



Rural City of
Wangaratta

Revenue & Rating Plan

2025-2029



Consultation

Victorian Council elections took place in October 2024 and the Rural City of Wangaratta's current Revenue & Rating Plan 2021-25 is due to expire next year.

Council needs to develop the Revenue & Rating Plan 2025-29, with the work to have a focus on rates, including the modelling and setting of rates differentials along with the evaluation of any other contemporary rating approaches that should be considered. The rating strategy component within the existing plan is particularly due for review, as council's prior Rating Strategy 2018-2022 was subsumed within the existing plan and re-adopted in 2021.

Victorian Councils may declare a range of rates and charges on rateable land including general rates, municipal charges, service rates and charges and special rates and charges. The Council currently levies general rates based on the valuation of properties and service rates and charges to recover the cost of waste management. Rates and charges are the largest funding source making up 44% of total revenue or \$42 million for the 2024-25 year.

The Council is undertaking a review of its current rating structure to ensure that it provides a fair and equitable distribution of general rates and any municipal charges across all ratepayers in the city. Mach2 Consulting was engaged to provide an independent review of the current rating structure which includes benchmarking against other like Victorian Councils, holding a number of workshops with Councillors and engaging with the Wangaratta community.

This Discussion Paper has been prepared to obtain feedback from the Wangaratta community about the fairness and equity of the current general rates structure. The community can respond by making written submissions or completing the online survey.



Contents

1	Overview	3
1.1	Context	3
1.2.	Objective	3
1.3.	Discussion paper	3
1.4.	Community engagement	3
2	Legislative Framework	4
2.1.	Principles	4
2.2.	Types of rates and charges	4
2.3.	System of Valuing Land	4
2.4.	Rate Capping	4
3	Revenue Composition	6
3.1.	Revenue Sources	6
3.2.	Rates and Charges	6
4	Prior Year Rating Impacts	10
4.1.	Average Rate	10
4.2.	Rate Assessments	10
5	Benchmarking	11
6	Equitable Sharing of the Rate Burden	12
6.1.	Objectives	12
6.2.	Rating Principles	12

1. Overview

1.1 Context

Victorian Council elections took place in October 2024 and the Rural City of Wangaratta's (the Council) current Revenue & Rating Plan 2021-25 is due to expire next year.

Council needs to develop the Revenue & Rating Plan 2025-29, with the work to have a focus on rates, including the modelling and setting of rates differentials along with the evaluation of any other contemporary rating approaches that should be considered. The rating strategy component within the existing plan is particularly due for review, as Council's prior Rating Strategy 2018-2022 was subsumed within the existing plan and re-adopted in 2021.

1.2 Objective

Mach2 Consulting was engaged to provide an independent review of the current rating structure and is taking the following approach:

- Benchmarking the Council's current rating structure against other like Victorian Councils.
- Preparing a Discussion Paper to obtain feedback from the community about the fairness and equity of the current rating structure.
- Holding a number of workshops with Councillors to develop a range of rating structure options for levying rates and charges.
- Preparing a final Revenue and Rating Plan for inclusion in the 2025-26 Annual Budget and adoption by Council.

1.3 Discussion Paper

Mach2 Consulting has developed this Discussion Paper to obtain feedback from the community about the fairness and equity of the current rating structure used for levying rates and charges on rateable properties in the Rural City of Wangaratta. The paper sets out the legislative framework for levying rates and charges, the current rating structure and comparison against other like Victorian Councils.

1.4 Community Engagement

The community can respond to this Discussion paper via the following engagement opportunities:

- Written submissions
- Survey (on-line and direct contact).



2. Legislative Framework

2.1. Principles

A Council must in the performance of its role give effect to the overarching governance principles set out in the Local Government Act 2020. In particular, it must ensure that the Revenue and Rating Plan, seeks to provide stability and predictability in the financial impact of rates and charges on the municipal community.

