Cardinia Shire Council

Revenue and Rating Plan 2025 - 2029

June 2025

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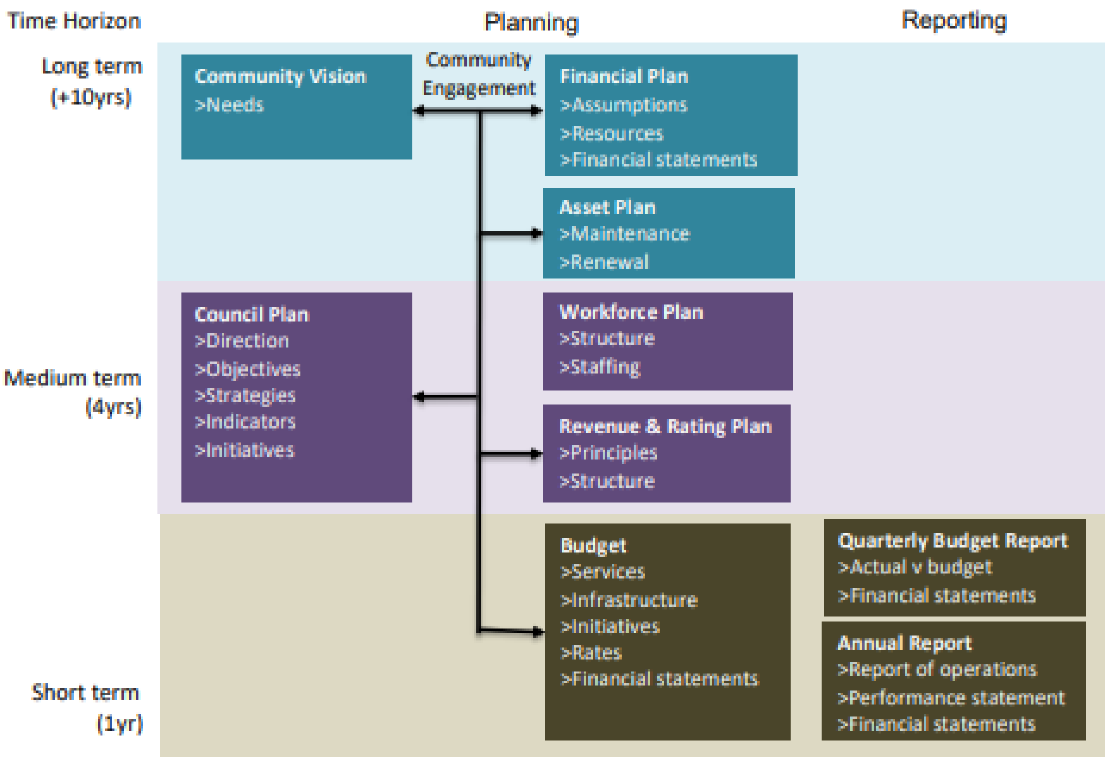
1.1 PURPOSE

The Revenue and Rating Plan establishes a revenue raising framework within which Council proposes to work. This plan determines the most appropriate and affordable revenue and rating approach for Cardinia Shire Council, which will adequately finance the vision and objectives outlined in the Council Plan.

The *Local Government Act 2020* requires Council to prepare a Revenue and Rating Plan to cover a minimum period of four years following each Council election.

The Revenue and Rating Plan is part of the Council's Integrated Strategic Planning Framework as set out in the following diagram.



