

# ORDINARY MEETING OF COUNCIL 19 AUGUST 2020



## 14.10 DECLARATION OF RATES AND CHARGES - 1 JULY 2020 TO 30 JUNE 2021

**EXECUTIVE MEMBER:** CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

**PREPARED BY:** YASMIN SANFORD, COORDINATOR RATES & VALUATIONS

### 1. PURPOSE

- 1.1 To seek Council's declaration of the rates and charges of the City of Port Phillip for 2020/21 in accordance with the provisions of *Section 158 of the Local Government Act 1989*.

### 2. EXECUTIVE SUMMARY

- 2.1 In accordance with *Section 158 of the Local Government Act 1989*, Council is required to declare rates and charges it intends to raise by 30 June for the following financial year. Due to the impacts of COVID19, the Minister has extended this requirement to 31 August 2020. Council's Budget 2020/21 is scheduled to be adopted on 19 August 2020.
- 2.2 The total quantum of rates and charges raised is based on the Budget 2020/21 and complies with the State Government rate cap which limits the total increase in the average rates assessment revenue to 2 percent. This excludes the impact of new assessments introduced in 2020/21.
- 2.3 Council has managed to comply with the rate cap despite significant cost pressures such as well above CPI increases in waste and insurance costs and an estimated \$20 million revenue reduction due to COVID-19 in 2020/21. We have also been able to include a \$5.6 million economic and social support and recovery package to support those impacted the most by COVID-19.
- 2.4 We have achieved this through a disciplined and prudent budget setting process including:
  - o a commitment to identifying ongoing efficiencies including over \$5.6 million in the Budget 2020/21 taking the total in this Council term to \$12.6m.
  - o careful prioritisation of expenditure included reduced expenditure on services that are the responsibility of other tiers of government, providing limited impact, or nice to do but not essential.
  - o careful prioritisation of our project portfolio ensuring appropriate investment in maintaining, growing and improving community infrastructure while deferring some less essential spend to future years.
  - o Further information supporting the rates increase for 2020/21 is included in Council's Budget 2020/21.
- 2.5 Council will continue to offer an additional rebate to pensioners who hold an eligible pensioner concession card. The maximum Council pensioner rate rebate has been increased from \$170 to \$175 for 2020/21. Port Phillip is one of the few councils in Victoria to offer this support in addition to State Government rebates for pensioners.
- 2.6 Due to the impact of the COVID19 pandemic on our Community, we have extended Rates and charges Hardship relief to both individuals and businesses providing for



interest free payment plans and deferral of rates. Support options will be included with the annual rate notice and will also be promoted on our website.

- 2.7 We recognise Community concern about the affordability of Council Services with rates and other essential services even more so during the COVID-19 Pandemic. The revenue raised from rates and charges will enable council to look after our over \$3 billion worth of community assets and continue to provide highly valued community services.

### 3. RECOMMENDATION

That Council:

- 3.1 Declares an amount of \$131,806,760 to be raised by general rates and service charges for the period 1 July 2020 to 30 June 2021, as required by *Section 158 of the Local Government Act 1989*.
- 3.2 Declares a uniform general rate in the dollar of 3.7282 cents in the dollar on the 2020 Net Annual Value of all rateable properties within the municipality.
- 3.3 Declares an annual garbage charge of \$338 per tenement on all non-rateable properties that *receive* waste management services from the City of Port Phillip.
- 3.4 *Declares* an annual garbage bin surcharge of \$188 for tenements that are provided with a 240-litre bin for the collection of non-recyclable waste.
- 3.5 Declares the properties on Attachment 1 to be "Recreational Lands" and that the level of *charges* for these properties be set in accordance with percentages of the general rate also shown on Attachment 1.
- 3.6 Grants a rebate equivalent to half the general rate for the elderly persons flats as outlined in *Attachment 2*, in accordance with the agreement between Council and the Ministry of Housing.
- 3.7 Subject to the consent of the Minister for Local Government, treats any person(s) who has *been* excused the prescribed amount of the general rate for the year ending 30 June 2020 in accordance with the *State Concessions Act 2004* as being similarly eligible for 2020/21.
- 3.8 Grants a Council rebate of \$175 (maximum) to those persons who satisfy eligibility requirements noting that the total value of the combined State Government rebate of approximately \$241 (maximum) and Council rebate will not exceed 50% of the general rate payable for the financial year.
- 3.9 Adopts the penalty interest rate in accordance with the *Penalty Interest Rates Act 1983* at the prescribed rate (10%) as at 1 July 2020 fixed by the Governor in Council for general rates and charges that remain unpaid after the payment dates prescribed by the Governor in Council.
- 3.10 Notes ratepayers who have been assessed as being in financial hardship, due to the COVID19 Pandemic, will be eligible for interest free payment plans and deferment, in conjunction with Council's revised Rates and Charges Hardship Policy.
- 3.11 Confirms the previously declared special rate schemes for 2020/21:



