

Draft Revenue and Rating Plan

2025 - 2026 to 2028 - 2029

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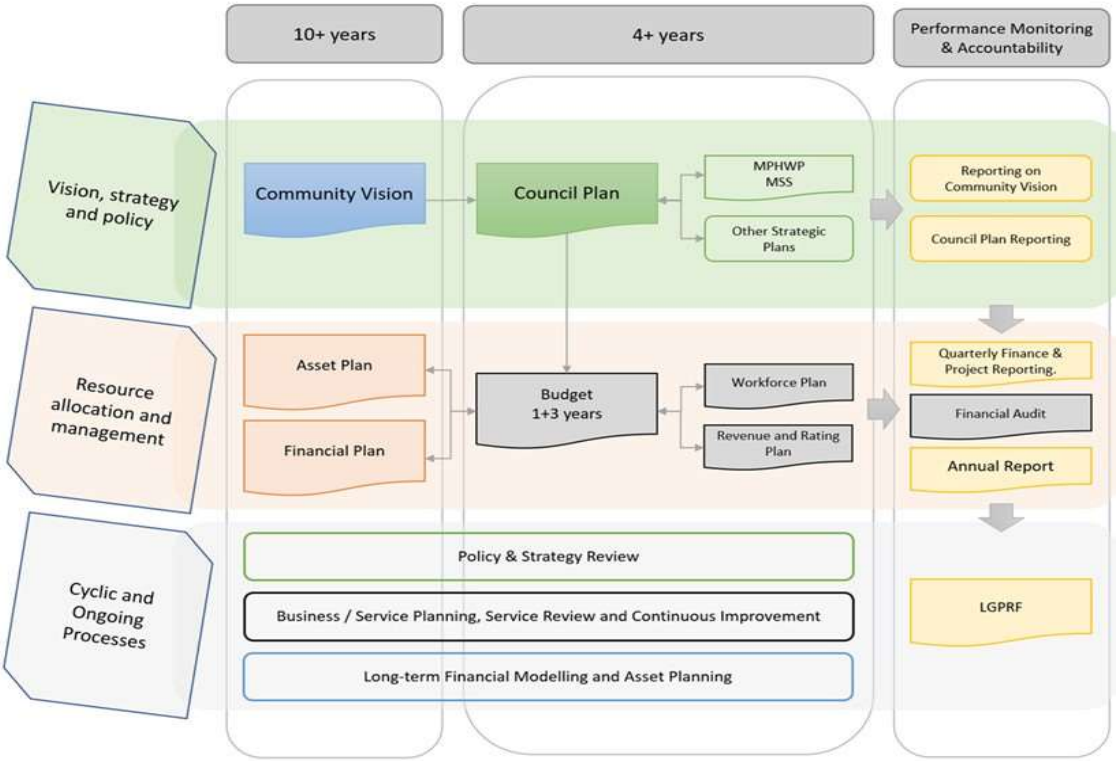
Purpose

The *Local Government Act 2020* requires each 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 establishes the revenue raising framework within which the Council proposes to work.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for Wodonga Council which, in conjunction with other income sources, will adequately finance the objectives in the council plan.

This plan is an important part of Council's integrated planning framework.

Strategies outlined in this plan align with the objectives contained in the Council Plan and will feed into the budgeting and long-term financial planning documents, as well as other strategic planning documents under Council's strategic planning framework.



This plan will explain 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.

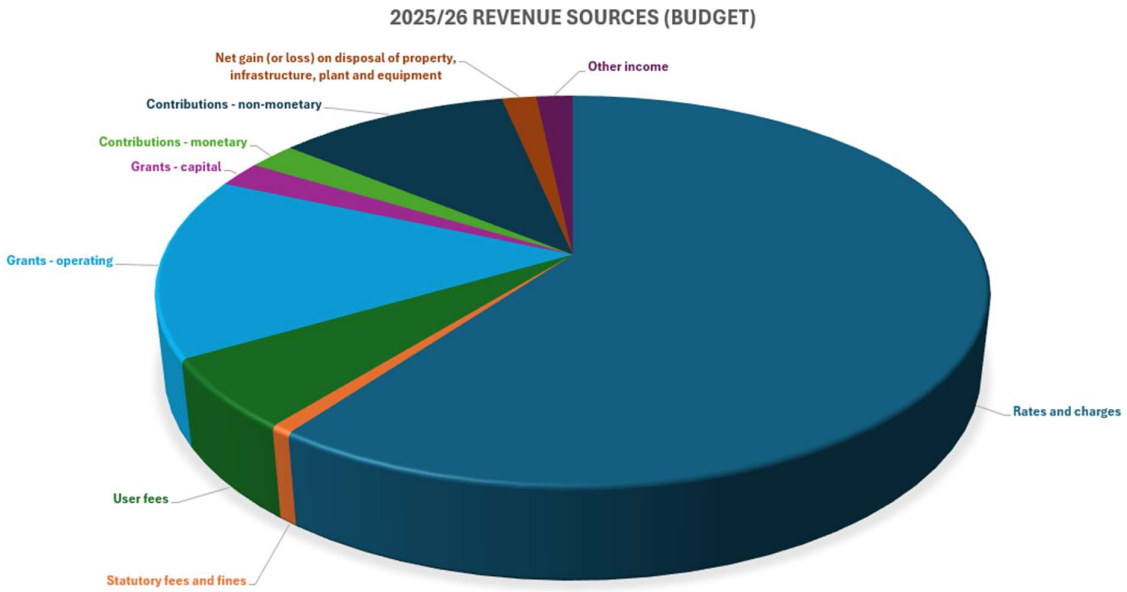
In particular, this plan will set out decisions that Council has made in relation to rating options available to it under the *Local Government Act 2020* to ensure the fair and equitable distribution of rates across property owners. It will also set out principles that are used in decision making for other revenue sources such as fees and charges.