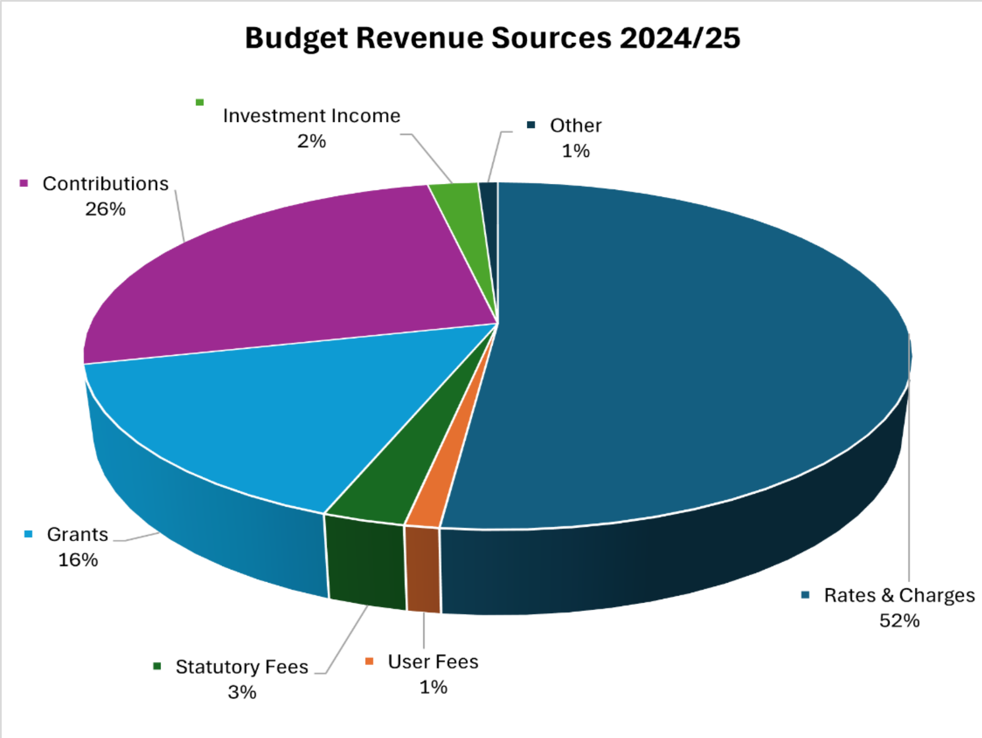
Strategies outlined in this plan align with the objectives contained in the Council Plan and feed into Council's Budget and Financial Plan, as well as other strategic planning documents.

This plan explains how Council calculates the 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 plan sets out decisions of Council in relation to rating options available to it under the *Local Government Act 2020* to ensure the fair and equitable distribution of rates across property owners. It also sets out principles used in decision making for other revenue sources such as fees and charges. The plan does not set revenue targets.

1.2 INTRODUCTION

In line with the Council Plan and Community Vision, Council provides a wide variety of services and facilities to our local community. In doing this, Council must collect revenue to cover the cost of providing these services and facilities.

The below graph presents the various revenue sources that are budgeted for Cardinia Council in 2024/25.



Council's major revenue source is Rates and Charges ($126million), followed by Developer Contributions ($62million), and Government Grants ($38million). This plan seeks to address Council's reliance on rate income and provide alternate revenue options to actively reduce that reliance.

In determining its revenue requirements, Council identifies what each source of revenue is, how much will be raised in each class, and the policy rationale/assumptions for each. Council considers:

- How revenue will be generated through rates on properties
- Fixed service charges that might be applied on services such as waste or recycling
- Fees and charges for services and programs including cost recovery policies and user charges
- Recurrent and non-recurrent operational and capital grants from other levels of Government
- Developer contributions and other revenue
- Revenue generated from the use or allocation of Council assets (including the application of discounts and waivers)
- Entrepreneurial, business, or collaborative activities established to deliver programs or services and generate income or reduce costs.

The Council provides public goods and services, private goods and services and a mix of both to the community. In determining if services should be funded through rates and charges or other revenue sources such as user charges, the Council considers whether services are either entirely or partially public goods. That is, where a service provides a broad benefit to the whole community then it will be funded from rates. Where individual or groups of ratepayers receive a particular benefit, the service will be funded from user charges.

Each revenue source is discussed in more detail within the relevant section of this plan.

1.3 COMMUNITY ENGAGEMENT

The Revenue and Rating Plan outlines Council's decision-making process on how revenues are calculated and collected. The following public consultation process was followed to ensure due consideration and feedback is received from relevant stakeholders.

Revenue and Rating Plan community engagement process:

- Proposed Revenue and Rating Plan prepared.
- Proposed Revenue and Rating Plan placed on public exhibition via Creating Cardinia, our online Community Engagement Platform for a period of 28 days seeking public feedback.
- Consider public feedback and perform revisions as required; and
- Revenue and Rating Plan presented to the June Council meeting for adoption.

1.4 RATES AND CHARGES

Rates are property taxes that allow Council to raise revenue to fund essential public services within their municipal population. This taxation system provides Council with flexibility in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Rates and charges are an important source of revenue, accounting for over 50% of revenue received by Council. Council is conscious of achieving a sustainable balance between collecting rate revenue to fund the delivery of essential community services and infrastructure, and the community's ability to manage the financial burden of paying annual rates.

Planning for future rate increases is an essential component of Council's long-term financial sustainability. These increases are considered during the long-term financial planning process and are used to fund both additional service delivery and the increasing costs related to providing Council services.

