Bayside City Council

Revenue and Rating Plan 2025/26 to 2028/29

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1. Executive Summary

The Revenue and Rating Pan outlines the assumptions, policy, and decisions of Council in relation to generating the required income to effectively support implementation of the Council Plan and budget for a four-year period.

The plan also considers what rating options are available to Council under the Local Government Act 1989 and how Council's choices in applying these options contribute towards meeting an equitable rating strategy. It is important to note at the outset that the focus of this plan is very different to that which is discussed in the Financial Plan/Annual Budget. In these latter documents the key concern is the quantum of rates required to be raised for Council to deliver the services and capital expenditure required. In this plan, the focus instead is on how this quantum will be equitably distributed amongst Council's ratepayers.

The Rating Plan considers the limited range of rating options available to Council under the Local Government Act 1989 including the following:

- The choice of which valuation base to be utilised (of the three available choices under the Act).
- The consideration of uniform rating versus differential rates for various classes of property.
- The most equitable level of differential rating across the property classes.
- The application of fixed service charges for the areas of waste collection and municipal administration.
- The application of special rates and charges.
- A review of the rate payment dates and options available to Council

Key issues and findings

Council has established a rating structure comprised of three 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 services to reflect benefits provided by Council to ratepayers who benefit from a service; and
- **Municipal Charge** - A 'fixed rate" portion per property to cover some of the administrative costs of Council.

This is the platform which has formed the basis of the current approach to rating at Bayside City Council and there are no recommended changes to the current approach.

This plan recommends that Council adopts the following:

Section	Strategy Recommendations
Determining which valuation base to use	That Council continues to apply Capital Improved Valuation as the valuation methodology to levy Council rates.
Determining the Rating System - Uniform or Differential?	Council continues to apply a uniform rate across each type or class of land.
Cultural and Recreational Lands Act (CRLA)	That Council continues to allow a discount on the commercial rate to Cultural and Recreational properties.
Impact of Council Revaluations	That Council continues to review the impact of Council revaluations and assesses the rates applied to achieve an outcome that is considered equitable by Council.
Special Rates & Charges	That Council considers the use of special rates and charges as an alternative funding source in instances that fit circumstances such as funding of specifically defined projects (eg streetscape works, stormwater drainage, upgrading of footpaths with non-standard materials and undergrounding of power lines) where special benefit can be shown to exist to, or a special request is received from, a grouping of property owners, or for raising funds for a dedicated purpose.
Municipal Charge	That Council continues to apply a Municipal Charge as part of its rating strategy.
Service Rates and Charges	That Council continues to apply a Service Charge as part of its rating strategy based on cost recovery of waste costs.
Rate Payment Date Options	1. That Council continues to apply both the mandatory rate instalment payment option and the lump sum payment option

Section	Strategy Recommendations
	2. That Council continues to offer direct debit payments over nine monthly instalments 3. That Council retains the option for those residents who wish to pay all instalments in a single payment by the end of August 4. That Council continues to apply a payment discount to those residents who wish to make full payment by 31 August each year set at a cost neutral basis based on forecast investment interest rates.
Social Housing Rebate	That Council provide a rebate under Sec 169(1D) of the LGA1989 for general rates and the municipal charge to Victorian Housing Register participating agencies that provide housing within Bayside to residents on the Victorian Housing Register.

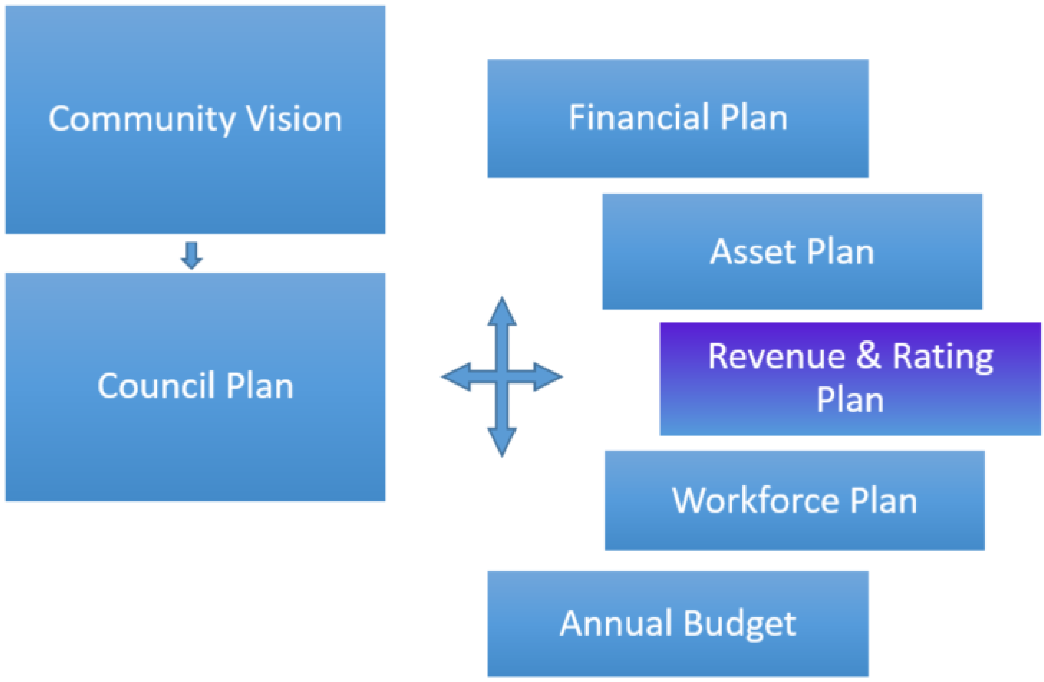
2. Purpose

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 Bayside 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 promise flexible and transparent decision making through open and accountable governance"*.*

Strategies outlined in this plan align with the objectives contained in the 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.