Special Rate Scheme	Annual Amount
<b>Port Melbourne Business Precinct</b> Marketing, Management and Business Development	Maximum \$260,000
<b>Fitzroy Street and Environs Business Precinct</b> Marketing, Management and Business Development	Maximum \$216,700
<b>Acland Street Village Business Precinct</b> Marketing, Management and Business Development	Maximum \$195,000

3.12 Adopts the following payment dates and due dates:

Payment Type Description	Due Date	Interest from
Full payment	15 Feb, 2021	Same as instalments
1 <sup>st</sup> Instalment	30 Sept, 2020	1 October, 2020
2 <sup>nd</sup> Instalment	30 Nov, 2020	1 December 2020
3 <sup>rd</sup> Instalment	28 Feb, 2021	1 March, 2021
4 <sup>th</sup> Instalment	31 May, 2021	1 June, 2021

3.13 Authorises the Coordinator Revenue and Valuations to collect all rates and charges and the Fire Services Property Levy.

#### 4. KEY POINTS/ISSUES

- 4.1 Based on the Budget 2020/21, it is recommended that Council declares an amount of \$131,806,760 to be raised for general rates and service charges for 2020/21.
- 4.2 In accordance with Council's Rating Policy, general rates will be raised by the application of a proposed uniform rate levied at 3.7282 cents in the dollar on the 2020 Net Annual Value of all rateable properties within the municipality.
- 4.3 Charges for waste management services have increased (refer to 5.2 & 5.3).
- 4.4 Under the guidelines of the *Penalty Interest Rates Act 1983*, the interest rate set by the Attorney General remains the same at 10% per annum with effect from 1 July 2020 for arrears rates and charges. This rate has not changed since 1 February 2017.
- 4.5 In conjunction with the State Government Pensioner rate rebate of \$241 (Maximum), previously \$235.15, Council will continue to offer an additional rebate to pensioners



who hold an eligible pensioner concession card. The Council pensioner rate rebate has been increased from \$170 to \$175 for 2020/21 (2.9%).

- 4.6 Through special rate schemes, Council will continue to support local business association led marketing and promotion activities for the support and further development of small and local business. Council intends to raise up to \$ 671,700 for the Port Melbourne Business Precinct, Acland Street Village Business Precinct and the Fitzroy Street and Environs Business Precinct schemes.
- 4.7 Due to the delayed adoption of Budget 2020/21, Council intends to issue rate notices no later than mid-September 2020, to meet the statutory issue timelines. Ratepayers have the option of paying these in full by 15 February 2021, in four instalments commencing 30 September 2020 and nine instalments via direct debit commencing 15 October (registration is required).
- 4.8 Council will continue to raise and collect the Fire Services Property Levy as directed by State Government, in accordance with the *Fire Services Property Levy Act 2012*. The State Government has advised that the \$50 fixed rebate will not be increased for this financial year. The rebate will automatically be applied against the FSPL for all beneficiaries who are eligible to receive a concession under the *State Concessions Act 2004 and Section 171 (4)(f) of the Local Government Act 1989*.
- 4.9 All payments received from ratepayers on their Council rates and charges accounts will be apportioned between the rates and charges and the Fire Services Property Levy as legislated. Council is required to transfer all levy amounts collected directly to the State Government on a quarterly basis.
- 4.10 The Annual Rate Notice will be issued to all rateable and non-rateable properties mid-September 2020 together with the annual Council Rates and Valuations information (including registration for electronic notices).
- 4.11 Council Officers recommend the adoption of the proposed rates and charges noting their alignment with Council's Budget 2020/21 and Council's Rating Strategy.

