

GREATER SHEPPARTON CITY COUNCIL

***RATING
STRATEGY
2013 – 2017***

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1 INTRODUCTION

1.1 EXECUTIVE SUMMARY

1.1.1 SUMMARY

It is important to note that the focus of the Rating Strategy is different to that of the Annual Budget. The rating system determines how Council will raise money from properties within the municipality; it does not influence the total amount of money to be raised, only the share of revenue contributed by each property. The rating system comprises the valuation base and actual rating instruments allowed under the *Local Government Act 1989* (the Act) that are used to calculate an individual property owner's liability for rates.

The Rating Strategy 2013-2017 has been developed with community input via the Rating Strategy Reference Group, public information sessions and public submissions.

Changes to the rating structure to achieve a more equitable distribution of the rate burden will increase the amount paid by some properties and decrease the amount paid by others.

It is proposed that changes to the rating structure be implemented over a two year period.

1.1.2 KEY ELEMENTS

Council's *Rating Strategy 2013-2017* is framed around the following key elements:

1. That the basis of valuation for rating purposes continue to be Capital Improved Value.
2. That the amount raised by the municipal charge be maintained at the existing proportion of total municipal charge and general rate revenue of 12.4%.
3. That user benefits be taken into consideration when setting differential rates.
4. That capacity to pay also be taken into consideration when setting differential rates.
5. That Greater Shepparton City Council continue to apply differential rating as its rating system.
6. That the differential rate for unimproved land be set at the same rate as improved land. That vacant land be classified as improved land when a building permit for the construction of a new building designed or adapted for permanent occupation has been issued.
- 7A. That the farm land differential rate be set at 90% in comparison to the residential rate.
- 7B. That a residential rural lifestyle differential rate be introduced for properties with a single residential dwelling on an allotment of land sized between 0.4 and 20 hectares in rural, semi-rural or bushland setting and the differential rate be set at the same rate as residential properties.
8. That the commercial improved differential rate be set at 200% in comparison to the residential rate. That the existing rating system of commercial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other commercial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.

9. That the industrial improved differential rate be set at 200% in comparison to the residential rate. That the existing rating system of industrial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other industrial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.
10. That a differential rate for vacant commercial shops not be introduced due to the difficulty of administration.
11. That separate differential rates not be introduced for properties defined as Gaming Venues, Late Licence Premises and Late Trading Premises as they are not allowed by the recently released Ministerial Guidelines for Differential Rates.
12. Should the existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me remain, that the amount contributed by each property be communicated annually.
13. That the existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me should be retained.
14. That the Council develop a policy to enable it to consider waiving rates or providing rebates or concessions by application for charitable and not-for-profit residential or retail premises in accordance with the Act, where the organisation is not making a profit from those property uses.
15. That heritage rating incentives be investigated with the assistance of the Council's Heritage Advisory Committee that are consistent with the heritage objectives of the Council, for consideration in the future.
16. Greater centralisation of the population through increased accommodation density to the centre of urban areas is supported. However the proposal to use the rating system to encourage centralisation is not recommended for implementation at this point in time, as this proposal requires further investigation, development, understanding and assessment.
17. To provide a reasonable degree of stability in the level of the rates burden, implementation of the Rating Strategy will be phased over two rating years.
18. That the Council considers methods and opportunities for the community to better understand the rating system.
19. That the role and benefit of an ongoing Rating Strategy Advisory Committee to assist in the further development of Council's Rating Strategy be further investigated.

Other information incorporated into Council's rating strategy includes details regarding the property valuation process, how rates are calculated, payment due dates and payment options, interest on arrears, the government funded pensioner rebate, deferred payments and financial hardship.

1.1.3 THE PROCESS SO FAR

The following diagram shows the processes undertaken in the development of Council's Rating Strategy 2013-2017:

July 2012	<ul style="list-style-type: none"> Council approves to implement a review of its Rating Strategy through the establishment of an advisory committee representing a cross-section of rate-paying stakeholders and two Councillors.
July – September 2012	<ul style="list-style-type: none"> Nominations sought from community members to be appointed to the Rating Strategy Reference Group.
November 2012	<ul style="list-style-type: none"> Six community members appointed by Council to the Rating Strategy Reference Group.
December 2012	<ul style="list-style-type: none"> Three additional community members appointed by Council to the Rating Strategy Reference Group.
December 2012 – February 2013	<ul style="list-style-type: none"> Rating Strategy Reference Group held six meetings before making 19 recommendations to Council.
March - April 2013	<ul style="list-style-type: none"> Council releases the <i>"Rating Strategy 2013-2017 – Discussion Paper"</i>, which reflects the recommendations of the Rating Strategy Reference Group, and invites the public to make comment. Council's website featured a 'ready reckoner' so that ratepayers could see the potential impact of the recommendations. Two public information sessions held. 18 written submissions received with four submitters requesting to be heard by Council in support of their written submissions.
May 2013	<ul style="list-style-type: none"> Following consideration of the <i>Rating Strategy 2013-2017 Discussion Paper</i> and public submissions received, the Rating Strategy Reference Group met and revised its original recommendation relating to the municipal charge and the differential rate for unimproved land.
May – June 2013	<ul style="list-style-type: none"> Rate modelling prepared to progress the development of Council's Rating Strategy 2013-2017, including consideration of recommendations of the Rating Strategy Reference Group, the <i>"Rating Strategy 2013-2017 – Discussion Paper"</i>, and subsequent public submissions received.
July 2013	<ul style="list-style-type: none"> <i>Rating Strategy 2013-2017</i> presented to Council recommending public to be invited to make comment.
August 2013	<ul style="list-style-type: none"> <i>Rating Strategy 2013-2017</i> adopted by Council, with or without amendment.

1.1.4 THE NEXT STEPS

Council is seeking community feedback on its Rating Strategy 2013-2017 until 5.00pm Friday 2 August 2013. A committee of the whole will hear any person wishing to be heard in support of their written submission regarding the Rating Strategy 2013-2017 at a meeting to be held at 5.30pm on Tuesday 6 August 2013.

Council will consider all written submissions received from the community before determining its final Rating Strategy at the Ordinary Council meeting to be held at 5.30pm on Tuesday 20 August 2013.

2 CONTEXT

2.1 RATING CONTEXT

Council has prepared this Rating Strategy within the context of the current legislative framework to provide a detailed explanation of rating concepts and Council's decisions and has been developed with community input via the Rating Strategy Reference Group, public information sessions and public submissions.

2.2 RATING STRATEGY REFERENCE GROUP

A Rating Strategy Reference Group was formed to act as an advisory group to assist Council in preparing a new Rating Strategy.

The Rating Strategy Reference Group comprised 11 members appointed by resolution of the Council. The following group members brought a variety of skills and perspectives as well as representation of the various categories of ratepayers:

Name	Representation
Mayor Jenny Houlihan	Councillor and Group chair
Deputy Mayor Les Oroszvary	Councillor
Mick Buckworth	Not-for-profit organisation, Residential home owners, Industrial land owners
Jamie Cox	Commercial property sector, Shepparton Chamber of Commerce and Industry
Glenda Farrington	Tourism association, Commercial property sector
Trina Laffy	Commercial property sector, Residential home owners
Robert McLean	Environmental group
Tom Perry	Farming/rural land owners
Leanne Raditsas	Farming/rural land owners, Residential home owners
Paul Uniacke	Commercial property sector, Residential home owners, Industrial land owners
Bruce Wilson	Residential home owners

These were accompanied by the following Council staff who attended to provide technical input and administrative support:

Name	Position
Justin Finlayson	Director Business
Tammi Rose	Manager Finance and Rates
Wendy Clark	Revenue and Rates Manager

The objectives of the Rating Strategy Reference Group were to act as an advisory group for the development of a new Rating Strategy, and in particular to:

- Identify and recommend to the Council the principles that the Council should consider when striking general rates, particularly with regard to the creation and maintenance of any differential rates.
- Make recommendations to the Council regarding the equitable sharing of the rates burden between various categories of ratepayers – e.g. Residential, Rural, Commercial and Industrial.
- Recommend to the Council any changes to the structure of current charges and their relationship to general rates, e.g. Waste service charges and Municipal Charge.
- Identify any other special rates, charges or levies it believes the Council should consider.

The group held seven meetings between November 2012 and May 2013, as well as attending a briefing of Council on their *Rating Strategy 2013-2017 Discussion Paper*.

2.2.1 RATING STRATEGY 2013-2017 DISCUSSION PAPER

To assist Council in preparing a new rating strategy, the Rating Strategy Reference Group made a number of recommendations to the Council which were detailed in their *Rating Strategy 2013-2017 Discussion Paper*. The discussion paper provided details of the existing legislative rating framework, the rating principles the Council should consider when striking differential rates, the history of the Council's current rating system and concluded with 19 recommendations of the Rating Strategy Reference Group.

The Rating Strategy Reference Group recommended that the Council's practices and decisions regarding rating should be underpinned by the following rating principles:

- Equity principle, considering:
 - Property wealth tax (including both horizontal and vertical equity)
 - User benefit
 - Capacity to pay
- Incentive principle
- Comparative rates principle
- Simplicity principle
- Efficiency principle
- Legislative compliance principle

The Rating Strategy Reference Group did not consider in detail or make recommendations to the Council regarding waste service charges or special rates, due to the attention given to differential rates and the municipal charge within the time available. Waste service charges and special rates will be the subject of future reviews.

After receiving the group's discussion paper at its Ordinary Council meeting of 19 March 2013, Council invited the public to make comment regarding the *Rating Strategy 2013-2017 Discussion Paper* during a four week period which concluded at 5.00pm on 18 April 2013.

As well as being available at Council's Welsford Street offices, the *Rating Strategy 2013-2017 Discussion Paper* was available for download from Council's website. The website also featured a 'ready reckoner' so that ratepayers could see the potential impact of the recommendations of the Reference Group on their own particular property. A summary containing the recommended changes, including an optional feedback form, was also available from Council's website during the submission period.

2.2.2 PUBLIC INFORMATION SESSIONS

The Rating Strategy Reference Group facilitated two public information sessions during the submission period. One session was held after hours at 5.30pm, whilst the second was held during lunchtime to provide a variety of options for members of the community to attend a session.

2.2.3 PUBLIC SUBMISSIONS

At a Special Council meeting held on 23 April 2013, Council received 18 submissions in response to the release of the *Rating Strategy 2013-2017 Discussion Paper* which reflected the recommendations of the Rating Strategy Reference Group. Four submitters requested to be heard by the Council in support of their written submissions.

Key issues raised in written submissions included:

- Removal of the municipal charge;
- Higher rating for unimproved properties;
- Level and number of differential rates for commercial and industrial improved properties; and
- Rating properties defined as gaming venues, late licence premises and late trading premises.

Due to the inclusion of personal information within submissions, written submissions are not publicly available.

3 RATING FRAMEWORK

Council has prepared this Rating Strategy within the context of the current legislative framework to provide a detailed explanation of rating concepts and Council's decisions.

3.1 BACKGROUND

Council acknowledges that the existing system of raising rates using the property wealth tax valuation methodology is imperfect; however, the application of an alternate rating model (e.g. income tax) is not available within the constraints of the existing legislation.

