council's annual income.

4. Rates

Rates are a property tax on the local community to help fund local infrastructure and Council services.

Subsequently a ratepayer will not necessarily receive services to the extent of the rates (tax) paid. Benefits are consumed in different quantities and types over the typical lifecycle (birth to adulthood) of the ratepayer, for example; maternal and child health, libraries, aged care, roads and footpaths, local laws.

This taxation system includes flexibility for councils to utilize different tools in their rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

4.1 Legislation

4.1.1 *Local Government Act 2020*

Section 8: Role of a Council

The role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.

Overarching Governance Principles:



Image 4: S.9 of LGA 2020 Overarching Governance Principles

Councils are to exercise Financial Management Principles in accordance with the *Local Government Act 2020*.

Financial Management Principles are as follows:



Image 5: Financial Management Principles

The Buloke Shire Council's Financial Plan objectives include:

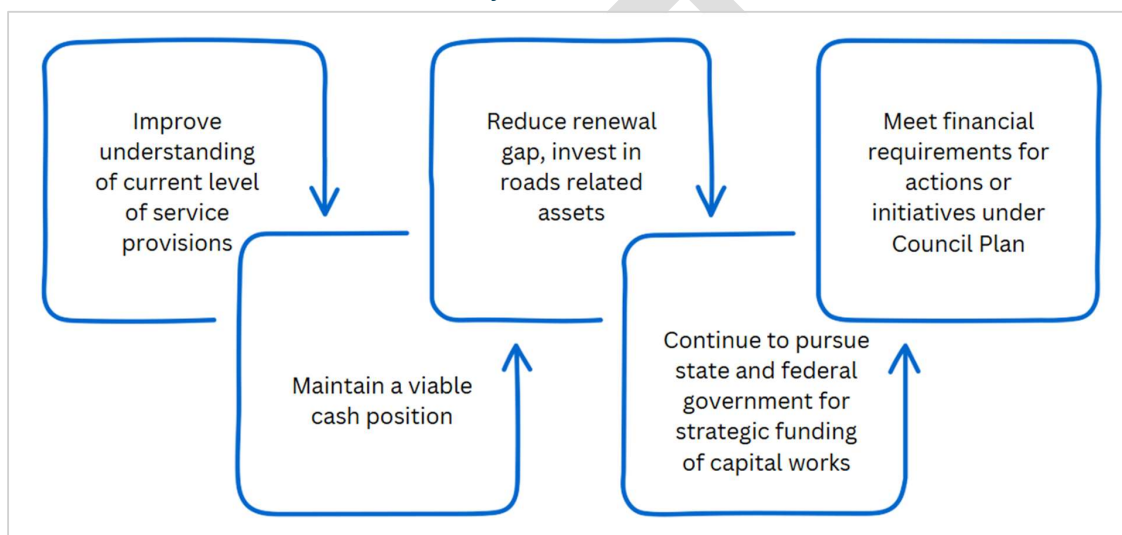


Image 6: Buloke Shire Council Financial Plan Objectives

The tables below show the financial policy statements of the Council's Financial Plan and the assumptions in place to achieve them.

Financial Policy Statements:

Assumptions to achieve Policy:

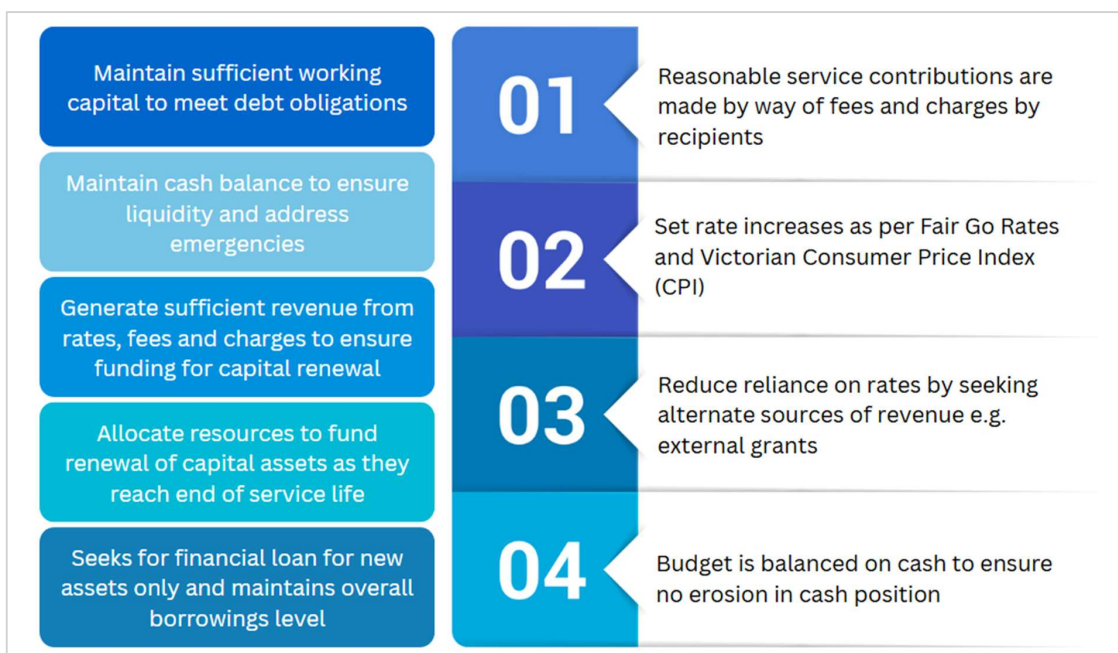


Image 7: Buloke Shire Council Financial Policy Statements and Assumptions

Section 94: The Budget

Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) 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 *Local Government Act 1989*
- If the Council proposes to declare a differential rate for any land, the matters specified in section 161(2) of the *Local Government Act 1989*.

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 Services 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.

4.1.2 Principles

Taxation Principles

When developing a rating strategy, particularly with reference to differential rates, a Council should consider the following good practice taxation principles:

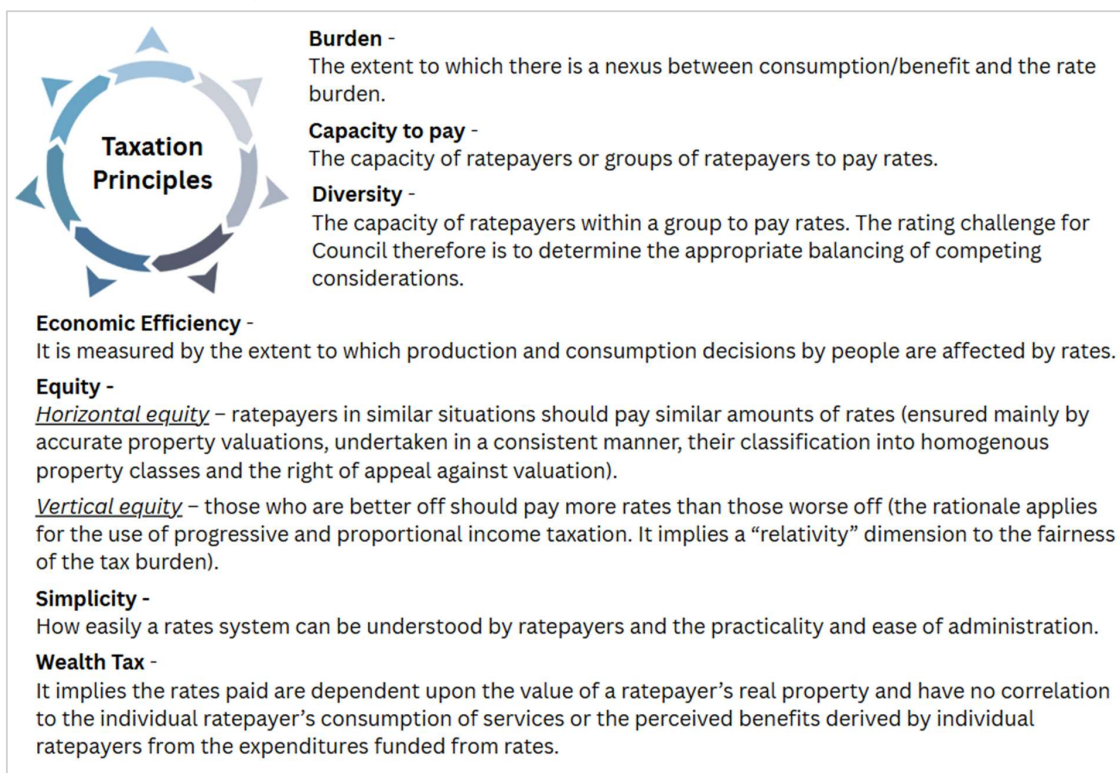


Image 8: Taxation Principles

Revenue Principles

Property rates will:

- be reviewed annually.
- not change dramatically from one year to next; and
- be sufficient to fund current expenditure commitments and deliverables outlined in the Council Plan, Financial Plan and Asset Plan.
- Differential rating should be applied as equitably as is practical and will comply with the Ministerial Guidelines for Differential Rating April 2013.

4.1.3 Rating Legislation

The legislative framework set out in Section 155 of the *Local Government Act 1989* determines council’s ability to develop a rating system for ratable land. Whilst this document outlines Council’s strategy regarding rating revenue, rating data will be contained within Council’s Annual Budget as required under the *Local Government Act 2020*.

