

RURAL CITY OF WANGARATTA

RATING STRATEGY

2018 - 2022



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INTRODUCTION

SUMMARY

Council collects rates from property owners to help fund local infrastructure and services. The Local Government Act 1989 (the Act) requires Council to ensure the equitable imposition of rates and charges. The purpose of this report is to provide an explanation of Council's Rating Strategy and how it achieves fair and equitable outcomes.

A Rating Strategy is important because Council's main source of annual income is rates, representing over 50% of Council's total income for the 2018/19 year. Council's other sources of income are user fees and charges, statutory fees, grants and investment income.

A Rating Strategy allows the community an opportunity to understand the way in which Council achieves an equitable imposition of rates. Council's previous Rating Strategy was adopted in 2014 and the Rating Strategy 2018-2022 proposes a number of changes to the current rating system.

The Fair Go Rates system was introduced in 2016 to limit the amount councils can increase rates in a year. Given that the ability of Council to increase its overall rates is constrained, Council remains obliged to ensure that rates are imposed in a fair and equitable manner.

Council's Rating Strategy does not extend to the setting of fees and charges for services such as fees for the provision of childcare, performing arts centre, events, community facilities and so forth. Instead, the annual budget and consultation process addresses issues regarding service level standards and the necessary fees and charges to support those services.

Further, the Rating Strategy does not extend to a review of kerbside waste charges, including general waste, recycling or organics. Council's Waste Management Strategy, together with the financial modelling performed for landfill operation and rehabilitation, supports the amount charged for kerbside waste, recycling and organics collection.

Set out below are the recommendations for the Rating Strategy 2018-2022.

RECOMMENDATIONS

Council's recommendations are framed around the differential rates set out below:

Differential	% of General rate	
	Current 2017/18	Proposed 2018/19
General	100%	100%
General Vacant	200%	200%
Rural Residential	100%	100%
Rural Residential Vacant	200%	200%
Rural 1	71.5%	70%
Rural 2	68%	65%
Commercial & Industrial	138%	Not applicable
Commercial & Industrial Vacant	200%	200%
Commercial	Not applicable	138%
Industrial	Not applicable	138%
Mixed Use	Not applicable	Not applicable – Proposed to apply from 1 July 2019
General Vacant > Three Years	Not applicable	Not applicable – Proposed to apply from 1 July 2019

The recommendations in this strategy are Council:

1. Develops a transparent framework and process under which the rate in the dollar for each differential category is reviewed on an annual basis to give effect to the revaluation of properties every 12 months.
2. Develops a Community Engagement Plan which specifically strives to increase the knowledge of the community on how rates are set and how the Rating Strategy distributes the rates burden in a fair and equitable manner.
3. Reduces the differential rate for Rural 1 from 71.5% to 70% for the 2018/19 rating year and future years.
4. Reduces the differential rate for Rural 2 from 68% to 65% for the 2018/19 rating year and future years.
5. Splits the "Commercial/Industrial" differential with effect from 1 July 2018. The level of the "Commercial" differential and "Industrial" differential remain identical to each other.
6. Introduces a "Mixed Use" differential with effect from 1 July 2019. The level of the Mixed Use differential rate is set at the midpoint between the General rate and Commercial rate.
7. Introduces a "General Vacant > three years" differential with effect from 1 July 2019 which applies to properties that would otherwise be classified as General Vacant where the ownership has not changed for more than three years at 1 July. The level of the General Vacant > three years differential is set at four times the lowest differential rate.
8. Monitors the impact of land rezoning and the expansion of residential areas to ensure the ongoing equitable imposition of rates, in particular where the use of the land continues to be for primary production purposes. A report to Council be provided within three years of the State Planning Minister approval of the Developer Contribution Plans identifying any issues impacting Council's rating strategy.
9. Reviews the efficiency and simplicity of the General Vacant > Three Years differential after three years of operation. The first year of the General Vacant > Three Years differential is proposed to be 2019/20 and therefore the review should occur before 1 July 2022.
10. Reviews the efficiency and simplicity of the Mixed Use differential after three years of operation. The first year of the Mixed Use differential is proposed to be 2019/20 and therefore the review should occur before 31 December 2021.
11. Within two years, reviews the level of the Commercial differential rate and Industrial differential rate subject to the endorsement and implementation of the Economic Development Strategy. The review of the Commercial and Industrial differential rates should extend to include the consideration of rebates and concessions, where appropriate, to develop business activity across the municipality.
12. Develops a Business Attraction & Incentives Policy which addresses opportunities in the Commercial, Industrial and agricultural sectors. The Business Attraction & Incentives Policy should address the challenges for the agricultural sector in attracting and retaining young farmers and attracting new farmers across the municipality.
13. Investigates the imposition of a special rate or charge in the event that significant expenditure is required for the benefit of a particular group of ratepayers. It is recommended that Council develop a policy which sets out the basis under which special rates or charges would be applied.
14. Removes the "Recreational & Cultural" differential, as required by the Cultural and Recreational Lands Act 1963 (CRL Act). Council set the charge for Recreational & Cultural land in accordance with the assessed community benefit provided by the land and the services provided by Council in relation to the land.

FOUNDATIONS OF RATING STRATEGY

Council's Rating Strategy 2018-2022 is based on the following key foundations:

- Differential rating is the cornerstone of Council's rating strategy
- A municipal charge shall not be applied
- The basis of valuation for rating purposes continues to be Capital Improved Value
- The Municipal Rates Concession available to ratepayers who hold either a Pensioner Concession Card or Veterans' Affairs Gold Card (given for TPI, War Widow, EDA or POW) card, in accordance with the concession rules determined by the Department of Health and Human Services shall be applied.

RATING FRAMEWORK

CONTEXT

Councils collect rates from property owners to fund infrastructure and services that benefit the community. Councils are obliged to ensure the equitable imposition of rates and charges across the local community.