2.2. Types of rates and charges

A Council may declare the following rates and charges on rateable land:

- General rates
- Municipal charges
- Service rates and charges

2.2.1. General Rate - Uniform Rate

If a Council declares a uniform rate, then the general rate for any rateable land is to be determined by multiplying the value of the land by the uniform rate percentage.

2.2.2. General Rate - Differential Rates

If a Council declares a differential rate for any land, the Council must:

- Specify the objectives of the differential rate including 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
- Specify the characteristics of the land which are the criteria for declaring the differential rate.

A Council must have regard to any Ministerial guidelines before declaring a differential rate for any land.

The highest differential rate must be no more than four times the lowest differential rate.

2.2.3. Municipal Charge

A Council may declare a municipal charge to cover some of the administrative costs of the Council. A Council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the sum total of the Council's total revenue from a municipal charge and total revenue from general rates.

2.2.4. Service Rates and Charges

A Council may declare a service rate or charge for any of the following services:

- Waste, recycling or resource recovery
- Any other prescribed service.

2.3. System of Valuing Land

A Council may use the site value, net annual value or capital improved value system of valuation. For the purposes of calculating the site value, net annual value or capital improved value of rateable land, a Council must use the current valuations made in respect of the land under the Valuation of Land Act 1960.

2.4. Rate Capping

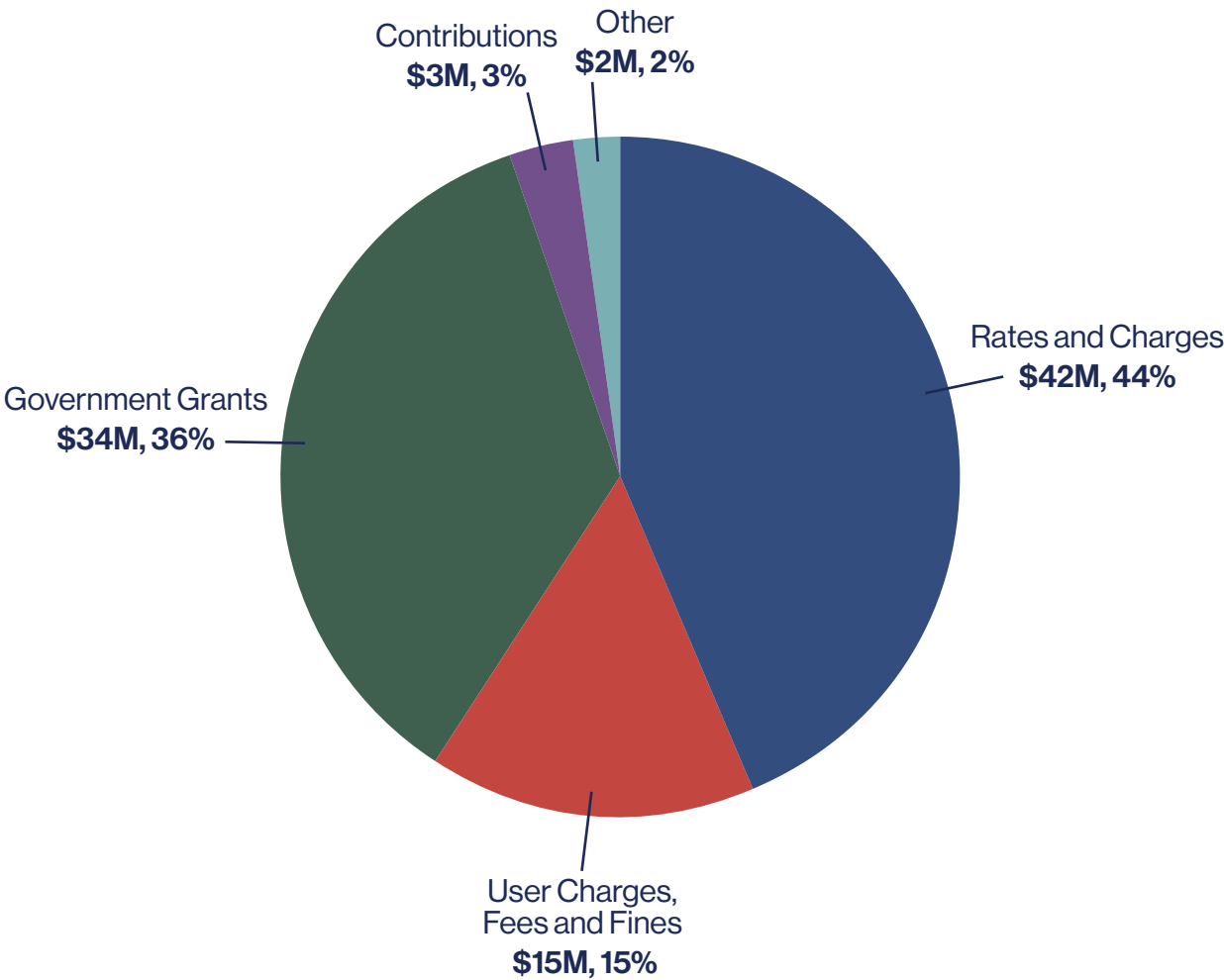
The Fair Go Rates System (FGRS) sets out the maximum amount Councils may increase rates in a year. For the 2024-25 year it has been set at 2.75%. The cap applies to both general rates and municipal charges and is calculated on the basis of a Council's average rates and charges.