Buloke Shire Council Rating Structure:



Image 9: Buloke Shire Council Rating Structure

Local Legislation Amendment (Rating and Revenue) Act 2022:

	THEN	NOW
Service Rates & Charges	Charges limited to 'collection and disposal'	Includes all costs such as 'all modern waste management activities such as collection, transport, processing, storage and treatment of waste and recyclable material'
Rates & Rebates	Limited to preservation of buildings and environment	Extends to land uses that provide a public benefit to the community - 'contemporary public benefit test'
Hardship & Payment Plans	No formalisation of the payment plan • higher number of court proceedings • interest rates on unpaid rates set by <i>Penalty Interest Act 1983</i>	Formalisation of the payment plan • supports ratepayers facing difficulty paying their debt • reduces court proceedings where rates are unpaid for 2 years or more • interest rates on unpaid rates to be set by Minister of Local Government
Special Rates & Charges	No specific provision	Council to levy special rate within 12 months of declaring scheme or else scheme lapses

Image 10: Amendments as per Local Legislation Amendment (Rating and Revenue) Act 2022

4.1.4 Rate Capping

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. Rate Capping under the FGRS continues to restrict Council's ability to raise 'rate revenue' to maintain service delivery levels and invest in community infrastructure. It is not possible for Council to raise rate revenue above the rate cap unless an application is made to the Essential Services Commission for a variation. Maintaining service delivery levels and investing in community assets remain key priorities for Council.

Rate cap for FY25/26 has been set at 3% by the Minister of Local Government.

This strategy will address Council's reliance on rate income and provide options to actively reduce that reliance in later sections.

4. 2 General Rates

Rates are a tax which fund council services and infrastructure. Rates are calculated based on the value of your property relative to others in the municipality.

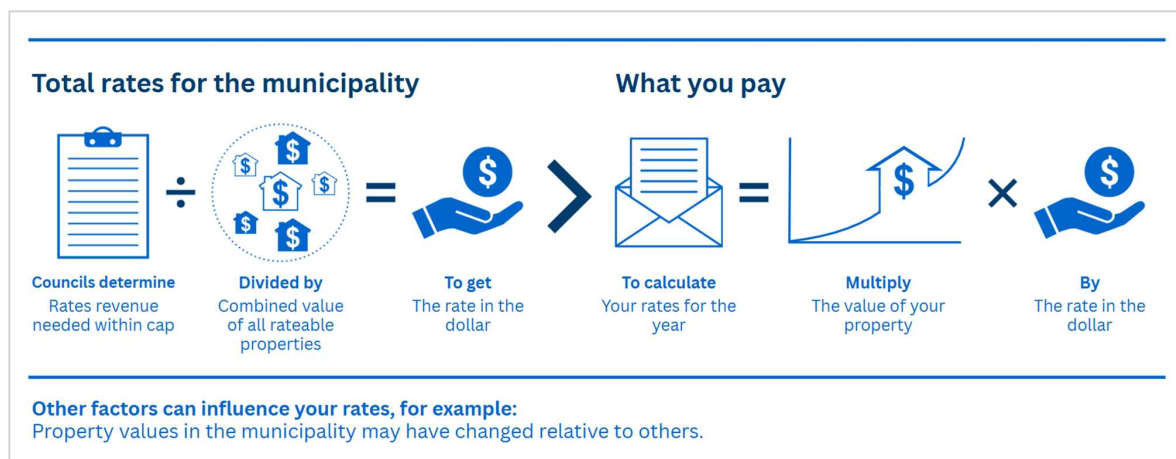


Image 11: Source – Local Government Victoria – Calculating Rates

How Council Rates are Calculated:

The formula for calculating general rates excluding any additional charges, arrears or additional supplementary rates is:

Valuation (X) Rate in Dollar

What consists of 'valuation' and 'rate in dollar' are discussed below.

4.2.1 Valuation Methodology

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.

The value of land is always derived by the principal of valuing land for its highest and best use at the relevant time of valuation. Council needs to be mindful of the impacts of revaluations on the various property types in implementing the differential rating strategy outlined in the previous section to ensure that any rise and fall in council rates remain affordable and that rating 'shocks' are mitigated to some degree.

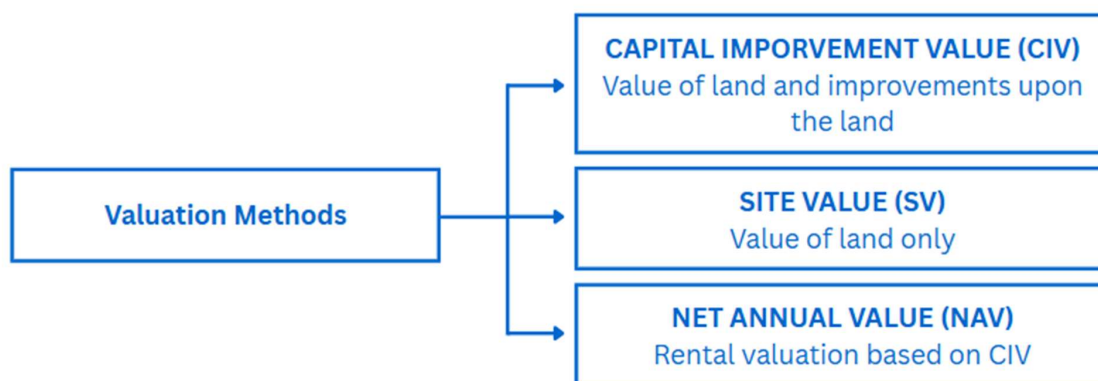
Supplementary Valuations

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 advises council monthly of valuation and Australian Valuation Property Classification Code (AVPCC) changes. Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality.