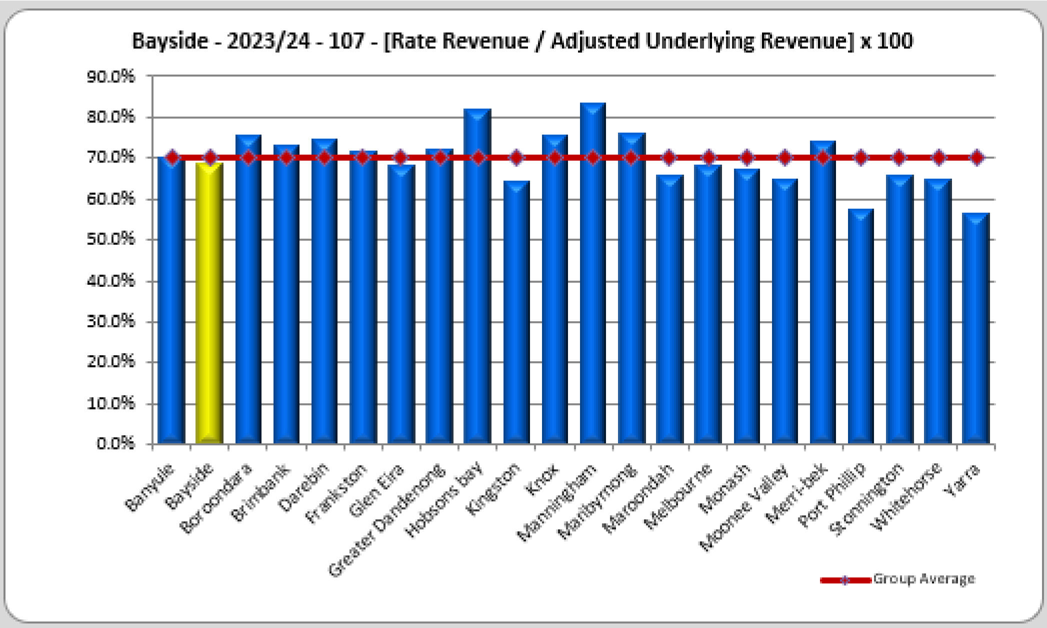


This plan will explain how Council calculates the revenue needed to fund its activities, and how the funding burden will be apportioned between ratepayers and other users of Council facilities and services.

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.

3. Introduction

Bayside relies heavily on Council rates as its major source of income. The following graph indicates that Bayside received 73.1% of its total income from rates in 2023/24 which is in line with the average for inner metropolitan Councils. Furthermore 80% of Council's revenue is set by others which significantly reduces Council's flexibility to manage its resources to respond to uncertainty and shocks such as the COVID-19 pandemic.



The factors that contribute to this situation are:

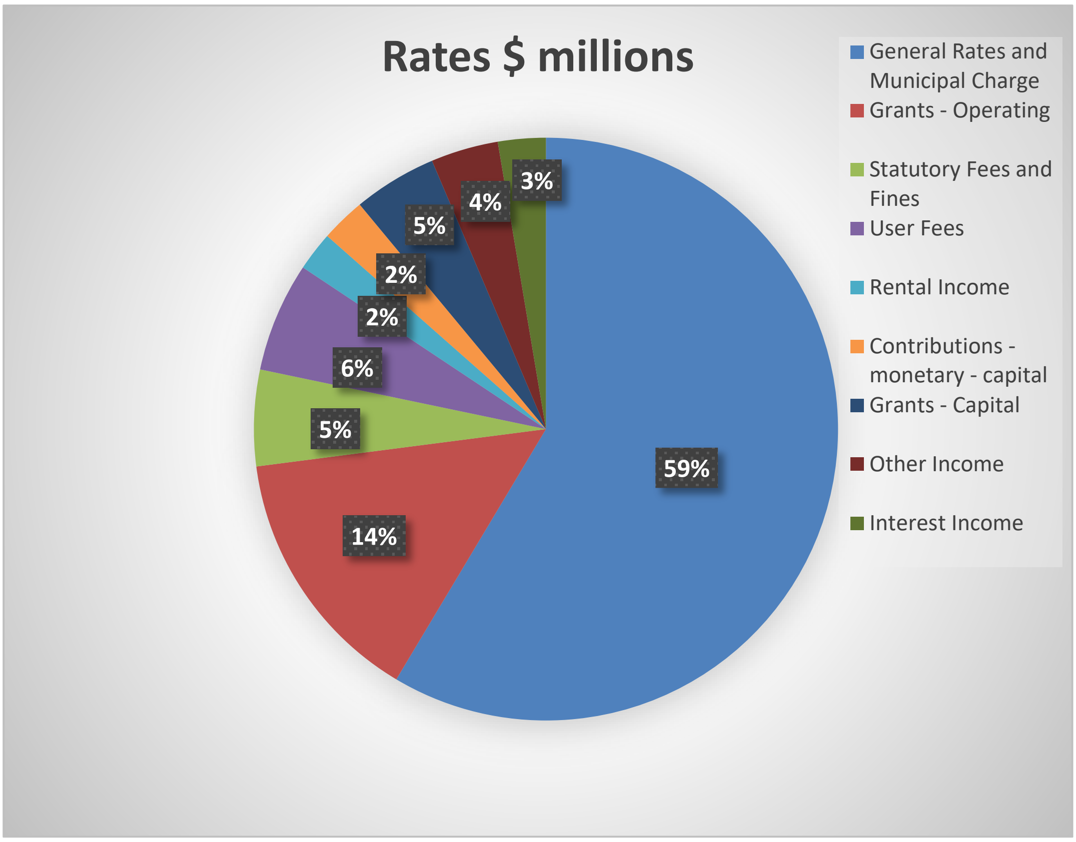
- Bayside is considered to be a wealthy community which means that it receives a relatively low level of government grants as these grants are often allocated on a perceived needs basis.
- Council does not have significant revenue generating assets nor does it receive substantial revenue from car parking fees and fines.

