Glenelg Shire Council

Revenue and Rating Plan

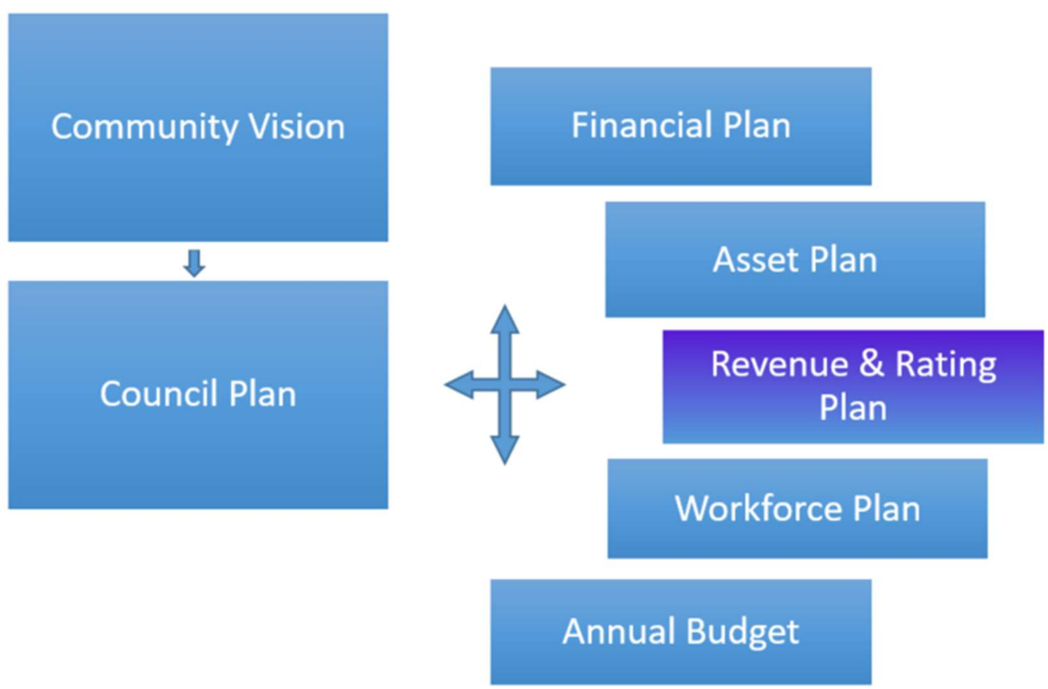
Purpose

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 Glenelg Shire 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, all of which is created to help Council achieve its vision of Council being forward thinking and inclusive. Council will continue to innovate and develop our diverse economy to deliver services that meet the needs of our community.

Strategies outlined in this plan align with the objectives contained in the current Council Plan and will feed into our budgeting and long-term financial planning documents, as well as other strategic planning documents under our Council's strategic planning framework. If required, Council will realign the Revenue and Rating Plan to encompass any additional requirements of the new Council Plan that is currently being developed for the period 2021 – 2025.



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.

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 was received from relevant stakeholders.

Revenue and Rating Plan community engagement process:

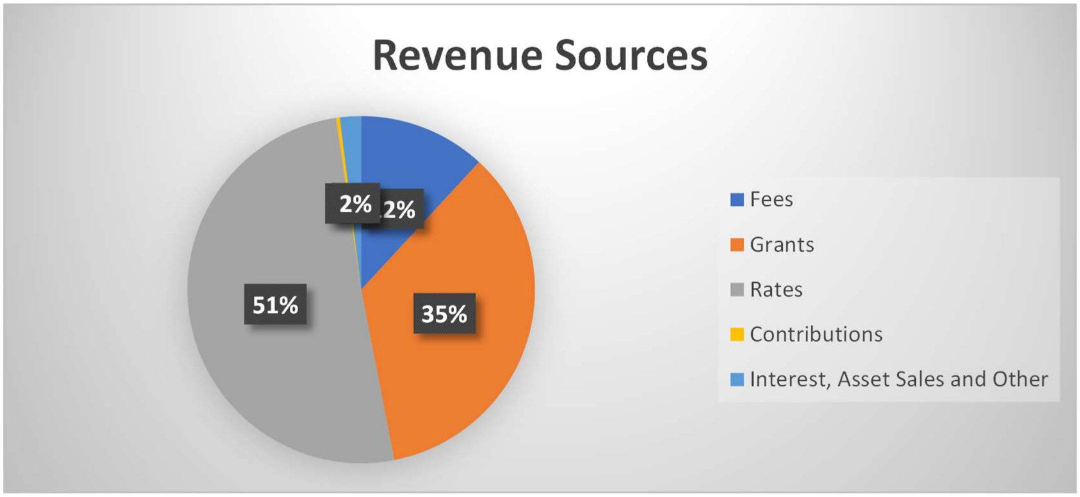
- Draft Revenue and Rating Plan prepared by officers;
- Draft Revenue and Rating Plan placed on public exhibition at (March) Council meeting for a period of 28 days and calling for public submissions;
- Community engagement through local news outlets and social media;
- Hearing of public submissions (April-May); and
- Draft Revenue and Rating Plan (with any revisions) to be presented to (June) Council meeting for adoption.