Objections to Property Valuations

Part 3 of the *Valuation of Land Act 1960* provides that a property owner may lodge an objection against the valuation of a property or the Australian Valuation Property Classification Code (AVPCC) within two months of the issue of the original or amended (supplementary) Rates and Valuation Charges Notice (Rates Notice), or within four months if the notice was not originally issued to the occupier of the land. A property owner must lodge their objection to the valuation or the AVPCC in writing to the Buloke Shire Council. Property owners also can object to the site valuations on receipt of their Land Tax Assessment. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).

Under the *Local Government Act 1989*, Council has three options for the valuation basis it elects to use as per the following diagram:



Capital Improved Value (CIV)

Capital Improved Value is the most used valuation base by local government authorities, with over 90% of Victorian councils applying this methodology. Based on the value of both land, buildings and all improvements on the land, it is generally easily understood by ratepayers as it equates to the market value of the property.

Section 161 of the *Local Government Act 1989* provides that a Council may raise any general rates by the application of a differential rate if –

- a. It uses the capital improved value system of valuing land; and
- b. It considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

Where a council does not utilise CIV, it may only apply limited differential rates in relation to farm land and residential use land.

Advantages of using Capital Improved Value (CIV)

- Includes all and full value of property improvements, reflecting ‘capacity to pay’ and meets the equity criteria better than Site Value and Net Annual Value.
- Concept of the market value of property is more easily understood with CIV rather than NAV or SV.
- With annual property valuations in place, market values are more predictable and have reduced the level of objections resulting from valuations.
- High adoption rate among Victorian councils making it easy to compare.
- CIV allows the council to apply differential rates, adding to councils’ ability to equitably distribute the rating burden based on ability to afford council rates. It allows councils to apply higher rating differentials to commercial and industrial sectors that offset residential rates.

Disadvantages of using CIV

- May not necessarily reflect the income level of the property owner, pensioners and low-income earners, as valuations are based on property value.

Site value (SV)

Site value is the valuation of the property land holding only (excluding all improvements). Currently, none of the Victorian councils use this valuation base.

If Council seeks to use this as a valuation base, it may cause a shift in the rate burden from the commercial and industrial sector onto the residential sector, due to limited ability to apply differential rates. This would hinder council’s objective of a fair and equitable rating system.

Advantages of Site Value

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

Disadvantages of using Site Value

- SV is a major burden on property owners that have large areas of land.
- SV does not allow for differential rating, affecting councils’ rating flexibility to levy differential rates.

- Significant shift from the commercial and industrial sector onto the residential sector of council.
- The use of SV can put 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 properties).
- Community may face difficulties in understanding the SV valuation on their rate notices, as indicated by council's customer service and property revenue staff each year.

Net Annual Value (NAV)

NAV represents the annual rental value of a property. In practice, NAV is loosely linked to capital improved value for residential and farm properties.

For residential and farm properties, NAV is calculated at 5 per cent of the CIV.

For commercial and industrial properties, NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

The use of NAV is not largely supported. For residential and farm ratepayers, actual rental values pose some problems as artificial rental estimate used may not represent actual market value, and though its base is the same as CIV but is harder to understand. In contrast, NAV for commercial and industrial properties are assessed in line with actual market rental. This difference of treatment of between the groups has led to some suggestions that all properties should be valued on a rental basis.

Recommended valuation base

In choosing a valuation base, councils must decide whether they wish to adopt:

- a differential rating system (different rates in the dollar for different property categories) or
- a uniform rating system (same rate in the dollar).

If a council was to choose the former, under the *Local Government Act 1989*, it must adopt either the CIV or NAV methods of rating.

Buloke Shire Council chooses to follow the CIV method, as it adopts a differential rating system.

4.2.2 Rate in Dollar

Where levying the same 'rate in dollar' would lead to unequitable and unfair contributions from community, councils can choose to levy different 'rates in dollar' for different types of property. This mechanism is known as '**Differential Rating**'.

The general objectives of each of the differential rates are to ensure that all ratable 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.

Section 161(1) of the *Local Government Act 1989* outlines the requirements that:

"A Council declaring a differential rate for any land, must specify the objectives and characteristics of the land which are the criteria for declaring the differential rate."

Objectives of using Differential Rating

The objectives of the differential rates are to ensure that all ratable land make an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- construction and maintenance of infrastructure assets.
- development and provision of health and community services; and
- provision of general support services.
- to maintain agriculture as a major industry in the municipal district; (applicable only to farm land) and
- to ensure that the concessional rate in the dollar declared for defined Farmland properties is fair and equitable, having regard to the cost of provision of Council services, and the level of benefits derived from expenditures made by Council on behalf of the farm sector (applicable only to farm land).