An additional factor is that Bayside is predominantly a residential municipality with commercial/industrial assessments making up around 7% of the total number of rate-able properties. This is low compared to other inner metropolitan Councils. This means that the bulk of the rate burden falls on households as there is very little opportunity for cross subsidization from industrial/commercial ratepayers. As a result, residential rates per assessment is slightly above the inner metro average. It's the price our residential ratepayers pay for having a low-density municipality with relatively low growth.

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.

In 2025/26 the rates will make up 59% of total revenue a reduction from previous years driven by two key factors.

- Council has proposed a zero rate increase for 2025/26 which reduces rate revenue relative to other income sources.
- Council continues to expand its fully funded Aged Care Services and as a result there is a significant increase in grant revenue relative to other income sources which has increased from 7% to 14% over the last 4 years.



Council's revenue sources include:

Revenue Source	$'000
General Rates and Municipal Charge	118,631
Grants - Operating	29,155
Statutory Fees and Fines	10,805
User Fees	12,300
Rental Income	4,398
Contributions - monetary - capital	5,000
Grants - Capital	9,373
Other Income	7,568
Interest Income	5,350
Total Revenue	**202,580**

Rates are the most significant revenue source for Council and make up 59% 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.

For 2025/26 Council has proposed a zero-rate increase. Adopting a zero rate increase rather than the allowed rate cap of 3% will result in Council foregoing $3 million of rate revenue in 2025/26. Based on the underlying assumptions in the long term financial plan, the projected impact of the zero rate increase in 2025/26 will result in foregone rate revenue of $35 million over the term of the financial plan. In order to mitigate the impact of the loss in revenue Council has reduced its capital program by $23.69 million and removed $11.83 million of recurrent service programs over the term of the financial plan. These measures do not significantly impact on service delivery or Council's capacity to meet its financial sustainability targets. Maintaining service delivery levels and investing in community assets remain key priorities for Council.

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 can 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.

4. 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.

Council has established a rating structure comprised of three 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 services to reflect benefits provided by Council to ratepayers who benefit from a service; and
- **Municipal Charge** - A ‘fixed rate” portion per property to cover some of the administrative costs of Council.

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

Council could 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 or industrial purposes. 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 Victorian City Council rating structure comprises three differential rates (residential or general, commercial/industrial, and farm). 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.

Bayside does not currently use differential rating but rather uses a uniform rate across its rating categories.

- Residential 100%
- Commercial 100%
- Industrial 100%
- Farm land / Not Applicable

Council also levies a municipal charge. The municipal charge is a minimum rate per property and declared for the purpose of covering some of the administrative costs of Council. In applying the municipal charge, Council ensures that each ratable property in the municipality makes a contribution.

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.

Planning for future rate increases is therefore an essential component of the 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 waste services. The waste service charge is not capped under the Fair Go Rates System.

4.1 Rating Legislation

There are saved provisions of the Local Government Act 1989 that are still applicable and form part of the legislative framework to determine council's ability to develop a rating system. These include Part 8 Rates and charges on rateable land; Division 1 Declaration of rates and charges ; Division 2 Payment of rates and charges and Part 8A Rate Caps. 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

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 the 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 respective valuation basis are discussed further in this document.

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:

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

e) 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 –

a) 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
b) that the Council has made an application to the ESC for a special order and is waiting for the outcome of the application; or
c) 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.

This plan outlines the principles and strategic framework that Council will utilise in calculating and distributing the rating burden to property owners, however, the quantum of rate revenue and rating differential amounts will be determined in the annual budget.

4.2 Rating Principles

When developing a rating strategy, a Council should give consideration to 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.

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.

4.3 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.

Capital Improved Value (CIV)

Capital Improved Value is the most commonly used valuation base by local government with over 90% of 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 –

a) It uses the capital improved value system of valuing land; and
b) 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)

- 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 hence better meets the equity criteria than Site Value and NAV.
- With the increased frequency of valuations (previously two-year intervals, now annual intervals) the market values are more predictable and has reduced the level of objections resulting from valuations.
- 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.
- 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 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 Victorian City Council context would cause a shift in rate burden from the industrial/commercial sectors onto the residential sector, and would hinder council’s objective of a fair and equitable rating system.

Advantages of Site Value

- There is a perception that under site value, a uniform rate would promote development of land, particularly commercial and industrial developments. There is, however, little evidence to prove that this is the case.
- Scope for possible concessions for urban farmland and residential use land.

Disadvantages of using Site Value

- 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 (eg. 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.
- The community may have greater difficulty in understanding the SV valuation on their rate notices, as indicated by many inquiries from ratepayers on this issue handled by council's customer service and property revenue staff each year.