It is also important to note that this plan does not set revenue targets for Council, it outlines the strategic framework and decisions that inform how Council will go about calculating and collecting its revenue.

This plan will replace the Wodonga Revenue and Rating Plan 2023-2024 to 2027-2028.

Introduction

Council provides a number of services and facilities to our local community, and in doing so, must collect revenue to cover the cost of providing these services and facilities.



Council's revenue sources include:

- Rates and charges
- Grants from other levels of government
- Statutory fees and fines
- User fees and charges
- Other income
- Sale of assets

Rates are the most significant revenue source for Council and make up almost 60 per cent of annual income.

The introduction of rate capping under the Victorian Government's Fair Go Rates System (FGRS) has brought a renewed focus to Council's long-term financial sustainability. The FGRS continues to restrict Council's ability to raise revenue above the rate cap unless application is made to the Essential Services Commission for a variation. Maintaining service delivery levels and investing in community assets remain

key priorities for Council. This plan addresses Council's reliance on rate income and provides options to actively reduce that reliance.

Council provides a wide range of services to the community, often for a fee or charge. The nature of these fees and charges generally depends on whether they relate to statutory or discretionary services. Some of these, such as statutory planning fees are set by State Government statute and are commonly known as regulatory fees. In these cases, councils usually have no control over service pricing. However, in relation to other services, Council has the ability to set a fee or charge and will set that fee based on the principles outlined in this Revenue and Rating Plan.

Council revenue can also be adversely affected by changes to funding from other levels of government. Some grants are tied to the delivery of council services, whilst many are tied directly to the delivery of new community assets, such as roads or sports pavilions. It is important for Council to be clear about what grants it intends to apply for, and the obligations that grants create in the delivery of services or infrastructure.

Rates and Charges

Rates are property taxes that allow Council to raise revenue to fund essential public services to cater to their municipal population. Importantly, it is a taxation system that includes flexibility for councils to utilise different tools in their rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Council has established a rating structure comprised of two key elements. These are:

- **General Rates** – based on property values (using the Capital Improved Valuation methodology), which are indicative of capacity to pay and form the central basis of rating under the *Local Government Act 1989*;

- **Service Charges** – a 'user pays' component for council kerbside garbage services to reflect benefits provided by Council to ratepayers who benefit from that service and a 'fixed rate' portion per property to cover some of the general waste related costs incurred by Council.

Striking a proper balance between these elements will help to improve equity in the distribution of the rate burden across residents.

Council makes a further distinction when applying general rates by applying rating differentials based on the purpose for which the property is used. That is, whether the property is used for residential, commercial/industrial, or farming purposes and is occupied or vacant land. This distinction is based on the concept that different property categories should pay a fair and equitable contribution, taking into account the benefits those properties derive from the local community.

The Wodonga Council rating structure comprises ten differential rates. These rates are structured in accordance with the requirements of Section 161 'Differential Rates'

of the *Local Government Act 1989*, and the Ministerial Guidelines for Differential Rating 2013.

Following the Council decision in June 2023, the differential rates were set as follows for the financial year 2023/24:

- Residential occupied 100%
- Residential vacant 200%
- Commercial occupied 160%
- Commercial vacant 200%
- Industrial occupied 160%
- Industrial vacant 200%
- Rural Farming 70%
- Rural non-farming 100%
- Social clubs/Society 93%
- Development use land 205%

Council does not levy a municipal charge. The municipal charge is a minimum fixed rate per property and declared for the purpose of covering some of the administrative costs of Council.

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

Valuation (Capital Improved Value) x Rate in the Dollar (Differential Rate Type)

The rate in the dollar for each rating differential category is included in Council's annual budget.

Rates and charges are an important source of revenue, accounting for over 60 per cent of operating revenue received by Council. The collection of rates is an important factor in funding Council services.

Planning for future rate increases is therefore an essential component of the long-term financial planning process and plays a significant role in funding both additional service delivery and the increasing costs related to providing Council services.

Council is aware of the balance between rate revenue (as an important income source) and community sensitivity to rate increases. With the introduction of the State Government's Fair Go Rates System, all rate increases are capped to a rate declared by the Minister for Local Government, which is announced in December for the following financial year.