1.4.1 RATING FRAMEWORK

This plan outlines the principles and strategic framework that Council will utilise in calculating and distributing the rating burden to property owners. The legislative framework determines Council's ability to develop a rating system, the adoption requirements, and how the information is to be presented to the community. Legislation provides significant flexibility for Council to tailor a system that suits the needs of both Council and Community.

Local Government Act 2020

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

a) the total amount that the Council intends to raise by rates and charges
b) a statement as to whether the rates will be raised by the application of a uniform rate or a differential rate
c) a description of any fixed component of the rates, if applicable
d) if the Council proposes to declare a uniform rate, the matters specified in section 160 of the *Local Government Act 1989*
e) 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*

If applicable, the budget must also contain a statement –

a) 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
b) that the Council has made an application to the ESC for a special order and is waiting for the outcome of the application; or
c) 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.

Local Government Act 1989

Section 155 Charges that may be Declared: A Council may declare the following rates and charges on rateable land:

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

The recommended strategy in relation to these rates are discussed in the relevant sections within this document.

Fair Go Rates System

The Victorian Government established the Fair Go Rates system (FGRS) in 2015 to govern the amount Victorian Councils can increase rates in a year without seeking additional approval. Each year the Minister for Local Government sets the average rate cap for the following rating year based on the forecast change in the consumer price index (CPI). The annual cap, which applies to Council's average rate and charge, cannot be increased without the permission of the Essential Services Commission.

The FGRS has challenged long-term financial sustainability across local government, and it continues to restrict Council's ability to raise revenue to maintain service delivery levels and invest in community assets. The CPI does not accurately reflect increases in costs faced by Councils because they have a significantly different composition of expenditure compared to households. Key Council expenditures (wages, construction, utilities, etc.) required to provide Council services and deliver infrastructure projects have been increasing faster than the CPI. This Plan seeks to address Council's reliance on rate income and provide options to actively reduce that reliance.

Any applications to the Essential Services Commission to apply for a rate cap variation will be considered by Council during the planning and adoption processes of Council's Annual Budget and Long-Term Financial Plan.

Rating Principles

When developing a Rating Plan, Council considers the following good practice taxation 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 (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation). *Vertical equity* – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden).

Efficiency: Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates.

Simplicity: How easily a rates system can be understood by ratepayers and the practicality and ease of administration.

Benefit: The extent to which there is a nexus between consumption/benefit and the rate burden.

Capacity to Pay: The capacity of ratepayers or groups of ratepayers to pay rates.

Diversity: The capacity of ratepayers within a group to pay rates.

The rating challenge for Council therefore is to determine the appropriate balancing of competing considerations.

When developing rates and charges revenue, the following good practice principles will apply:

- to 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.

Exemptions

Section 154 of the *Local Government Act 1989* declares that all land is rateable with several exceptions. This includes land held or used for public or municipal purposes, land used exclusively for charitable, education or religious purposes, and certain clubs or memorials under the *Veterans Act 2005*, Returned Services League and related associations as defined.

The *Cultural and Recreational Land Act 1963* (CRLA) requires Council to set an applicable Charge 'in lieu of Rates' for 'recreational lands'. Benefits of cultural and recreational land include social interaction, sporting programs, cultural promotion, provision of premises, employment opportunities and community development/meeting places. Council considers the services utilised by each property occupier and the benefit their land provides to the community and may levy a 'charge in lieu of rates' that provides a 25% discount to the equivalent municipal rates they would otherwise pay.

1.4.2 GENERAL RATES

In line with section 158 of the *Local Government Act 1989*, by 30 June Council must declare; the amount which the Council intends to raise by general rates for the coming year and whether the general rates will be raised by application of a uniform rate, or differential rate.

General Rates are calculated as: **Property Valuation** x **Rate in the Dollar (Differential or Uniform Rate)**.

These two components of the general rate charge are discussed in the following sections.

Property Valuation

Legislation
Under Section 157 the *Local Government Act 1989*, Council has three options as to the valuation base it elects to use. They are:

- **Capital Improved Value (CIV)** – Value of land and improvements upon the land.
- **Site Value (SV)** – Value of land only.
- **Net Annual Value (NAV)** – Rental valuation based on CIV.

The *Valuation of Land Act 1960* is the principal legislation in determining property valuations and states the Victorian Valuer-General must conduct 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.