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.

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 farm 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.

Strategy Recommendations
It is recommended that Bayside City Council continue to apply Capital Improved Valuation as the valuation base for the following reasons: • CIV is considered to be the closest approximation to an equitable basis for distribution of the rating burden. • CIV provides Council with the option to levy a full range of differential rates if required. Limited differential rating is available under the other rating bases. • It should be noted that most of the 79 Victorian Councils apply CIV as their rating base and as such, it has a wider community acceptance and understanding than the other rating bases.

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. Victorian City Council applies a Capital Improved Value (CIV) to all properties within the municipality to take into account 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.

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. Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality.

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 the Victorian City Council. 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).

4.4 Determining the Rating System- Uniform or Differential?

Council may apply a uniform rate or differential rates to address the needs of the Council. They are quite different in application and have different administrative and appeal mechanisms that need to be taken into account.

Uniform rate
Section 160 of the Act stipulates that if a Council declares that general rates will be raised by the application of a uniform rate, the Council must specify a percentage as the uniform rate. Rates will be determined by multiplying that percentage by the value of the land.

Bayside City Council has adopted uniform rates since amalgamation.

Differential Rates
Some Councils with a far broader base of properties (Residential, Commercial and Industrial) have adopted differential rating as they consider that differential rating contributes to the equitable distribution of the rating burden. Differential rating allows particular classes of properties to be assessed at different levels from the general rate set for the municipality. Differential rating allows 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.

Under the Local Government Act 1989, Council is entitled to apply differential rates **provided it uses Capital Improved Valuations** as its base for rating.

Advantages of a differential rating system

The perceived advantages of utilising a differential rating system 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 by Council to establish infrastructure to meet the needs of the commercial and industrial sector.
- Enables Council to encourage particular developments through its rating approach e.g. encourage building on vacant blocks.
- Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create an inequitable outcome
- 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'.

Disadvantages of Differential Rating

The perceived disadvantages in applying differential rating are:

- The justification of the differential rate can at times be difficult for the various rating groups to accept giving rise to queries, objections 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.
- 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 is uncertain as to whether the differential rate achieves those objectives.
- Political pressure could be applied to favour certain categories over others, potentially impacting the perceived fairness of the rating system.

4.5 What differential rates could be applied?

The table below highlights the uniform rate that is currently applied by Bayside City Council and the number of relevant assessments in each category, excluding CRLA properties (figures as at March 2025):

Category	Valuation $'000	No of Properties	Rate in the dollar	Income $'000
Residential	84,597,915	45,214	0.00103219	87,321
Commercial	3,732,358	2,467	0.00103219	3,853
Industrial	1,045,765	865	0.00103219	1,079
	89,376,038	**48,546**		**92,253**

In Bayside City Council, 93% of rateable properties are Residential, and therefore any implementation of varied differential rates would result in minimal impact to residential ratepayers overall, however, could have significant impact on Commercial and or Industrial ratepayers. Bayside has historically adopted a single uniform rate.

The following are various differential rates which could be considered for Bayside:

Commercial rate – A commercial rate would promote economic development objectives for the City including the development of the retail precinct. The commercial differential rate would be part of a rating system which maintains, as far as possible, the current rates burden on commercial properties given the tax deductibility of rates for businesses and the extent of use of the city's infrastructure by business, especially the road network.

Industrial rate – An industrial rate could promote economic development objectives for the municipality including industrial development. The industrial differential rate would be part of a rating system which maintains, as far as possible, the current rates burden on industrial properties given the tax deductibility of rates for businesses and the extent of use of the city infrastructure by industry, especially the road network.

Residential vacant land - A higher residential vacant land rate could promote housing development objectives for the municipality including the development of vacant land in residential zoned areas.

Commercial/Industrial vacant land – Higher Commercial and Industrial Vacant Land rates could promote economic development objectives for the municipality including the development of vacant land in commercial and industrial zoned areas.

Retirement Village rate – A lower retirement village rate could be used to reflect the usage of Council's services and facilities. This could have a similar effect as a Council Pensioner Remission, but would apply to all retirement villages. Currently only a few Victorian councils offer a Retirement Village rate separated from Residential.

Rooming (Boarding) House rate – A rate could be used to reflect the usage of the property primarily for low-cost accommodation by people with low incomes. These properties are often privately owned and are exempt from State Land Tax. There are specific criteria which must be met to qualify, including maximum tariff charges.

General Rates (Residential) - This category which has 45,214 rateable assessments includes all residential properties, including flats and units. It contributes 95% of the general rates levied.

This strategy recommends that Council continue applying the general rate for all residential properties, including flats, units, vacant residential, rooming houses and retirement villages.

General Rates (Commercial, Industrial & Bathing Boxes) - Bayside City Council has 3,332 non-residential assessments (excluding CRLA), contributing 5% of the general rates levied.

Council raises its ad valorem rates through a uniform rate. In the final report from the Local Government Rating System Review Panel, it was suggested that there is a lack of clarity about rationales and evidence for using differentials. The simplest form of ad valorem rates is the uniform rate. This is raised by a single rate in the dollar being applied to the valuation of all properties in the municipality.

Strategy Recommendations
That Council continues to apply a uniform rate for all rating categories, including commercial, industrial, vacant land and retirement villages.