There were 83 public submissions received at the closing date of the 7 May 2021. An open meeting was held in Casterton on the 12 May for those wishing to speak to their submissions, where approximately 40 people attended and 14 took the opportunity to speak. These were predominately from residents in the primary producers rating category expressing objection to a removal of the rebate. A consistent theme was to re-introduce a differential rating approach for the sector.

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 recommended changes have been discussed with the Council.

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 ($24.8M)
- Waste and garbage charges ($2.3M)
- Grants ($17.1M)
- Statutory Fees and Fines ($0.8M)
- User Fees ($2.7M)
- Cash and non-cash contributions from other parties ($0.165M)
- Interest from investments ($0.15M)
- Sale of Assets ($0.22M)

Rates are the most significant revenue source for Council and account for 50.74% of its 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.

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 its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Rates and Charges Revenue Principles:
Property rates will:

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

A Council can establish a rating structure comprised of three key elements. These are:

1. 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;

2. Service Charges - A ‘user pays’ component for council services to reflect benefits provided by Council to ratepayers who benefit from a service; and

3. Municipal Charge - A ‘fixed rate” portion per property to cover some of the administrative costs of Council. The Glenelg Shire Council does not currently apply a municipal charge.

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

Council may make 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 primary production purposes. This distinction is based on the concept that different property categories should pay a fair and equitable contribution, considering the benefits those properties derive from the local community.

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 50% 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 partially recover the cost of Council's waste collection services. The garbage service charge is not capped under the Fair Go Rates System, however Council has used this cap to determine the service charge increase in the past.

Rating Legislation

The legislative framework set out in the Local Government Act determines council's ability to develop a rating system. 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
- Special rates and charges under Section 163

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.

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.

Glenelg Shire Council currently uses a uniform rating system and 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.

Rating Principles

When developing a rating strategy, a Council should give consideration to the following good practice taxation principles:

Benefit, Capacity to Pay, Diversity, Efficiency, Equity, Simplicity and the principle of a Wealth Tax

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.

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

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

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.

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

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 is mindful of the impacts of revaluations on the various property types after the calculation of the uniform rate. Rises and falls in council rates should remain affordable and be in line with the rating principles noted above.

The analysis from the most recent valuation indicates that the capital improved value for Portland residential and the rural sector are experiencing valuation increases around 13-14%, rural residential around 6% and less than 5% for the areas of other residential townships and the commercial and industrial sector.

Supplementary Valuations

Supplementary valuations are carried out for a variety of reasons including rezoning, subdivisions, amalgamations, renovations, new constructions, extensions, occupancy changes and corrections. The Victorian Valuer-General is tasked with undertaking supplementary valuations and advises council on a monthly basis of valuation and Australian Valuation Property Classification Code (AVPCC) changes.

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.

Rating Categories

Council believes each rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each current rate, the classes of land which are subject to each rate and the uses of each rate are set out below.

General Rate

Definition:
General land is any rateable land which does not have the characteristics of Primary Producer land and Commercial/ Industrial Rate Land.

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

Types and Classes:
Rateable land having the relevant characteristics described below:
- used primarily for residential purposes; or
- any land that is not defined as Primary Production or Commercial/Industrial Land.

Level of Rate:
100% of General Rate.

Geographic Location:
Wherever located within the municipal district.

Primary Production

Definition:
Following a submission from the Victorian Farmers Federation (VFF) in 1998, the Council changed the definition of farming to ensure that the primary production differential rate only applied to bona-fide primary production properties. Before 1998, all properties outside Portland greater than two (2) hectares were classified as farms. However, the VFF submission resulted in primary production properties being defined as greater than 40 hectares (with some specified exceptions such as horticulture, viticulture etc.). Prior to 2010/2011 the primary production differential rate was set at 20% less than the general differential rate. In 2010/2011 the primary production differential rate was set at the same rate in the dollar as the general differential rate. However, a 20% rate rebate did apply to all primary production differential rate properties.