Council currently utilises a service charge to fully recover the cost of Council's kerbside and general waste services. The garbage service charge is not capped under the Fair Go Rates System, and Council directs any surplus funds from this charge into the

Waste Management Reserve, which is set aside to be allocated exclusively for the future provision of waste services or waste related capital works in accordance with the Waste Management Reserve Policy.

Rating Legislation

The legislative framework set out in the *Local Government Act 1989* determines council's ability to develop a rating strategy. The framework provides significant flexibility for Council to tailor a system that suits its needs.

Section 155 of the *Local Government Act 1989* provides that 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; and
- Special rates and charges under Section 163.

The recommended strategy in relation to municipal charges, service rates and charges and special rates and charges are discussed later in this document.

In raising Council rates, Council is required to primarily use the valuation of rateable property to levy rates. Section 157(1) of the *Local Government Act 1989* provides Council with three choices in terms of which valuation base to utilise. They are: Site Valuation, Capital Improved Valuation (CIV) and Net Annual Value (NAV).

The advantages and disadvantages of the selected valuation basis is discussed further in this document. Whilst this document outlines Council's strategy regarding rates revenue, rates data will be contained in the Council's Annual Budget as required by the *Local Government Act 2020.*

Section 94(2) of the *Local Government Act 2020* states that Council must adopt a budget by 30 June each year (or at another time fixed by the Minister) to include:

- the total amount that the Council intends to raise by rates and charges;
- a statement as to whether the rates will be raised by the application of a uniform rate or a differential rate;
- a description of any fixed component of the rates, if applicable;
- if the Council proposes to declare a uniform rate, the matters specified in section 160 of the *Local Government Act 1989*;
- if the Council proposes to declare a differential rate for any land, the matters specified in section 161(2) of the *Local Government Act 1989*;

Section 94(3) of the *Local Government Act 2020* also states that Council must ensure that, if applicable, the budget also contains a statement :

- that the Council intends to apply for a special order to increase the Council's average rate cap for the financial year or any other financial year; or

- that the Council has made an application to the ESC for a special order and is waiting for the outcome of the application; or
- that a special Order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year.

In 2019 the Victorian State Government conducted a Local Government Rating System Review. The Local Government Rating System Review Panel presented their final report and list of recommendations to the Victorian Government in March 2020. The Victorian Government subsequently published a response to the recommendations of the Panel's report. The amendments came into effect in August 2022.

Rating Principles

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

- Wealth Tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to Pay
- Diversity

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, including the requirement under the *Local Government Act 2020* to ensure the Revenue and Rating Plan provides stability and predictability in the financial impact on the municipal community.

Rates and Charges Revenue Principles:
Property rates will:

- be reviewed annually;
- not change dramatically from one year to the next; and
- be sufficient to fund current expenditure commitments and deliverables outlined in the Council Plan, Financial Plan and Asset Plan.

Differential rating should be applied as equitably as is practical and will comply with the *Ministerial Guidelines for Differential Rating 2013*.

Determining which valuation base to use

Under 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

For residential and farm properties, NAV is calculated at 5 per cent of the Capital Improved Value. For commercial and industrial properties, NAV is calculated as the greater of the estimated annual rental value or 5 per cent of the CIV.

Council, following a review in 2022/2023, elected to continue to use CIV as the appropriate valuation base to use for rates purposes.

Capital Improved Value (CIV)
Capital Improved Value is the most commonly used valuation base by local government with all but two 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.

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

- it uses the Capital Improved Value system of valuing land; and
- it considers that a differential rate will contribute to the equitable and efficient carrying out of its functions.

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

Advantages of using Capital Improved Value (CIV)

Advantages of using CIV include:

- CIV includes all property improvements, and hence is often supported on the basis that it more closely reflects "capacity to pay". The CIV rating method takes into account the full development value of the property, and therefore better meets the equity criteria than Site Value and NAV;
- with annual frequency of valuations, the market values are predictable;
- the concept of the market value of property is more easily understood with CIV rather than NAV or SV;
- most councils in Victoria have now adopted CIV which makes it easier to compare relative movements in rates and valuations across councils; and
- the use of CIV allows Council to apply differential rates which greatly adds to Council's ability to equitably distribute the rating burden based on ability to afford council rates. CIV allows council to apply higher rating differentials to the commercial and industrial sector that offset residential rates.

Disadvantages of using Capital Improved Value (CIV)

The main disadvantage with CIV is the fact that rates are based on the total property value which may not necessarily reflect the income level of the property owner as with pensioners and low-income earners.

Site Value (SV)

There are currently no Victorian councils that use this valuation base. With valuations based simply on the valuation of land and with only very limited ability to apply differential rates, the implementation of Site Value in a council context would cause a shift in rate burden from the industrial/commercial sectors to the residential sector, and would hinder Council's objective of a fair and equitable rating system.

There would be further rating movements away from modern townhouse style developments on relatively small land parcels to older established homes on quarter acre residential blocks. In many ways, it is difficult to see an equity argument being served by the implementation of site valuation in Wodonga.