4.6 Cultural & Recreational Land Act (CRLA) Properties

In accordance with the Cultural and Recreational Lands Act 1963 (CRLA), Council is required to declare properties that qualify as Cultural and Recreational Lands for the purpose of special consideration in regard to rates payable. Council is required to base the amount of rates payable upon the services provided by the municipality in relation to such lands and also having regard to the benefit to the community derived from such recreational lands.

Pursuant to the legislation, rates for CRLA properties are required to be calculated on a different method than the method used for the calculation of general rates (other rateable properties). The rates calculation is required to consider the benefits that CRLA properties provide to the community. The calculation for Bayside is as follows:

CRLA		General Rates
"In Use" Valuation discounted in recognition to the benfits to the community		"Capital Improved Value"
X	V	X
60% Rate in the dollar which notionally assign 60% of Council's service costs to sporting clubs		Rate in the dollar

On the basis of cost to Council, it has been calculated that for the purposes of determining a rate payable under the Cultural and Recreation Lands Act, (notionally 60% of the rate in the dollar) can be attributable to sporting clubs.

Pursuant to the previous discussion, it is not appropriate to apply the capital improved valuation (CIV) to determine the level of rates payable. A more effective basis for rating is the ‘in use’ valuation that has regard for the ‘benefit to the community’.

‘In use’ valuations were determined following discussions with Council’s legal representative, Maddocks, and Council’s contract valuers, Matheson Stephen Valuations. To provide a valid basis for the transitional period all CRLA properties have utilised the PPRZ valuation for consistency and fairness by our valuation contractors. The ‘in use’ valuation is preferred for the following reasons:

- A fairer and more equitable basis for determining valuation according to community benefit.

- Reflects a valuation process that recognises the character of recreational land's role within the community.
- A methodology that enables minimal discrimination between public & residential zoning from a community benefit perspective.

When the "in use" valuation as assessed by Council's contract valuer is multiplied by the current CRLA rate in the dollar the resulting charge will become the "deemed" Cultural and Recreational Lands Rate.

Council also has a separate CRLA rate in the dollar for public golf courses which is equivalent to 25% of the CRLA rate in the dollar to acknowledge the additional public benefit provide by public golf courses over private golf courses. Unlike private golf courses, public courses are open to the community for unrestricted recreation and open space activities including walking, running, cycling, orienteering, geo-caching, photography, birdwatching, dog walking etc.

Strategy Recommendations
That Council continues to allow a discount on the commercial rate to Cultural and Recreational properties.

4.7 Understanding the impacts of Council Revaluations

Under the requirements of the Local Government Act 1989 Council is required to receive yearly valuations from a Valuer General Victoria.

There is a common misconception that if a property's valuation rises then Council receives a "windfall gain" with additional income. Unlike State Land Tax, this is not so 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 dollar used to calculate the rate for each property. Total income is fixed each year as part of the budget process. Council only seeks to increase the total amount of revenue required in order to account for CPI, wage and other service cost increases imposed upon it and annual rate increases are capped in accordance with the State Government Rate Cap Legislation.

The below table highlights the impact of the 2025 Council revaluation (provisional figures as at 31 March 2025), which are the most recent available. The 2025 revaluation once confirmed in June 2025 will be used for rating in 2025/26.

Category	Valuation 2024/25 $'000	Valuation 2025/26 $'000	Change $'000	Change %
Residential	83,322,493	84,597,915	1,275,423	1.5%
Commercial	3,690,878	3,732,358	41,480	1.1%
Industrial	1,026,450	1,045,765	19,315	1.9%
Revenue in lieu of rates	789,525	798,225	8,700	1.1%
Revenue in lieu of rates - Public Golf Courses	29,300	29,250	- 50	-0.2%
	88,858,645	90,203,513	1,344,868	1.5%

The table highlights that overall, the valuations have increased by 1.5% over the past year.

Council needs to be mindful of the impacts of revaluations on the various property types in implementing the uniform rate outlined in the previous section. Changes to valuations can result in rating 'shocks' where a particular area, category or property type increases in values disproportionally to the average across Bayside.

Strategy Recommendations
That Council acknowledges the impact of Council revaluations.

4.8 Special Charge Scheme

Special rates and charges are covered under Section 163 of the Local Government Act, which enables Council to declare a special rate or charge or a combination of both for the purposes of

- Defraying any expenses; or
- Repaying with interest any advance made or debt incurred, or loan raised by Council.

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; and
- 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.

Strategy Recommendations
That Council considers the use of special charge schemes as an alternative funding source in instances that fit the following circumstances: • Funding of specifically defined projects (eg streetscape works, stormwater drainage, upgrading of footpaths with non-standard materials and undergrounding of power lines) where special benefit can be shown to exist to, or a special request is received from, a grouping of property owners • Raising funds for a dedicated purpose

4.9 Municipal Charge

Another principle rating option available to Councils is the application of a municipal charge. Under Section 159 of the Local Government Act, 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.

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 general rates.

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. In applying the legislation, the maximum amount that Bayside could levy as a municipal charge would be approximately $414.42 per assessment based upon the 2025/26 rates however the Municipal Charge is currently $173.46.

The arguments in favour of a municipal charge are similar to waste charges. They apply equally to all properties and are 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.

The argument against a municipal charge is that this charge is regressive in nature and would result in lower valued properties paying higher overall rates and charges than they would if it was removed. The equity objective in levying rates against property values is reduced by using a municipal charge as it is levied uniformly across all assessments.

This strategy recommends that council continue to apply a Municipal Charge.

Strategy Recommendations
That Council utilises a Municipal Charge as part of its rating strategy.