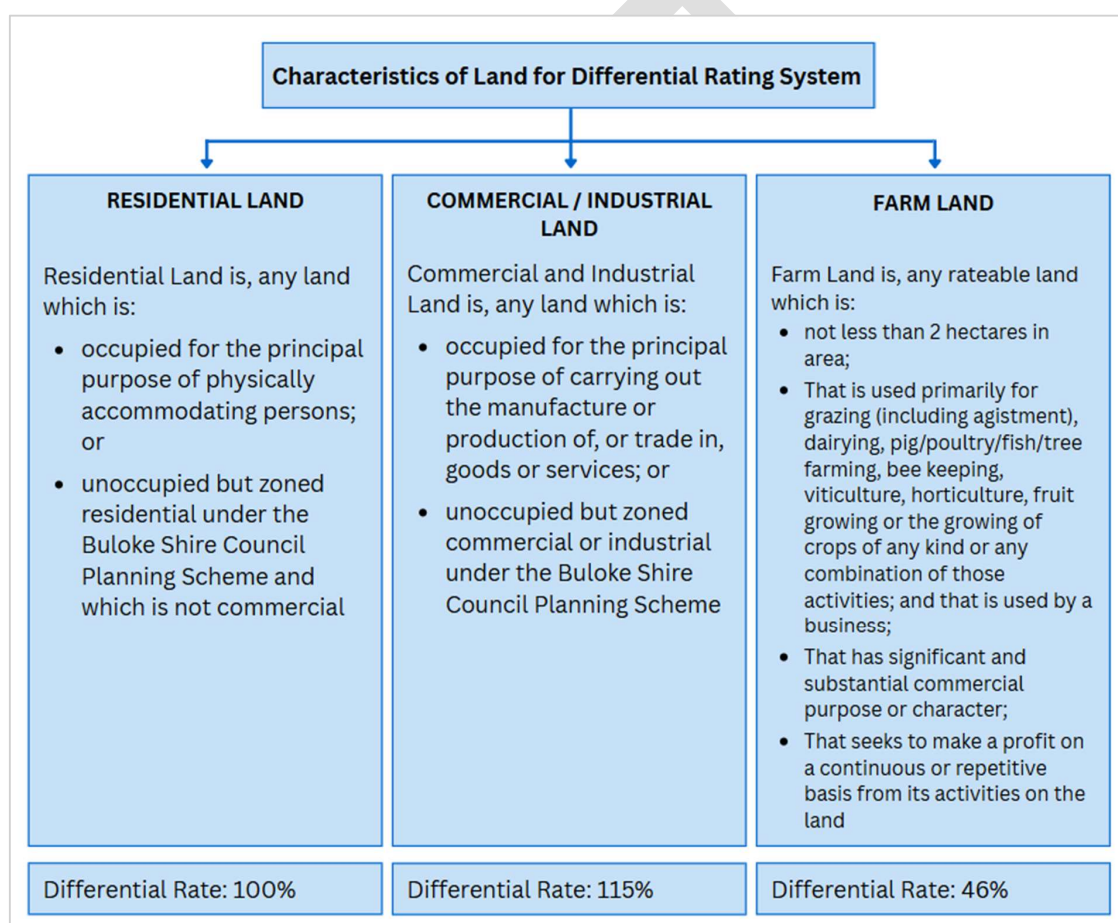


Image 12: Characteristics of Land for Differential Rating System

Notes:

1. The level of the rate for land in the above mentioned categories are considered to provide for an appropriate contribution to Buloke Shire Council's budgeted expenditure, having regard to characteristics of the respective land. Any money raised will be applied to the items of expenditure mentioned in the annual budget.
2. The geographic location of the land within the respective differential rate is wherever located within the municipal district, without reference to ward boundaries.
3. The use of the land within the respective differential rate, in the case of improved land, in any use of land.
4. The classification of land including vacant land, which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
5. The types of buildings on the land within the respective differential rate are all buildings, which are now constructed on the land or which are constructed prior to the end of the financial year.

Image 13: Notes – Land for Differential Rating System

Benefits of using Differential system:

Advantages	Disadvantages
Flexibility to distribute the rate burden between all classes of property	The justification of the differential rate can at times be difficult and can cause confusion between various groups
Links rates with the ability to pay and claiming tax deductibility of rates for commercial and industrial premises	Since property categories could change, council record may need continuous monitoring
Allows Council to reflect - <ul style="list-style-type: none"> • investment required to establish infrastructure needs of the commercial and industrial sector. • unique circumstances of some rating categories 	Council may not achieve the objectives it aims for through differential rating
Allows Council discretion in the imposition of rates to facilitate and encourage appropriate development in the best interest of the community	Often leading to administrative complexities

Image 14: Advantages and Disadvantages of using the Differential System

Council has established the following parameters for the purpose of deciding when a review of differential rate levels is required in any budget year:

- The rate burden for any differential rate category changes by +/- 10% or greater following a general revaluation of properties
- Any change in the legislative framework that materially impacts the equitable imposition of rates and charges.