From the 2019-year, general revaluations of all properties have been undertaken on an annual basis. As a result, the actual rate increase for an individual rateable property may differ from the rate cap percentage due to changes in its valuation. Where the change in an individual property valuation is higher than the average for all rateable properties, the rate increase for that property may be greater than the cap. Where the change in the property valuation is lower than the average for all properties, the rate increase may be lower than the cap.

3. Revenue Composition

3.1. Revenue Sources

The graph below shows a breakup of the revenue the Council uses to fund services and facilities for the Council community.



Note: Government grants includes capital grants of \$9.2 million to fund capital works expenditure for the year.
Contributions includes \$1.1 million of infrastructure assets expected to be handed over to the Council for the year.

3.2. Rates and Charges

The graph below shows a breakup of the revenue the Council uses to fund services and facilities for the Council community.

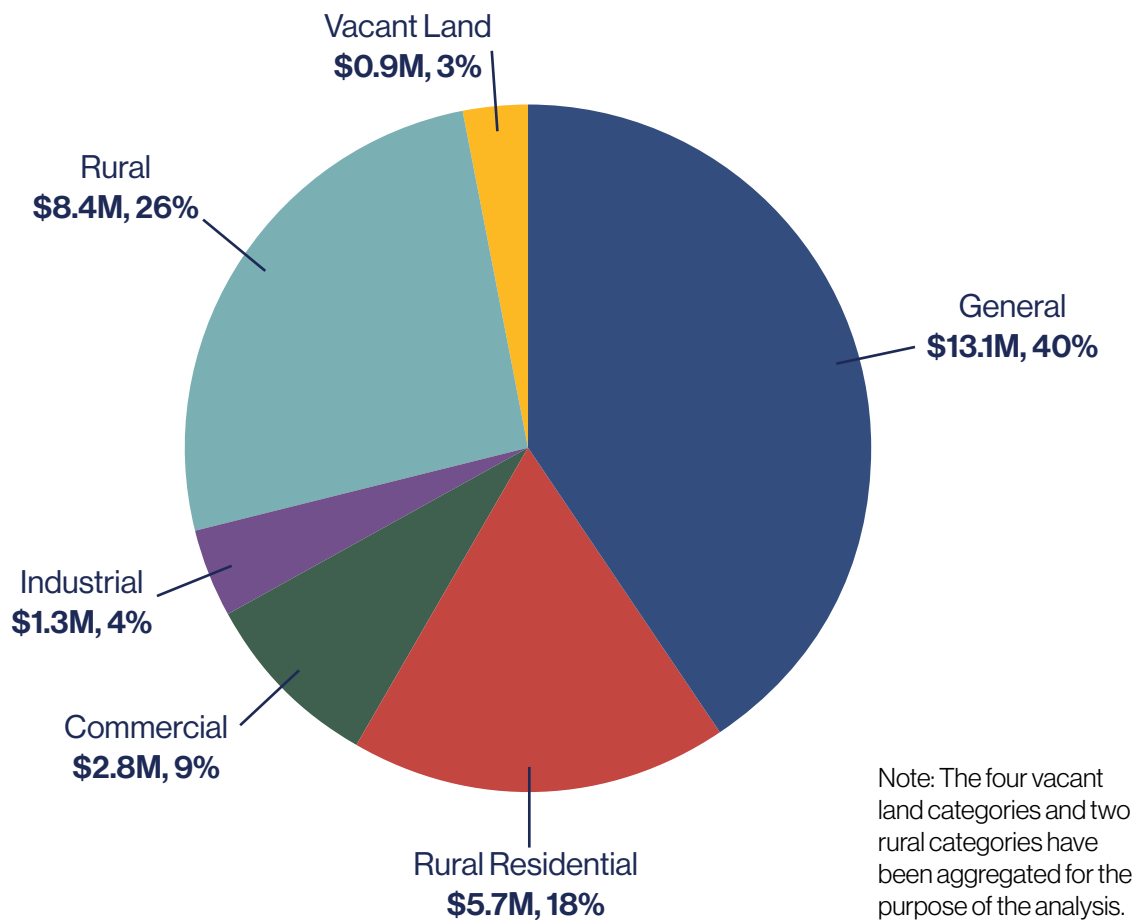
3.2.1 Summary

A summary of the rates and charges levied by the Council for the 2024-25 year is set out in the table below.

Details	Revenue \$'000
General rates	\$32,269
Service rates and charges	\$9,263
Supplementary rates	\$290
Cultural and recreational land	\$30
Interest on rates and charges	\$100
Revenue in lieu of rates	\$209
TOTAL RATES AND CHARGES	\$42,161

General Rates

The Council's general rates comprise eleven differential rates. The graph below shows the proportion of the general rate represented by each differential rating category for the 2024-25 year. This is often called the 'rate burden'.



3.2.2. General Rates