Advantages of Site Value (SV)

Advantages of using SV include:

- there is a perception that under SV, a uniform rate would promote development of land, particularly commercial and industrial developments. There is, however, little evidence to prove that this would be the case; and

- scope for possible concessions for urban farm-land and residential use land.

Disadvantages of using Site Value (SV)

Disadvantages of using SV include:

- under SV, there will be a significant shift from the industrial/commercial sector onto the residential sector of council. The percentage increases in many cases would be in the extreme range;
- SV is a major burden on property owners that have large areas of land. Some of these owners may have much smaller/older dwellings compared to those who have smaller land areas but well developed dwellings - but will pay more in rates. A typical example is flats, units, or townhouses which will all pay low rates compared to traditional housing styles;
- the use of SV can place pressure on council to give concessions to categories of landowners on whom the rating burden is seen to fall disproportionately (e.g. farm land and residential use properties). Large landowners, such as farmers for example, are disadvantaged by the use of site value;
- SV will reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates; and
- the community may have greater difficulty in understanding the SV valuation on their rate notices, as indicated by many enquiries from ratepayers on this issue.

Net Annual Value (NAV)

NAV, in concept, represents the annual rental value of a property. However, in practice, NAV is loosely linked to capital improved value for residential and farm properties. Valuers derive the NAV directly as 5 per cent of CIV.

In contrast to the treatment of residential and farm properties, NAV for commercial and industrial properties are assessed with regard to actual market rental value. This differing treatment of commercial versus residential and farm properties has led to some suggestions that all properties should be valued on a rental basis.

Overall, the use of NAV is not largely supported. For residential and farming ratepayers, actual rental values pose some problems. The artificial rental estimate used may not represent actual market value, and means the base is the same as CIV but is harder to understand.

Recommended Valuation Base

In choosing a valuation base, councils must decide on whether they wish to adopt a differential rating system (different rates in the dollar for different property categories) or a uniform rating system (same rate in the dollar). If a council was to choose the former, under the *Local Government Act 1989* it must adopt either of the CIV or NAV methods of rating.

Council applies Capital Improved Value (CIV) to all properties within the municipality to take into account the fully developed value of the property. This basis of valuation takes into account the total market value of the land plus buildings and other improvements.

Differential rating allows (under the CIV method) Council 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.

Section 161(1) of the *Local Government Act 1989* outlines the requirements relating to differential rates, which include:

- a Council may raise any general rates by the application of a differential rate, if Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions; and
- if a Council declares a differential rate for any land, the Council must specify the objectives of the differential rate, which must be consistent with the equitable and efficient carrying out of the Council's functions and must include the following:
    - a definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate;
    - an identification of the type or classes of land which are subject to the rate in respect of the uses, geographic location (other than location on the basis of whether or not the land is within a specific ward in Council's district); and
    - specify the characteristics of the land, which are the criteria for declaring the differential rate.

Once the Council has declared a differential rate for any land, the Council must:

- specify the objectives of the differential rates; and
- specify the characteristics of the land which are the criteria for declaring the differential rate.

The purpose is to ensure that Council has a sound basis on which to develop the various charging features when determining its revenue strategies and ensure that these are consistent with the provisions of the *Local Government Act 1989*.

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. There is no limit on the number or types of differential rates that can be levied, but the highest differential rate can be no more than four times the lowest differential rate.

Property Valuations

The *Valuation of Land Act 1960* is the principle legislation in determining property valuations. Under the *Valuation of Land Act 1960*, the Victorian Valuer-General conducts property valuations on an annual basis. Council applies Capital Improved Value (CIV) to all properties within the municipality to reflect the full development value of the property. This basis of valuation takes into account the total market value of the land including buildings and other improvements.

The value of land is always derived by the principal of valuing land for its highest and best use at the relevant time of valuation.

Council needs to be mindful of the impacts of revaluations on the various property types in implementing the differential rating strategy outlined in the previous section to ensure that rises and falls in council rates remain affordable and that rating 'shocks' are mitigated to some degree. This includes periodical adjustments to differentials where abnormal valuation increases or decreases occur in a given year.

Supplementary Valuations
Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. Council undertakes supplementary valuations on a quarterly basis.

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Objections to supplementary valuations can be lodged in accordance with Part 3 of the *Valuation of Land Act 1960.* Any objections must be lodged with Council within two months of the issue of the supplementary rate notice.

Objections to Property Valuations
Part 3 of the *Valuation of Land Act 1960* provides that a property owner may lodge an objection against the valuation of a property or the Australian Valuation Property Classification Code (AVPCC) within two months of the issue of the original or amended (supplementary) Rates and Valuation Charges Notice (Rates Notice), or within four months if the notice was not originally issued to the occupier of the land.

A property owner must lodge their objection to the valuation or the AVPCC in writing to Council or electronically via the State Government's objection Portal found on Councils' website. Property owners also have the ability to object to the site valuations on receipt of their Land Tax Assessment. Property owners can appeal their land valuation within two months of receipt of their Council Rate Notice (via Council) or within two months of receipt of their Land Tax Assessment (via the State Revenue Office).