A rating strategy doesn't determine the total amount of rates raised. This is calculated in the annual budget based on the Fair Go Rate Cap declared by the Minister for Local Government. A rating strategy considers the fair and equitable share of rates to be paid by each type of property owner (residential, farms, commercial properties etc.).

Ratepayers assess the fairness of rates subjectively and therefore the Rating Strategy seeks to demonstrate the objective reasons for levying higher rates on a particular land use. The Rating Strategy provides context for why differential rates are applied across property types and uses.

The Rating Strategy 2018-2022 seeks to explain the rationale for the following key features of the rating framework:

- Use of property valuations
- Use of differential rates
- Imposition of municipal charge
- Application of rebates and concessions.

Refer to detailed commentary below on each of these features.

LEGISLATIVE FRAMEWORK

The Local Government Act allows Council to declare the following rates and charges on rateable land:

- | | |
|--|--------------------------------------|
| 1. General rates under section 158 | 4. Service charges under section 162 |
| 2. Municipal charges under section 159 | 5. Special rates under section 163 |
| 3. Service rates under section 162 | 6. Special charges under section 163 |

At present Council declares general rates and service charges.

PRINCIPLES FOR THE FAIR IMPOSITION OF RATES

Council has regard to the following principles when determining the equitable imposition of rates:

- Equity: the extent to which the rate burden is shared across the community.
- Benefit: the extent to which those who receive benefits of council's services also pay for those services.
- Capacity to pay: the extent to which those who pay for council's services have the ability to pay for those services.
- Simplicity: the extent to which the system is simple and easy to understand and administratively practical and cost effective.
- Sustainability: the extent to which there is a reasonable degree of stability in the rating system and it is durable and flexible in changing conditions.

COUNCIL'S RATING FRAMEWORK

PROPERTY VALUATIONS

Rates are levied on the value of properties. Valuations are used as the means by which the rate burden is applied proportionately across all properties in the municipality. Information about your property's value is included on your rate notice.

Property values are determined by independent professional valuers who are appointed by the State Valuer General. These valuers assess the value of each property in line with guidelines laid down by the State Valuer General. State legislation requires that all properties be revalued every two years, however the legislation has recently changed to require an annual valuation.

Revaluations result in disparate levels of property valuation movements across the municipality, which sometimes results in major shifts in the rate burden and large movements in rates for individual properties. There is a common misconception that as property values increase, council receives a 'windfall gain' of additional revenue. This is not so as the revaluation process results in a redistribution of the rate burden across all properties in the municipality up to the rate increase budgeted.

All properties in the municipality have been valued at 1 January 2018. The previous general valuation was 1 January 2016.

Valuers must assess the value of a property in three ways:

- Capital Improved Value – the total market value of the land plus buildings and other improvements.
- Net Annual Value – the current value of a property's net annual rent (by law, Net Annual Value must be at least 5% of the Capital Improved Value for commercial property and exactly 5% of Capital Improved Value for residential property).
- Site Value – the market value of the land only..

Council uses the Capital Improved Value to levy rates. The capital improved value is preferred as the valuation method as (i) ratepayers who own higher valued properties are more likely to have a higher ability to pay rates; and (ii) differential rates can only be applied where the capital improved value method is used.

The 1 January 2018 valuations have been completed and the valuations take effect from 1 July 2018. The valuations have resulted in:

- An increase in the total value of Rural 2 properties of 17.04%
- An increase in the total value of Rural 1 properties of 13.37%
- An increase in the total value of Rural Residential properties of 9.10%
- An increase in the total value of Commercial & Industrial properties of 7.93%
- An increase in the total value of General properties of 6.20%.

As mentioned above, revaluations can result in major shifts in the rate burden and large movement in rates for individual properties. This is evident from the disproportionately large increase in rural properties compared to other properties in the municipality. The large increases in value present challenges for Council in seeking to ensure stability in the rates burden. Property valuations will occur each year going forward and there is a need to ensure the rating framework can respond to these annual valuation changes.

With the introduction of annual property valuations, Council will have an ever increasing need to provide clear and concise information to ratepayers about how rates are set and how the Rating Strategy distributes the rates burden in a fair and equitable way across all ratepayers. As such, a strong emphasis on education and ratepayer understanding will be necessary to ensure ratepayers understand volatility in their particular rates notice.

Recommendation 1

Council develop a transparent framework and process under which the rate in the dollar for each differential category is reviewed on an annual basis to give effect to the revaluation of properties every 12 months.

Recommendation 2

Council develop a Community Engagement Plan which specifically strives to increase the knowledge of the community on how rates are set and how the Rating Strategy distributes the rates burden in a fair and equitable manner.

Recommendation 3

Council reduce the Rural 1 differential rate for 2018/19 in order to prevent substantial increases in the rates burden for Rural 1 ratepayers. The differential rate for Rural 1 is proposed to decrease from 71.5% to 70%.

Recommendation 4

Council reduce the Rural 2 differential rate for 2018/19 in order to prevent substantial increases in the rates burden for Rural 2 ratepayers. The differential rate for Rural 2 is proposed to decrease from 68% to 65%.

DIFFERENTIAL RATES

The Act allows Council to apply differential rates which applies variable rates in the dollar to different categories of rateable land. The majority of Victorian councils apply differential rates. Differential rates are generally used to achieve greater equity or efficiency which is not achievable solely with the use of capital improved values.

Differential rates effectively allow for ad valorem tiers which are designed to reflect the application of the principles for the fair imposition of rates, namely:

- Equity: the extent to which the rate burden is shared across the community.
- Benefit: the extent to which those who receive benefits of council's services also pay for those services.
- Capacity to pay: the extent to which those who pay for council's services have the ability to pay for those services.