The Council's rating structure comprises nine differential rates. A summary of the differential rates for the 2024-25 year is set out in the table below.

Type or class of land	Diff %	Assessments No.	CIV \$000	Revenue \$000
General	100	9,126	\$4,278,840	\$13,056
General – vacant	200	155	\$51,522	\$314
Rural residential	100	2,904	\$1,878,367	\$5,731
Rural residential – vacant	200	161	\$62,634	\$382
Rural 1	70	979	\$875,712	\$1,870
Rural 2	65	1,984	\$3,304,437	\$6,554
Commercial	138	704	\$674,455	\$2,840
Industrial	138	411	\$313,594	\$1,320
Commercial/Industrial – vacant	200	48	\$21,185	\$129
Vacant general >3yrs	260	26	\$7,375	\$59
Mixed use	119	6	\$3,578	\$14
TOTAL	–	16,504	\$11,471,699	\$32,269

Note: The differential rate percentage is calculated by dividing each differential rate \$/CIV into the general rate \$/CIV

A summary of each differential rate classification and definition is as follows:

- General: Land used primarily for residential purposes.
- Vacant land (general): Unimproved land zoned for residential purposes.
- Rural residential: Residential land under 8ha in a semi-rural setting with a dwelling.
- Vacant land (rural residential): Unimproved land under 8ha in a rural or semi-rural setting.
- Rural 1: Farming/Rural land between 8ha and 40ha.
- Rural 2: Farming/rural land above 40ha.
- Commercial: Land used for commercial purposes, including manufacturing or sale of goods/services.
- Industrial: Land used for industrial purposes, including manufacturing or sale of goods/services.
- Vacant land (commercial/industrial): Unimproved land zoned for commercial or industrial use.
- Vacant land (general >3yrs): Unimproved residential-zoned land vacant for over three years as of July 1.
- Mixed use: Land with a principal residence also used for manufacturing/production/trade of goods/services.