However, Council can modify certain aspects of the rating system in accordance with the legislation, including the application of differential rates in the dollar (or differential rates) to different classifications of properties.

Total rates collected are fixed by Council each year as part of the budget process. Council only seeks to increase the total amount of revenue required in order to deliver services and the capital works program that is expected by the community and required by legislation.

Taxation revenue whether it is at Federal, State or a local level is generally used to finance various forms of “public goods, services and community obligations” not necessarily in direct relation to user benefit, but ultimately for the benefit of the community as a whole. In this respect property rates are a general purpose levy not linked to user pays, or ability to pay, principles. Other charges such as waste service fees are liable to be linked to costs associated with the service and thus are user pays based.

The amount of property rates collected by Council depends on considered choices as to the quantity and quality of services that it decides to provide and how much of the cost is to be recovered from other revenue sources. The amount collected in rates represents the difference between the total expense required by Council to fund programs, maintain assets, to service and redeem debt, and the total of revenue from all other sources. Other sources of income include grants, prescribed and discretionary fees, fines and charges, sale of assets and interest earned.

Council acknowledges that property rates do not recognise that individual ratepayers within a class of properties can be “asset rich” and “income poor”.

While income and goods and services taxes are more reflective of capacity to pay, it is not possible to expect a property rating system to deal practically with all aspects of capacity to pay based on individual households and businesses. Given this, Council can provide flexible payment options to ratepayers experiencing genuine hardship upon request.

In the local government context, the rating system determines how Council will raise money from properties within the municipality. The rating system comprises the valuation base and the rating instruments that are used to calculate property owners’ liability for rates.

3.2 RATING FRAMEWORK

Council rates constitute a system of taxation on the local community for the purposes of local government. The value of land and its improvements (or Capital Improved Value) is generally used as the basis of taxation, which is a measure of the property wealth of the ratepayer. By legislation (*Valuation of Land Act 1960*), the value of all property is to be reassessed every two years and is to be relative to all other like property within the municipality.

The rating framework is set down in Part 8 Division 1 of the Act and determines how a council develops a rating system. The framework provides considerable flexibility to suit an individual council’s requirements, which includes principles of equity, benefit, efficiency and community resource allocation. Under the Act, Council has the power to levy:

- Municipal charge

- Uniform rates
- Differential rates
- Special rates and charges
- Service rates and charges

and to:

- Provide rebates and concessions
- Provide deferrals and waivers based on hardship

Council acknowledges that this framework will not universally cater for the possible significant revaluation of property movement in a non-homogenous market place and may result in significant movements in rates on an individual case-by-case basis within rating categories.

The general rating framework for local government was set out in research undertaken for the development of the Act. The research recommended that property rating should be based on the following objectives:

- The entire community should contribute to the unavoidable costs of local government
- Where feasible, services should be funded on a user pays system
- Where specified, local objectives can be achieved using differential rates
- Residual service costs should be apportioned on the basis of property valuation

The third element is the use of differential rate groups using variable “rate in the dollar” to collect rates against property values. This is sometimes referred to as collecting an “ad valorem rate” against the property value.

Council rates are basically calculated as follows:

$$\text{Rate in the dollar} \times \text{Property value} = \text{Council rates}$$

As an example the “rate in the dollar” for a residential property in 2012-2013 is 0.00384340.

Assuming a property, say a house and land, was valued at \$250,000, the annual rate payment would be \$960.85, calculated as:

$$0.00384340 \times \$250,000 = \$960.85$$

Rates are in the form of a general purpose levy. The benefits that a ratepayer may receive will not necessarily be to the extent of the rates paid. Benefits are consumed in different quantities and types over the lifecycle of the ratepayer, e.g. maternal and child health, libraries and aged care, roads and footpaths, local laws. In other words, Council governs for the whole needs and wishes of the community and raises rates accordingly.

In addition to rates on property, local governments are able to levy a municipal charge on each property. This charge is set to achieve the first objective above, i.e. to fund the unavoidable costs of local government. Under the Act, the municipal charge cannot raise more than one-fifth (20%) of the total amount rates through rates (including the municipal charge).

Waste collection services are based on user pays principles while a wide variety of other services provided by Council have fees set to recover the full cost or, where subsidisation occurs, to fully notate such cross-subsidisation.

3.3 RECENT LEGISLATIVE CHANGES

3.3.1 LOCAL GOVERNMENT LEGISLATION AMENDMENT (MISCELLANEOUS) BILL 2012

The *Local Government Legislation Amendment (Miscellaneous) Bill 2012* was enacted in October 2012. This legislation requires the Minister to issue guidelines which Councils must have regard to before declaring a differential rate for any land. The guidelines may address the objectives of differential rating; suitable uses of differential rating powers; and types of land that are appropriate for differential rating.

The Minister was given the power to seek an Order prohibiting any Council from making a declaration of a differential rate if the Minister considers the declaration would be inconsistent with any guideline. It is important to note that any prohibition Order does not have a retrospective effect.

The Minister established a Differential Rates Ministerial Committee in December 2012 inviting representatives from all political parties in the Victorian Parliament to join the committee to lead a consultation program to develop new guidelines for the use of differential rates.

Following consultation, the Ministerial Guidelines were released in April 2013. These guidelines are available from: <http://www.dpcd.vic.gov.au/localgovernment/projects-and-programs/ministerial-guidelines-for-differential-rating>

3.3.1.1 KEY MESSAGES FROM THE MINISTERIAL GUIDELINES

The intent of the guidelines is to reduce complexity and the inconsistent application of differential rates across local governments in Victoria. The guidelines have been designed to provide clarity, consistency and transparency for Councils in their decision making for or with respect to:

- The Minister's expectations for how differential rates can be applied;
- the determination requirements in considering differential rate objectives;
- the consideration of how and when differential rates are likely to be a useful tool to achieve those objectives.

The guidelines establish three categories of differential rates as described below:

<p>Types and classes of land categories and their combination that are considered appropriate for differential rates include the following:</p> <ul style="list-style-type: none"> • general land; • residential land; • farm land; • commercial land; • industrial land; • retirement village land; • vacant land; • derelict; and • cultural and recreational. 	<p>Types and classes of land categories and their combination that must be carefully considered as to whether they are appropriate for the application of differential rates include (but are not limited to) the following:</p> <ul style="list-style-type: none"> • holiday rental; • extractive; • landfill; • dry land farming; • irrigation farm land; • automobile manufacture land; • petroleum production land; and • aluminium production land. 	<p>It would not be appropriate to declare a differential rate that is defined narrowly and applied specifically or exclusively to the following types and classes of land:</p> <ul style="list-style-type: none"> • electronic gaming machine venues or casinos; • liquor licensed venues or liquor outlet premises; • business premises defined whole or in part by hours of trade; • fast food premises; • tree plantations in the farming and rural activity zones; and • land within the Urban Growth Zone without an approved Precinct Structure Plan in place.
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Where differential rates are found to be inconsistent with the guidelines, the Minister can seek an Order in Council to prohibit councils from applying such non-compliant differential rates.

3.4 PROPERTY VALUATIONS

For the purpose of the Act and its rating provisions, the *Valuation of Land Act 1960*, is the principle Act determining property valuations. Generally, each separate occupancy on rateable land must be valued and rated. Contiguous areas of vacant land with more than one title in the same ownership may be consolidated for rating purposes.

An assessment for the purpose of rating may be against any piece of land subject to separate ownership or occupation. In this context, land has been defined to include buildings, structures or improvements and may include automatic teller machines, show case, signage, advertising, radio and mobile communication towers.

Local government may adopt one of the following three valuation methodologies to value properties in its municipality:

Capital Improved Value (CIV): the total value of the property including the land value (i.e. Site Value) and other improvements including the buildings and landscaping.

Site Value (SV): the total value of land, plus any improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of building and other improvements.

Net Annual Value (NAV): the value of the rental potential of the land, less the landlord's outgoings (such as insurance, land tax and maintenance costs). For residential and farm properties this must be set at 5% of the CIV.

3.4.1 GENERAL REVALUATION OF PROPERTIES

Every two years, Council engages independent, licensed valuers as contractors to satisfy its statutory requirement under the Valuation of Land Act 1960 to conduct a review of property values based on market movements and recent sales trends. For the 2012-2013 and 2013-2014 rating years, valuations will be based on values returned as at 1 January 2012.

Valuers undertake a physical inspection of at least 33% of the total number of residential and rural assessments during each revaluation cycle. Inspections are undertaken on all commercial, industrial and specialist properties. Other valuations are derived from a complex formula based on sectors, sub-market groups, property condition factors (including age, materials and floor area), influencing factors such as locality and views, and land areas compared to sales trends within each sector/sub-market group. The municipality has defined the sub-market groups which are reviewed during the revaluation process. Council's contract valuers determine the valuations according to the highest and best use of a property.

In valuing large areas of land without buildings, residential zoning, permits for subdivision or structure plans are indications of potential for subdivision. If the land is capable of subdivision, it will be valued according as potential subdivisional land will typically be higher than farm land. The amount of valuation increase will depend on market factors at the time of valuation.

3.4.2 SUPPLEMENTARY VALUATIONS

In certain circumstances, valuations must be performed between general valuations. These are known as supplementary valuations. They are required when properties are:

- physically changed - for example, when buildings are altered, erected or demolished; or
- amalgamated, subdivided, portions sold off, rezoned or are affected by road construction.

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Values are assessed at the same date of the general valuation currently in use.

3.4.3 VALUER-GENERAL VICTORIA

The Valuer-General Victoria is responsible for reviewing the total valuation of each municipality for accuracy before certifying that the valuations are true and correct. Valuations are conducted using *Best Practice Guidelines* formulated and published by the Valuer-General Victoria.

The total value of the municipality is used as a base against which Council strikes its rate in the dollar for each defined category, or type, of property.

3.4.4 OBJECTIONS TO PROPERTY VALUATIONS

The *Valuation of Land Act 1960* provides that objection to the valuation may be made each year within two months of the issue of the original or amended (supplementary) Rates and Valuation Charges Notice (Rates Notice).

Objections must be dealt with in accordance with the *Valuation of Land Act 1960*.

Further information can be obtained by contact Council or accessing the Land Victoria website at www.land.vic.gov.au/valuation.

3.4.5 NO WINDFALL GAIN

There is a common misconception that if a property's valuation rises then Council receives a "windfall gain" with additional income. 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 the dollar (ad valorem rate) used to calculate the rate for each property. Total income is fixed each year as part of the budget process.

As previously explained, Council only seeks to increase the total amount of revenue required from all ratepayers in order to provide the services and capital works expected by the community.

3.5 RATING DIFFERENTIALS

The Act allows councils to "differentiate" rates based on the use of the land, the geographic locality of the land or the use and locality of the land. Different rates in the dollar of CIV can be applied to different classes of property. These classes must be clearly differentiated and the setting of the differentials must be used to improve quality and efficiency.

There is no theoretical limit on the number or type of differential rates that can be levied; however, the highest differential rate can be no more than four times the lowest differential rate.