Following the Rate Strategy Review 2011 at the Special Council Meeting on 3 May 2011, Council set the primary production rate rebate to 30% less than the general differential rate.

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the rate in the dollar declared for defined Primary Production land 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 a major 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.

Types and Classes:
Primary Production land having the relevant characteristics described below:
- used primarily for primary production purposes; or
- any land that is not defined as General Land or Commercial/Industrial Land.

Level of Rate:
100% of the General Rate and a 30% rebate given after the calculation of total rates.

Geographic Location:
Wherever located within the municipal district.

Commercial/Industry Rate

Definition:
Commercial/Industrial Land is any land, which is:
- Used primarily for carrying out the manufacture or production of, or trade in goods or services

Objectives:
To ensure that Council has adequate funding to undertake its strategic, statutory, service provision and community services obligations and to ensure that the rate in the dollar declared for defined Commercial/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 Glenelg Shire 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 the income generating capability of commercial based properties.

Types and Classes:
Commercial/Industrial having the relevant characteristics described below:
- used primarily for commercial purposes; or
- any land that is not defined as General Land or Primary Producers Land.

Level of Rate:
100% of the General Rate.

The Glenelg Shire Council is currently one of only three Victorian Councils that do not set a higher differential rate for properties in the commercial and industrial sector and reduced the differential rate of 120% to a unform rate of 100% several years ago.

Geographic Location:
Wherever located within the municipal district.

The following information has been extracted from the draft Council budget 2021/22 regarding Council rating categories.

The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year.

Type or class of land	2020/21 $'000	2021/22 $'000	Change $'000	Change %
General land	10,469	**10,374**	(95)	**-0.91%**
Commercial land	1,538	**1,486**	(52)	**-3.38%**
Primary production land (includes (30% rebate)	7,657	**8,002**	345	**4.51%**
Recreational land (includes 50% rebate)	6	**6**	-	**0.00%**
Cultural and recreational land	23	**17**	(6)	**-26.09%**
Rate agreements	5,195	**5,215**	20	**0.38%**
Total amount to be raised by general rates	**24,888**	25,100	**212**	**0.85%**

Rebates

Rebates and concessions are a repayment to a property owner of part or all of the rates they owe. The criteria for rebates and concessions include the preservation or restoration of certain types of building, and to support development of the municipal district (or part of the district). In all cases rebates and concessions must provide a benefit to the community as a whole. This is referred to as the public benefit test.

Rate Category	No. of Assessments	Rebate Provided
General Land	10024	$ -
Commercial Land	1029	$ -
Primary Production Land (30%)	2780	$ (3,327,423)
Recreational Land (50%)	15	$ (6,442)
Cultural & Recreational Lands Act	16	$ -

Rate Agreements

Council has special rating agreements that apply to large industries situated in the Shire. These Rate Agreements are summarised as follows:

(a) Portland Aluminium Smelter

Portland Aluminium Smelter is the single largest ratepayer in the Shire.

(b) Port of Portland

Port of Portland Pty Ltd rate agreement has been negotiated for the next 6 years until 30 June 2024.

(c) Pacific Hydro

Council also levies rates on the Portland Wind Energy Project (PWEP) in accordance with the 'Electricity Industry Act'. The Act compels Councils with electricity generators in their municipalities to enter into a rate agreement. The Act contains a formula that must be applied and is consistent for all electricity generators in Victoria.

The Revenue and Rating Plan should consider Council's reliance on rate agreements with large industries to ensure that any future risks to Council's financial position are minimised.

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.

Municipal rates are a property based tax and it is difficult to effectively relate this type of tax to the concept of capacity to pay for any category of ratepayer or to relate rates paid to the services received or available.

Since the creation of the Glenelg Shire in 1994, a municipal charge has not been levied.

The introduction of a Municipal Charge would need to conform with the Victorian Government's Fair Go Rates System (FGRS).

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.

Service Rates and Charges

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

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

Council currently applies a service charge for the collection and disposal of refuse on urban properties (compulsory) and rural properties (optional) and providing waste services for the municipality (street litter bins for instance).

User Fees and Charges

User fees and charges account for 10% of Council's total revenue.