**5. DECLARATION OF RATES AND CHARGES FOR 2020/21**

**5.1 Amount Intended to Be Raised**

5.1.1 That an amount of \$131,806,760 be raised by General Rates and Waste Charges, as described below:

<b>Rate and Charge Type</b>	<b>\$</b>
General Rate	\$131,533,244
240 Litre Bin Annual Service Charge \$188 per Waste Bin	\$397,056
Annual Non Rateable property Waste Management Service Charge – \$338 per Waste Bin	\$30,420
80 Litre Bin – Annual Rebate \$(60)	\$(153,960)
<b>TOTAL GENERAL RATES AND SERVICE CHARGES</b>	<b>\$131,806,760</b>



5.1.2 The distribution of the general rates, supplementary rates, waste charges and rebates levied will be as follows:

<b>Rate and Charge Type</b>	<b>\$</b>
Residential rates levied	\$106,244,342
Industrial rates levied	\$ 4,959,613
Commercial rates levied	\$ 20,329,289
<b>Total General Rates Levied</b>	<b>\$131,533,244</b>
Supplementary Rates Estimate	\$ 899,081
Cultural and Recreational Charges	\$165,658
Waste Bin Service Charges	\$ 273,516
Rate Rebates and adjustments (including penalty interest)	\$(286,242)
<b>Total General Rates, Supplementary Rates and Service Charges Levied</b>	<b>\$132,585,257</b>

Footnote: Supplementary Rates – Rates raised on newly created properties or properties that are revalued upwards following the completion of land improvements (new buildings).

5.1.3 That a general rate be declared for the period commencing on 1 July 2020 and concluding on 30 June 2021.

5.1.4 That it be further declared that the General Rate be raised by the application of a uniform rate in accordance with *Section 158 of the Local Government Act 1989*.

5.1.5 That the percentage of 0.037282 be specified as the uniform rate. Such percentage may be alternatively expressed as 3.7282 cents in the dollar on Net Annual Value (NAV).

5.1.6 That it be confirmed that the General Rate for all rateable land within the municipal district be determined by multiplying the NAV of each rateable land by that percentage so that the amount payable be 3.7282 cents in the dollar of the NAV.

## 5.2 Annual Non-Rateable Garbage Service Charge

5.2.1 That an annual service charge be declared under *Section 221 of the Local Government Act 1989*, for the period commencing 1 July 2020 and concluding 30 June 2021.

5.2.2 That the annual service charge be declared for the collection and disposal (by Council) of refuse within the municipal district.

5.2.3 That the annual service charge be \$338 on non-rateable properties.



5.2.4 That the criteria specified below be the criteria, which form the basis of the annual service charge:

*“Ownership and/or occupancy of non-rateable properties within the City of Port Phillip where Council collects and disposes of refuse of these properties”.*

**5.3 Garbage Bin Surcharge - Provision of 240 litre bins within the City of Port Phillip.**

5.3.1 That an annual service charge be declared under *Section 162 of the Local Government Act 1989*, for the period commencing 1 July 2020 and concluding 30 June 2021. Where Council provides a 240-litre bin for the collection of waste (non-recyclable) under the following criteria:

5.3.2 The annual service charge be the sum of \$188 per 240 litre bin;

5.3.3 That the criteria specified below be the criteria which forms the basis of the service charge;

*“That where a 240 Litre Bin (non-recyclable) has been supplied the charge will be applicable; the charge is for the provision of a 240-litre bin by Council and within the City of Port Phillip.”*

**5.4 General Rates Subject to *Cultural and Recreational Lands Act (1963)***

5.4.1 That in accordance with Section 5 of the *Cultural and Recreational Lands Act 1963*, the properties listed on Attachment 1 be declared “Recreational Lands” and the level of charges for these properties be set in accordance with the percentages shown in the attachment of the general rate which would otherwise be payable. Please note that on 19 February 2020, Council endorsed a maximum 65 percent discount (previously 25 percent discount) for Clubs that raise less than \$400,000 per annum in liquor sales, made retrospective to 1 July 2019. Due to the impact of the COVID19 pandemic on our community, we anticipate that the Cultural and Recreational discount criteria will be reviewed as part of the revised Rating Strategy in 2020/21.

