

2019/20 Revised Draft Budget

Information Sheet

May 2019



Council's endorsement of a revised draft budget is in response to feedback from the farming sector to provide a more even distribution of the proposed rate increase across all three classes of properties

We are aiming to strike a balance between rate revenue, the long-term financial sustainability of the organisation, and providing a level of service expected by all ratepayers in this challenging time of drought.

Delivering services to the community

Each year Council determines how much money is needed to continue to provide services, programs and building projects that our community needs.

Rates and charges revenue provides over half of the funding to deliver these services.

Council rates are set within the constraints of the Victorian Government rate cap.

How are rates calculated?

Rates are based on the Capital Improved Value (CIV) of each property calculated by the rate in the dollar (set each year by Council) together with a fixed component being the Municipal Charge.

A different rate in the dollar is applied to different property classes (differential rating system).

- Residential: 100%
- Commercial/Industrial: 143%
- Farm: 82.5% (17.5% discount)

Each year Council reviews the rating strategy, which guides the rating component of the following year's budget.

Average rate for 2019/20:

- Residential: 2.52%
- Commercial/industrial: 2.39%
- Farm: 2.45%

It's important to point out that Council **does not** control the valuation process through which the Capital Improved Value (CIV) is determined.

- Property valuations are conducted annually by independent contractors working for the Valuer-General Victoria.
- The CIV refers to the value of the land plus improvements, which include dwellings, other buildings, fences, landscaping and other aspects.
- The CIV of each property is used to determine your share of the total rates and charges.
- Municipal valuations are influenced significantly by property sales data. Council **must** use the valuations certified by the Valuer-General Victoria in the rate calculation process.
- Property valuations are shown on the annual valuation and rate notice. Ratepayers can object to their valuation, if they believe it is not correct, provided they do so within two months of the date of issue of the rates notice each year.

Of the \$43 million generated by general rates (excluding waste charges and municipal charge), \$32m is from residential, \$6m from commercial / industrial and \$5m from farm properties.

Average property value increase, 2019/20:

- Residential: 6.55%
- Commercial/industrial: 3.27%
- Farm: 9.91%

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Council has **no legislative ability to object to or challenge the valuations** that are provided by the Valuer-General Victoria, but Council officers have raised their concern with the contract valuer regarding the significant increase in farm valuations at a time when many farm properties are significantly impacted by prolonged drought.

Municipal charge and 'rate in the dollar'

There are two components to your rates and charges, one being a variable amount based on the property CIV and a fixed component being the municipal charge.

- Council proposes to **reduce** its Municipal Charge, setting a rate in the dollar that will raise total rates and charges income in accordance with the **rate cap** of 2.5 per cent.
- 43% of farming properties are exempt from the Municipal Charge as they are part of a single farming enterprise.

Council's drought assistance

Council has allocated \$500,000 for drought assistance programs in the 2019/20 Draft Budget.

Council has acknowledged that businesses, farm enterprises and families are being adversely affected by an extended dry period and proposes committing \$500,000 to respond to the needs of affected communities without the constraints of external funding criteria.

In addition to the proposed 2019/20 Draft Budget commitment, we are also:

- Providing **free silage wrap disposal** at three waste sites.
- **Coordinating drought information** on our website that details the agencies available to provide assistance and support.
- Have received and distributed **funding for local groups to hold events** to reduce social isolation and support each other.

Rate payment assistance is available

If any ratepayer is experiencing financial hardship they are encouraged to contact Council as early as possible to discuss your circumstances.

There are a number of arrangements that can be considered, including spreading rates payments across a longer period of time, or an interest free period that allows the rates to be paid over time.

- Have appointed a **Drought Assistance Officer** whose primary role is to assist farmers in navigating the paperwork to access the range of assistance and support available.
- Assisting farmers with **pest animals** - \$350,000
- Investing in Emergency Water Supply infrastructure in partnership with DELWP and Southern Rural Water.
- Installing **static water supplies** in remote communities to assist in fire emergencies - \$250,000
- Improving the **East Gippsland Livestock Exchange** - \$2 million
- **Lowered** the price of adult entry to \$5 per adult for the 2019 East Gippsland Field Days and sponsored a multi-agency 'Drought Hub' at the 2019 East Gippsland Field Days.

Advocating for the community

Council continues to advocate on behalf of farmers to the Victorian Government for rate relief.

A rate subsidy is something that council cannot absorb on its own without impacts to other services and we are committed to working with the state and federal governments on meaningful and direct assistance for our primary producers.