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:

- Kindergarten and Childcare fees
- Leisure Centre, Gym, and Pool visitation and membership fees
- Waste Management fees
- Aged and Health Care service fees
- 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.

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.

Council review the table of fees and charges as part of its annual budget process 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.

Increases are applied on a 'per service' basis, but as a general principle fee increases are in line with the increase in rate revenue. However, in some instances fees are tied to legislative limits such as formulae relating to pension levels for home care services, or upper limits governing fines. The ability to increase in this area of non-rate income is therefore limited.

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. This is particularly relevant in the operation of the Portland Child and Family Complex, Kathleen Millikan Centre, Council owned quarries, private works and caravan parks.

Statutory Fees and Charges

Statutory fees and charges account for 1.6% of Council's total revenue.

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
- 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.

Grants

Operating grants account for 27% of Council's total revenue. The Victorian Grants Commission (VGC) is responsible, under federal legislation, to distribute the total amount received from the federal government to the 79 Victorian Councils. The VCG Grants comprise a 'General Purpose Grant' and a 'Roads Grant' and accounts for approximately $8.5M per annum.

Capital grants are usually non recurrent and only known funding is included in future projections. The Roads to Recovery funding, received from the Federal Government, accounts for $12M over a 5-year period.

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, whole of life costs 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 Council Plan and Community Vision, is affordable and there are demonstrated benefits for the community

Grant assumptions are then 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.

Glenelg Shire is very pro-active in seeking government grants for specific purposes and to take advantage of funding opportunities as they arise. Glenelg Shire has also been the recipient of significant funds from the Federal Government under various programs including the stimulus package for infrastructure projects; the Roads to Recovery, Regional Development Australia/Victoria Funds and other major road funding programs.

This has enabled Glenelg Shire to address significant infrastructure renewals.

Contributions

Contributions account for less than 1% of Council's total revenue.

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 handovers.

Examples of contributions include:

- Monies collected from developers under planning and development agreements
- 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.

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, whilst minimising risk.

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.
- Council will aim to 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).

The following outlines the Draft recommendations that were the subject of the community engagement process.

Draft Recommendations

In order for Council to achieve a balanced revenue and rating program that meets the ongoing needs of Councils commitments to the Council plan and the 2040 Community vision, the following strategies are presented for Council consideration.

Rates and Charges

The uniform rate approach has merit and it is recommended that this be maintained over the 4-year term of this strategy. The uniform rate will apply to all classes and maintain the current status where commercial and industrial properties are not rated at a higher figure than other classes as is the case in most other Victorian municipalities.

As future rate cap limitations are not known at this time, a conservative estimate of 1.5% has been applied across the board. This equates to approximately $350k additional rating income that Council will be able to collect each year. There is currently no suggestion that Council should apply for any rate cap exemptions over the term.

It is also recommended that Council does not introduce a municipal charge at this time. The modelling suggests that such an approach impacts lower valued properties more than higher valuations which appears to go against the trend of a fair and equitable rating system where those with the capacity to pay more carry the greatest burden.

The rebate for recreational land should remain in force as such properties clearly meet the public benefit test for all ratepayers. It is recommended however that Council review the rebate applied to primary producers. The public benefit test for a rebate is not strong and any issues associated with a capacity to pay should be addressed through the financial hardship program rather than through a rebate scheme. The Rating Review also highlights that rates are a property tax and should not be considered a fee for services. It is also acknowledged that Council rates represent less than 2% of government tax for businesses.

The following tables represents the projected rates income over the term under the current arrangement applied with a rate cap of 1.5%. Table 1 represents the current status with a 30% rebate, whilst Table 2 models a 5% reduction in the rebate each year over the term. Each 5% reduction equates to approximately $500k in rateable income.

Table 1 - Rates and charges based on current rebates applied:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**1.50%**	**1.50%**	**1.50%**	**1.50%**
General Land	(10,441,524)	(10,598,147)	(10,757,119)	(10,918,476)	(11,082,253)
Commercial Land	(1,547,145)	(1,570,352)	(1,593,907)	(1,617,816)	(1,642,083)
Primary Production Land	(10,927,497)	(11,091,409)	(11,257,780)	(11,426,647)	(11,598,047)
Rebate (30% Primary Production)	3,278,249	3,327,423	3,377,334	3,427,994	3,479,414
Recreational Land	(12,694)	(12,884)	(13,077)	(13,274)	(13,473)
Rebate (50% Recreational)	6,347	6,442	6,539	6,637	6,736
Cultural & Recreational Lands Act	(17,999)	(18,269)	(18,543)	(18,821)	(19,104)
Rate Agreements	(5,195,740)	(5,195,740)	(5,215,848)	(5,236,331)	(5,257,197)
Total Income Rates and Charges	**(24,858,003)**	**(25,152,937)**	**(25,472,403)**	**(25,796,734)**	**(26,126,006)**