4.10 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:

a) The provision of a water supply.
b) The collection and disposal of refuse.
c) The provision of sewerage services;
d) Any other prescribed service.

Bayside City Council currently applies a Waste Service Charge for the collection and disposal of refuse. Council retains the objective of setting the Service charge for waste at a level that fully recovers both the direct and indirect costs of the waste function.

The advantages of the waste service charge is that it is readily understood and accepted by residents as a fee for a direct service that they receive. It further provides equity in the rating system in that all residents who receive the same service level all pay an equivalent amount.

The disadvantage of a waste service charge is similar to the municipal charge in that it is regressive in nature. A fixed charge to a low valued property comprises a far greater proportion of the overall rates than it does to a more highly valued property.

On balance however it is recommended that Council retain the existing waste service charge. Unlike a municipal charge where the direct benefit to the resident is invisible – the garbage charge is a tangible service that is provided directly to all in the same fashion.

Should Council elect not to have a waste service charge, this same amount would be required to be raised by way of an increased general rate (and would be subject to rate capping restrictions) – meaning that residents in higher valued properties would substantially pay for the waste service of lower valued properties. Whilst this same principle applies for rates in general, the mix of having a single fixed charge combined with valuation driven rates provides a balanced and equitable outcome.

Each property is currently charged one of five waste service charges, depending on the service utilised:

Service	Description
A 240-litre service charge	240 litre general waste bin and includes a recycling bin and optional green waste bin
A 140-litre service charge	140 litre general waste bin and includes a recycling bin and optional green waste bin - Default
An 80-litre service charge	80 litre general waste bin which includes a recycling bin and optional green waste bin
A contribution charge	Where a service is not available. This generally occurs where there is not enough available street frontage for bins to be placed out for collection and is confirmed in the planning approval process
An availability charge	Equivalent to the contribution charge where a service is available, but the owner or occupier has chosen not to avail themselves of the service

The service charge also funds hard waste collection (where available), street and beach cleaning, litter bins, kerbside recycling, the State Government landfill levy, and waste education programs.

Certain properties are eligible for an exemption from the service charge. Properties which are exempt are advertising signs / billboards, telecommunications facilities (such as mobile phone equipment sites) and electrical substations. These are separately rated; however, no service is provided to them. As no benefit is gained by them for cleaning of public areas it is considered that an exemption for these properties is justified.

Other limited use properties, such as ATMs, do derive a benefit from, or contribute to the need for, cleaning of public areas. ATMs often contribute to street litter (through discarded receipts) and therefore a contribution to the cleaning of these areas can also be justified.

Non rateable properties are exempted from these service charges, unless a service is used. Where a service is used, charges are applied for such services.

Strategy Recommendations
That Council continues to apply a Waste Service charge as part of its rating strategy based on cost recovery of the waste function, and that all rateable properties other than advertising / billboards, telecommunications facilities (mobile phone equipment sites) electrical substations, and bathing boxes are subject to a Waste Service Charge. Non-rateable properties are also charged if they are utilising the service.

4.12 Exemptions from rating

The LGA Section 154 declares that all land is rateable with a number of exceptions including land occupied for municipal purposes, land used exclusively for charitable, education or religious purposes, and certain clubs or memorials under the Patriotic Funds Act, Returned Services League and related associations as defined.

4.12 Collection and administration of rates

Statutory payment Options
There are only two options available under the Local Government Act 1989 for Council to set payment dates.

1. The first is a mandatory instalment approach where payments are required at the end of September, November, February and May. Under this approach, residents can elect to advance pay instalments at any point in order to opt out of the instalment dates.
2. The second is an option of a lump sum payment (which by law is set on the 15 February of each year).

Non-Statutory payment options
To assist ratepayers spread the cost of rates over the year Council also offers a monthly payment option over a nine-month period commencing October where ratepayers agree to pay by direct debit.

Offering of an early payment incentive
Council currently offers a discount where full payment is made by 31 August. The logic applied is that Council accrues a financial benefit when instalments are paid in August rather than paid across the financial year or in a lump sum in February.

The option for a payment discount should therefore be based around making the payment options equal in terms of interest earnings potential under either option. The amount of the discount is assessed annually as part of the budget process. This is based on full payments being received approximately 5.5 months early, on 31 August rather than 15 February each year.

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.

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.

Social and Affordable Housing rebates
Social housing as defined by the Housing Act 1983 is public housing or housing owned, controlled or managed by participating registered agencies. It is typically short and long-term rental housing that is owned and run by the government (public housing) or not-for-profit participating registered agencies (community housing). Participating registered agencies providing community housing are organisations that

provide social housing to people through the Victorian Housing Register. Social housing is provided to residents who are on low incomes, who need housing especially those who have recently experienced homelessness, family violence or have other special needs. To be eligible for public or community social housing residents must meet income and asset limits. Once approved for social housing residents are put on the Victorian Housing Register.

The following rebates apply for qualifying properties

- under Sec 169(1D) of the LGA1989 for general rates and the municipal charge to Victorian Housing Register participating agencies that provide housing within Bayside to residents on the Victorian Housing Register.
- under Sec 169(1AA) of the LGA1989 for general rates and the municipal charge to the properties owned and managed by Mecwacare at 7 Harston Street Sandringham formally 1–3 Sandringham Road Sandringham and 82 Dalgetty Road, 4 units of which were formally 51 Haldane Street, Beaumaris.
    - That the granting of the rebate to Mecwacare under Sec 169 (1AA) of the LGA1989 is on the condition that the properties continue to be provided by Mecwacare as Social Housing in accordance with the requirements of the S173 agreement attached to the titles.