No Windfall Gain
There is a common misconception that if a property valuation rises then the council receives a 'windfall gain' with additional income. This is not the case, as the revaluation process results in a redistribution of the rate burden across all properties in the municipality. Any increase to total valuations of the municipality is offset by a reduction to the rate in the dollar (ad valorem rate) used to calculate the rate for each property. Total income is set each year as part of the budget process and the Fair Go Rates System.

Rating Differentials

Council believes each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the classes of land which are subject to each differential rate and the uses of each differential rate are set out below. Wodonga has a number of different rates that apply to ten different differential rating categories.

In setting its rating strategy and differentials, Council aims to provide rating stability, predictability of individual rates and equitable distribution of overall rating burden between the rating categories while taking into account, among other factors, general taxation principles and the need to minimise rates shock. Council reviews the application of the rating strategy annually during the budget process and when valuations are available.

Residential Occupied Rate

Definition:

Residential occupied land is any rateable land that is used primarily for residential purposes, or on which there exists a building obviously adapted for use for residential purposes as defined under the provisions of the Wodonga Planning Scheme.

Objectives:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the:

- construction and maintenance of public infrastructure;
- development and provision of health and community services; and
- provision of general support services.

Types and Classes:

Rateable land used primarily for residential purposes, and any land that is not defined as Vacant, Rural or Development land

Use of Rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

100% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

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

Types of Buildings:

Residential buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Commercial / Industrial Occupied Rate

Definition:

Commercial/Industrial occupied land is any land that is used primarily for commercial or industrial purposes, or on which there exists a building obviously adapted for use for commercial or industrial purposes as defined under the provisions of the Wodonga Planning Scheme, including but not limited to a factory or workshop.

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 Commercial/Industrial Rate occupied 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 Council benefit from ongoing significant 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 also the income generating capability of commercial based properties.

The Commercial differential rate is applied to promote the economic development objectives for the Council as outlined in the Council Plan. These objectives include an ongoing significant investment to create a vibrant economy and includes the maintenance and improvement of tourism infrastructure. Construction and maintenance of public infrastructure, development and provision of health and community services and the general provision of support services and promotion of business in the municipality.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of land which will be subject to the rate applicable to Commercial/Industrial Land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Commercial/Industrial land having the relevant characteristics described below:

- used primarily for commercial purposes; or
- used primarily for industrial purposes.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

160% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

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

Residential / Commercial / Industrial - Vacant Land Rate

Definition:

Residential/Commercial/Industrial vacant land is any land on which there does not exist any building obviously adapted for human habitation or for commercial or industrial use, and which does not have the characteristics of Development Use 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 Vacant Land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services. It is also to encourage the development of land and to recognize the rating impact of vacant land.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to Residential/Commercial/Industrial vacant land. The classification of the vacant land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Vacant land having the relevant characteristics described below:

- to be used primarily for residential purposes;
- to be used primarily for commercial purposes;
- to be used primarily for industrial purposes; or
- any land that is not defined as rural land – farming and non-farming.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

200% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

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

Types of Buildings:

There is no dwelling/building constructed on the land or any dwelling located on the land is considered by Council's municipal building surveyor or other council officer authorised for this purpose to be unfit for human habitation.

Rural Land – Farming Rate

Definition:

Any land which is "Farm Land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960*.

- Farm Land means any rateable land that is 2 or more hectares in area;
- used primarily for primary producing purposes from its activities on the land; 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

That is used by a business –

- that has a significant and substantial commercial purpose of character;
- that seeks to make a profit on a continuous or repetitive basis from its activities on the land;
- that 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; and
- is a primary producer as evidenced by a current ATO assessment.

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 Rural Land - Farming Rate properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services with considerations to maintain agriculture as an industry in the municipal district, to facilitate the longevity of the farm sector and achieve a balance between providing for municipal growth and retaining the important agricultural economic base.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of farm land. The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Types and Classes:

Farm Land used primarily for primary production purposes.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

70% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Anywhere within Council's municipal district, which is wholly or partially within on or more of the planning zones listed below.

Planning Scheme Zoning:

- FZ Farming Zone
- UGZ Urban Growth Zone

Types of Buildings:

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

Rural Land – Non-Farming Rate

Definition:

Any land which is:

- greater than 8 hectares in size; or
- less than 8 hectares in size and due to reasons of inappropriate subdivision is generally vacant, low valued land that has little utility to owners because the land is restricted to no development in its current form; and
- not Rural Land – Farming, nor Development Use 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 Rural Land – Non-Farming Rate properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

Characteristics:

The classification of the land will be determined by the occupation of that land for its best use and have reference to the planning scheme zoning.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

100% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

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

Society/Social Club Land Rate

Definition:

Any land which is not subject to the Cultural and Recreational Lands Act 1963, and used primarily for the activities of a club or society which are carried on for the benefit of its members or their guests.

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 Society/Social Club Land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services, acknowledging that similar clubs are exempt from the payment of rates under the Cultural and Recreational Lands Act.

Characteristics:

There are currently three ratepayers that meet the requirements for classification as Society/Social Club landholders.