5.4.2 Council’s policy on the maximum discount available to organisations that generate less than \$400,000 per annum income from alcohol sales and/or gambling is 65 percent.

**5.5 Ministry of Housing Rating Agreements**

5.5.1 That in accordance with the Rating Agreements between the Ministry of Housing and the City of Port Phillip, Council grants a rebate equivalent to half the General Rate for the elderly persons flats as described on Attachment 2.

**5.6 Government Rebates on Municipal Rates and Charges**

5.6.1 That the Council, apply the pensioner concession rebate as at 1 July 2020 to all beneficiaries who were eligible as at 30 June 2020 in accordance with *Section 171 (4)(f) of the Local Government Act 1989*.

5.6.2 Any person(s) not eligible to continue to receive such assistance shall notify the Council within two months.

**5.7 Council Pensioner Rebate**

5.7.1 That a Council rebate under *Section 171 of the Local Government Act 1989* be granted on general rates where the beneficiary is eligible to receive a State Government Rebate for the financial year 1 July 2020 to 30 June 2021.



5.7.2 The maximum value of the Council rebate will be \$175. The total value of the combined State Government and Council rebates will not exceed 50% of the general rate payable for the financial year.

**5.8 Special Rates**

That it be declared, that the following special rate schemes be raised in accordance with *Section 163 of the Local Government Act 1989*.

**5.8.1 Port Melbourne Special Business Precinct (For the Provision of Marketing and Promotion)**

(5-year scheme – 1 July 2016 to 30 June 2021)

5.8.2 That a special rate as previously declared be confirmed for the above period to raise an annual maximum amount of \$260,000.

**5.8.3 Fitzroy Street and Environs Business Precinct (For the Provision of Marketing, Management and Business Development)**

(5-year scheme 1 July 2019 to 30 June 2024)

5.8.4 That a special rate as previously declared be confirmed for the above period to raise an annual maximum amount of \$216,700.

**5.8.5 St Kilda Village Business Precinct Special Rate (For the Provision of Marketing, Management and Business Development)**

(5-year scheme 1 July 2019 to 30 June 2024)

5.8.6 That a special rate as previously declared be confirmed for the above period to raise an annual maximum amount of \$195,000.

**5.9 Rates and Charges Payment and Interest Policy**

5.9.1 *Under Section 167 of the Local Government Act 1989*, ratepayers may pay rates and charges by lump sum by the date fixed by the Minister by notice published in the Government Gazette, or by instalments on the dates fixed by the Minister by notice published in the Government Gazette.

5.9.2 In accordance with *Section 172 of the Local Government Act 1989*, it is proposed that interest will be charged under the *Penalty Interest Rates Act (1983)* at the prescribed rate fixed by the Governor in Council on general rates, charges and all special rates that remain unpaid after the payment dates prescribed by the Governor in Council. Ratepayers assessed as being in financial hardship due to the impact of the COVID19 Pandemic in accordance with Council’s revised Hardship Policy, will be exempt from interest for an approved period, as part of that Policy.

5.9.3 Where the prescribed date falls on a weekend or a public holiday, under the provisions of the Interpretation of Legislation Act (1984), the due date will automatically become the next working day.