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 residency, 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. Where Council approves an application for deferral of rates or charges, 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.

Ratepayers seeking to apply for such provision will be required to submit a Rates Deferment Application form which is available at the council offices, on the Council website or which can be posted upon request.

Financial Hardship

Council's Financial Hardship Policy enables ratepayers experiencing financial hardship to seek assistance for the payment of rates and other charges and enables Council to respond to requests for assistance.

The policy outlines the legislative framework which gives Council the power to defer and or waive rates and charges. Ratepayers may have rates and charges deferred (although rates and charges will continue to be levied) until recovered.

An owner who is suffering Financial Hardship or would suffer financial hardship if that owner paid the full amount of the Rates for which they are liable, may apply to Council for a waiver of the whole or part of any Rates.

It is considered inequitable for the majority of ratepayers to subsidise the property assets of hardship applicants where rates are waived which would otherwise be charged against property assets. Council therefore has determined that the deferral rather than waiver of rates and charges is a more equitable outcome for the entire community.

Except for the most exceptional circumstances, Council will not waive any Rates but rather will encourage the owner to enter a Payment Arrangement or approve the deferral of rates.

To qualify, ratepayers will need complete a financial hardship application form which will be assessed by Council.

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.

If 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, Council may take action to sell the property in accordance with the *Local Government Act 1989* Section 181.

Emergency Services and Volunteers Fund
In 2016 the Victorian State Government passed legislation requiring the Fire Services Property Levy to be collected from ratepayers. Previously this was collected through building and property insurance premiums. The Fire Services Property Levy helped fund the services provided by the Metropolitan Fire Brigade (MFB) and Country Fire Authority (CFA), and all levies collected by Council are passed through to the State Government.

The Fire Services Property Levy was based on two components, a fixed charge, and a variable charge which is linked to the Capital Improved Value of the property. This levy is not included in the rate cap and increases in the levy are at the discretion of the State Government.

From 1 July 2025, the Fire Services Property Levy (FSPL) will be replaced by the Emergency Services and Volunteers Fund (ESVF).

It will help support a broader range of emergency services and for the first time include VICSES, Triple Zero Victoria, the State Control Centre, Forest Fire Management Victoria and Emergency Recovery Victoria, as well as the Country Fire Authority (CFA) and Fire Rescue Victoria (FRV).

This will bring Victoria's funding arrangements for emergency services into line with other states.

From 1 July 2025:

- The vacant land category will be abolished, with vacant land allocated to its corresponding land use classification (e.g. vacant industrial land will be reclassified as industrial land).
- Variable rates will increase to raise additional revenue to fund the services being covered by the ESVF.

Strategy Recommendations

1. That Council continues to apply both the mandatory rate instalment payment option and the lump sum payment option
2. That Council continues to offer direct debit payments over nine monthly instalments
3. That Council retains the option for those residents who wish to pay all instalments in a single payment by the end of August
4. That Council continues to apply a payment discount to those residents who wish to make full payment by 31 August each year set at a cost neutral basis based on forecast investment interest rates.

Rates and charges based on the current settings

Rates and charges Projection	Forecast $'000 2024/25	Budget '$000 2025/26	3 year plan $'000 2026/27	2027/28	2028/29
Assumptions	2.75%	0.00%	2.50%	2.50%	2.50%
General Rates	90,551	92,010	94,996	98,151	101,412
Municipal Charges	8,302	8,421	8,716	9,014	9,323
Cultural and Recreational Land Act	309	304	305	313	320
Waste Service Charge	17,416	17,846	19,243	20,156	21,112
Supplementary rates	1,346	500	594	610	626
Early bird discount	(446)	(450)	(461)	(473)	(485)
Total rate and charges revenue	**117,479**	**118,631**	**123,393**	**127,771**	**132,309**

5. Other Revenue Items

5.1 Use Fees and Charges

User fees and charges account for 6% 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:

- Parking Fees
- Planning and infrastructure
- Animal registration 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 reviews 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 the CPI. However, in some instance's 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 any business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

Strategy Recommendations
That service users make a reasonable contribution towards the cost of those services For budget purposes Council will continue to budget in accordance with the projected increase in the CPI over the life of this plan.

The following table represents the projected income from fees and charges based on the forecast CPI.

User fees and charges	Forecast $'000	Budget '$000	3 year plan $'000		
Projection	2024/25	2025/26	2026/27	2027/28	2028/29
Assumptions	2.75%	3.00%	2.50%	2.50%	2.50%
Total user fees and charges	12,051	12,300	12,608	12,923	13,246
Total	**12,051**	**12,300**	**12,608**	**12,923**	**13,246**

5.2 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
- 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.

Strategy Recommendations
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 in accordance with the projected increase in the CPI over the life of this plan.

Stautory fees and charges	Forecast $'000	Budget '$000	3 year plan $'000		
Projection	2024/25	2025/26	2026/27	2027/28	2028/29
Assumptions	2.75%	3.00%	2.50%	2.50%	2.50%
Total Staturoty fees and charges	9,321	10,805	11,075	11,352	11,636
Total	**9,321**	**10,805**	**11,075**	**11,352**	**11,636**

5.3 Grants

Operating grants account for 14% of Council's total revenue.

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.