In the 2017/18 year, Council applied nine differential rate categories:

- General rate – typically land used primarily for residential purposes
- General Vacant – unimproved land which is zoned to be used primarily for residential purposes
- Rural Residential – primarily residential land that is less than 8ha in size and is located in a rural or semi-rural setting with a dwelling
- Rural Residential Vacant – unimproved land that is less than 8ha in size and is located in a rural or semi-rural setting

-
- Rural 1 – farming and rural land that is between 2ha and 40ha in size
 - Rural 2 – farming and rural land that is above 40ha in size
 - Commercial & Industrial – land that is used primarily for commercial or industrial purposes, including manufacturing or the sale of goods or services
 - Commercial & Industrial Vacant – unimproved land which is zoned to be primarily used for commercial or industrial purposes
 - Cultural & Recreational – land used for cultural or sporting recreational purposes.

The above differential categories attempt to reflect the primary use of land and allow Council the ability to align the rates burden with capacity to pay and services received keeping in mind the geographic and demographic characteristics throughout the municipality.

Council covers a diverse geographic area of over 3,600 square kilometers and is home to over 28,000 people, with 18,000 living in Wangaratta itself. The regional economy is very diverse with over 3,000 businesses, ranging from major manufacturing industries, transport and distribution activities to agricultural operations that benefit from reliable rainfall and fertile soil.

The Act requires councils to specify the objectives of the differential rates and these are set out in Appendix A. Importantly, the highest differential rate cannot be more than four times the lowest differential rate declared by Council.

The differential rates that have been applied for the last four years are appropriate, however it is recommended that some relatively small changes are made to the categories. Two of the changes are effective from 1 July 2019, allowing ratepayers within 12 months to understand and plan for the changes.

Recommendation 5

From 1 July 2018 Council will split the Commercial and Industrial differential categories into two separate categories.

The rationale for having separate differential categories for land classified as Commercial and Industrial is to allow for either (i) variable differential rate amounts or (ii) rebates and concessions to be applied to these types of land in the future. It is acknowledged that these types of businesses may have divergent opportunities for expansion within the municipality and the creation of two differential categories allows Council greater flexibility in future years. In the first instance, the differential rate should be identical between the Commercial and Industrial properties.

Recommendation 6

From 1 July 2019 Council will introduce a “Mixed Use” differential which will apply a differential rate higher than the General rate, but lower than the Commercial rate.

Mixed Use acknowledges that there are instances where a property is used for both commercial and/or industrial purposes as well as residential purposes. The rationale for introducing a new differential is to address an apparent inequity between commercial ratepayers and residential ratepayers who reside in, and operate a business from, the same property. Previously ratepayers have paid the lower General rate, whereas commercial ratepayers are assessed at the higher Commercial rate differential.

Recommendation 7

From 1 July 2019 Council will introduce a “General Vacant > Three Years” differential that is set at a higher rate than the General Vacant differential rate.

The rationale for introducing a new differential is to further encourage development of residential land where ratepayers have owned the land for more than three years. Council wishes to encourage the development of residential land and ensure the amenity of the residential areas is enhanced through progressive development and wishes to discourage ratepayers holding on to undeveloped land for longer periods of time.

In addition to the above changes to the differential rate categories, it is recommended that throughout the duration of the Rating Strategy 2018-2022 Council complete the below policy reviews. These policy reviews are recommended to ensure that Council's rating framework remains fair and equitable in future years and capable of changing in response to changes in the community.

Recommendation 8

Council monitors the impact of land rezoning and the expansion of residential areas to ensure the ongoing equitable imposition of rates, in particular where the use of the land continues to be for primary production purposes. A report to Council be provided within three years of the State Planning Minister approval of the Developer Contribution Plans identifying any issues impacting Council's rating strategy.

Recommendation 9

Council reviews the efficiency and simplicity of the General Vacant > Three Years differential after three years of operation. The first year of the General Vacant > Three Years differential is proposed to be 2019/20 and therefore the review should occur before 1 July 2022.

Recommendation 10

Council reviews the efficiency and simplicity of the Mixed Use differential after three years of operation. The first year of the Mixed Use differential is proposed to be 2019/20 and therefore the review should occur before 31 December 2021.

Recommendation 11

Within two years, Council reviews the level of the Commercial differential rate and Industrial differential rate subject to the endorsement and implementation of the Economic Development Strategy. The review of the Commercial and Industrial differential rates should extend to include the consideration of rebates and concessions, where appropriate, to develop business activity across the municipality.

Recommendation 12

Council will develop a Business Attraction & Incentives Policy which addresses opportunities in the Commercial, Industrial and agricultural sectors. The Business Attraction & Incentives Policy should address the challenges for the agricultural sector in attracting and retaining young farmers and attracting new farmers across the municipality.

Recommendation 13

Council investigates the imposition of a special rate or charge in the event that significant expenditure is required for the benefit of a particular group of ratepayers. It is recommended that Council develop a policy which sets out the basis under which special rates or charges would be applied.

The Rate in the Dollar

In broad terms, the total amount of money to be raised in general rates is divided by the total value of all rateable properties. The resulting figure is called 'the rate in the dollar'. Council determines the amount to be paid in rates by applying the rate in the dollar to the assessed value of each property. When the total value of all properties goes up, Council reduces the rate in the dollar to compensate.

Differential	% of General rate 2017/18	Cents/\$CIV 2017/18	% of General rate 2018/19	Cents/\$CIV 2018/19
General	100%	0.5287	100%	0.4994
General Vacant	200%	1.0573	200%	0.9987
Rural Residential	100%	0.5287	100%	0.4994
Rural Residential Vacant	200%	1.0573	200%	0.9987
Rural 1	71.5%	0.3780	70%	0.3496
Rural 2	68%	0.3594	65%	0.3246
Commercial & Industrial	138%	0.7295	Not applicable	Not applicable
Commercial & Industrial Vacant	200%	1.0573	200%	0.9987
Commercial	Not applicable	Not applicable	138%	0.6891
Industrial	Not applicable	Not applicable	138%	0.6891

How property rates are calculated

Rates are calculated by multiplying the valuation of the property by the rate in the dollar. The rate notice provides specific details on how rates are calculated.