Payment Type Description	Due Date	Interest from	2020/21 Interest Rate as at 1 July 2020
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Full payment	15 Feb, 2021	Same as instalments (refer below)	10%
1 <sup>st</sup> Instalment	30 Sept, 2020	1 October, 2020	10%
2 <sup>nd</sup> Instalment	30 Nov, 2020	1 December 2020	10%
3 <sup>rd</sup> Instalment	28 Feb, 2021	1 March, 2021	10%
4 <sup>th</sup> Instalment	31 May, 2021	1 June, 2021	10%

***Interest on Deferred Rate Applications from Ratepayers***

5.9.4 Due to the COVID19 Pandemic, our Hardship Policy has been extended to include interest free support (currently up to 30 June 2021) to both individuals and business who have been assessed as being in financial hardship.

5.9.5 Previously, Council resolved in October 2003, to introduce a 50% rebate on interest charged for approved deferred rate applications from pensioners who are eligible for a State Government pensioner rate remission. This concession was extended to self-funded retirees over the age of 65 with effect from 1 July 2005.

***When interest will apply from***

5.9.6 Interest will be charged on outstanding rates and charges not paid by the dates as described in the dates and interest table above.

**5.10 Legal Costs (Debt Recovery)**

5.10.1 Where legal costs and recovery costs have been incurred by Council to recover arrears of rates and interest penalties, these costs will become a charge against the property.

**5.11 Effective Date of Declaration**

5.11.1 This declaration will become effective from 1 July 2020.

**5.12 Determination of Annual Due Date for Rates and Charges**

5.12.1 The due date for the Rates and Charges be set at 1 July 2020 and is deemed to be the date on which any rates or charges are declared under the provisions of the *Local Government Act 1989*.

**5.13 Consequential**

5.13.1 That the Coordinator, Revenue and Valuations be authorised to levy and recover the general rate, special rates, service charges and Fire Services Property Levy.

5.13.2 That all Rates and Revenue Staff be authorised to issue Land Information Certificates pursuant to *Section 224 of the Local Government Act 1989*.

5.13.3 That any charges, fees and fines as detailed in the Budget 2020/21 (other than a rate or charge declared under the *Local Government Act 1989*) be declared, fixed or imposed (as the case may be) and levied in accordance with the legislation authorising its declaration, fixing or imposition.





## 6. CONSULTATION AND STAKEHOLDERS

- 6.1 The proposed rate in the dollar of 3.7282 cents will result in an increase of (0.39%) compared to Council's previous rate in the dollar of 3.7139 cents. This proposed increase ensures that Council has complied with the State Government imposed rate cap of 2 percent on Councils total rate revenue.
- 6.2 The draft Budget 2020/21 which includes the proposed rate in the dollar and revenue from rates, has been advertised and public submissions have been invited as required by Section 129 (2) of the *Local Government Act 1989*.

## 7. LEGAL AND RISK IMPLICATIONS

- 7.1 In accordance with *Section 158 of the Local Government Act 1989*, Council is normally required to declare rates and charges it intends to raise by 30 June for that financial year. Due to the COVID19 pandemic, the Minister has extended this date to 31 August 2020 and Council's Budget 2020/21 is scheduled to be adopted on 19 August 2020. Any further delays, may cause Council's Rate Notices to be issued outside of the statutory issue timelines.
- 7.2 Council's primary revenue source is from municipal rates and charges. Failure to declare the rates or charges appropriately puts this revenue at risk.

## 8. FINANCIAL IMPACT

- 8.1 Council is budgeting to raise approximately \$131 million in rates and charges in 2020/21 to fund operational and capital requirements. Rate revenue is Council's key source of income and represents approximately 60% of total revenue.
- 8.2 The declaration of rates and charges will allow Council to raise and collect the rates and charges for 2020/21.

## 9. ENVIRONMENTAL IMPACT

- 9.1 There is no direct environmental implication in declaring the Rates and Charges for 2020/21. However, the funds raised through the Rates and Charges will support a range of environmental initiatives that align with Council's commitment to address the climate emergency.

## 10. COMMUNITY IMPACT

- 10.1 Ratepayers who are assessed as experiencing financial hardship may be eligible for interest free rate payment plans and rate deferment up to 30 June 2021, as part of Council's revised Rates Hardship Policy, due to the impacts of COVID19 pandemic on our community. The Policy has now been amended to include support for both individuals and businesses. Application is required.
- 10.2 Port Phillip also offers an additional rate rebate of \$175 (maximum) to pensioners who are eligible for the State Government Rebate of \$241 (maximum).
- 10.3 In addition, the funds raised through the Rates and Charges will support delivery of projects and services that support social, cultural and economic wellbeing of the community.