Council has a diverse mix of geographically located and land use properties. Valuation methodology is not consistent between differing land use property types and the establishment of differential tariff groups ensures greater equity and contribution from rates according to land use characteristics in relation to affordability and taxation principles.

In accordance with the Act, Council is required to undertake the following when levying a differential rate. Council must:

- Specify the objectives of the differential rate;
- Define the types and classes of land and a statement of reasons for the use and level of the rate; and
- Identify types and classes of land in respect to uses, geographic location, planning scheme zoning, building types and other relevant criteria.

The purpose of the above is to ensure that Council has a sound basis on which to develop various charging features when determining its revenue strategies and ensure that these are consistent with the provisions of the Act.

The general objectives of each differential rate are to ensure that all rateable land makes an equitable financial contribution to costs of carrying out the functions of Council, including the:

- Construction and maintenance of public infrastructure
- Development and provision of health and community services
- Provision of general support services

or

- A specific objective as described within the differential rate characteristics.

The application of a differential rate means that one class of property is treated differently from another – either paying a higher or lower ad valorem rate in the dollar. For each effect a differential has, it will have the opposite effect for other property classes. A lower differential given to one class of property can only be covered by a higher differential in other property classes and vice-a-versa.

The relativity of the differential rate is normally expressed in terms of a comparison of the rate in the dollar against a nominated general rate. The general rate normally used as the benchmark is the particular rate in the dollar that applies to residential properties, whether it is a rate that applies to residential properties or a rate applying to a broader class that includes residential.

4 RATING STRATEGY

4.1 WHAT IS A RATING STRATEGY?

A rating strategy is the process by which Council systematically considers the factors of importance that informs its decisions about the rating system. The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property. The rating system comprises the (valuation) base and actual rating instruments that are used to calculate an individual property owner's liability for rates.

This rating strategy comprises of a number of components including:

- A review of rationales and objectives;
- Related research;
- The development of definitions;
- Rate modeling
- The development of required documentation;
- The opportunity for public review/consultation; and
- Results of comments received.

4.2 COUNCIL PROFILE



The City of Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne, in the heart of the Goulburn Valley. The City has a population of about 64,000 and covers an area of 2,421 square kilometres. It is the fifth largest provincial centre in Victoria and one of the fastest growing regions in the State. The major urban centres of Shepparton and

Mooroopna are located at the confluence of the Goulburn and Broken rivers and at the intersection of the Goulburn Valley and Midland Highways.

Nearly 80 per cent of people live in the major urban areas of Shepparton and Mooroopna. With a population of 4,500 and home to many industries and large organisations, Tatura is also a popular choice for many as are the smaller rural townships and surrounding agricultural areas of Congupna, Dookie, Katandra, Kialla West, Merrigum, Murchison, Tallygaroopna, Toolamba and Undera. This diversity of choice reflects the wide range of lifestyle choices available across the municipality from small urban blocks close to high quality amenities, through to large working orchards and farms.

Greater Shepparton's diverse and multicultural composition is one of its key strengths, with approximately 11 per cent of residents being born overseas. Significant populations have settled in the region from Italy, Turkey, Greece, Albania, Netherlands, United Kingdom, Germany, India, New Zealand, Philippines and Iraq. More recently, families from the Congo and Sudan have moved to the area. The City also has a significant Aboriginal population with approximately three per cent of its residents being of indigenous origin.

The region has a strong and well developed economy, based primarily on irrigated agriculture, food processing, retailing and road transport.

The Goulburn Valley is responsible for around 25 per cent of the total value of Victoria's agricultural production and is often referred to as the "Food Bowl of Australia". Dairy and fruit growing are the major primary industries, with the viticulture and tomato industries also showing significant growth. Food processing is a significant secondary industry, with over 30 major food processing related businesses located within two hours of the major urban centres.

The large volume of fresh and processed foodstuffs produced in the region generates an extremely high number of freight movements. The road transport industry, which has grown up to support this freight task is a substantial contributor to Greater Shepparton's economy in its own right and Shepparton is now provincial Victoria's largest truck sales and service centre.

Greater Shepparton has enjoyed strong industrial, business and residential growth over the past ten years and Shepparton is one of the five fastest growing inland regional centres in Australia. Large processing and retail developments have provided increased employment opportunities and underpinned this growth.

As a regional hub, Greater Shepparton provides a range of goods and services to a catchment of approximately 230,000 people. This regional role allows the City to support a strong and diverse retail sector and attract national retail outlets, which in turn, increase the attractiveness of the City as a retail destination.

The City also enjoys high quality medical services and offers a range of tertiary education opportunities. Latrobe University's new campus in Shepparton has further increased the range of tertiary courses available to regional students.

Greater Shepparton continues to reinforce its reputation as a key events destination within both the Victorian and National market. The City has a strong history of attracting major events to the region to boost the local economy.

4.3 RATING PRINCIPLES

Council's practices and decisions regarding rating are underpinned by the principles of equity, incentive, simplicity, efficiency and legislative compliance.

- **Equity principle:** To achieve an equitable distribution of the rate burden across the community. A differential rating structure can assist in achieving an equitable imposition of rates and charges. The equity principle includes consideration of property wealth tax, user benefit and capacity to pay principles.
 - **Property wealth tax:** Council is limited to taxing one component of wealth, being real property. The wealth tax principle implies that rates paid are dependent upon the value of a ratepayer's real property and does not necessarily have any correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates. Some moderation of the effect of property value on the level of rates paid through differential rates may be required to make the rating system more equitable.
 - **Horizontal equity** means that like properties in the same position, e.g. with the same property value, geographical locality and/or land use, should be treated the same. The act allows councils to differentiate rates based on the use of land and/or the geographic locality of the land. There is a fundamental importance on which characteristics define similarity. Horizontal equity is ensured mainly by accurate property valuations and their classification into homogenous property classes.
 - **Vertical equity** in respect to property taxation means that higher property values should incur higher levels of tax.
 - **User benefit:** A popular complaint is that "the rates I pay have no correlation with the services I consume or the benefits I receive". This argument is based on the benefit principle (the opposite of the wealth tax principle) that argues there should be a nexus between consumption/benefit and the rate burden.

Evaluating the relative benefits received by various classes of property raises many practical difficulties, in particular, trying to trace quantifiable consumption/benefits to particular types of properties.

The analysis often gets reduced to arguments of what services are consumed by residential versus farm, commercial/industrial versus residences versus farms, and between different towns. Clearly, the exercise is not clear cut – for example, it might be argued that rural ratepayers derive less benefit from library services than their town counterparts but the reverse argument may be argued with respect to the costs of repairing and constructing of long lengths of local roads to service a small number of properties.

- **Capacity to pay:** The relativity of rates paid by each class of property, including residential, farm, commercial, industrial and cultural and recreational, are to be considered in relation to their respective capacity to pay. Ratepayers with higher value properties generally have a higher wealth and a greater capacity to pay. However, as rates are levied on unrealised wealth in the form of real property, their nexus with ratepayers' capacity to pay may be more tenuous. Ratepayers may be asset rich but cash poor.

Council acknowledges that property rates do not recognise that individual ratepayers within a class of properties can be "asset rich" and "income poor". In some cases ratepayers may have considerable wealth reflected in property they own but have a low level of personal income. Examples include; pensioners, self-funded retirees, businesses subject to cyclical downturn, households with large families and property owners with little equity but high levels of mortgage debt.

While income and goods and services taxes are more reflective of capacity to pay, it is not possible to expect a property rating system to deal practically with all aspects of capacity to pay based on individual households and businesses.

Rating instruments such as differential rates are available to reflect the differing capacity of classes to pay. For example, higher differential rates may reflect the income producing capacity of the class of property.

- **Incentive principle:** Rate setting objectives can also be used to support Council's social, environmental, or economic goals as part of a longer term strategy such as the Council Plan. For example, rates can be altered to encourage business activity, the development of vacant land or environmentally sustainable improvements.
- **Comparative rates principle:** When considering what is an equitable distribution of the rate burden across the community, the Council's rating structure should be compared to other like councils of a similar size, scale and population. Benchmarking on its own however, does not necessarily determine Council's performance with respect to an equitable distribution of rate burden. Although the information may show differences between councils, the reasons for the differences sometimes require further investigation. What is an equitable distribution can be difficult to determine based on benchmarking indicators alone.
- **Simplicity principle:** Refers a transparent rating system with a clear purpose and principles that is understood by ratepayers, with a view to the tax system being capable of being questioned and challenged by ratepayers. Finding a balance between different objectives can be complex.
- **Efficiency principle:** Refers to the cost of administering the rates system including issuing of assessments, collection of rates, monitoring outcomes, educating and informing ratepayers, enforcement and debt recovery. There is a tendency for uniformity to help minimise administration costs, however, it is also possible for a simple rate system to be costly if it is unpopular and results in increased appeals and higher collection costs.
- **Legislative compliance principle:** It is important to ensure that all rating decisions are made in accordance with relevant legislation, including the Act.

5 THE CURRENT RATING SYSTEM

5.1 HISTORY

5.1.1 PROPERTY VALUATION BASE

Property values are used to calculate how much each property owner will pay. The Council uses the Capital Improved Value (CIV) as the basis for valuing its land. The Council considers that this method provides the fairest way to distribute the rate burden across all ratepayers on the following basis:

- The “Capacity to Pay Principle” of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- Property value is a relatively good indicator of wealth (when lifetime incomes, including incomes from capital gains, are taken into account). The CIV, which closely approximates the market value of a property, provides the best indicator of overall property value.

Seventy-three of Victoria’s 79 councils use the CIV method to calculate property rates, while the remaining six use the Net Annual Value (NAV) method.

5.1.2 MUNICIPAL CHARGE

Council is able to levy a municipal charge on each rateable property within the municipality with the exception of farms where a single municipal charge is payable on multiple assessments operated as part of a single farm enterprise.

The maximum municipal charge that can be levied equals 20 per cent of the revenue raised from general rates and the municipal charge divided by the number of chargeable properties. Historically, the Council levied the municipal charge at between 7 and 7.5 per cent of the total rates revenue, well below the allowable 20 per cent maximum.

The municipal charge is a flat, identical charge that can be used to offset some of the “administrative costs” of the Council. The legislation is not definitive on what comprises “administrative costs”.

The municipal charge is regressive, which means that as the value of properties decrease, the municipal charge increases as a percentage of that value. As a result, the burden is reduced on higher valued properties.

Through its effect of providing a reduction in the amount paid by higher value properties, the municipal charge may be seen to assist certain classes of property. There is a tendency in rural municipalities for farms, as a class, to generally benefit from its application.

The effect for residential, commercial and industrial properties is not as general as there is usually greater diversity in the range of property values. It can be argued, however, that overall the municipal charge has an individualised impact for properties within a property class.

It is not a targeted rating instrument like a differential rate and the use of differential rates is considered to be a more transparent and accurate means of achieving rate outcomes for certain classes of property.

The Council has levied a municipal charge since amalgamations in 1994.

In March 2011, following the review of the Council’s Rating Strategy an option to increase the municipal charge as a proportion of total rate revenue was identified. The objective was to spread,

more evenly, the administrative costs the Council. In 2011-2012, the Council endorsed an increase of \$53 to the municipal charge taking it from \$111 to \$164, which increased the municipal charge revenue, as a percentage of total rates revenue from 7 per cent to 10 per cent.