For example, if the Capital Improved Value of a property is \$300,000 and the council rate in the dollar is set at 0.4994 cents, the rate amount would be \$1,498 ($\$300,000 \times 0.004994$).

MUNICIPAL CHARGE

A municipal charge is a flat charge that can be used to offset some of Council's administrative costs. Council does not currently apply a municipal charge.

Applying a fixed municipal charge may be a way of ensuring that all properties make a standard contribution towards a council's administrative costs. Councils incur a range of fixed costs in supplying infrastructure and services that benefit all ratepayers, regardless of their property value.

Councils that apply a municipal charge are in effect balancing the capacity to pay principle with the equity principle. A municipal charge is a form of regressive taxation because the tax rate decreases as the value of property increases. Whereas, the use of the capital improved value of properties is a form of progressive taxation as the amount of rates paid increases as the value of property increases.

Applying a municipal charge requires a delicate balance between these taxation structures, especially as municipal charges place a greater economic burden on lower socio-economic ratepayers.

It is acknowledged a municipal charge ensures all properties make a minimum, standard contribution towards Council's administrative costs. However, as a municipal charge is not currently applied it is questionable whether the introduction of a municipal charge would achieve a more equitable result that could not be achieved by reviewing the differential rates. Council is seeking to balance the competing needs of stability in the level of rates burden with the equity across all ratepayers and their capacity to pay.

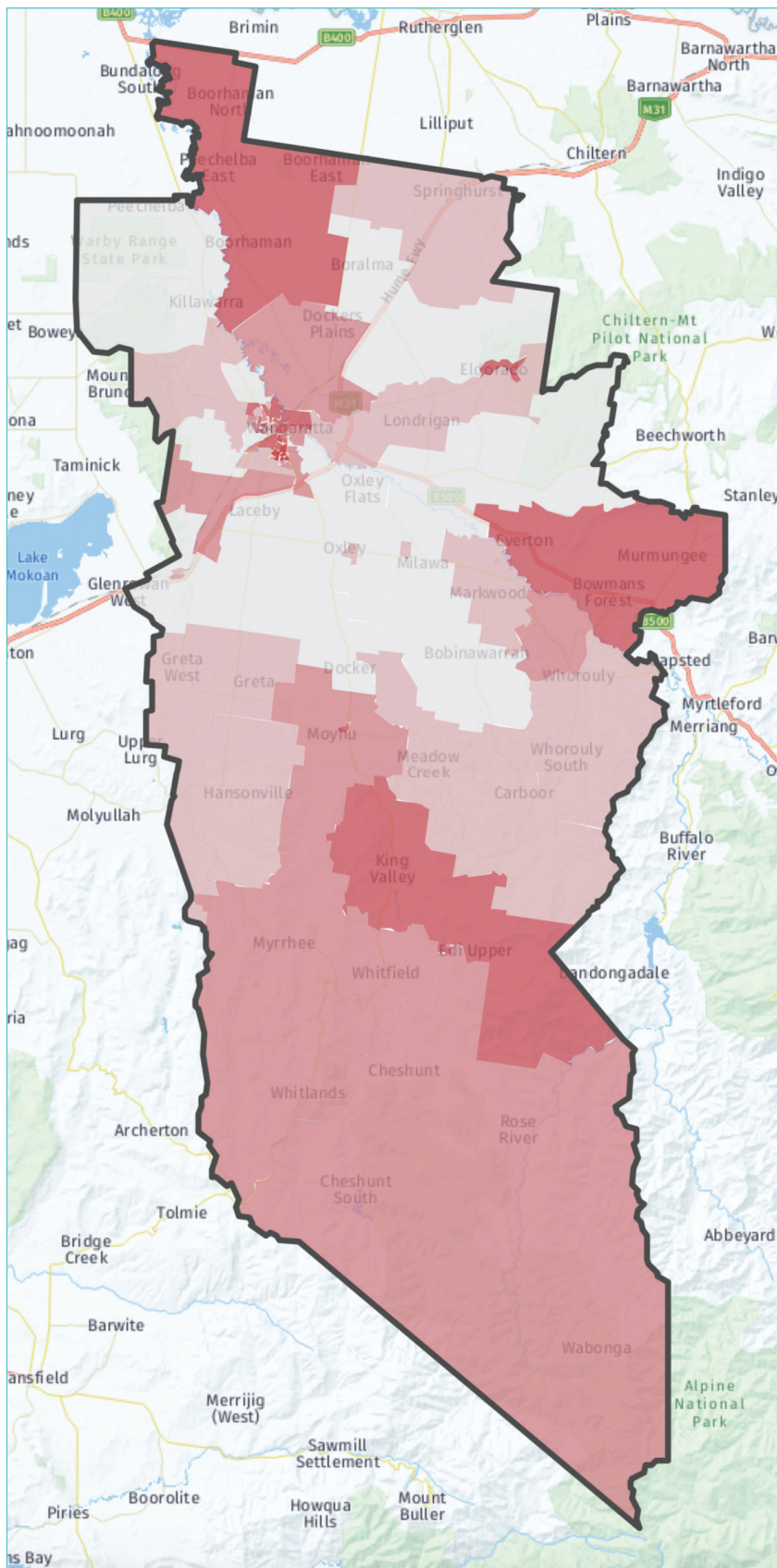
The Rating Strategy 2018 - 2022 does not recommend the introduction of a municipal charge. Instead, changes to the differential rates are recommended to balance the needs of equity across ratepayers.