Table 2 - Rates and charges based on a 5% decrease in the primary production rebate:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**1.50%**	**1.50%**	**1.50%**	**1.50%**
General Land	(10,441,524)	(10,598,147)	(10,757,119)	(10,918,476)	(11,082,253)
Commercial Land	(1,547,145)	(1,570,352)	(1,593,907)	(1,617,816)	(1,642,083)
Primary Production Land	(10,927,497)	(11,091,409)	(11,257,780)	(11,426,647)	(11,598,047)
Rebate (25% Primary Production)	3,278,249	2,772,852	2,251,556	1,713,997	1,159,805
Recreational Land	(12,694)	(12,884)	(13,077)	(13,274)	(13,473)
Rebate (50% Recreational)	6,347	6,442	6,539	6,637	6,736
Cultural & Recreational Lands Act	(17,999)	(18,269)	(18,543)	(18,821)	(19,104)
Rate Agreements	(5,195,740)	(5,195,740)	(5,215,848)	(5,236,331)	(5,257,197)
Total Income Rates and Charges	**(24,858,003)**	**(25,707,507)**	**(26,598,181)**	**(27,510,731)**	**(28,445,615)**

Based on this scenario the increase to rate income is shown below for each financial year:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Increase in Income from Rates	0	(554,570)	(1,125,778)	(1,713,997)	(2,319,609)

User Fees and Charges

It is recommended that Council also maintain the rate cap approach to the Council discretionary user fees and charges. It is noted that many fees created by Council do not cover the actual costs of the service.

The following table represents that projected income from fees and charges based on the cap increase.

Table 3 - User fees and charge

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**1.50%**	**1.50%**	**1.50%**	**1.50%**
Income User Fees	(5,014,001)	(5,089,211)	(5,165,549)	(5,243,033)	(5,321,678)

Statutory Fees and Charges

It is acknowledged that Statutory fees and charges are mandated through government and are not at the discretion of Council. For budget purposes Council will continue to budget for a 1.5% increase to statutory fees and charges over the term of this plan.

Table 4 – Statutory Fee and charges:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**1.50%**	**1.50%**	**1.50%**	**1.50%**
Income Statutory Fees and Fines	(798,422)	(810,398)	(822,554)	(834,893)	(847,416)

Grants

The Glenelg Shire has been very fortunate in regard to funding being received for economic stimulus as a result of the Coronavirus pandemic. It is not expected that such grant opportunities will continue indefinitely nor is it impossible that grant funding will not be frozen again in the future. For budget purposes Council will continue to budget for a 1.5% increase for operating grants, and that capital grants be based on known funding for infrastructure projects.

Table 5 – Operating Grants:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**1.50%**	**1.50%**	**1.50%**	**1.50%**
Income Grants - Operating	(13,565,834)	(13,769,322)	(13,975,861)	(14,185,499)	(14,398,282)

Table 7 – Capital Grants:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**0.0%**	**0.0%**	**0.0%**	**0.0%**
Income Grants - Capital	(3,625,000)	(3,625,000)	(3,625,000)	(3,625,000)	(3,625,000)

Contributions

It is not expected that there will be any significant increase in monitory contributions over the term of the plan and therefore Council will continue to budget for no increase in this income stream.

Table 8 – Monitory contributions:

	Adopted Budget	Adopted Budget 2021/22	3 Year Plan		
Projection	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Assumption		**0.0%**	**0.0%**	**0.0%**	**0.0%**
Income Contributions - Monetary	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)

Community Consultation Outcomes

As a result of the community consultation process, A revised recommendation has been presented to Council in regard to Rates and Charges. All other draft recommendations remain as proposed.

These changes are a directional statement to reflect that to ensure that the rate in the dollar declared for each category of property is fair and equitable, having regard to the cost and the level of benefits derived from provision of Council services.

1. That Council review the rebate applicable for Primary Producers for 2021/2022.

2. That Council amends the draft Revenue and Rating plan to outline the intention to transition from a Uniform rate with a rebate to a differential rating methodology.

3. That Council undertakes further community consultation on the transition proposal.