Types and Classes:

Land used for the benefit of members and their guests.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

93% of the Residential Occupied Rate.

Use of Land:

Any use permitted under the Wodonga Planning Scheme.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

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

Types of Buildings:

Where applicable, all buildings which are already constructed on the land or which are constructed prior to the end of the financial year.

Development Use Land Rate

Definition:

The valuer responsible for the returning of the general revaluation or any supplementary valuation may classify any land (or a portion of that land) that is in the process of being developed into the category of Development Use Land. Classification to Development Use Land will be at the valuer's discretion and based principally on the basis of applications and/or approvals for rezoning and/or development.

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 Development Use Land properties is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services. It is also to encourage the development of land in a timely manner and to recognize the rating impact of vacant land.

Characteristics:

The characteristics of the planning scheme zoning are applicable to the determination of development use land which will be subject to the rate applicable to development use land. The classification of the development use land will be determined by the location of that land for its best use, applications and/or approvals for development and have reference to the planning scheme zoning.

Types and Classes:

Any parcel of land that has been declared by the valuer appointed by the Victorian Valuer General or Council to make the general or supplementary valuations respectively, that by reason of its zoning or proximity to land which has been or is being developed for residential, commercial, industrial or other urban purposes or by reason of its proximity to land which has been or is being subdivided into allotments used or intended to be used for residential, commercial, industrial or other urban purposes and does not have the characteristics of Rural Land – Farming or Rural Land – Non-Farming.

Use of Rate:

The differential rate will be used to fund items of expenditure described in the Budget adopted by Council. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Level of Rate:

205% of the Residential Occupied Rate.

Use of Land:

As determined by the Valuer, being the development or impending development of land into residential, commercial or industrial lots.

Geographic Location:

Wherever located within the municipal district.

Planning Scheme Zoning:

The zoning applicable to the developed lots, as determined by consulting maps referred to in the relevant Wodonga Planning Scheme.

Types of Buildings:

Nil.

Advantages of a differential rating system

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

- there is greater flexibility to distribute the rate burden between all classes of property, and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for commercial and industrial premises;
- differential rating allows Council to better reflect the investment required to establish infrastructure to meet the needs of the commercial and industrial sector;
- allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome (eg. Farming enterprises); and
- allows Council discretion in the imposition of rates to facilitate and encourage appropriate development of its municipal district in the best interest of the community. (ie. Vacant land attracts a differential rate double that of Residential occupied rates to discourage land banking).

Disadvantages of a differential rating system

The disadvantages in applying differential rating summarised below are:

- the justification of the differential rate can at times be difficult for the various groups to accept giving rise to queries and complaints where the differentials may seem to be excessive;
- differential rates can be confusing to ratepayers, as they may have difficulty understanding the system. Some rating categories may feel they are unfavourably treated because they are paying a higher level of rates than other ratepayer groups;
- differential rating involves a degree of administrative complexity as properties continually shift from one type to another (e.g. residential to commercial) requiring Council to update its records. Ensuring the accuracy and integrity of Council's data base is critical to ensure that properties are correctly classified into their right category; and
- Council may not achieve the objectives it aims for through differential rating. For example, Council may set its differential rate objectives to levy a higher rate on land not developed, however it may be difficult to prove whether the rate achieves those objectives.

Municipal Charge

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

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

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

The municipal charge applies equally to all properties and is based upon the recovery of a fixed cost of providing administrative services irrespective of valuation. The same contribution amount per assessment to cover a portion of council's administrative costs can be seen as an equitable method of recovering these costs.

Council has determined to not include a Municipal Charge.

Special Charge Schemes

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

Charge comes from legislation (under the *Local Government Act 1989*) that allows councils to recover the cost of works from property owners who will gain special benefit from that work.

The purposes for which special rates and special charges may be used include road construction, kerb and channelling, footpath provision, drainage, and other capital improvement projects.

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

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

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives. The fundamental principle of special rates and charges is proof "special benefit" applies to those being levied. For example, they could be used to fund co-operative fire prevention schemes. This would ensure that there were no 'free-riders' reaping the benefits but not contributing to fire prevention.

Landscaping and environmental improvement programs that benefit small or localised areas could also be funded using special rates or charges.

Service Rates and Charges

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

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

Council currently applies a service charge for the kerbside collection and disposal of refuse on urban properties (compulsory) and rural properties (optional) and providing waste services for the municipality (including but not limited to the Waste Transfer Station and street litter bins). Council retains the objective of setting the service charge for waste at a level that fully recovers the cost of the waste services.

It is recommended that council retain the existing kerbside collection charge and waste management levy – should council elect not to have waste service charges, these amounts would be required to be raised by way of an increased general rate – meaning

that residents in higher valued properties would subsidise the cost of waste services provided to lower valued properties.

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

Cultural and Recreational Land

The provision of rate relief to recreational land is provided by the Cultural and Recreational Lands Act 1963. The Act effectively provides for properties used for outdoor activities to be differentially rated unless it involves land that is being leased from a private landowner. The discretion to provide a cultural and recreational land rate rests with Council.