In 2012-2013, the Council adopted an increase of \$50 to the municipal charge taking it from \$164 to \$214. This change increased the municipal charge revenue, as a percentage of total rates revenue from 10 per cent to 12 per cent which is still below the allowable 20 per cent maximum.

Year	Municipal Charge	Increase \$	Increase %	Total Rates and Charges Revenue Increase %	Municipal Charge Revenue % of Total Rates and Charges Revenue	Maximum Allowed %
2002-2003	\$65	\$5	8%	5.00%		20%
2003-2004	\$70	\$5	8%	7.50%	7%	20%
2004-2005	\$75	\$5	7%	8.00%	7%	20%
2005-2006	\$81	\$6	8%	8.00%	7%	20%
2006-2007	\$85	\$4	5%	7.50%	7%	20%
2007-2008	\$91	\$6	7%	6.95%	7%	20%
2008-2009	\$97	\$6	7%	6.95%	7%	20%
2009-2010	\$105	\$8	8%	6.95%	7%	20%
2010-2011	\$111	\$6	6%	6.00%	7%	20%
2011-2012	\$164	\$53	48%	6.95%	10%	20%
2012-2013	\$214	\$50	30%	3.95%	12%	20%

5.1.3 HISTORICAL RATES AND CHARGES DATA FROM 2002-2003

Historical rates and charges data are detailed below for both the ratio to residential rate and the rates in the dollar. Significant change occurred in most differential rate type categories during the 2004-2005 rating year compared to the residential rate category.

In the 2004-2005 rating year, the residential differential rate in the dollar was reduced to mitigate the impact of a significant increase in valuations compared to other differential categories.

5.1.3.1.1 RESIDENTIAL RATES

Details of the differential rate in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00424250	100%
2003-2004	0.00455670	100%
2004-2005	0.00319080	100%
2005-2006	0.00344610	100%
2006-2007	0.00317460	100%
2007-2008	0.00342640	100%
2008-2009	0.00317780	100%
2009-2010	0.00340570	100%
2010-2011	0.00359550	100%
2011-2012	0.00377980	100%
2012-2013	0.00384340	100%

5.1.3.1.2 FARM RATES

Details of the farm differential rate in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00352900	83%
2003-2004	0.00379030	83%
2004-2005	0.00352620	111%
2005-2006	0.00380830	111%
2006-2007	0.00370600	117%
2007-2008	0.00352810	103%
2008-2009	0.00361270	114%
2009-2010	0.00386180	113%
2010-2011	0.00400730	111%
2011-2012	0.00377980	100%
2012-2013	0.00383940	100%

5.1.3.1.3 COMMERCIAL RATES

Details of the commercial unimproved differential rate in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00465033	110%
2003-2004	0.00499483	110%
2004-2005	0.00458667	144%
2005-2006	0.00495360	144%
2006-2007	0.00424913	134%
2007-2008	0.00520140	152%
2008-2009	0.00490770	154%
2009-2010	0.00524880	154%
2010-2011	0.00517500	144%
2011-2012	0.00546120	144%
2012-2013	0.00539040	140%

Details of the commercial improved differential rates in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Commercial Improved 1		Commercial Improved 2		Commercial Improved 3	
	Rate in the Dollar	Ratio to Residential Rate	Rate in the Dollar	Ratio to Residential Rate	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00934914	220%	0.00788810	186%	0.00788810	186%
2003-2004	0.01004167	220%	0.00847240	186%	0.00847240	186%
2004-2005	0.00978672	307%	0.00798670	250%	0.00798670	250%
2005-2006	0.01056967	307%	0.00862560	250%	0.00862560	250%
2006-2007	0.00930799	293%	0.00764200	241%	0.00764200	241%
2007-2008	0.01032730	301%	0.00952440	278%	0.00761950	222%
2008-2009	0.00982640	309%	0.00914330	288%	0.00728480	229%
2009-2010	0.01050930	309%	0.00977880	287%	0.00779110	229%
2010-2011	0.01098520	306%	0.01039200	289%	0.00845080	235%
2011-2012	0.01169750	309%	0.01105310	292%	0.00893920	236%
2012-2013	0.01156310	301%	0.01168960	304%	0.00909690	237%

5.1.3.1.4 INDUSTRIAL RATES

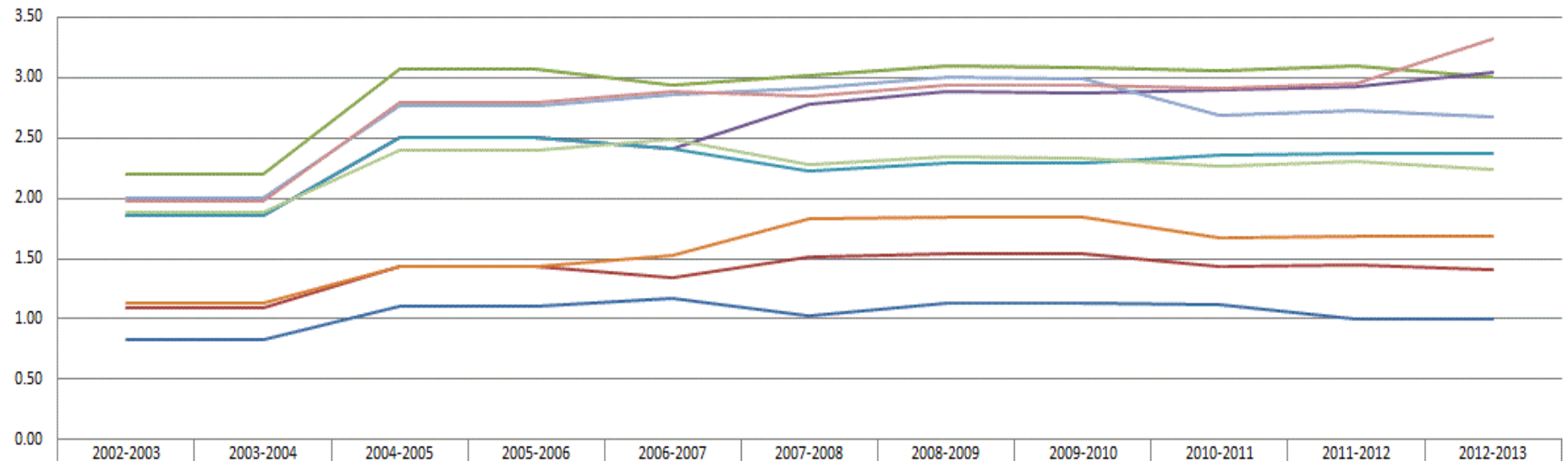
Details of the industrial unimproved differential rate in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00480370	113%
2003-2004	0.00515955	113%
2004-2005	0.00459765	144%
2005-2006	0.00496545	144%
2006-2007	0.00485840	153%
2007-2008	0.00626300	183%
2008-2009	0.00585660	184%
2009-2010	0.00626360	184%
2010-2011	0.00601220	167%
2011-2012	0.00635360	168%
2012-2013	0.00649550	169%

Details of the industrial improved differential rates in the dollar and the ratio comparison to the residential differential rate are included in the table below.

Rating Year	Industrial Improved 1		Industrial Improved 2		Industrial Improved 3	
	Rate in the Dollar	Ratio to Residential Rate	Rate in the Dollar	Ratio to Residential Rate	Rate in the Dollar	Ratio to Residential Rate
2002-2003	0.00847385	200%	0.00837360	197%	0.00799750	189%
2003-2004	0.00910155	200%	0.00899390	197%	0.00858990	189%
2004-2005	0.00881965	276%	0.00888610	278%	0.00766110	240%
2005-2006	0.00952520	276%	0.00959700	278%	0.00827400	240%
2006-2007	0.00906305	285%	0.00913940	288%	0.00792060	249%
2007-2008	0.00626300	291%	0.00974110	284%	0.00779290	227%
2008-2009	0.00585660	300%	0.00933630	294%	0.00743920	234%
2009-2010	0.00626360	299%	0.00998520	293%	0.00795620	234%
2010-2011	0.00601220	269%	0.01047720	291%	0.00813600	226%
2011-2012	0.00635360	273%	0.01116640	295%	0.00871650	231%
2012-2013	0.00649550	267%	0.01274130	332%	0.00858440	223%

GREATER SHEPPARTON CITY COUNCIL Ratio to Residential Rate between 2002-2003 to 2012-2013