Regular reviews of property values are conducted by the Victorian Valuer-General during the year to ensure consistency and equity for rating purposes. These supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. Council is advised on a regular basis of valuation and Australian Valuation Property Classification Code (AVPCC) changes and rate adjustments are processed accordingly.

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.

Policy
Cardinia Shire Council applies Capital Improved Value (CIV) to all properties within the municipality. This basis of valuation considers the total market value of land plus buildings and other improvements. It also allows for differential rating to be applied where it is believed to improve the equitable distribution of rates.

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

Rate in the Dollar

Application of a rate against property valuations gives Council the opportunity to shift part of the rate burden from some groups of ratepayers to others through different "rates in the dollar" for each class of property. Councils may consider applying this when doing so will contribute to the equitable and efficient distribution of the cost of carrying out of its functions across the municipality.

Legislation

Section 158 of the *Local Government Act 1989* requires Council to declare whether they intend to apply a differential or uniform rate in their general rate calculation.

Section 160 of the *Local Government Act 1989* requires Councils that elect to apply a Uniform Rate to specify the uniform rate percentage and calculate the rates charge by multiplying the value of the land by that percentage. Uniform rate allows differential rates in relation to farmland, urban farmland or residential use land.

Section 161 of the *Local Government Act 1989* allows Council to raise any general rates by the application of a differential rate if it uses the Capital Improved Value (CIV) system of valuing land. If the differential rate method is elected, Section 161 requires Council to specify the objectives of the differential rates and the characteristics of the land which the differential criteria apply. The highest differential rate in a municipal district must be no more than four times the lowest differential rate.

The *Ministerial Guidelines for Differential Rating 2013*.provide guidelines which describe what types and classes of land may be considered for differentials and those that may not be appropriate for differential categories. Differential rating should be applied as equitably as is practical.

Policy

Council considers that the application of a differential rate will contribute to the equitable and efficient distribution of the costs associated with carrying out its functions.

The Cardinia Shire Council rating structure comprises 6 differential rates. This includes:

- Base Rate
- Farm Rate
- Urban Farm Rate
- Urban Vacant Land Rate
- Urban Commercial and Industrial Rate
- Urban Residential Rate

Further detail on each of these differential rates can be found in the Appendix section of this document.

The general objectives of each of the differential rates are to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council. These rating differentials are based on the location and purpose for which a property is used. That is, whether the property is vacant land, or is used for residential, commercial/industrial, or farming purposes, with higher rates in the urban growth corridor. Further consideration is given for properties with current or future opportunity for development. This distinction is based on the concept that different property categories should pay a fair and equitable contribution, accounting for the benefits those properties derive from the local community.

Most Victorian Local Government bodies apply a differential rate. A differential rate allows for a more equitable distribution of the rate burden between all classes of property. They allow consideration for ratepayer's ability to pay, the unique circumstances of some property types, the provision of specific property related services, development activity within the municipality, and any associated income tax benefits. Differential rates can be more complicated to understand and administer compared to applying a uniform rate to all property types.

Changing economic conditions, property valuations and other factors outside of Councils control may impact the equitable distribution of rates. To ensure the desired objectives of a differential rate continue to be achieved, Council review the differential rating definitions during the adoption of the Rating and Revenue Plan every four years, or periodically as required.

1.4.3 MUNICIPAL CHARGE

Legislation

Section 159 of the *Local Government Act 1989* permits Council to declare a municipal charge to cover some of the administrative costs of the Council. The total revenue from a municipal charge in a financial year must not exceed 20 per cent of the combined total of the Council's total rate revenue.

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.

Policy
Cardinia Shire Council has not applied a Municipal Charge due to its regressive nature, as it would result in lower valued properties paying comparatively higher rates and charges.

1.4.4 SPECIAL CHARGE SCHEMES

Legislation
Section 163 of the *Local Government Act 1989* permits Council to declare a special rate or charge to recover the cost of works from property owners who will gain special benefit from that work.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of a special rate or charge is proof "special benefit" applies to those being levied.

Policy
The application of special charge schemes will be considered as required by Council, during the medium and long-term financial planning processes.

1.4.5 SERVICE RATES AND CHARGES

Legislation
Section 162 of the *Local Government Act 1989* provides Council with the opportunity to raise service rates and charges for the collection and disposal of refuse or any other prescribed service.

The *Minister's Good Practice Guidelines for Service Rates and Charges* stipulate that service charges for disposal of refuse must only fund services that provide a specific and tangible benefit to the occupancy subject to that charge. This includes the cost of kerbside collection of waste and/or recycling bins that are provided for the exclusive use of the occupancy. It can also reflect the costs of the subsequent management of this waste, including transport, storage, processing and disposal and associated infrastructure.