Eligible land is described in Section 2(a) as follows:-

- lands which are vested in or occupied by any body corporate or incorporate which exists for the purpose of providing or promoting cultural or sporting recreational or similar facilities or objectives and which applies its profits in promoting its objects and prohibits the payment of any dividend or amount to its members; and
- used for outdoor sporting recreational or cultural purposes or similar outdoor activities.

The Act goes on to cite examples such as showgrounds, Flemington racecourse, and the MCG.

Council has determined not to levy rates on properties that are used exclusively for the purposes of recreation for the community of Wodonga due to the benefit to the community derived from such recreational lands.

There are currently 15 assessments that are granted non-rateability under the Cultural and Recreational Lands Act being a mixture of properties in the categories of racecourse, sports clubs reserves and buildings that don't have gaming machines, kart club, yacht club, swimming club, golf club, tennis clubs, bowling club, band hall, angling club, show society and pistol club.

In the cases where properties include clubrooms that contain gaming machines these are treated as a commercial enterprise and are rated accordingly.

Council believes that the current 15 sporting bodies in this category should be treated as non-rateable under the Cultural and Recreational Lands Act 1963 for the reasons stated above.

Non-Rateable Properties

Section 154 of the *Local Government Act 1989* provides for properties where the use is charitable, to be non-rateable. Charitable uses include those providing health services, education, religion, and services to vulnerable persons.

This section of the act also provides for Council, Crown, Ministerial or other public statutory body land to be non-rateable.

There also are a number of organisations, which provide service to disadvantaged people on a voluntary and not-for-profit basis.

Council recognises that the organisations providing these services are providing a valuable community service, which in part also supplements Council's own activities in this area. It is considered appropriate that Council grants these properties non-rateability in respect of these properties, to the organisation which provides the service to the community. This will assist the organisation in its activities.

In order to be considered a charitable organisation, and granted non-rateability status, Council determines each case on its merits and requests the following information in making its determination:

- evidence of “Deductible Gifts Recipient” (DGR) status;
- a copy of their Constitution, Association Articles and Objects;
- what, if any taxes do they pay and what, if any taxes are they exempt from;
- what services they provide;
- where do they obtain their revenue to provide their services;
- who are their clients;
- copies of their annual reports including financial statements for the past two financial years; and
- confirmation that no dividend is paid to any member, Director, or any other person.

Collection and Administration of Rates and Charges

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

Payment Options
In accordance with Section 167(1) of the *Local Government Act 1989* ratepayers have the option of paying rates and charges by way of four instalments. Payments are due on the prescribed dates below:

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

Council offers a range of payment options including:

- in person at Council offices (cheques, EFTPOS, credit/debit cards and cash);
- online via Council’s ratepayer portal, direct debit (on prescribed instalment due dates or monthly);
- BPAY;
- Australia Post (over the counter, over the phone via credit card and on the internet); or
- by mail (cheques only).

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

Council reserves the right to not charge interest, or to charge a rate of interest below that determined by the Minister and published in the Government Gazette, in certain economic situations such as during the economic downturn as a result of the Covid-19 pandemic.

Pensioner Rebates
Holders of a Centrelink or Veteran Affairs Pension Concession card or a Veteran Affairs Gold card which stipulates TPI or War Widow may claim a rebate on their sole or principal place of residence. Upon initial application, ongoing eligibility is maintained, unless rejected by Centrelink or the Department of Veteran Affairs during the annual verification procedure. Upon confirmation of an eligible pensioner concession status, the pensioner rebate is deducted from the rate account before payment is required by the ratepayer.

With regards to new applicants, after being granted a Pensioner Concession Card (PCC), pensioners can then apply for the rebate at any time throughout the rating year. Retrospective claims up to a maximum of one previous financial year can be approved by Council on verification of eligibility criteria, for periods prior to this claims may be approved by the relevant government department.

8 ½ -Star Energy Rating Rebates
With effect from September 2018, council provide a one-off rate rebate for new properties that achieve a minimum energy efficiency rating as determined by Council under the Nationwide House Energy Rating Scheme (NatHERS). This initiative aligns with the council's Environmentally Sustainable Design Strategy and aims to encourage positive environmental practices in the community.

The rebate will apply to a new build or a complete renovation, which would bring the entire property up to a minimum 8 ½ -star NatHERS energy rating.

The rebate will be 100 per cent of the annualized (12 months equivalent) rates, calculated from the date of the next supplementary valuation batch after the issue of the certificate of occupancy on the property and applied as a credit against the supplementary rates notice and annual rates notice (if required).

Other Rebates
Other rate rebates are determined by Council from time to time, for example as an incentive for investment attraction purposes where a benefit for the Wodonga community such as the establishment of new jobs can be obtained by providing a temporary rates rebate as an incentive.

Deferred Payments

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

Deferral of rates and charges are available to all ratepayers who satisfy the eligibility criteria and have proven financial difficulties. Where Council approves an application for deferral of rates or charges, interest will continue to be levied on the outstanding balance of rates and charges but at an interest rate fixed annually by Council. This deferred interest rate will typically be well under the penalty interest rate levied by Council on unpaid rates and charges.