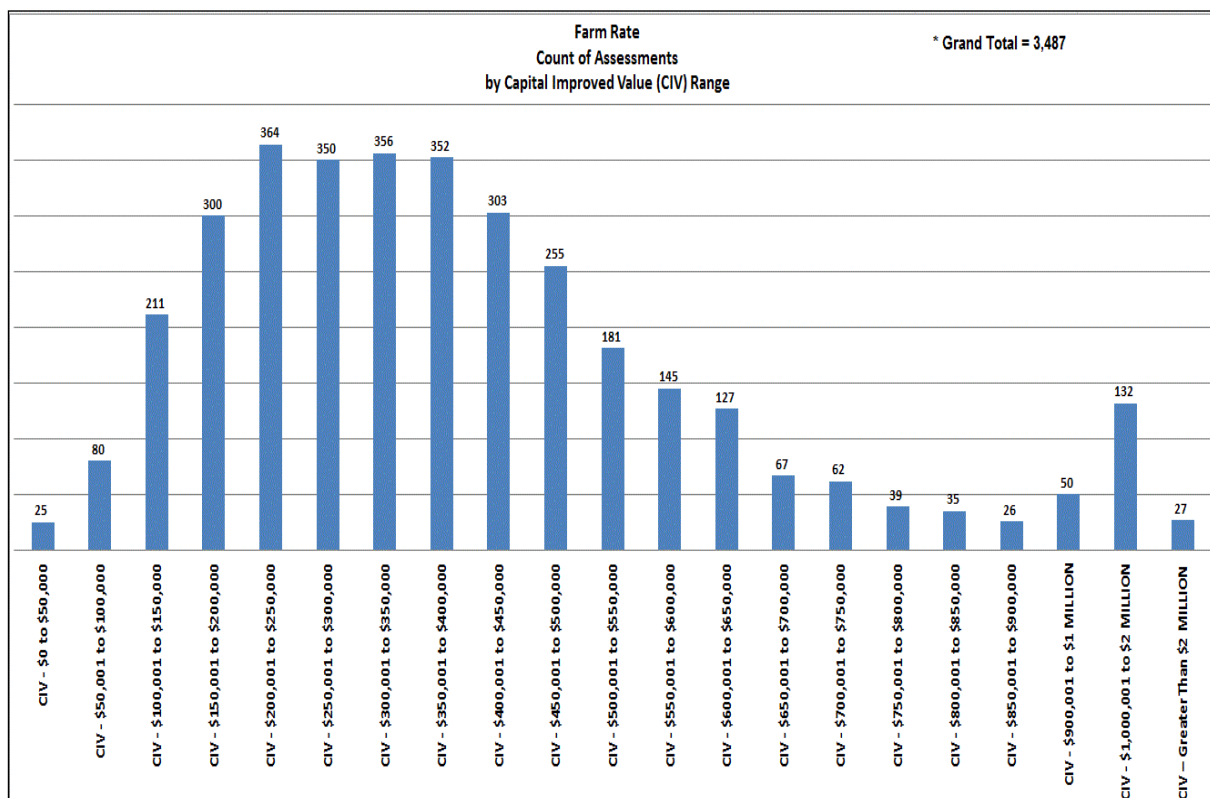
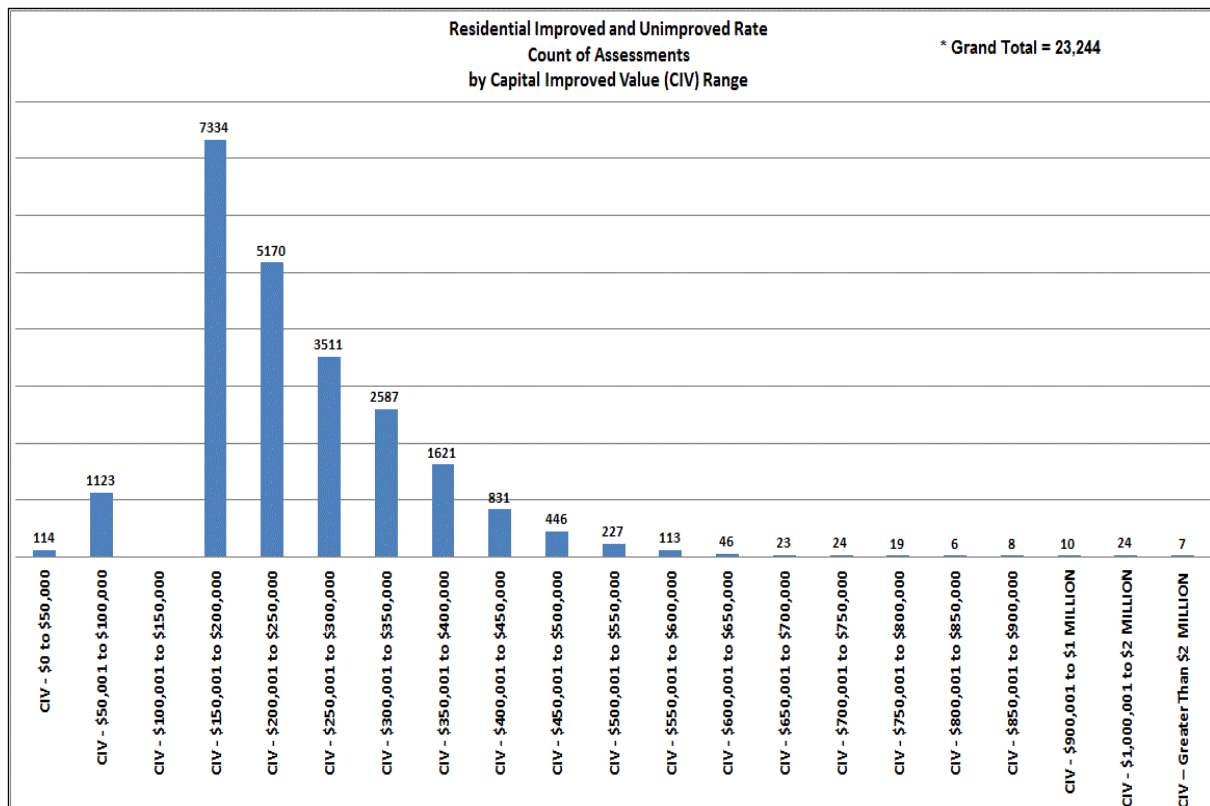
5.1.3.2 RATES AND CHARGES DATA RELATING TO 2012-2013

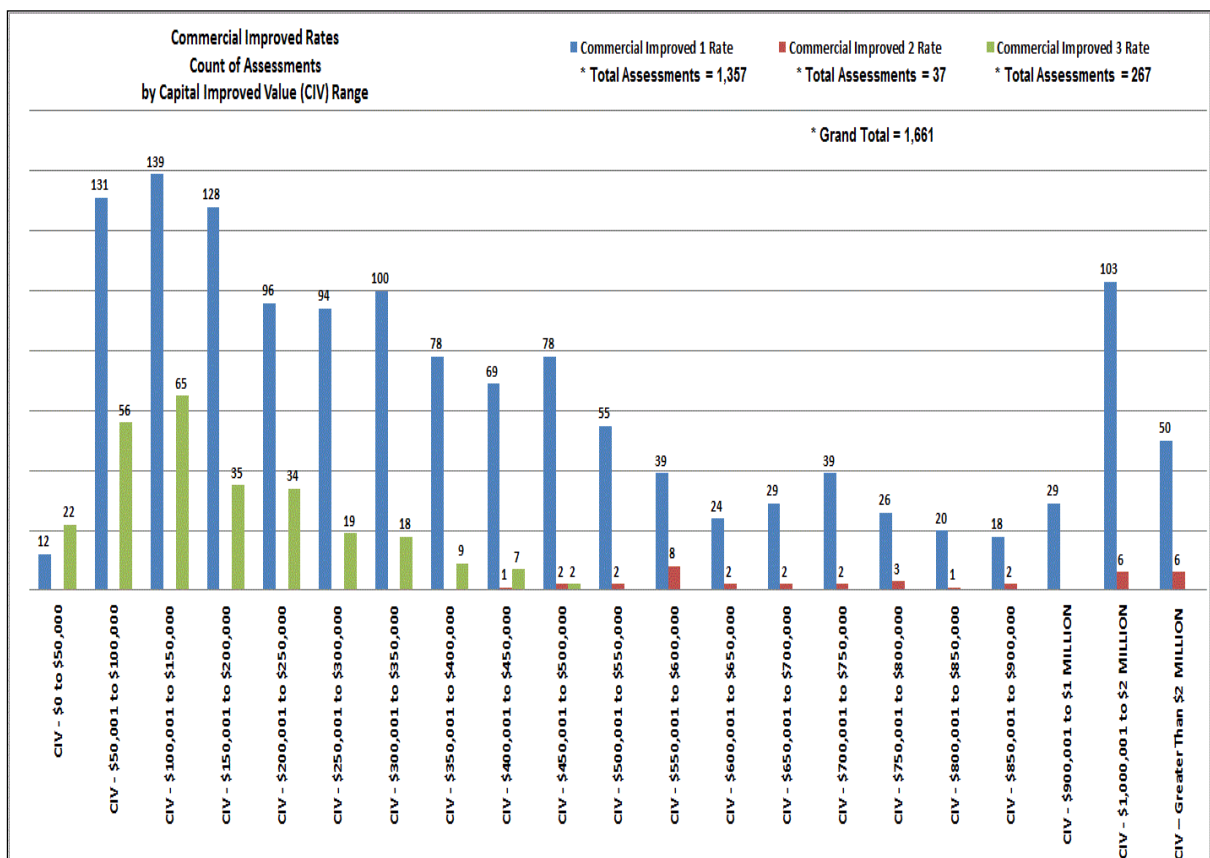
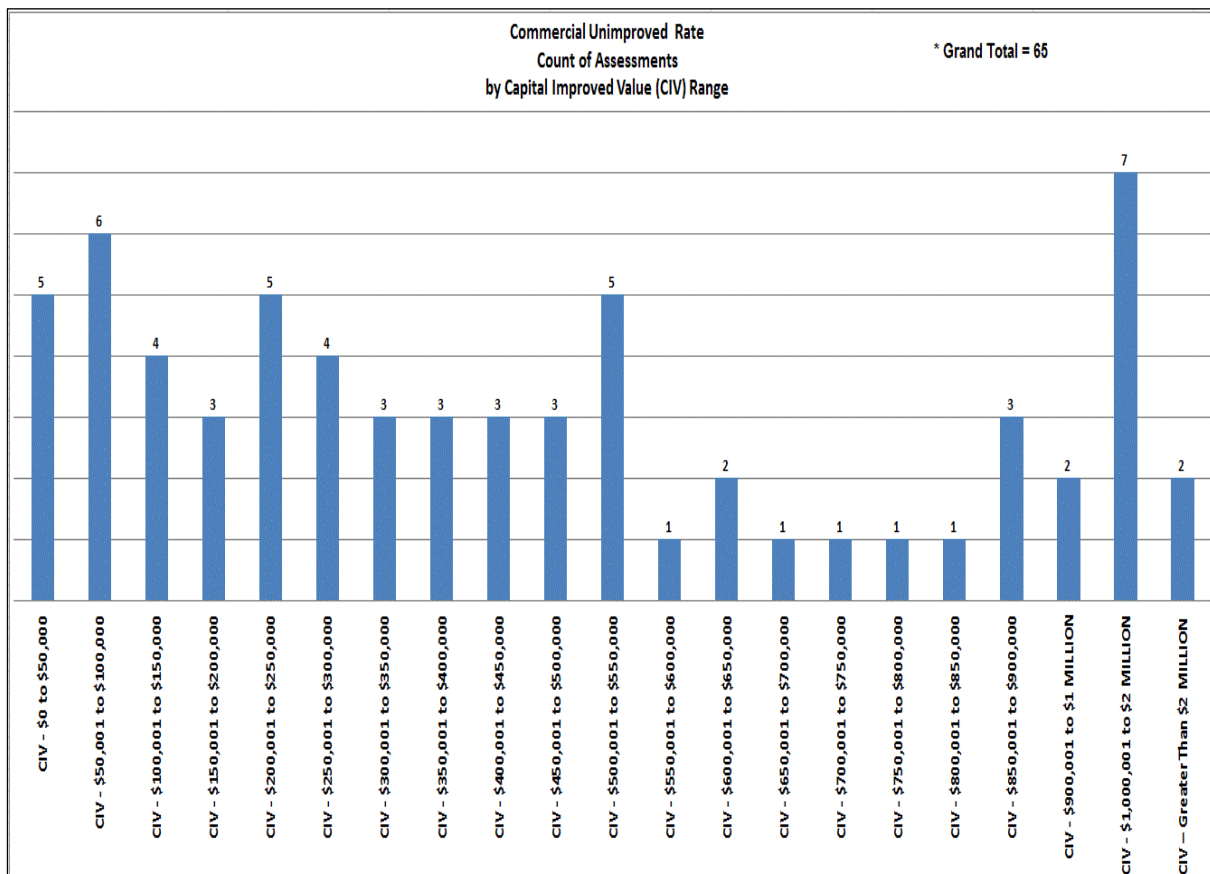
Details of each differential rate in the dollar, the ratio to the residential differential rate, the number and percentage of assessments for 2012-2013 are included in the table below.