4.3 Municipal Charge

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

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

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

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.

4.4 Service Rates and Charges

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

- the provision of a water supply;
- the collection and disposal of refuse;
- the provision of sewage services;
- any other prescribed service.

Council currently applies a service charge for the collection and disposal of refuse to all within the designated kerbside waste collection areas determined by Council and providing waste services for the municipality (street litter bins for instance). Council retains the objective of setting the service charge for waste at a level that fully recovers the cost of waste services, including providing for the cost of rehabilitation of the council's landfill once it reaches the end of its useful life.

It is recommended that council retain the existing waste service charge, should council elect not to have a waste service charge, the same amount would be required to be raised by way of an increased general rate, meaning that residents in higher valued properties would substantially pay for the waste service of lower valued properties.

Whilst this same principle applies for rates in general, the mix of having a single fixed charge combined with valuation driven rates for the remainder of the rate invoice provides a balanced and equitable outcome.

The Minister for Local Government on Thursday, 21 December 2023 released the Ministers' Good Practice Guidelines for Service Rates and Charges, made under Section 87 of the *Local Government Act 2020* were originally to be taken effect from March 01, 2024 but are currently under review.

They set out what constitutes good practice by councils in the determination and declaration of Service Rates and Charges under Section 162 of the *Local Government Act 1989* and any other matters related to compliance and accountability by councils.

Objectives are:

- are only used to recover the reasonable costs of providing a direct service to an occupancy.
- are calculated and declared in a fair and transparent manner; and
- subject to public engagement in accordance with a council's Community Engagement Policy.

Only specified reasons for councils to raise Service Rates and Charges are:

- waste, recycling or resource recovery services; and
- any other service prescribed in regulations.

Council currently applies a service charge for the collection and disposal of refuse on urban properties (compulsory) and rural properties (optional) and providing waste services for the municipality (street litter bins for instance). Council retains the objective of setting the service charge for waste at a level that fully recovers the cost of waste services, including providing for the cost of rehabilitation of the council's landfill once it reaches the end of its useful life.

Waste Charges for the 2025/26 financial year will be set as part of the Annual Budget process and will be based on Councils traditional cost structure.

Whilst the same principle applies for rates in general, the mix of having a single fixed charge combined with valuation driven rating charges for the remainder of the rate invoice provides a balanced and equitable outcome.

4.5 Special Rates and Charges

The *Local Government Act 1989* recognises that councils need help to provide improved infrastructure for their local communities.

The technical explanation of a Special Charge comes from legislation (under the Local Government Act 1989). A Special Charge allows the Council to recover the cost of any such work from property owners who will gain a special benefit from that work.

The purposes for which special rates and special charges may be used include road construction, kerb and channel, footpath provision, drainage, and other capital improvement projects. Landscaping and environmental improvement programs that benefit small or localized areas could also be funded using special rates or charges. Thus, these provisions are flexible and can be used to achieve a wide range of community objectives.

The special rate or special charges may be declared based on any criteria specified by the council in the rate (Section 163 (2)). In accordance with Section 163 (3), council must specify:

- the wards, groups, uses or areas for which the special rate or charge is declared; and
- the land in relation to which the special rate or special charge is declared;
- the manner in which the special rate or special charge will be assessed and levied; and
- details of the period for which the special rate or special charge remains in force.

4.6 Collection and Administration of Rates and Charges

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

Payment Options (s.167(1) of the Local Government Act 1989):