The *Local Government (Planning and Reporting) Regulations 2020* state that any declared Service Rates or Charges are described in the Council's Annual Budget and The *Local Government (General) Regulations 2015* requires details of declared Service Rate or Charge to be described on the rate notice.

Policy
Council applies a service charge for the collection and disposal of refuse on residential properties (compulsory), rural properties (compulsory), and commercial/industrial (optional). These properties have the option to acquire an additional bin or upgrade to a larger bin where available for an extra charge. Council retains the objective of setting the service charge for waste at a sustainable level that recovers the cost of waste services.

Applying a waste service charge is a simple and efficient charge which ensures equity in that those who receive the benefits of kerbside collection cover the costs of that service. If this charge was not applied, the costs 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.

1.4.6 EMERGENCY SERVICES AND VOLUNTEERS FUND

Legislation
The Victorian State Government legislates the collection of an annual charge for property owners to contribute towards the cost of the Victorian State Emergency Services, through the Emergency Services and Volunteers Fund (ESVF). The ESVF will include two components, a fixed charge, and a variable charge which is linked to the Capital Improved Value of the property. From 1 July 2026, a non-residential fixed charge will apply to all non-principal places of residence.

This charge was originally called the Fire Services Property Levy and was legislated by the *Fire Services Property Levy Act 2012*. On 1 July 2025 this levy is due to be replaced by the ESVF. This fund will help support a wider range of emergency services including but not limited to VICSES, Triple Zero Victoria, Emergency Management Victoria, as well as the Country Fire Authority (CFA) and Fire Rescue Victoria.

Active volunteers with VICSES and CFA may receive an exemption from the ESVF for their primary place of residence. Pensioner Concession Card and Department of Veterans' Affairs Gold Card holders are entitled to a $50 concession on their ESVF liability for their principal place of residence. Farmers with multiple properties that operate as a single enterprise may be eligible to pay a single fixed charge under the single farming enterprise exemption.

Policy
The ESVF charge will be collected by Council and passed through to the State Government as legislated. This charge is not included in the rate cap and increases in the charge are at the discretion of the State Government.

Council will continue to abide by the legislation set by the Victorian State Government and any updates to the calculation or application of this charge will be applied as required.

1.4.7 ADMINISTRATION OF RATES AND CHARGES

Collection Policy

Legislation
Section 167 of the *Local Government Act 1989* allows ratepayers to pay a rate or charge in four instalments. Councils also have the option to allow a lump sum instalment. Instalment dates are set by the Minister by notice published in the Government Gazette.

Section 172 of the *Local Government Act 1989* allows Council to charge interest on all overdue rates. 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.

Policy
Council's Rates and Charges Recovery and Financial Hardship Policy details all rate and charge instalment dates and debt recovery practices. This policy provides the various payment plan options that are available to ratepayers and outlines the collection process and application of interest charges if rates payments become overdue.

Council offers a range of payment options including:
- in person at Council offices (EFTPOS, credit/debit cards and cash),
- online via Council's eNotices portal,
- direct debit via Council's FlexiPay service (weekly, fortnightly, monthly or quarterly),
- BPAY,
- Australia Post (over the counter, over the phone via credit card and on the internet),

Rebates and Concessions

Legislation

Section 169 of the *Local Government Act 1989* provides that a Council may grant a rebate or concession in relation to any rate or charge to:
- Assist the proper development of the municipal district; or
- Preserve buildings or places in the municipal district which are of historical or environmental interest; or
- Restore or maintain buildings or places of historical, environmental, architectural or scientific importance in the municipal district; or
- Assist the proper development of part of the municipal district.

A Council resolution granting a rebate or concession must specify the benefit to the community resulting from the rebate or concession.

Policy
Council do not currently provide rebates in relation to Section 169 of the Local Government Act 1989. See the section on Financial Hardship, Rate Deferrals and Waivers for alternate concessions.

Financial Hardship, Rate Deferrals and Waivers

Legislation

Section 170 of the *Local Government Act 1989*, states Council may defer the payment of any rate or charge payable if it considers the payment of the rate or charge would cause financial hardship to that person.

Section 171 of the *Local Government Act 1989* states a Council may waive whole or part of any rate or charge or interest for an eligible recipient or any other class of persons determined by the Council for the purpose of waiving rates or charges on the grounds of financial hardship.