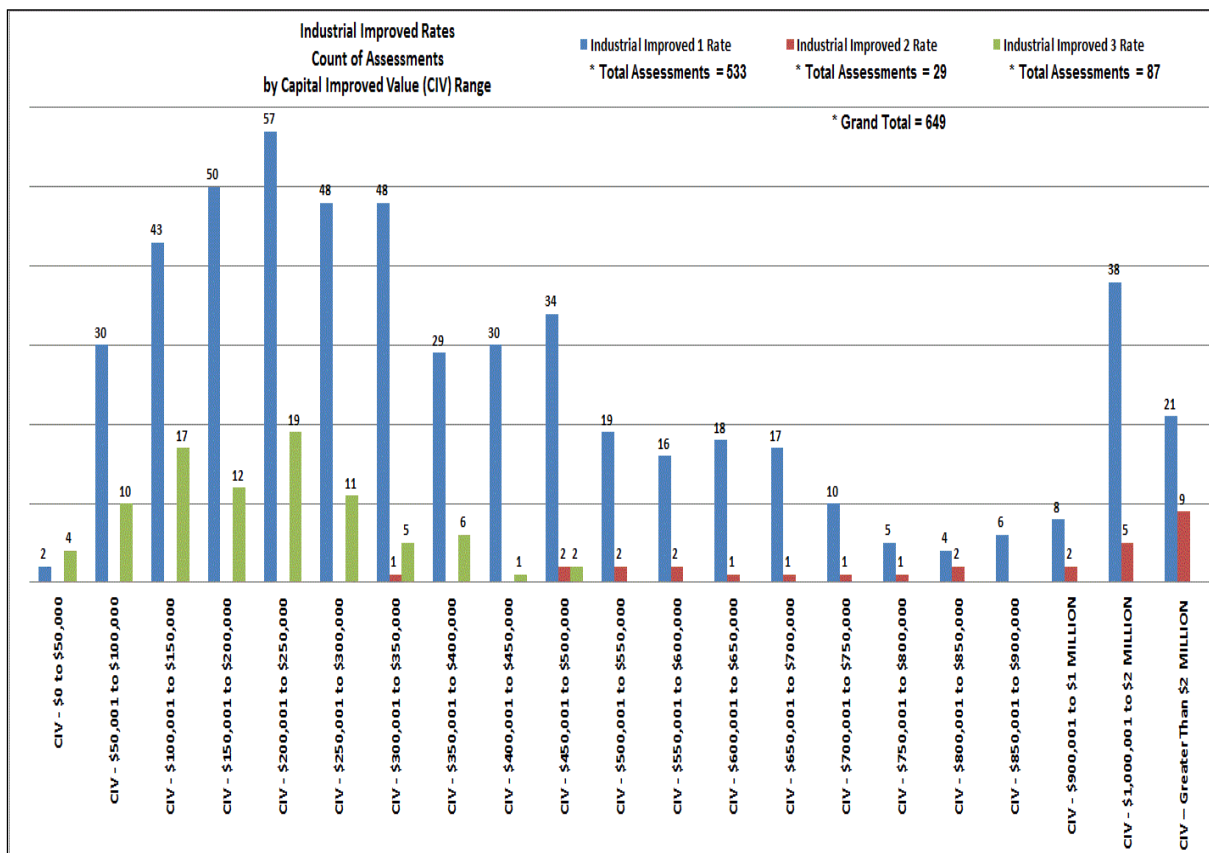
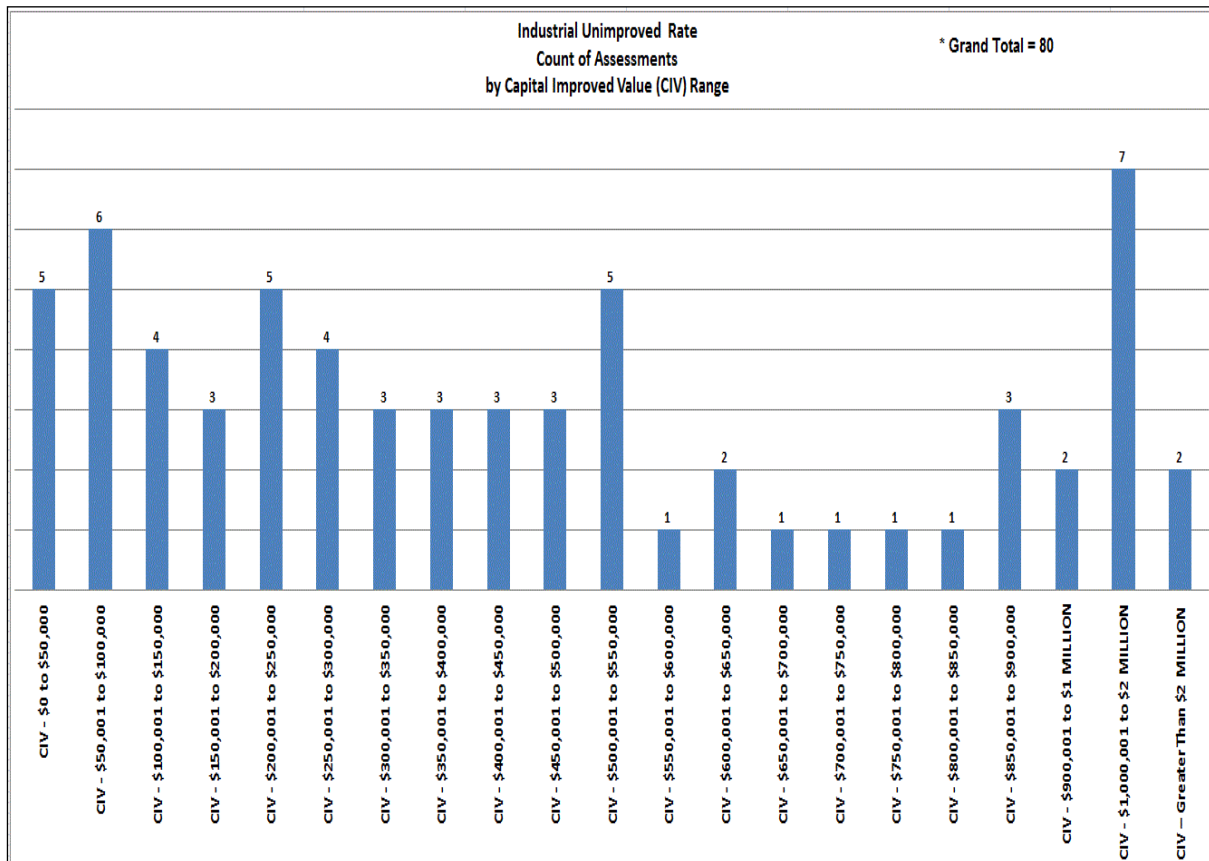
Differential Category*	Cents in/\$ CIV 2012-2013	Ratio to Residential Rate	Assessments 2012-2013	% of Assessments
<i>[Note: * Descriptions of each category have been provided under section 4.1.3]</i>				
Residential Improved and Unimproved Land	0.0038434	100%	23,244	80%
Farm Land	0.0038394	100%	3,487	12%
Commercial Unimproved Land	0.0053904	140%	65	0%
Commercial Improved 1 Land	0.0115631	301%	1,357	5%
Commercial Improved 2 Land	0.0116896	304%	37	0%
Commercial Improved 3 Land	0.0090969	237%	267	1%
Industrial Unimproved Land	0.0064955	169%	80	0%
Industrial Improved 1 Land	0.0102578	267%	533	2%
Industrial Improved 2 Land	0.0127413	332%	29	0%
Industrial Improved 3 Land	0.0085844	223%	87	0%
Cultural and Recreational Land	0.0027999	73%	7	0%
TOTAL			29,193	100%

Differential Category*	Assessments 2012-2013	CIV 2012-2013 '000	% of CIV	Differential Revenue 2012-2013 '000	% of Differential Rate Revenue
<i>[Note: * Descriptions of each category have been provided under section 4.1.3]</i>					
Residential Improved and Unimproved Land	23,244	\$5,720,780	66%	\$21,987	51%
Farm Land	3,487	\$1,498,713	17%	\$5,754	13%
Commercial Unimproved Land	65	\$36,006	0%	\$194	0%
Commercial Improved 1 Land	1,357	\$780,890	9%	\$9,030	21%
Commercial Improved 2 Land	37	\$50,057	1%	\$585	1%
Commercial Improved 3 Land	267	\$45,245	1%	\$412	1%
Industrial Unimproved Land	80	\$31,967	0%	\$208	0%
Industrial Improved 1 Land	533	\$330,872	4%	\$3,394	8%
Industrial Improved 2 Land	29	\$97,006	1%	\$1,236	3%
Industrial Improved 3 Land	87	\$17,475	0%	\$150	0%
Cultural and Recreational Land	7	\$10,987	0%	\$31	0%
Total	29,193	\$8,619,999	100%	\$42,980	100%

The graphs below provide a snapshot of details for 2012-2013 relating to the number of assessments per Capital Improved Value (CIV) range for each current rating differential:







5.1.3.3 Contributions towards Shepparton Show Me promotions

In December 1997, the Council released a discussion paper for public comment for a proposed Promotion Scheme for the Shepparton Central Business District (CBD). The discussion paper was prepared as a result of the Super Shepparton Committee presenting the Council with a marketing plan for the Shepparton CBD, to be funded by a Special Rate on CBD properties.

In considering the committee's marketing plan, the Council met with a number of groups and individuals who had an interest in the proposal. In addition, the Council received many submissions, including personal representations, detailed letters and a significant number of pro-forma objections. Submissions generally favoured that the promotion should focus on both Shepparton's CBD and the City's overall commercial activities.

By funding the promotions scheme by way of a differential rate, the additional general rate revenue raised would be allocated specifically for this purpose. Using this method of funding, the differential rate would be adopted in conjunction with the Council's budgetary process, at which time formal public submissions on the proposed differential rate can be made.

After investigations, the Council confirmed that the most effective proposal was a promotion plan focusing on and marketing the Shepparton CBD and the retail sector along the main highway approaches to Shepparton from North, South and East.

As a result of the public consultation process, the Council made some adjustments to the preferred option and proposed that the differential rate be raised as part of the budgetary process because: -

- It incorporated all those properties which derived a benefit from the marketing focus of the plan;
- A differential rate would be:
 - Less expensive to administer and implement; and
 - Less complex to amend, adjust or terminate

- It designated six strategic property categories against which to apply liability in accordance with the expenditure and focus delivered to each category from the marketing plan. The categories assigned were:
 - **Primary CBD Retail**
 - All rateable properties with ground level frontage to the Shepparton Mall
 - **Secondary CBD Retail**
 - All rateable properties, excluding those classified as Primary CBD Retail, contained within the CBD precinct of:
 - Welsford Street – between the Queens Gardens and High Street;
 - Wyndham Street – between Nixon Street and Vaughan Street on the west side [excluding properties to the rear of 372-398 Wyndham Street] and between Nixon Street and the south side of 451 Wyndham Street on the east side;
 - Maude Street – between Nixon Street and the south side of 288 Maude Street on the west side between Nixon Street and Vaughan Street on the east side;
 - Corio Street – between Fryers Street and Ashenden Street;
 - Fryers Street – between Welsford Street and east side of 153 Fryers Street on the north side between Welsford Street and Corio Street on the south side;
 - Stewart Street – between the Mall and Corio Street;
 - High Street – between Welsford Street and North Street;
 - Rowe Street – between Maude Street and Corio Street;
 - Vaughan Street – between Wyndham Street and Corio Street;
 - Ashenden Street – north side between Maude Street and Corio Street.
 - **Tertiary CBD Retail**
 - All rateable properties, excluding those classified as Primary and Secondary CBD Retail, contained within the CBD precinct of:
 - Welsford Street – the east side between Knight Street and Fryers Street, the west side between Fryers Street and Vaughan Street, the east side between Vaughan Street and Sobraon Street;
 - Sobraon Street – the north side from Welsford Street to Hoskin Street;
 - Hoskin Street – the east side to High Street;
 - High Street – north and south side east to the railway line;
 - North Street – east side to Fryers Street;
 - Fryers Street – west of Harold Street to the north side, west of No. 210 on the south side;
 - Corio Street – east side, north of Fryers Street to and including No. 105 on the east side [and No. 110 on the west side];
 - Nixon Street – north side between Corio Street and Maude Street;
 - Maude Street – west side between Nixon Street and Knight Street;
 - Knight Street – south side between Maude Street and Welsford Street.