If Council were to introduce a municipal charge this would have a larger financial impact on ratepayers of lower socio economic disadvantage. Rates are calculated on the basis of property value and therefore lower valued properties generally pay more when a municipal charge is applied. A municipal charge can lead to inequity, and subject to the amount of the municipal charge itself, it can lead to distortions of the other principles of taxation such as capacity to pay. Further, a reasonable degree of stability in the level of the rates burden is important and the introduction of a municipal charge would arguably result in an inappropriate level of instability for certain groups of ratepayers.

The capacity to pay principle is an important consideration when seeking to introduce a municipal charge. The Census 2016 data provides a range of indicators which can be useful in understanding the capacity to pay across the municipality. Specifically, household income is one of the most important indicators of socio-economic status and the Census 2016 data allows us to understand that there are more households in the lowest quartile of household income than any other quartile. Further, the Census 2016 data shows:

- the mean weekly personal income for individuals in the municipality was \$595, less than 90% of the national result
- 22% of our population are over the age of 65, which is almost 7% above the national result.

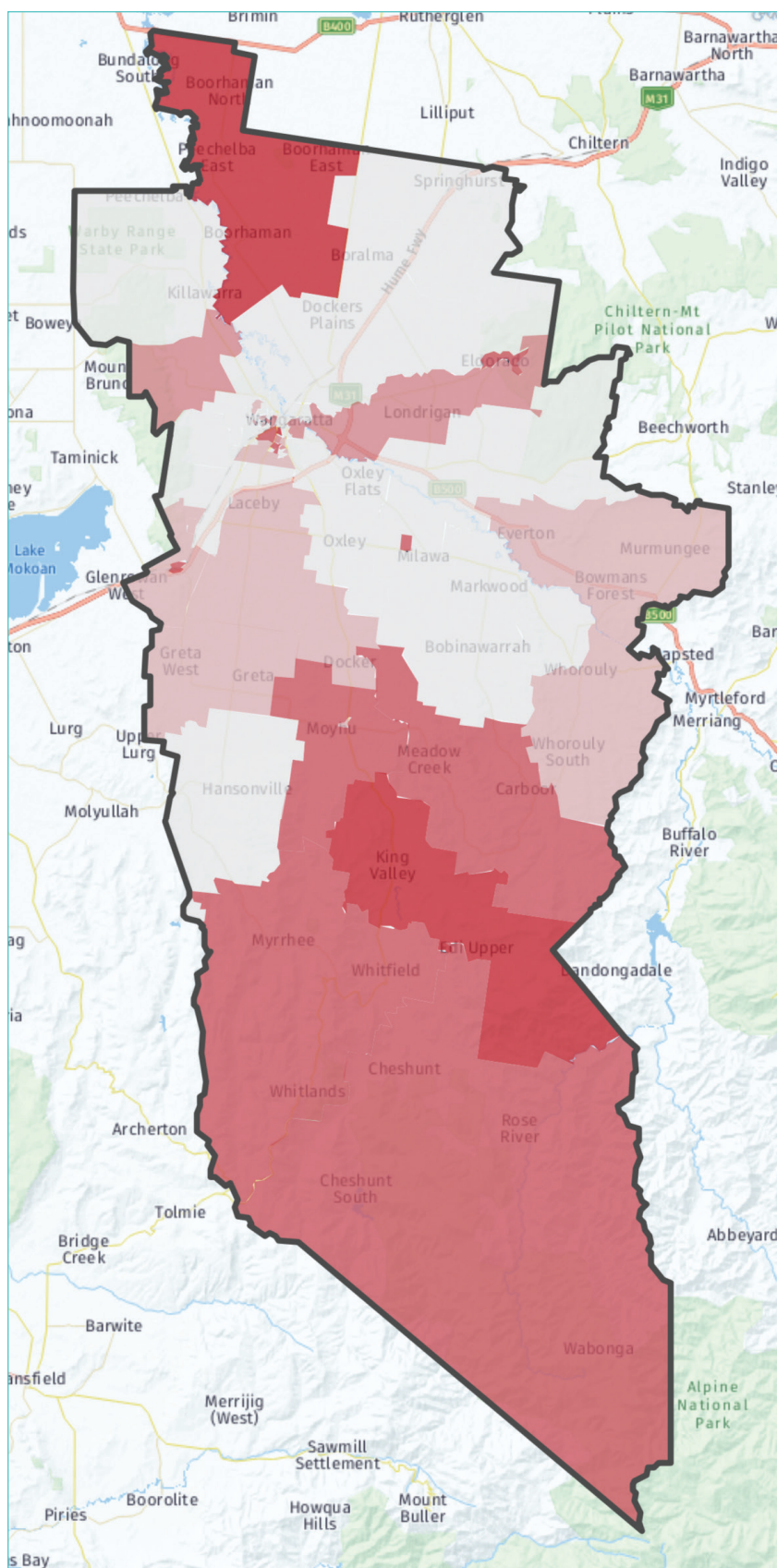
The Census 2016 data has been presented in a series of thematic maps that show how some of the demographics are distributed across the municipality. A snapshot of some of these maps is presented below.



- 6.6% to 12.9%
- 13.0% to 18.4%
- 18.5% to 24.9%
- 25.0% to 31.7%
- 31.8% to 49.6%

Percentage of:
Total households

Source: Australian Bureau of Statistics, Census of Population and Housing, 2016
(Enumerated data). Compiled and presented in atlas.id by .id



- 3.9% to 8.8%
- 8.9% to 12.7%
- 12.8% to 16.6%
- 16.7% to 22.1%
- 22.2% to 32.7%

Percentage of:
Total households with a mortgage

Source: Australian Bureau of Statistics, *Census of Population and Housing, 2016* (Enumerated data). Compiled and presented in atlas.id by .id

REBATES & CONCESSIONS

Council is able to grant a rebate or concession on rates and charges to assist 'proper' development and the preservation of buildings or places of historical, environmental, architectural or scientific importance within the municipality. 'Proper' development can cover land use, economic development and environmental objectives.