The *State Concessions Act 2004* provides a waiver of whole or part of any rates, charges or interest obligation for eligible recipients. This process is initiated by the Victorian Government and offers a concession on municipal rates to assist eligible ratepayers in affording rates on their principal place of residence.

To be eligible for the concession, the ratepayer must be the holder of a:

- Pensioner Concession Card issued by Centrelink or Department of Veterans Affairs DVA)
- DVA Gold Card - Totally and Permanently Incapacitated
- DVA Gold Card - War Widow.

Policy

Council acknowledges that various ratepayers may experience financial hardship for a range of reasons and that meeting rate obligations constitutes just one element of many difficulties that may be faced.

Councils Rates and Charges Recovery and Financial Hardship Policy outlines the options available to those ratepayers who are suffering, or who would suffer financial hardship, if they paid the rates and charges for which they are liable. This policy aims to provide viable options for ratepayers facing such circumstances to deal with the situation positively and reduce the strain imposed by financial hardship. Where Council approves an application for the deferral of rates or charges, interest will not be levied on the outstanding balance of rates and charges during the deferral period.

To efficiently recognise financial hardship for ratepayers who have been unemployed over a period, Council offers a $50 waiver on the principal place of residence to those who are receiving JobSeeker payments. Ratepayers seeking to apply for this initiative will be required to submit a JobSeeker Rates Concession Application form each year.

Council administers the pensioner concession as outlined in the State Concessions Act 2004 on behalf of the Victorian Government. Eligible ratepayers may claim a rebate on their sole or principal place of residence. Upon initial application with Cardinia, eligibility is confirmed with the Victorian Government. Once confirmation is received, the pensioner rebate is deducted from the rate account.

Eligible ratepayers can apply for the pensioner concession 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, claims will need to be approved by the relevant government department. Where a rebate was recognised in the previous year and where the ratepayer remains eligible, no further application is required.

1.5 FEES AND CHARGES

The provision of infrastructure and services form a key part of Council's role in supporting the local community. If a service provides a direct benefit or service to a specific group or groups in the community, a fee or charge may be raised for the use of that service. The nature of how a fee and charge is priced depends on whether it is related to the provision of a statutory (legislated) or discretionary service.

Section 106 of *The Local Government Act 2020* provides the following key service performance principles in relation to fee and charge setting which must be met:

- Services should be provided in an equitable manner and be responsive to the diverse needs of the municipal community.
- Services should be accessible to the members of the municipal community for whom the services are intended.
- Quality and costs standards for services set by the Council should provide good value to the municipal community.

1.5.1 USER FEES AND CHARGES

User Fees and Charges are discretionary fees that are set by Council based on the principles outlined in this Revenue and Rating Plan. These charges are to support the delivery of non-statutory services and for public use of community infrastructure. Examples include:

- Leases and Facility Hire Fees
- Asset Protection Fees
- Parking Fees
- Planning Fees and Building Certificates

In collecting a fee for these services, Council must consider a range of 'Best Value' principles. These include service cost and quality standards, value-for-money, community expectations and values. Council must balance the affordability and accessibility of infrastructure and services with its financial capacity and 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 neutralise any competitive advantages when competing with the private sector.

Services are provided based on one of the following pricing methods:

a. Market Price
b. Full Cost Recovery Price
c. Subsidised Price

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

It should be noted that if a market price is lower than Council's full cost price, then the market price would represent Council subsidising that service. If this situation exists, and there are other suppliers existing in the market at the same price, this may mean that Council is not the most efficient supplier in the marketplace. In this situation, Council will consider whether there is a community service obligation and whether Council should be providing this service at all.

Full cost recovery price (B) aims to recover all direct and indirect costs incurred by Council. This pricing should be used where a service provided by Council benefits individual customers specifically, rather than the whole community. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation.

Subsidised pricing (C) is where Council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (i.e Council provides the service free of charge) to partial subsidies, where Council provides the service to the user with a discount. The subsidy can be funded from Council's rate revenue or other sources such as Commonwealth and State funding programs. Full Council subsidy pricing and partial cost pricing should always be based on knowledge of the full cost of providing a service.

Council will develop a fees and charges schedule as part of the annual Budget process. Proposed pricing changes and the pricing structure will be included in this schedule and stakeholders will be provided the opportunity to review and provide feedback before the fees are finalised by Council adoption.