3.2.3. Municipal Charge

The Council does not levy a municipal charge.

3.2.4. Service Rates and Charges

The Council has the following service rates and charges for the 2024-25 year:

- Kerbside collection (urban): 140L \$226 per property; 240L \$400 per property
- Recycling (urban): 140L \$174 per property; 240L \$174 per property; 360L \$229 per property
- Organic (urban): \$208 per property
- Kerbside collection (rural): 140L \$226 per property; 240L \$400 per property; 240L \$810 per property (weekly collection)
- Recycling (rural): 140L \$174 per property; 240L \$174 per property; 360L \$229 per property
- Organic (rural): \$207 per property

The Council's policy regarding setting service rates and charges is full cost recovery.

3.2.5. Supplementary Rates

Supplementary rates apply to properties where valuations are conducted between general revaluations as a result of properties physically changing such as when a building is constructed, renovated, extended, altered or demolished. It may also apply when land is subdivided, amalgamated or portions are sold off or rezoned.

3.2.6. Revenue in Lieu of Rates

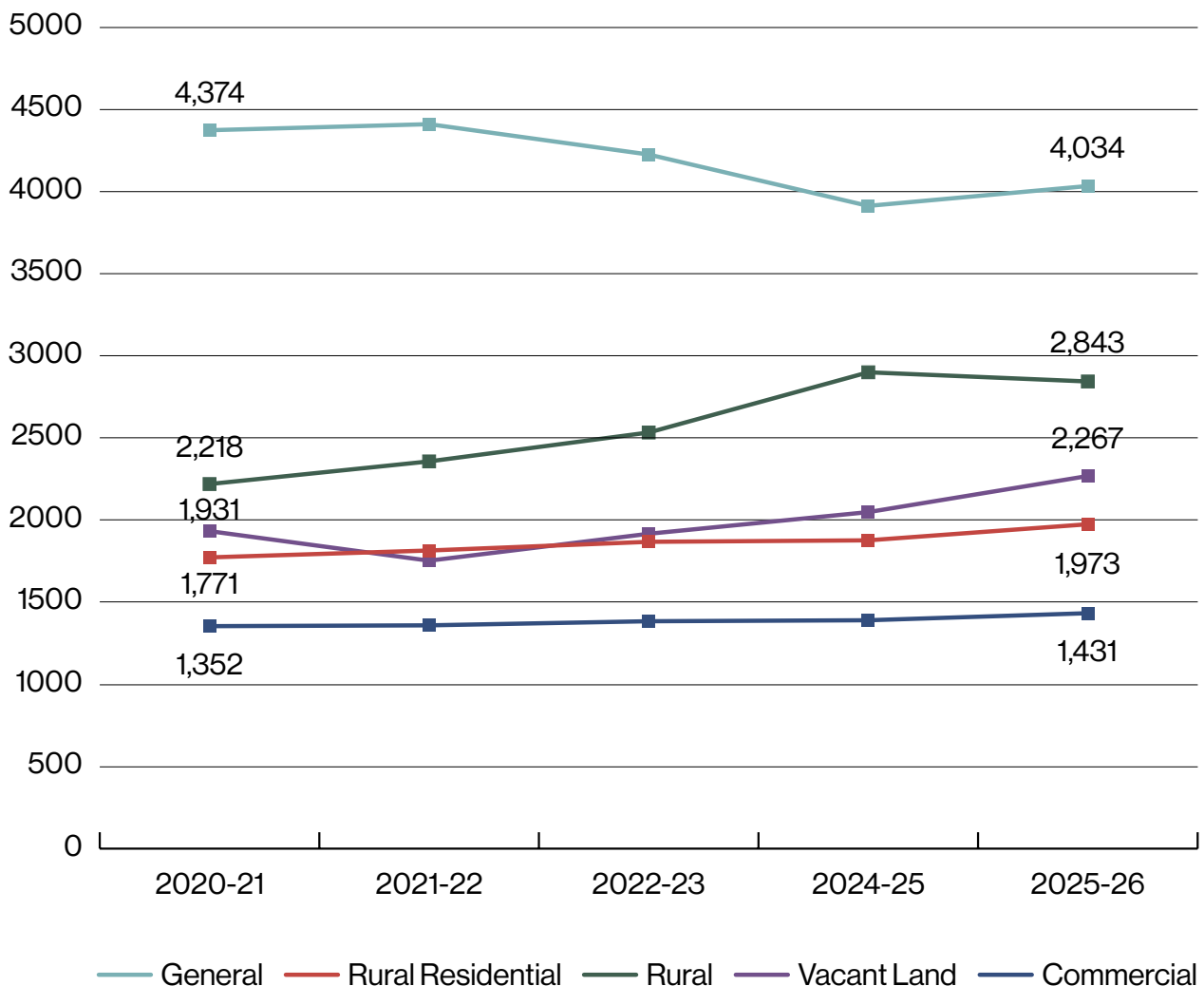
Revenue in lieu of rates is collected under rate agreements with windfarms calculated in accordance with the Electricity Industry Act 2000 (EI Act). Under section 94(6A) of the EI Act, the Payment in Lieu of Rates (PiLoR) framework allows for councils and electricity generators to negotiate annual payments.



