

## **VALUER GENERAL SUPPLEMENTARY RATE ADJUSTMENT 2024-2025 FINANCIAL YEAR**

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Report Author: Manager Financial Services (CFO), Executive Officer Property Rating Services

Responsible Officer: Director Corporate Services

Ward(s) affected: All

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

This item is to be considered at a Council meeting that is open to the public.

### **SUMMARY**

A minor adjustment is required to the annual rate setting process for the 2024-2025 financial year. The adjustment has been identified prior to the striking of rates for the 2024-2025 financial year and formal endorsement from Council is sought via this report.

This matter has arisen as a result of Council receiving supplementary valuation changes from the Valuer General of Victoria (VGV) in the period between when the 2024-2025 final draft budget was submitted to Council for adoption and prior to 30 June 2024. This has resulted in a revised rate base calculation to be used in determining the 2024-2025 rating levels, which differs from the rate base used in the adopted 2024-2025 budget.

The rate in the dollar can be corrected prior to generating annual rates notices to ensure residents are correctly rated, and to ensure Council remains compliant with the rate cap. Acknowledgement of this change, and revisions to the rate in the dollar and rating data in the 2024-2025 budget requires approval by Council.

Whilst procedural in nature, it is important to formally and transparently acknowledge and effect this adjustment. If not adjusted, the 2024-2025 rating procedure would otherwise result in Council charging an overall rate increase of 2.94 per cent, which is above the 2.75 per cent approved rate cap increase in 2024-2025. This change represents approximately \$3.97 reduction per assessment on average.

## RECOMMENDATION

### *That Council*

- 1. Acknowledge and approve the adjustment required to use the revised Rate In the Dollar when striking 2024-2025 property rates, to reflect the Valuer General of Victoria's supplementary valuations received post budget consideration but prior to 30 June 2024.***
- 2. Approve the Director Corporate services to update the 2024-2025 budget schedules, and other minor edits.***

## RELATED COUNCIL DECISIONS

Council adopted the 2024-2025 budget at its Council meeting on 25 June 2024.

## DISCUSSION

### *Purpose and Background*

Council's 'rate in the dollar' (RID) used to calculate all differential rates charges for the 2024-2025 year was set at the Council meeting on 25 June 2024 through the formal adoption of the 2024-2025 budget.

Rates in the dollar are established by calculating the annual allowable rates income using the 2023-24 Capital Improved Valuations (CIV) applicable to each differential rate type (as provided by the Valuer General of Victoria (VGV)) and applying the rate cap increase of 2.75%.

Supplementary valuation data completed by the VGV late in the financial year after the submission of the final draft budget to Council, has resulted in the lowering of the total applicable CIV for all differential rate types, which in turn has reduced the total annualised income for 2023-24 and subsequently the calculation of the capped income for the 2024-2025 year.

As a result, the rate in the dollar to be applied to the 2024-2025 CIV needs to be reduced (compared to that reported in the adopted 2024-2025 budget) to ensure Council's rates charges remain in line with the 2.75% rate cap. Since formal adoption of the 2024-2025 Council budget Council officers have identified several minor administrative inconsistencies in the naming of program, fees and charges within the endorsed budget documentation. These administrative changes will also be amended to ensure consistency across all budget documentation.

Supplementary valuations are a normal part of the rating process and arise throughout a year from changes to rateable properties (such as new rateable properties created and revisions to property valuations). Council received a large number of late supplementary valuations in 2023-24 mostly as a result of objections lodged by property owners to the State Revenue Office of Victoria after receiving

Land Tax bills for the first time on small additional dwelling assessments (such as Dependent Person Units) in line with recent changes to the State Government's land tax rules (including a reduced threshold for land tax applicability). There were also a number of Council instigated supplementary valuations to correct the rateability status of certain properties.

### ***Recommended option and justification***

Revised rates in the dollar should be applied to ensure accurate rates charges to rate payers and to avoid Council being considered 'non-compliant' with the rate cap.

It is recommended that Council acknowledge and support the use of the revised rates in the dollar (as per Attachment 1) for the striking of 2024-2025 rates and approve the updating of figures in the 2024-2025 annual budget.

Further, it is acknowledged that the timing of the processing of supplementary valuations (particularly late in a financial year) will be revised for future years to ensure ongoing accuracy and transparency of rating processes and to optimise Council's rates income.

## **FINANCIAL ANALYSIS**

The recommended revisions to Council's rates in the dollar represents an average reduction of approximately \$3.97 per assessment for 2024-2025 rates.

The impact of these proposed changes has no overall financial impact to the 2024-2025 adopted budget.

## **RELEVANT LAW**

*Local Government Act 1989* section 185 requires Council to comply with the Rate Cap set each financial year.

## **SUSTAINABILITY IMPLICATIONS**

By following the proposed approach, it is anticipated that any social, environmental or economic impacts will be minimal.

## **COMMUNITY ENGAGEMENT**

This issue has been brought to Council to ensure transparency and accuracy of rating procedures for rate payers, to assist in the community's understanding of rates processes, and to ensure compliance with the rate cap.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

No collaboration with other Councils, Governments or statutory bodies was sought.

## **RISK ASSESSMENT**

In the past the Essential Services Commission (ESC) has not identified Councils as being non-compliant if they modified their rates in the dollar after adopting their budgets to account for supplementary valuations data. The ESC does however recommend that Council have systems and processes in place to identify potential non-compliance with the rate cap to adjust their rates in the dollar as early as possible to minimise confusion and cost for ratepayers.

By adjusting processes to hold over 'late' supplementary valuations, Council should be able to minimise the risk of potential rate cap breaches in future.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. List of Revised Rates in the Dollar