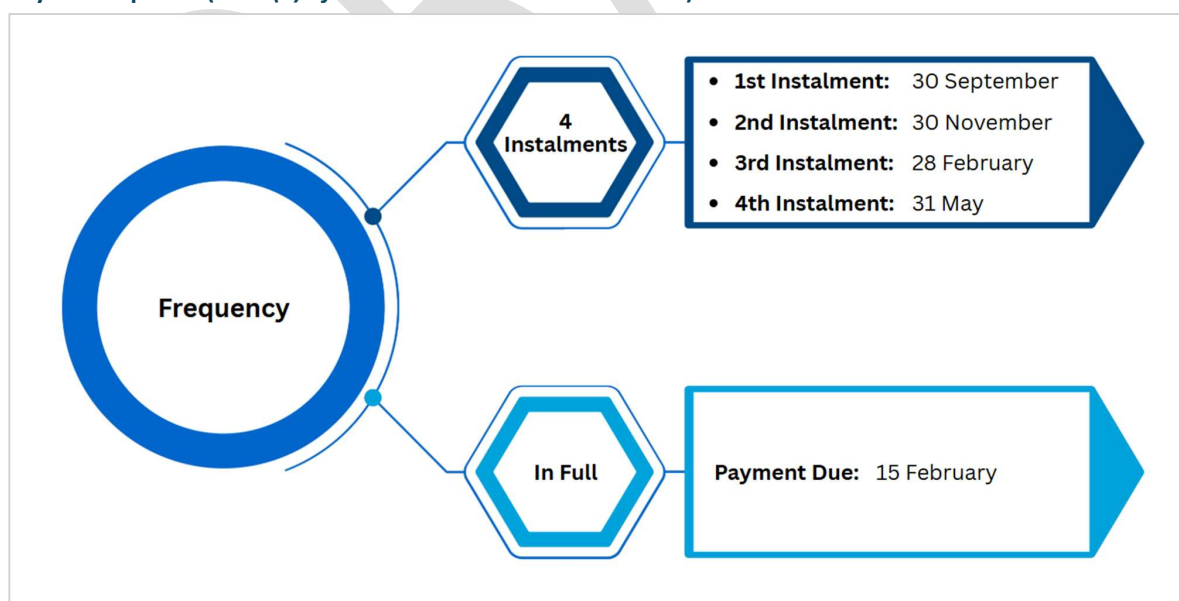


Image 15: Payment options for the collection of rates and charges.

Payment Methods available by Council:

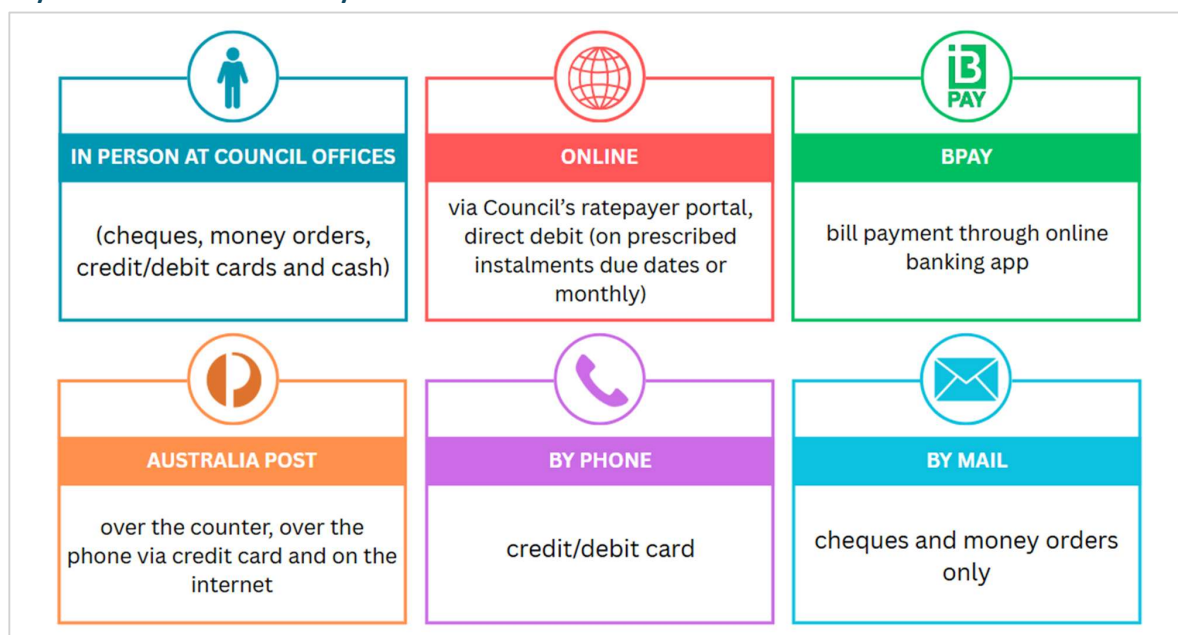


Image 16: Payment methods available by Council Buloke Shire Council

Interest on Arrears and Overdue Rates

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

Pensioner Rebates

A Pensioner Concession for pensioners who are 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 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 this claim may be approved by the relevant government department.

Deferred Payments

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

The deferral of rates and charges are available to all ratepayers who satisfy the eligibility criteria and have proven financial difficulties. Ratepayers seeking to apply for such a provision will be required to do so in accordance with **Councils Financial Hardship Policy** which is available on the Council website or can be posted upon request.

Financial Hardship Policy

It is acknowledged at the outset that various ratepayers may experience financial hardship for a whole range of issues and that meeting rate obligations constitute just one element of a number of difficulties that may be faced. The purpose of the Financial Hardship Policy is to provide options for ratepayers facing such situations to deal with the situation positively and reduce the strain imposed by financial hardship.

The Financial Hardship Policy provides options available to ratepayers and the options available to address hardship in accordance with legislative requirements.

Debt Management

Council will make every effort to contact ratepayers at their correct address, but it is the ratepayers' responsibility to properly advise Council of their contact details. The *Local Government Act 1989* Section 230 and 231 requires both the vendor and buyer of the property, or their agents (solicitor or conveyancers), to notify Council by way of notice of disposition or acquisition of an interest in land.

- In the event an account becomes overdue, Council will issue an overdue reminder notice which will include accrued penalty interest.
- In the event the account remains unpaid, Council may take legal action without further notice to recover the overdue amount.