A council resolution that grants such a rebate or concession must demonstrate how the whole community will benefit as a result.

Council provides a rebate to ratepayers who qualify under the State Government Municipal Rates Concession. The rebate is available to ratepayers who hold either a Pensioner Concession Card or Veterans' Affairs Gold Card (given for TPI, War Widow, EDA or POW) card, in accordance with the concession rules determined by the Department of Health and Human Services. The State Government reimburses Council for the amount of the pensioner rebates granted each year.

CULTURAL AND RECREATIONAL LAND

The CRL Act requires that Council undertake a separate process for the purpose of setting an applicable charge in lieu of rates for eligible properties.

Many of the properties used for cultural and recreational purposes are owned by either the Crown or Council. However, there are a small number of privately owned properties which are used:

- for the purpose of providing or promoting cultural or sporting recreational or similar facilities; and
- for outdoor sporting recreational or cultural purposes or similar outdoor activities.

Council currently has the following properties rated under the CRL Act:

Property location	Purpose of land use
6-10 Victoria Parade, Wangaratta	Bowling green
4A Evans Street, Wangaratta	Football club rooms
4C Evans Street, Wangaratta	Sporting umpires rooms
14A Evans Street, Wangaratta	Football oval
68 Waldara Drive, Waldara	Golf course
56 Grandview Road, Wangandary	Golf course
20-32 Racecourse Road, Wangaratta	Racecourse
21-49 Newman Street, Wangaratta	Racecourse

The level of the differential rate for 2017/18 was 60%. In 2018/19 Council will adopt a different approach under the CRL Act which will require an assessment of the services utilised by the land and the benefit the land provides to the community by consideration of their cultural or recreational land use. Council will need to declare the amount of rates and this is presented in the 2018/19 Budget.

Recommendation 14

Council removes the “Recreational & Cultural” differential, as required by the CRL Act. Council set the charge for Recreational & Cultural land in accordance with the assessed community benefit provided by the land and the services provided by Council in relation to the land.

RATE MODELLING OUTCOMES

5 YEARS OF DIFFERENTIAL RATES

	2014/15	2015/16	2016/17	2017/18	2018/19
General	\$9,565,572	\$10,378,759	\$10,852,468	\$11,295,105	\$11,346,802
General Vacant	\$379,052	\$372,272	\$301,016	\$324,940	\$339,408
Rural Residential	\$3,725,325	\$4,030,699	\$4,096,675	\$4,261,058	\$4,391,159
Rural Residential Vacant	\$220,901	\$211,255	\$200,235	\$247,990	\$261,230
Rural 1	\$1,019,890	\$1,108,499	\$1,115,023	\$1,336,937	\$1,401,830
Rural 2	\$3,837,587	\$4,062,508	\$4,182,833	\$4,068,915	\$4,300,973
Commercial & Industrial	\$3,257,475	\$3,623,472	\$3,756,636	\$3,884,653	N/A
Commercial	N/A	N/A	N/A	N/A	\$2,807,703
Industrial	N/A	N/A	N/A	N/A	\$1,134,279
Commercial & Industrial Vacant	\$99,271	\$99,546	\$100,961	\$112,359	\$119,624
Cultural & Recreational	\$25,566	\$24,948	\$24,606	\$24,832	N/A

AMOUNT OF RATES BY DIFFERENTIAL

	Number of properties	Rates Income 2018/19	Percent of Rates Income
General	8,485	11,346,802	43.47%
General Vacant	207	339,408	1.30%
Rural Residential	2,620	4,391,159	16.82%
Rural Residential Vacant	143	261,230	1.00%
Rural 1	954	1,401,830	5.37%
Rural 2	1,963	4,300,973	16.48%
Commercial & Industrial Vacant	46	119,624	0.46%
Commercial	701	2,807,703	10.76%
Industrial	387	1,134,279	4.35%
Total	15,506	26,103,009	100.00%

MEDIAN GENERAL (RESIDENTIAL) OUTCOME 2018/19

Residential	2017/18	2018/19
Median CIV	\$238,140	\$255,000
Differential rate %	100%	100%
Differential rate in the dollar	0.005287	0.004994
Rate in dollar increase %		(0.94)%
Differential rate amount (rate in the dollar x CIV)	\$1,259	\$1,273
Total change from 17/18 \$		\$14
Total change from 17/18 %		1.01%
Weekly change from 17/18 \$		\$0.27

MEDIAN RURAL RESIDENTIAL OUTCOME 2018/19

Residential	2017/18	2018/19
Median CIV	\$291,156	\$321,000
Differential rate %	100%	100%
Differential rate in the dollar	0.005287	0.004994
Rate in dollar increase %		(0.94)%
Differential rate amount (rate in the dollar x CIV)	\$1,539	\$1,603
Total change from 17/18 \$		\$64
Total change from 17/18 %		1.04%
Weekly change from 17/18 \$		\$1.23

MEDIAN RURAL 1 OUTCOME 2018/19

Rural 1	2017/18	2018/19
Median CIV	\$366,684	\$420,000
Differential rate %	71.5%	70%
Differential rate in the dollar	0.003780	0.003496
Rate in dollar increase %		(0.92)%
Differential rate amount (rate in the dollar x CIV)	\$1,386	\$1,468
Total change from 17/18 \$		\$82
Total change from 17/18 %		51.06%
Weekly change from 17/18 \$		\$1.58

MEDIAN RURAL 2 OUTCOME 2018/19

Rural 2	2017/18	2018/19
Median CIV	\$473,554	\$556,000
Differential rate %	68%	65%
Differential rate in the dollar	0.003594	0.003246
Rate in dollar increase %		(0.90)%
Differential rate amount (rate in the dollar x CIV)	\$1,702	\$1,805
Total change from 17/18 \$		\$103
Total change from 17/18 %		1.06%
Weekly change from 17/18 \$		\$1.98