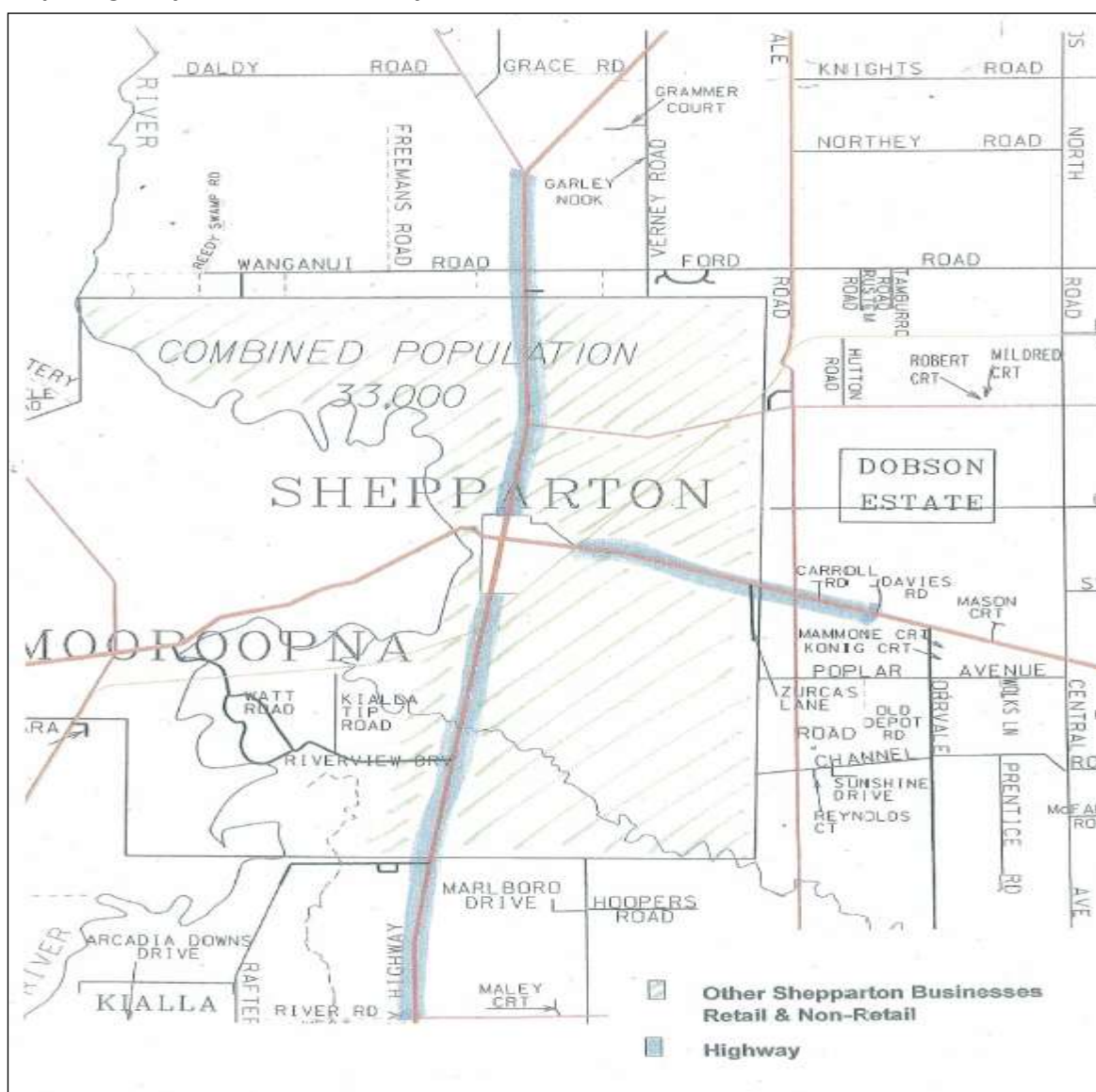
- **CBD Non-Retail**
 - All non-retail rateable properties contained within the Tertiary CBD precinct.
- **Highway Retail**
 - All rateable retail properties which are outside the Tertiary CBD precinct and located on Wyndham Street, Numurkah Road, High Street; and the Goulburn Valley Highway between the Aerodrome in the south and Wanganui Road in the north and Benalla Road between Archer Street and west of Davies Road.
- **Other Shepparton Business – Retail and Non-Retail**
 - All rateable properties which are outside the Tertiary CBD precinct and excluding Highway Retail classified properties located within the boundaries of:
 - The Goulburn River to the west;
 - Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Shepparton Barmah Road;
 - The Shepparton Heavy Vehicle By-Pass to the east, but including Benalla Road and Davies Road;
 - River Road to the south

Map – Primary, Secondary and Tertiary CBD Precincts



- The property type definitions were as follows:
 - **Retail Property**
 - Rateable properties with structural building design characteristics which are used for, or capable of use for, retail purposes. [Retail purposes as defined as the sale of goods or products].
 - **Non-Retail Property**
 - Commercially, Industrially or Professionally zoned or used rateable properties which have structural building design characteristics not used for, or capable of use for, retail purposes, or which are vacant land, excluding properties primarily used for residential purposes.

Map – Highway and Outside Tertiary CBD Precincts



Once the statutory requirements were met, the differential rates were formally adopted for the 1998-1999 rating period. The percentage contribution to the total levied for the promotions scheme for each contributing property category is shown in the table below:

Shepparton Promotion Scheme – Apportionment of rates raised – 1998-1999

Differential Property Category	Capital Improved Value (CIV)	Contribution (%)	Contribution (\$)	Contribution Rate (cents / \$)
Mall Frontage Retail [Primary CBD Retail]	20,713,000	13%	41,426	0.0020
Inner CBD Retail [Secondary CBD Retail]	105,253,000	47%	147,354	0.0014
Outer CBD Retail [Tertiary CBD Retail]	19,234,700	6%	19,325	0.0010
CBD Non-Retail [CBD Non-Retail]	37,618,200	6%	18,809	0.0005
Vacant Commercial Land CBD [Non-Retail (vacant) within CBD Precinct]	996,900	0.2%	498	0.0005
Vacant Commercial Land outside CBD [Shepparton Business Retail and Non-Retail (vacant) outside CBD Precinct]	5,576,600	0.5%	1,673	0.0003
Highway Retail [Highway Retail]	53,798,800	14%	43,039	0.0008
Other Shepparton Retail [Shepparton Business Retail outside CBD Precinct]	9,886,500	0.9%	2,966	0.0003
Shepparton Non-Retail [Shepparton Business Non-Retail outside CBD Precinct]	40,575,700	4%	12,173	0.0003
Vacant Industrial Land [Within Shepparton Business Precinct (vacant)]	3,932,800	0.4%	1,180	0.0003
Industrial Land <\$500,000 CIV [Within Shepparton Business Precinct with a CIV of less than \$500,000]	52,712,700	5%	15,814	0.0003
Industrial Land >\$500,000 CIV [Within Shepparton Business Precinct with a CIV of \$500,000 or more]	40,924,400	4%	12,277	0.0003
TOTALS	\$391,223,300	100%	\$316,534	

The apportionments of rates raised in 1998-1999 were used to determine contributions in differential property categories in subsequent years.

However, with the introduction of the 2002 Revaluation in the 2002-2003 year, the Council determined that the fairest way to apply the promotion revenue over liable properties was to adopt the percentage contribution of the total for each contributing property category as determined at the start of the scheme in 1998-1999. In the 2002-2003 year, adjustments were also made to accommodate two new differential rates for late licensed premises, bringing the total number of property categories contributing to the scheme to fourteen and the total number of differential rates being levied to twenty-two.

In the 2007-2008 rating year, the Council decreased the total number of differential rates to eleven to simplify the rating structure.

The total differential rate in the dollar for each category which contributes to Shepparton Show Me (SSM) comprises of a SSM component, along with a general component as detailed in the table below:

Rating Differential Category	Total Differential Rate-in-Dollar (cents / \$)	SSM Contribution (cents / \$)	Balance (cents / \$)
Commercial Improved 1 Land	0.0115631	0.0007502	0.0108129
Industrial Improved 1 Land	0.0102578	0.0001803	0.0100775

A properties individual contribution to SSM is not shown separately on the Council's rate notice as the amounts are not levied as a separate rate or a separate levy, they are contributions made through Council's general rates.

The calculation of the SSM contribution is relatively simple and Council rates staff can assist ratepayers to calculate this amount or advise ratepayers what their contribution is.

Examples of how to calculate the SSM contribution for a commercial improved 1 property and an industrial improved 1 property valued at \$330,000 are shown below:

Commercial Improved 1 Land - General Rate

Capital Improved Value x Rate-in-Dollar

$\$330,000 \times 0.01156310 = \$3,815.80$

What is the SSM contribution for this property?

$\$330,000 \times 0.0007502 = \247.55

Industrial Improved 1 Land - General Rate

Capital Improved Value x Rate-in-Dollar

$\$330,000 \times 0.0102578 = \$3,385.05$

What is the SSM contribution for this property?

$\$330,000 \times 0.0001803 = \59.50

As detailed above the Shepparton Show Me contribution made by Commercial Improved 1 Land represents 6.5% of the general rate and the contribution made by Industrial Improved 1 Land represents 1.8% of the general rate.

In previous years, the Council's Sustainable Development Directorate has trialled sending a separate letter to ratepayers making a contribution to SSM to advise them of their contribution amount.

In the 2012-2013 rating year, Shepparton Show Me contributions have been allocated as detailed below.

Rating Differential Category	No of Assessments	Capital Improved Values (\$)	SSM Contribution to Total Required (%)	SSM Contribution to Total Required (\$)	SSM Contribution to Total Rate-in-Dollar (cents / \$)
Commercial Improved 1 Land	1,357	780,890,000	90.76	585,827.66	0.0007502
Industrial Improved 1 Land	533	330,872,000	9.24	59,641.34	0.0001803
TOTALS	1,890	\$1,111,762,000	100%	\$645,469	

5.1.4 SERVICE RATES AND CHARGES

Kerbside waste collection services are provided in urban areas and rural areas abutting the sealed road network. The charge for a waste/recyclables service is compulsory for all residential properties in urban areas (whether or not the service is used) and optional in rural areas.