## 11. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 11.1 The Declaration is a statutory requirement under the *Local Government Act 1989*. It is required to enable Council to raise rates to fund council services. It therefore enables all Council Plan objectives.



## 12. IMPLEMENTATION STRATEGY

### 12.1 TIMELINE

The remaining implementation timelines for the draft Council Plan 2017-27 and Budget 2020/21 are as follows:

Date	Action
Before 31 August 2020	<ul style="list-style-type: none"> <li>Notify the Minister for Local Government of the adoption of the integrated council Plan and provide a copy</li> </ul>
31 August 2020	<ul style="list-style-type: none"> <li>Public notice of the adoption of the Budget 2020/21</li> </ul>
Early September 2020	<ul style="list-style-type: none"> <li>Advise people who made submissions of Council's final decisions</li> </ul>
Before 31 August 2020	<ul style="list-style-type: none"> <li>Notify the Minister for Local Government of the adoption of the integrated council Plan and provide a copy</li> </ul>
Mid-September 2020	<ul style="list-style-type: none"> <li>Issue annual rate notices (approximate date)</li> </ul>

### 12.2 COMMUNICATION

12.2.1 The proposed rate in the dollar will result in an increase in Council's rate in the dollar. The increase in the rate in the dollar on the revised valuations (General Valuation 2020) will enable Council to raise 2 percent in additional rate revenue and comply with the rate cap set by State Government.

12.2.2 Council has managed to comply with the rate cap despite significant cost pressures such as well above CPI increases in waste and insurance costs and an estimated \$20 million revenue reduction due to COVID-19.

12.2.3 We have achieved this through a disciplined and prudent budget setting process including:

- and a commitment to identifying ongoing efficiencies including over \$5.6 million taking the total in this Council term to \$12.6m.
- careful prioritisation of expenditure included reduced expenditure on services that are the responsibility of other tiers of government, providing limited impact, or nice to do but not essential.
- Careful prioritisation of our project portfolio ensuring appropriate investment in maintaining, growing and improving community infrastructure while deferring some discretionary spend to future years.
- Further information supporting the rates increase for 2020/21 is included in Council's Budget 2020/21.

12.2.4 The public notice will be advertised in local newspapers advising the community that the Council has prepared and adopted the Budget 2020/21 (refer Attachment 3).



- 12.2.5 Due to the impact of the COVID19 pandemic on our Community, we have extended Rates and charges Hardship relief to both individuals and businesses. Support options will be included with the annual rate notice and will also be promoted on our website. Rates and Charges will also be used to support an \$5.6m package of COVID-19 social and economic recovery initiatives – far in excess of the funds raised from the 2% rates revenue increase.
- 12.2.6 Council will continue to offer an additional rebate to pensioners who hold an eligible pensioner concession card. The Council pensioner rate rebate has been increased from \$170 to \$175 (maximum) for 2020/21. Information regarding this rebate will be available in the flyer issued with Council’s annual rate notice.
- 12.2.7 The Annual Rate Notice will be issued to all rateable and non-rateable properties around mid-September 2020 together with rates and valuation information. Notices have been delayed due to the dependency on the adoption of Council’s Budget 2020/21.
- 12.2.8 We will continue to promote registration for electronic notices. This will continue to reduce postage costs and wastage. Ratepayers will have access to their notices via a portal which can store up to seven years of notices from registration (including Council’s animal notices).

**13. OFFICER DIRECT OR INDIRECT INTEREST**

- 13.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

**TRIM FILE NO:** 90/02/28

**ATTACHMENTS**

- 1. Attachment 1 - Cultural and Recreational Lands Schedule 2020-21-Based on \$ 0.037282 Final**
- 2. Attachment 2 - Housing Comm Elderly Persons Units Waivers 2020-21 - Final**
- 3. Attachment 3 - Public Notice Adoption of 2020-21 Budget - Final**