MEDIAN COMMERCIAL OUTCOME 2018/19

Commercial	2017/18	2018/19
Median CIV	\$292,506	\$315,000
Differential rate %	138%	138%
Differential rate in the dollar	0.007295	0.006891
Rate in dollar increase %		(0.94)%
Differential rate amount (rate in the dollar x CIV)	\$2,134	\$2,171
Total change from 17/18 \$		\$37
Total change from 17/18 %		1.02%
Weekly change from 17/18 \$		\$0.71

MEDIAN INDUSTRIAL OUTCOME 2018/19

Industrial	2017/18	2018/19
Median CIV	\$250,720	\$270,000
Differential rate %	138%	138%
Differential rate in the dollar	0.007295	0.006891
Rate in dollar increase %		(0.94)%
Differential rate amount (rate in the dollar x CIV)	\$1,829	\$1,860
Total change from 17/18 \$		\$31
Total change from 17/18 %		1.02%
Weekly change from 17/18 \$		\$0.60

WASTE SERVICE CHARGES

Council's garbage, recycling and organic collection charges apply to all urban and rural properties where a collection service is available or provided by Council, whether or not the service is used.

The charges appear as a separate amount on the rate assessment notice. A different amount may be charged for different property categories or for different size bins for waste purposes.

The waste service charges account for the various costs associated with the provision of waste management services including:

- provision of weekly and fortnightly kerbside waste, recycling and organic collection services
- waste disposal and management, including addressing illegal dumping and litter across the municipality
- development, rehabilitation and operation of the Council's landfill in accordance with Environment Protection Authority License
- operation of transfer stations in Wangaratta, Markwood, Moyhu and Eldorado
- waste minimisation promotion and education.

Waste services charges are not subject to the Fair Go Rate cap.

Ratepayers receive a hard waste voucher with their annual rate assessment notice. The voucher can be used year round (expiring on the 30 June) and entitle the holder to dispose of one trailer load of hard waste (up to one cubic meter) for \$5.00 at any Rural City of Wangaratta Transfer Station.

FIRE SERVICES PROPERTY LEVY

The State Government imposes a Fire Services Property Levy on an annual basis and Council collects this levy with the annual rates notices. All amounts collected through the Fire Services Property Levy support the State's fire services. Council does not retain any funds collected.

PAYING RATES AND CHARGES

Rates are levied annually and Council requires payment in four instalments. Instalment due dates are the last day in September, November, February and May. The details of payment dates are set out on the rates notices.

PAYMENT OPTIONS

Council offers an extensive range of payment options for ratepayers to pay their accounts:

- Payment online using a Mastercard or Visa
- Payment by BPay
- Payment by direct debit
- Payment through the Mail by cheque
- Payment at any Australia Post agency
- Payment by Phone using a Mastercard or Visa
- Payment in person at the Wangaratta Government Centre

COLLECTION OF OVERDUE RATES

Section 172 of the Act allows Council to impose interest on unpaid rates. The rate of interest is set annually and the rate is set under the Penalty Interest Rates Act 1983. Interest is charged from the date that the rates are due.

If rates are unpaid they are regarded as a debt on the property (regardless of any change of ownership) and Council can recover these unpaid rates through legal action. Ratepayers should contact Council if they have unpaid rates. Early communication may help prevent the commencement of legal proceedings and the recovery of costly legal fees for the recovery of unpaid rates.

FINANCIAL HARDSHIP

Council can defer or waive all or part of unpaid rates in cases of genuine financial hardship.

Ratepayers who are experiencing difficulty in paying their rates should contact Council to discuss payment options. Council's website contains information for ratepayers regarding Financial Hardship.

APPENDIX A – DIFFERENTIAL RATE DEFINITIONS

GENERAL

OBJECTIVE

The objective of the general rate is to ensure that all rateable land makes 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
- Provision of general support services.

TYPES AND CLASSES

All land except where otherwise classified.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 100% per cent.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/2018 rating year.

GENERAL VACANT

OBJECTIVE

The objective of the General Vacant differential is to encourage development of this class of property.

TYPES AND CLASSES

Any land which:

1. is located within a General Residential, Neighbourhood Residential or Residential Growth Zone under the Wangaratta Planning Scheme; and
2. on which there is no building affixed to the land which is designed and constructed primarily for residential purposes and can lawfully be used as a place of residence.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 200% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

RURAL RESIDENTIAL

OBJECTIVE

The objective of the Rural Residential differential rate is to reflect that the reduced benefits received by this lower density property are reflected in property values, and therefore, no discounted rate should be applied.

TYPES AND CLASSES

Any land:

1. which does not have the characteristics of Commercial/Industrial Land; and
- 2.1. is located within a Rural Living 1 Zone, Rural Living 2 Zone, Low Density Residential Zone, or Township Zone under the Wangaratta Planning Scheme; or
- 2.2.(i) is located within a Farming Zone or Rural Conservation Zone under the Wangaratta Planning Scheme and is less than 8ha in area,
- 2.2.(ii) except where the land is a component of a single farm enterprise [as defined in Section 9A(5) of the Fire Services Property Levy Act 2012]; and
- 2.2.(iii) is not less than 2ha; and
3. on which there is a building affixed to the land which is designed and constructed primarily for residential purposes and can lawfully be used as a place of residence.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 100% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/2018 rating year.

RURAL RESIDENTIAL VACANT

OBJECTIVE

The objective of the Rural Residential Vacant differential is to encourage development of this class of property.

TYPES AND CLASSES

Any land:

1. which does not have the characteristics of Commercial/Industrial Land; and
- 2.1. is located within a Rural Living 1 Zone, Rural Living 2 Zone, Low Density Residential Zone, or Township Zone under the Wangaratta Planning Scheme;
- 2.2.(i) except where the land is a component of a single farm enterprise [as defined in Section 9A(5) of the Fire Services Property Levy Act 2012]; and
- 2.2.(ii) is not less than 2ha; and
3. on which there is no building affixed to the land which is designed and constructed primarily for residential purposes and can lawfully be used as a place of residence.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 200% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

RURAL 1

OBJECTIVE

The objective of the Rural Land differential rate is to recognise the reduced infrastructure investment and provision of services to this class of property.