4. Prior Year Rating Impacts

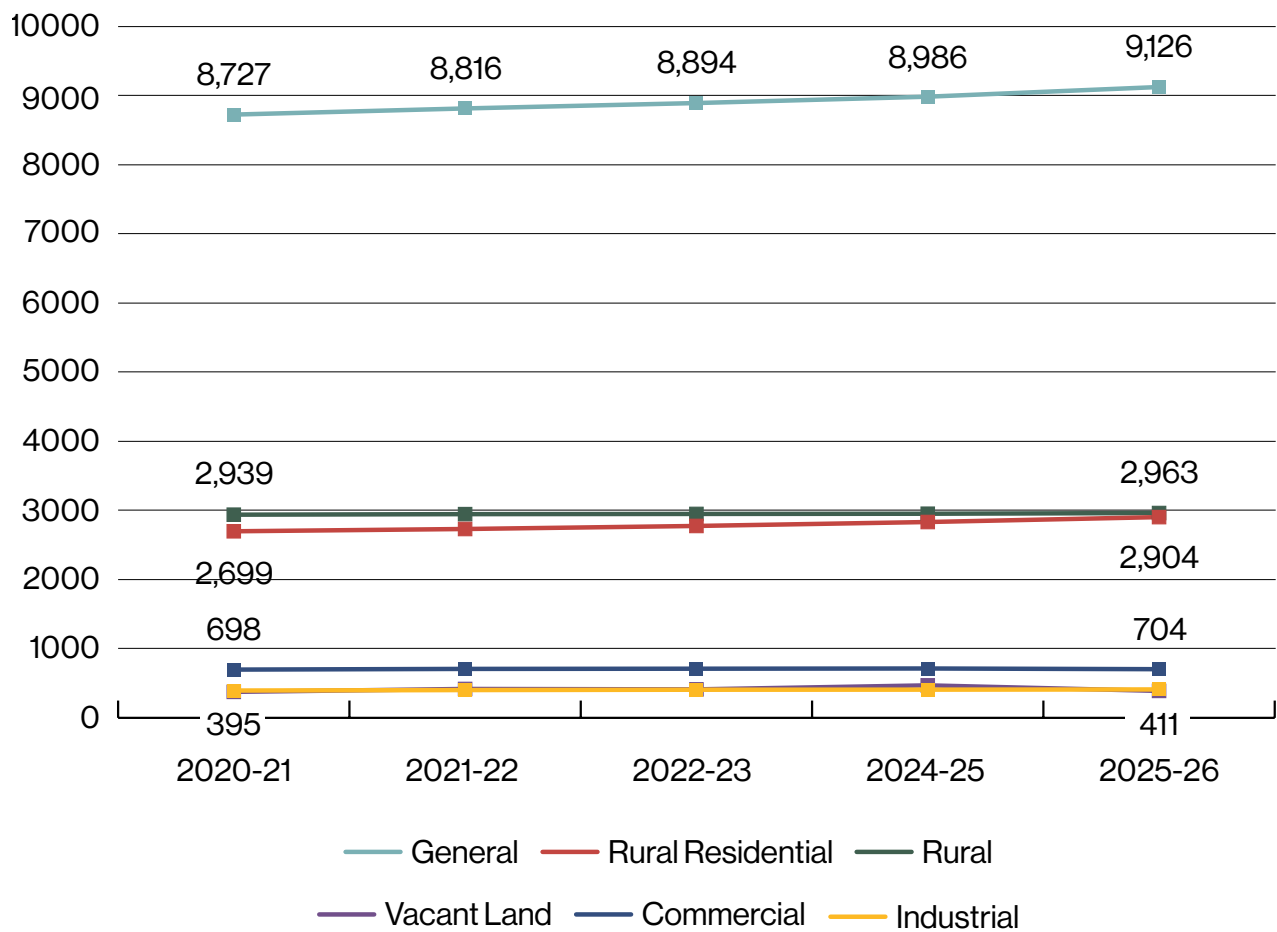
4.1. Average Rate

The following graph shows the average general rates that each category of land (general, rural residential, rural, vacant land, commercial and industrial) has paid over the past five years. This shows the rate burden in individual property terms and removes the impact of property growth especially in the residential category (see graph below).



4.2. Rate Assessments

The following graph shows the growth in the number of assessments for each category of land (general, rural residential, rural, vacant land, commercial and industrial) over the past five years..



5. Benchmarking

5.1.1 General Rates

A benchmarking exercise was conducted against similar councils to compare rating systems, structures and levels. The tables below provide a summary for general rates and municipal charges for the 2024-25 year.

Council	Rates \$000	General %	Rural Res %	Rural %	Vacant Land %	Commercial %	Industrial %
Geelong	\$253,445	100	100	50	137	195	195
Bendigo	\$123,584	100	100	75	125	180-190	180-190
Ballarat	\$132,287	100	100	72	100	250	250
Shepparton	\$75,969	100	100	90	100	205	205
Latrobe	\$64,485	100	100	75	100	100	100
Wangaratta	\$32,269	100	100	65-70	200-260	138	138
Horsham	\$26,106	100	100	50	100	100	100

5.1.2 Municipal Charges

Details	Charge \$
Geelong	\$0
Bendigo	\$0
Ballarat	\$0
Shepparton	\$195
Wangaratta	\$0
Latrobe	\$153
Horsham	\$200

6. Equitable Sharing of the Rate Burden

6.1. Objectives

In distributing the rating burden across the different categories of ratepayers in the Rural City of Wangaratta, Council is looking to achieve the following objectives:

- Having a rating structure that provides fairness and equity for the whole City
- Striking the right balance in terms of the number and level of differential rates and the amount of any municipal charge (if any)
- The rating structure is supported by the rating principles (see below).

6.2. Rating Principles

The Victorian Government's Local Government Better Practice Guide: Revenue and Rating Strategy 2014 states that when developing a rating structure, a Council should give consideration to the following key rating principles:

- **Wealth Tax:** The "wealth tax" principle implies that the rates paid are dependent upon the value of a ratepayer's real property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates
- **Equity:** Horizontal equity – ratepayers in similar situations should pay similar amounts of rates. Vertical Equity – those who are better off should pay more rates than those worse off
- **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 rates paid
- **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.

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