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 $2.9M per annum. Bayside receives a lower level of State and Federal Government grants than many other Councils. This is a function of the high socio-economic status of the Bayside community.

Capital grants are usually non recurrent and only known funding is included in future projections. Capital grants expected to be received over the coming four years is $17.6 million.

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. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

Strategy Recommendations
That Council regularly engages with local Members of State and Federal Parliaments to ensure they understand the financial pressures on Bayside City Council and the need for improved funding from other levels of government.

Operating Grants	Forecast $'000	Budget '$000	3 year plan $'000		
Projection	2024/25	2025/26	2026/27	2027/28	2028/29
Assumptions	2.75%	3.00%	2.50%	2.50%	2.50%
Operating Grants	24,409	29,155	29,884	30,631	31,397
Total	**24,409**	**29,155**	**29,884**	**30,631**	**31,397**

Capital Grants	Forecast $'000	Budget '$000	3 year plan $'000		
Projection	2024/25	2025/26	2026/27	2027/28	2028/29
Assumptions	2.75%	3.00%	2.50%	2.50%	2.50%
Capital Grants	2,871	9,373	6,705	742	742
Total	**2,871**	**9,373**	**6,705**	**742**	**742**

5.4 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
- 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.

Strategy Recommendations
That Council engages with community groups and sporting organizations to build strong partnerships and to explore alternative funding models for the replacement/upgrade of community facilities.

Capital Contributions Projection	Forecast $'000 2024/25	Budget '$000 2025/26	3 year plan $'000 2026/27	2027/28	2028/29
Capital Contributions	5,704	5,000	5,150	5,305	5,464
Total	**5,704**	**5,000**	**5,150**	**5,305**	**5,464**

Non-monetary Capital Contributions Projection	Forecast $'000 2024/25	Budget '$000 2025/26	3 year plan $'000 2026/27	2027/28	2028/29
Capital Contributions	-	-	4,000	1,224	-
Total	**-**	**-**	**4,000**	**1,224**	**-**

5.5 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 in accordance with Council's Investment Policy, which seeks to maximise returns on funds, whilst minimising risk.

Interest income will reduce over the life of the plan as Council continues to fund its ambitious capital program from restricted and discretionary cash reserves.

Interest Income Projection	Forecast $'000 2024/25	Budget '$000 2025/26	3 year plan $'000 2026/27	2027/28	2028/29
Assumptions	In accordance with Council's Investment Policy				
Interest Income	5,844	5,350	5,787	5,028	4,656
Total	**5,844**	**5,350**	**5,787**	**5,028**	**4,656**

5.6 Property Income

Council's property portfolio has been assembled over many decades and includes land and buildings that are used for:

- direct service delivery by Council
- the delivery of community-based services by not for profit organisations
- recreational and sporting pursuits
- commercial activity
- passive open space, environmental management and car parking

There are approximately 351 buildings on these properties with uses ranging from Council administration and services, halls, clubrooms and pavilions. Council's occupied buildings are valued (on a cost of replacement basis) at approximately $294M. Those occupied by community and sporting groups are valued at approximately $174M with commercial assets of approximately $42M.

Council has developed a set of principles in its Property Strategy 2022-2026 that together act as a statement of the priorities and values held by Council and the ethos to which Council will work over the course of this Strategy.

Principles

- Finding a balance between community and commercial returns
- Increasing accessibility and equity
- Optimising utilisation
- Advancing Environmental Sustainability
- Ensuring assets are fit for service delivery

The principles reflect the community's feedback, that property means many different things to different people.

Accordingly, the principles have been prepared to encompass the most important priorities expressed by the community. This means there are actions to increase revenue, increase community benefit, as well as actions to increase open space and utilisation of Council buildings.

Property Income Projection	**Forecast $'000 2024/25**	**Budget '$000 2025/26**	**3 year plan $'000 2026/27**	**2027/28**	**2028/29**
Assumptions	In accordance with Council's Property Strategy and Leasing Policy				
Property Income	4,328	4,398	4,508	4,621	4,737
Total	**4,328**	**4,398**	**4,508**	**4,621**	**4,737**

Council currently has 254 occupancy agreements with various tenants for a variety of community, social, recreational, or commercial purposes on Council owned or managed land. Council receives an annual rental income of $4.3 million from its leased/licensed assets predominantly from commercially leased assets (Golf, Café, Leisure Centre and School use) with only minimal rental return from community leased assets.

Below is a breakdown of Occupancy Uses and Income for property leased or licensed to other parties. Generally, these relate to community groups at a minimum rental set by annual fees and charges, however Council also has a number of commercial assets such as golf courses and café's which provide a market rental return to Council.

Use	Number of agreement	Income 2025/2026
Arts and Culture (includes artists in residence zero income)	9	4,129
Kindergartens	17	7,956
Life Saving Clubs and Coast Guard	7	5,307
Scouts and Girl Guides and others	14	4,943
Sporting (mixed commercial and community)	15	143,917
Bowling Clubs	6	14,147
Tennis (mixed commercial and community)	9	263,042
Misc. Community Groups	14	10,645
Council Depot	2	194,334
Educational (Kamesburgh)	3	166,254
Golf Courses	3	1,177,858
Leisure Centre	6	724,047
Bathing Boxes	96	109,347
Boat Sheds	13	53,791
Other commercial	1	74,419
Foreshore Café	6	893,522
Telecommunications	16	482,229
Mobile food vendors	8	42,041
Carparks	6	5,095
JOLT electric vehicle licences	3	21,000
Total	**254**	**4,398,024**