1.5.2 STATUTORY FEES AND FINES

Council collects statutory fees and fines under the direction of legislation or other government directives. The rates used for statutory fees and fines are advised by the State government department responsible for the corresponding services or legislation, and Councils have limited discretion in applying these fees.

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and Inspection fees
- Registration 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. Any change to the value of a penalty or fee unit will occur on 1 July each year.

1.6 GRANTS

Grant revenue represents income received from other levels of government to support the delivery of services or infrastructure. Grants can be singular or recurrent in nature and may be conditional on the delivery of specific projects or services.

Grant funding is a critical component of Councils revenue sources. Council pro-actively advocates to other levels of government for grant funding, which enables significant investments in community assets and delivery of valued community services.

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. 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.

The opportunity for grant funding may arise at any time of the year. These opportunities will be considered by Council as required and can be approved via resolution outside the budget cycle. Council may use its own funds to leverage the maximum external funding opportunities as required. Council will only apply for and accept external funding if it is consistent with the Community Vision, able to be delivered within the required timeline and does not lead to the distortion of financial sustainability or Council Plan priorities.

1.7 CONTRIBUTIONS

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

Contributions can be made to Council in the form of either cash payments or physical assets.

Examples of contributions include:

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

Contributions should always be linked to a planning or funding agreement. Council will not undertake any work on a contribution-funded project until a signed agreement outlining the contribution details is in place. Contributions linked to developments can be received well before any Council expenditure occurs. In this situation, the funds will be identified and held separately for the specific works identified in the agreements.

1.8 INTEREST ON INVESTMENTS

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or reserved for special purposes. Interest is added to Council's general revenue unless legislation requires it to be held and expended for a specific purpose. The investment portfolio is managed per Council's investment policy, which seeks to maximise return on funds, whilst minimising risk.

1.9 OTHER REVENUE

1.9.1 SALE OF ASSETS

Council may consider the sale of Council owned assets if the sale is in line with the objectives set in the Council Plan, Long Term Financial Plan and Asset Management Plan. These strategic decisions will be considered in line with annual and long-term planning processes, or as required, and will be accompanied with a business case outlining the benefits and impacts to community and Council.

The sale of a Council owned asset will be approved by Council resolution.

1.9.2 BORROWINGS

Whilst not a source of income, borrowings can be an important cash management tool in appropriate circumstances. Loans can only be approved by Council resolution. Council will continue to review its existing loans and look for opportunities to renegotiate where possible.

The following financial sustainability principles must be adhered to with new borrowings:

- Borrowings must not be used to fund ongoing operations. Borrowings are appropriate for funding extraordinary financial events, or large capital works where the benefits are provided to future generations.
- Council will maintain debt at sustainable levels which are line with the Council Plan and VAGO requirements.

1.9.3 ALTERNATE REVENUES

Rates are the most significant revenue source for Council, providing approximately 50% of its annual income and funding the delivery of a wide range of community services. With legislative restrictions and a changing economic environment that impacts the community's financial capacity to pay, Council is limited in how much income can be raised through rates.

Council is committed to maintaining service delivery levels and continuing to invest in quality, fit for purpose community infrastructure. As the cost to deliver services and infrastructure continues to rise with inflation and associated economic conditions, a distinct funding gap is impacting Council's long-term financial sustainability.

To help address the funding-gap, Council will continually assess and advocate for alternate revenue opportunities. These opportunities seek to help reduce the current reliance on rate revenue to fund the delivery of community services and infrastructure.

Alternate revenue streams that are identified will be considered and adopted via Council resolution as and when required.

APPENDIX – DIFFERENTIAL RATES

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. The level of each differential rate is what Council considers necessary to achieve the objectives of that rate. Details of the rates, objectives, and classes of land subject to each differential rate are set out below. The zoning applicable to each category is determined by consulting maps within the relevant Planning Scheme.

1.9.4 Base Rate

Base Rate includes any rateable land which is:

a) not in the Urban Growth Corridor and does not have the characteristics of any other specified rate; or
b) used for retirement village units.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Base Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Level of Rate:
100% of Base Rate.

Geographic Location:
Outside the Urban Growth Corridor of the municipal district; and all retirement villages located within the Urban Growth Corridor of the municipal district.

Use of Land:
Any use permitted under the relevant Planning Scheme.

Types of Buildings:
All buildings which are already constructed on the land, or which are constructed prior to the end of the financial year.