Ratepayers seeking to apply for such provision will be required to speak to a Council Customer Experience Officer (either in person, by phone or by online chat) in the first instance.

Rates and Charges Hardship Directive

Council's *Rates and Hardship Directive* defines the process for applications for deferment or waiver of rates and charges. It ensures Council is able to provide assistance to those that have a willingness, but not the capacity to pay and treats these customers with fairness, sensitivity and equity.

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

Ratepayers may elect to either negotiate a rate payment plan, apply for a rate deferral or request a rate and/or interest waiver. Ratepayers seeking to apply for such assistance will be required to speak to a Council Customer Experience Officer (either in person, by phone or by online chat) in the first instance. Applications for a waiver or deferral will be individually assessed by a suitably qualified, independent Financial Counsellor against the criteria stated in the directive and always with a view to the ratepayer re-establishing financial capability and, wherever possible, meeting their financial obligations.

It is noted that waivers will generally not be approved unless there are extreme circumstances.

Debt Recovery

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

In the event that an account becomes overdue, Council will issue an overdue reminder notice which will include accrued penalty interest. In the event that the account remains unpaid, Council may take legal action without further notice to recover the overdue amount. All fees and court costs incurred will be recoverable from the ratepayer.

If an amount payable by way of rates in respect to land has been in arrears for three years or more, and Council has been unable to contact the property owner or tenant and has exhausted all other avenues, Council may take action to sell the property in accordance with the *Local Government Act 1989* Section 181.

Other Revenue Items

User Fees and Charges

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

Examples of user fees and charges include:

- Waste Transfer Station fees;
- Animal Registration fees; and
- Leases and facility hire fees.

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

Councils must also 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.

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

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

- Market Price;
- Full Cost Recovery Price; or
- Subsidised Price.

Market Pricing is where council sets prices based on the benchmarked competitive prices of alternate suppliers. In general 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 aims to recover all direct and indirect costs incurred by council. This pricing should be used in particular where a service provided by council benefits individual customers specifically, rather than the community as a whole. 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 is where council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (ie 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.

As per the Victorian Auditor General's Office report *"Fees and charges – cost recovery by local government"* recommendations, council uses internal charges to help ensure the full cost of providing the service is known and taken into account when setting prices. The internal charges used for setting fee prices are based on the following principles:

- both direct and indirect costs are taken into account when setting prices;
- accessibility, affordability and efficient delivery of services must be taken into account; and
- competitive neutrality with commercial providers.

Council develops a table of fees and charges as part of its annual budget each year. Proposed pricing changes will be included in this table and will be communicated to stakeholders before the budget is adopted, giving them the chance to review and provide valuable feedback before the fees are locked in.

Statutory Fees and Charges

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

Examples of statutory fees and fines include:

- planning and subdivision fees;
- building and inspection fees;
- infringements and fines; and
- 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.

Penalty Units
Penalty units are used to define the amount payable for fines for many offences. For example, the fine for selling a tobacco product to a person aged under 18 is four penalty units.

One penalty unit is currently $197.59, from 1 July 2024 to 30 June 2025.

The rate for penalty units is indexed each financial year so that it is raised in line with inflation. Any change to the value of a penalty unit will happen on 1 July each year.

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

The value of one fee unit is currently $16.33, from 1 July 2024 to 30 June 2025. This value may increase at the beginning of a financial year, at the same time as penalty units.

The cost of fees and penalties is calculated by multiplying the number of units by the current value of the fee or unit. The exact cost may be rounded up or down.

Grants

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

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

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Grant assumptions are then clearly detailed in council's budget document. Only grants that are guaranteed to be received are included in the budget. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

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 asset hand-overs.

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; or
- 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.

Interest on Investments

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or for special purposes. The investment portfolio is managed per council's Investment Policy, which seeks to earn the best return on funds and preferences responsible investments whilst minimising risk.

Asset Sales

Council periodically sells assets, in particular plant and equipment that has reached its useful life with Council and land identified for divestment.

Plant, equipment and fleet vehicles that are owned by Council will be disposed of in line with the relevant council procedural guidelines, which specify one the following ways:

- trade-in as part of a tendering process to purchase replacement plant and/or fleet vehicles;
- sale by competitive tender via the council's Contract Management System;
- sale at public auction; or

- damaged plant and/or fleet vehicles, which are 'written off' by the insurer shall be considered as disposed.

Sale of land will be made in line with the Property Divestment Policy and the Sale, Exchange and Transfer of Council Owned Land Policy to ensure a fair and transparent process is undertaken.

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

- borrowings must only be applied for where it can be proven that repayments can be met in the Long Term Financial Plan;
- borrowings must not be used to fund ongoing operations;
- borrowings are appropriate for funding large capital works where the benefits are provided to future generations; and
- Council will maintain its debt at levels which are sustainable, with:
    - indebtedness <60% of rate and charges revenue; and
    - debt servicing cost <5% of total revenue (excluding capital revenue).