All fees and court costs incurred will be recoverable from the ratepayer.

Under section 181 of the *Local Government Act 1989* – “the Council has the power to sell land to recover unpaid rates and charges if the rates and charges have been unpaid for more than 3 years.”

Emergency Services and Volunteers Fund

In 2016 the Victorian State Government passed legislation requiring the Fire Services Property Levy to be collected from ratepayers. Previously this was collected through building and property insurance premiums. The Fire Services Property Levy helps fund the services provided by the Metropolitan Fire Brigade and Country Fire Authority, 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.

From 1 July 2025 the Fire Services Property Levy will be replaced by the Emergency Services and Volunteers Fund.

This levy aims to support a broader range of emergency services and for the first time includes VicSES, Triple Zero Victoria, the State Control Centre, Forest Fire Management Victoria and Emergency Recovery Victoria, as well as the Country Fire Authority and Fire Rescue Victoria.

5. Fees and Charges

Statutory fees and charges

Statutory fees and fines are those which council collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the state government department responsible for the corresponding services or legislation, and generally 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.

The cost of fees and penalties = Number of units (X) Current value of fee or unit

The exact cost may be rounded up or down.

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 so that it is raised in line with inflation. Any change to the value of a penalty unit will occur on 1 July each year.

Fee units

Fee units are used to calculate the cost of a certificate, registration or license that is set out in an Act or Regulation. For example, the cost of depositing a Will with the supreme court registrar of probates is 1.6 fee units.

One fee unit is currently \$16.33. This value may increase at the beginning of a financial year, at the same time as penalty units.

User fees and charges

User fees and charges are those that Council will charge for the delivery of services and use of community infrastructure.

Examples of user fees and charges include:

- Compliance fees
- Public Health and Wellbeing fees
- Landfill and Transfer Station fees
- Pool Hire fees
- Facility Hire
- Registration and other permits fees

The provision of infrastructure and services forms a key part of council's role in supporting the local community. In providing these, council must consider a range of 'Best Value' principles including service cost and quality standards, value for money, and community expectations and values. Council must also balance the affordability and accessibility of infrastructure and services with its financial capacity and in the interests of long-term financial sustainability.

Councils must comply with the government's Competitive Neutrality Policy for significant business activities they provide and adjust their service prices to neutralize any competitive advantages when competing with the private sector.

In providing services to the community, council must determine the extent of cost recovery for services consistent with the level of both individual and collective benefit that the services provide and in line with the community's expectations.

Services are priced based on the following methods:

Market Price	Full Cost Recovery	Subsidized Price
<ul style="list-style-type: none"> Based on benchmark competitive prices Market Price = Full Cost Recovery + Allowance for Profit Market price will prevail over Council's full cost <div> Market Price > Council Full Cost Council to use market price to comply with obligations under the government's Competitive Neutrality Policy </div> <div> Market Price < Council Full Cost Council to offer fees at market price (i.e, discounted price to Councils' full cost) </div>	<ul style="list-style-type: none"> Full Cost Recovery = Direct + Indirect Cost Should be used when service benefits 'individual customer' rather than community as a whole Set a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation 	<ul style="list-style-type: none"> Subsidizes a service by not passing the full cost of that service onto the customer Full subsidy, Council provides service free of charge Partial subsidy, provided at a discounted rate, where the subsidized part can be funded from rates or other sources such as grants

Image 17: Methods for pricing services

Council will develop a table of fees and charges as part of its annual budget process each year.

Proposed pricing changes will be communicated to stakeholders before the budget is adopted, giving them the chance to review and provide valuable feedback before the fees are adopted by Council in June of each year.

6. Grants

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of specific projects, whilst others can be of a recurrent nature and may/may not be linked to the delivery of projects.

Council will proactively advocate to other levels of government to grant funding support to deliver important infrastructure and service outcomes for the community. Council may use its own funds to leverage higher grant funding and maximize external funding opportunities.

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for.

Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities. Grant assumptions are clearly detailed in council's budget document. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

7. Contributions

Contributions represent funds received by council, usually from non-government sources, and are usually linked to projects. Contributions made to council are in the form of either cash payments or contributed infrastructure assets.

Summary of Contributions:

Monies Collected	Contributions	Non Cash
<p>"From developers' under planning and development agreements (Section 173 Agreements or Open Space Contributions)</p> <p>Under developer contribution plans and infrastructure contribution plans (currently Council does not have a Developer Contribution Plan)</p>	<p>From user groups towards upgrade of facilities</p>	<p>Assets handed over to council from developers at the completion of a subdivision, such as roads, drainage, and streetlights</p>

Image 18: Contributions summary

Contributions should always be linked to a planning application 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 in a reserve for the specific works as identified in the agreement.

8. 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 accordance with Council's investment policy, which seeks to balance the responsibility of maximizing earnings, whilst managing the security and risk of Council funds.

9. Appendix