TYPES AND CLASSES

Any land:

1. which does not have the characteristics of Commercial/Industrial Land; and
- 2.1. is located within a Farming Zone or Rural Conservation Zone under the Wangaratta Planning Scheme and is not less than 8ha in area; or
- 2.2.(i) is a component of a single farm enterprise [as defined in Section 9A(5) of the Fire Services Property Levy Act 2012]; and
- 2.2.(ii) is not less than 2ha.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 70% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies equally to unimproved land and land on which buildings are constructed on the land prior to the expiry of the 2017/18 rating year.

RURAL 2

OBJECTIVE

The objective of the Rural 2 differential rate is to recognise the reduced infrastructure investment and provision of services to this class of property. This differential rate also recognises the land stewardship and amenity that large rural holdings provide to the rural landscape.

TYPES AND CLASSES

Any land:

1. which does not have the characteristics of Commercial/Industrial Land; and
- 2.1. is located within a Farming Zone or Rural Conservation Zone under the Wangaratta Planning Scheme and is greater than 40ha in area; or
- 2.2.(i) is a component of a single farm enterprise [as defined in Section 9A(5) of the Fire Services Property Levy Act 2012], and when combined total an area greater than 40ha; and
- 2.2.(ii) is not less than 2ha.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 65% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies equally to unimproved land and land on which buildings are constructed on the land prior to the expiry of the 2017/18 rating year.

COMMERCIAL

OBJECTIVE

The objective of the Commercial rate is to recognise the benefits derived by this class of property including higher infrastructure investment and general support services.

TYPES AND CLASSES

Any land which is:

- 1.1** located within Mixed Use Zone, Industrial Zone 1, Commercial Zone 1-2, or Special Use Zone 1-4 under the Wangaratta Planning Scheme; and
- 1.2** is used primarily for commercial purposes or is obviously adapted or designed to be used primarily for commercial purposes; or
- 2.** is used for commercial purposes or is obviously adapted or designed to be used for commercial purposes and is not the owner/s principal place of residence; or
- 3.** is allocated an Australian Valuation Property Classification Code that correlates with the Commercial classification of the Fire Services Property Levy.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 138% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/2018 rating year.

INDUSTRIAL

OBJECTIVE

The objective of the Industrial rate is to recognise the benefits derived by this class of property including higher infrastructure investment and general support services.

TYPES AND CLASSES

Any land which is:

- 1.1** located within Mixed Use Zone, Industrial Zone 1, Commercial Zone 1-2, or Special Use Zone 1-4 under the Wangaratta Planning Scheme; and
- 1.2** is used primarily for industrial purposes or is obviously adapted or designed to be used primarily for industrial purposes; or
- 2.** is used for industrial purposes or is obviously adapted or designed to be used for industrial purposes and is not the owner/s principal place of residence; or
- 3.** is allocated an Australian Valuation Property Classification Code that correlates with the Industrial classification of the Fire Services Property Levy.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 138% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/2018 rating year.

COMMERCIAL & INDUSTRIAL VACANT

OBJECTIVE

The objective of the Commercial & Industrial Vacant differential rate is to recognise the benefits derived by this class of property including higher infrastructure investment and general support services and to encourage development of this class of property.

TYPES AND CLASSES

Any land which:

1. is located within:
 - Mixed use Zone
 - Industrial Zone 1
 - Commercial Zone 1-2
 - Special Use Zone 1-4under the Wangaratta Planning Scheme; and
2. has developed infrastructure and utilities available to it but in respect of which no commercial or industrial use of occurring; and
3. on which there is no building affixed to the land which cannot be lawfully occupied.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 200% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

MIXED USE - APPLICABLE FROM 1 JULY 2019

OBJECTIVE

The objective of the Mixed Use rate is to recognise the benefits derived by this class of property including higher infrastructure investment and general support services when compared to the General differential category.

TYPES AND CLASSES

Any land:

- 1.1** on which there is a building, at least part of which is used, designed or adapted for the carrying out of the manufacture or production of, or the trade in, goods and services and is occupied for that purpose; and
- 1.2** on which there is a building, at least part of which is used, designed or adapted as a principal place of residence and is lawfully occupied as such; and
- 1.3** both the part of the land which meets the requirements of subparagraph 1.1 and the part of the land which meets the requirements of subparagraph 1.2 is occupied by the ratepayer; or
- 1.4** where there is more than one ratepayer, at least one of those ratepayers occupies both the parts of the land which meets the requirements of subparagraph 1.1 and the part of the land which meets the requirements of subparagraph 1.2.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at 119% per cent of the General differential rate.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/2018 rating year.

GENERAL VACANT > THREE YEARS – APPLICABLE FROM 1 JULY 2019

OBJECTIVE

The objective of the General Vacant > Three Years differential is to encourage development of medium to long-term unimproved residential property.

TYPES AND CLASSES

Any land which:

1. is located within a General Residential, Neighbourhood Residential or Residential Growth Zone under the Wangaratta Planning Scheme; and
2. on which there is no building affixed to the land which is designed and constructed primarily for residential purposes and can lawfully be used as a place of residence; and
3. which has been vacant for more than three years at 1 July.

USE AND LEVEL OF DIFFERENTIAL RATE

The level of the differential rate is set at four times the lowest differential rate. In 2018/19, the level of the differential is 260% if the rate was to operate in 2018/19.

GEOGRAPHIC LOCATION

Wherever located in the municipality.

USE OF LAND

Any use permitted under the relevant Planning Scheme.

PLANNING SCHEME ZONE

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

TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