1.9.5 Farm Rate

Farm rate includes any rateable land outside the Urban Growth Corridor which is "Farmland" within the meaning of Section 2(1) of the *Valuation of Land Act 1960*. This includes any rateable land that:

a) is not less than 2 hectares in area; and
b) is used primarily for primary production through its activities on the land. This includes being used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and
c) is used by a business that:
   - has a significant and substantial commercial purpose of character.
   - seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
   - is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Farmland properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services. Aims to maintain agriculture as a major industry in the municipal district, facilitate the longevity of the farm sector and achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

Level of Rate:
75% of the Base Rate.

Geographic Location:
Outside the Urban Growth Corridor of the municipal district.

Use of Land:
Farmland use permitted under the relevant Planning Scheme.

Types of Buildings:
All buildings which are already constructed on the land, or which are constructed prior to the end of the financial year.

1.9.6 Urban Farm Rate

Urban Farm Rate is any rateable land within the Urban Growth Corridor which is “Farmland” within the meaning of Section 2(1) of the *Valuation of Land Act 1960*. This includes any rateable land that;

a) is not less than 2 hectares in area; and
b) is used primarily for primary production through its activities on the land. This includes being used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and
c) is used by a business that:
   - has a significant and substantial commercial purpose or character.
   - seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
   - is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Urban Farmland properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services. Aims to encourage commerce, maintain agriculture as a major industry in the municipal district, facilitate the longevity of the farm sector and achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

Level of Rate:
85% of the Base Rate.

Use of Land:
Farmland use permitted under the relevant Planning Scheme.

Geographic Location:
Within the Urban Growth Corridor of the municipal district.

Types of Buildings:
All buildings which are already constructed on the land, or which are constructed prior to the end of the financial year.

1.9.7 Urban Residential Rate

Urban Residential land is any rateable land which is;

a) in the Urban Growth Corridor; and
b) does not have the characteristics of Urban Farmland, Urban Vacant Land, or Urban Commercial and Industrial Land; and
c) is not used for retirement village units.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Urban Residential land properties is fair and equitable. It considers the cost and the level of benefits derived from the provision of Council services given to the greater and easier access properties in the Urban Growth Corridor have to services and infrastructure.

Level of Rate:
107% of Base Rate.

Geographic Location:
Within the Urban Growth Corridor of the municipal district.

Use of Land:
Residential use permitted under the relevant Planning Scheme.

Types of Buildings:
All buildings which are already constructed on the land, or which are constructed prior to the end of the financial year.

1.9.8 Urban Vacant Land Rate

Urban Vacant Land is any rateable land that:

a) no dwelling or other building designed or adapted for occupation is constructed; and
b) is located within the Urban Growth Corridor; and
c) does not have the characteristics of Urban Commercial and Industrial Land.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Urban Vacant land properties is fair and equitable considering the cost and the level of benefits derived from provision of Council services. It aims to encourage development of residential land in the Urban Growth Corridor.

Level of Rate:
200% of the Base Rate.

Geographic Location:
Within the Urban Growth Corridor of the municipal district.

Use of Land:
Any land zoned as Residential or Urban Growth under the relevant Planning Scheme.

1.9.9 Urban Commercial and Industrial Rate

Urban Commercial and Industrial Land is any rateable land, which is:

a) In the Urban Growth Corridor; and
b) Used primarily for carrying out the manufacture or production of, or trade in goods or services (including tourist facilities and in the case of a business providing accommodation for tourists, is prescribed accommodation under the *Public Health and Wellbeing Act (Vic) 2008*; or
c) Unoccupied building erected which is zoned Commercial or Industrial under the relevant Cardinia Shire Council Planning Scheme; or
d) Unoccupied land which is zoned Commercial or Industrial under the relevant Cardinia Shire Council Planning Scheme.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the differential rate in the dollar declared for defined Urban Commercial and Industrial Rate land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

The commercial businesses of Cardinia Shire Council benefit from ongoing investment by Council in services and infrastructure. Council also notes the tax deductibility of Council rates for commercial properties which is not available to the residential sector, and the income generating capability of commercial based properties.

The Commercial differential rate is applied to recognise the additional demands placed on public infrastructure due to commerce attracting non-residents to the shire, the higher demands of commercial and industrial properties on the natural environment, and provision of support services and promotion of business in the municipality.

Level of Rate:
145% of the Base Rate.

Geographic Location:
Within the Urban Growth Corridor of the municipal district.

Use of Land:
Any commercial or industrial use permitted under the relevant Planning Scheme.

Types of Buildings:
All buildings which are already constructed on the land, or which are constructed prior to the end of the financial year.