The waste service charges account for the various costs associated with the provision of waste management services; including a recycling service, waste disposal and management, development, rehabilitation and operation of the Council's landfills in accordance with Environment Protection Authority License, waste minimization promotion and education, management and administration of the waste, recycling and green organic collection contracts and the provision of a weekly kerbside waste collection service and fortnightly recyclables and organic waste collection services.

The Council provides residents with a range of bin sizes to encourage waste minimisation and the service charges reflect these options.

The Council incurs the State Government's imposed EPA levy associated with the disposal of waste into landfill. Unfortunately the Council will need to pass these costs onto residents.

Service Charges	2012-2013 Charge	2012-2013 Revenue
240L Waste/Recyclables Service	\$334	\$2,735,460
120L Waste/Recyclables Service	\$202	\$1,482,276
80L Waste/Recyclables Service	\$152	\$1,597,976
120L or 240L Recyclables Only Service	\$71	\$1,109,801
120L or 240L Green Organic Waste Service	\$71	\$13,987
TOTAL		\$6,939,500

5.1.5 SPECIAL RATES AND CHARGES

Council has the power to levy a special rate or special charge, or a combination of special rate and charge, to fund service provision. A special rate or charge can be used if Council deems that a special benefit is received by those properties on which it is levied. Council need not necessarily use property value as the basis for levying a special rate or charge.

Special Rates and/or Special Charges have been used by councils to fund things like:

- The promotion of a retail shopping centre;
- The promotion of a commercial business precinct;
- The construction of a road;
- The construction of a footpath; and
- The provision of drainage infrastructure.

Special rates and charges are specifically designed to address the benefit principle. They are very targeted rating tools in the sense that they focus on ratepayers that receive an exclusive or additional benefit to other ratepayers from particular council expenditures. Certain council expenses and the beneficiaries of those expenses are required to be identified clearly and the directness of the benefit needs to be demonstrable.

The fundamental difference in using differential rates or special rates and charges in addressing the benefit principle is magnitude. A special rate or charge is generally applied to a single narrow group of expenditures. Generally the areas chosen for their use can be seen clearly to benefit some ratepayers.

Council may have several special rates and charges schemes in place at any one time, however, the proliferation of these schemes is not a practical option, particularly given the impact on efficiency as each scheme has to be justified, advertised and managed. The consideration of such schemes should be on a case by case basis as to whether revenue collection issues would be better addressed by general rates or user charges.

Currently there are no special rates or charges are currently in operation within the City of Greater Shepparton.

6 PROPOSALS

6.1 PROPERTY VALUATION BASIS

Council has adopted the Capital Improved Value (CIV) as the value to which the rate in the dollar will be assessed. Being a measure of the realisable value of the property, the CIV most closely reflects wealth and affordability and this it is more equitable to rate residents on the total value of their property rather than the notional value of their land alone. In addition, differential rating, combined with CIV, allows greater flexibility in developing rating outcomes enabling Council to pursue its particular objectives. 73 of 79 Victorian councils use CIV and the remaining 6 councils use Net Annual Value.

Recommendation 1

That the basis of valuation for rating purposes be Capital Improved Value.

6.2 MUNICIPAL CHARGE

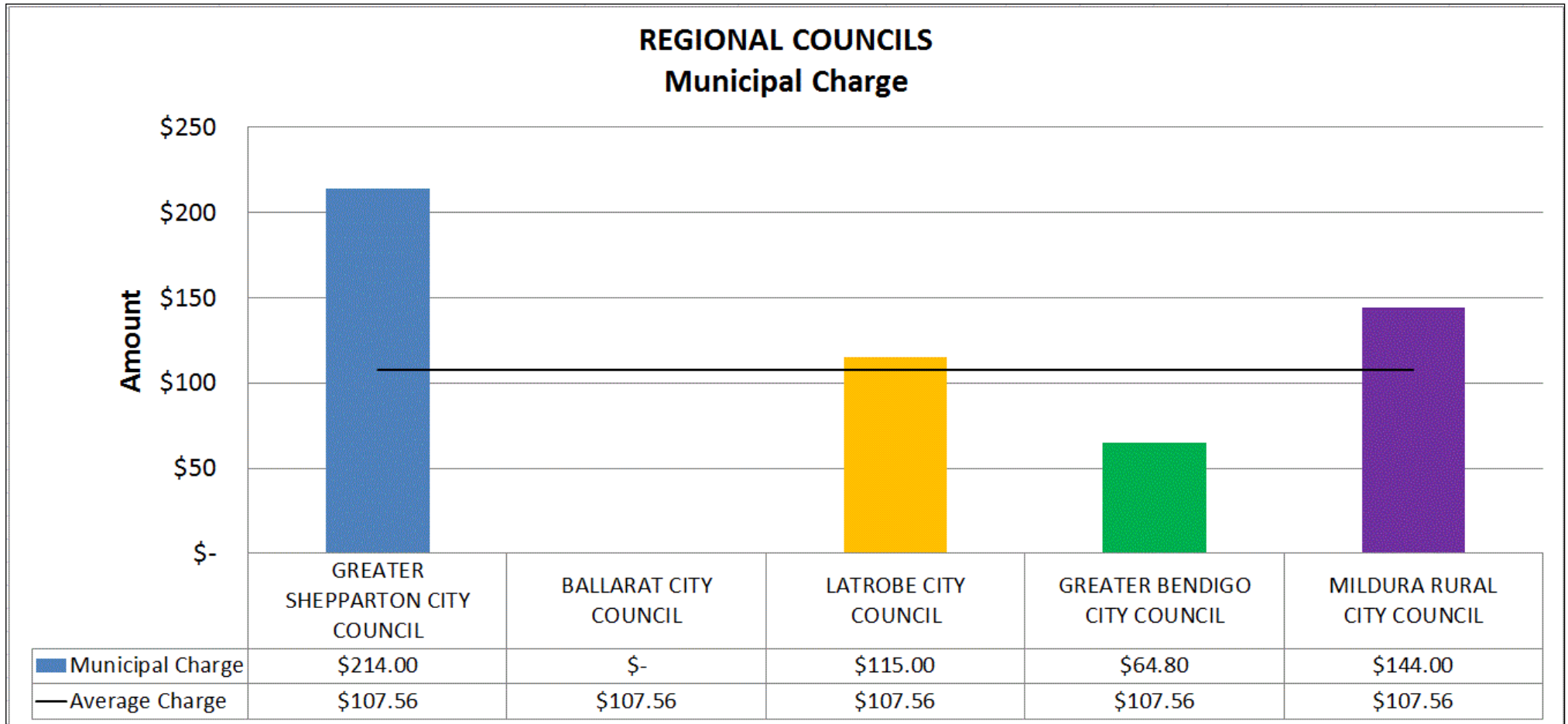
Council is able to levy a municipal charge on each rateable property within the municipality with the exception of farms where a single municipal charge is payable on multiple assessments operated as part of a single farm enterprise.

The municipal charge is a flat, identical charge that can be used to offset some of the “administrative costs” of the Council. The legislation is not definitive on what comprises “administrative costs”. The maximum municipal charge that can be levied equals 20 per cent of the revenue raised from rates and the municipal charge divided by the number of chargeable properties.

The municipal charge is regressive, which means that as the value of properties decrease, the municipal charge increases as a percentage of that value. As a result, the burden is reduced on higher valued properties. Through its effect of providing a reduction in the amount paid by higher value properties, the municipal charge may be seen to assist certain classes of property. There is a tendency in rural municipalities for farms, as a class, to generally benefit from its application. The effect for residential, commercial and industrial properties is not as general as there is usually greater diversity in the range of property values. It can be argued, however, that overall the municipal charge has an individualised impact for properties within a property class.

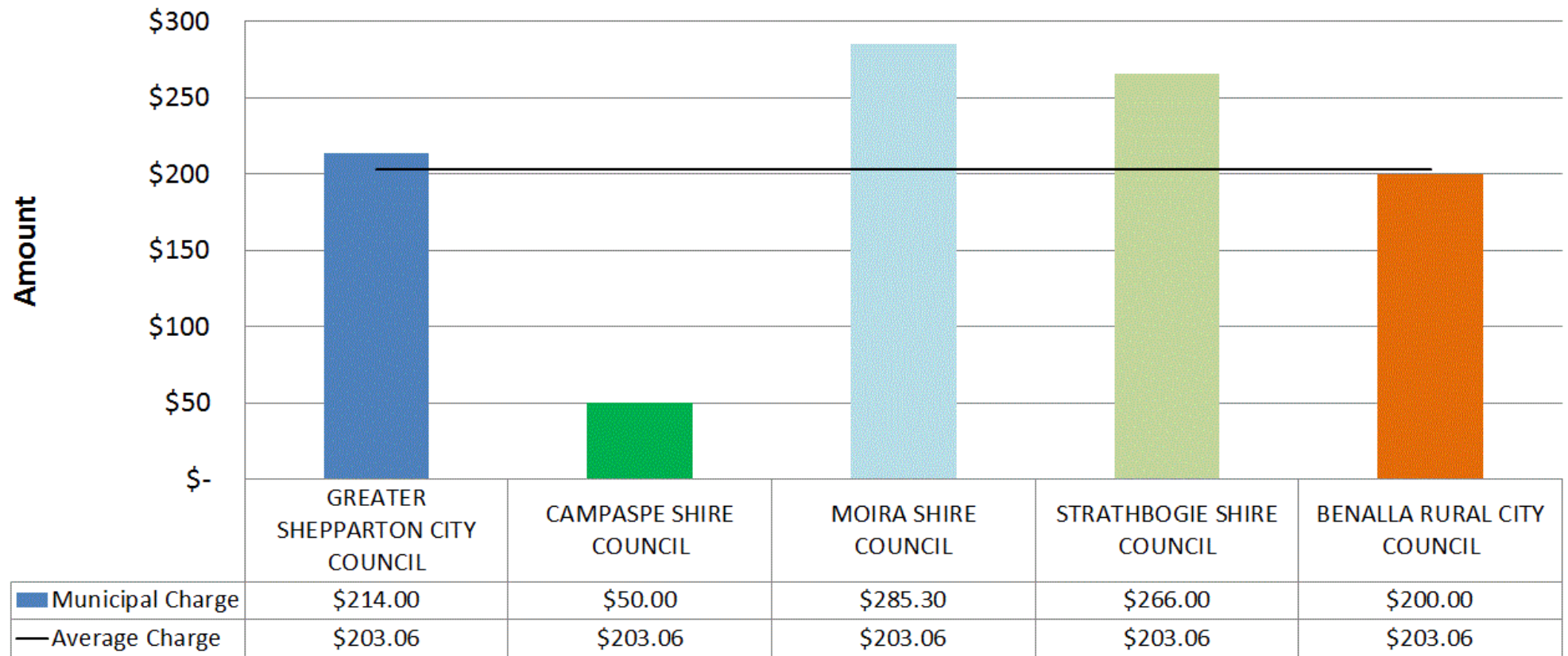
The municipal charge is not a targeted rating instrument like a differential rate and the use of differential rates is considered to be a more transparent and accurate means of achieving rate outcomes for certain classes of property.

Benchmarking Data



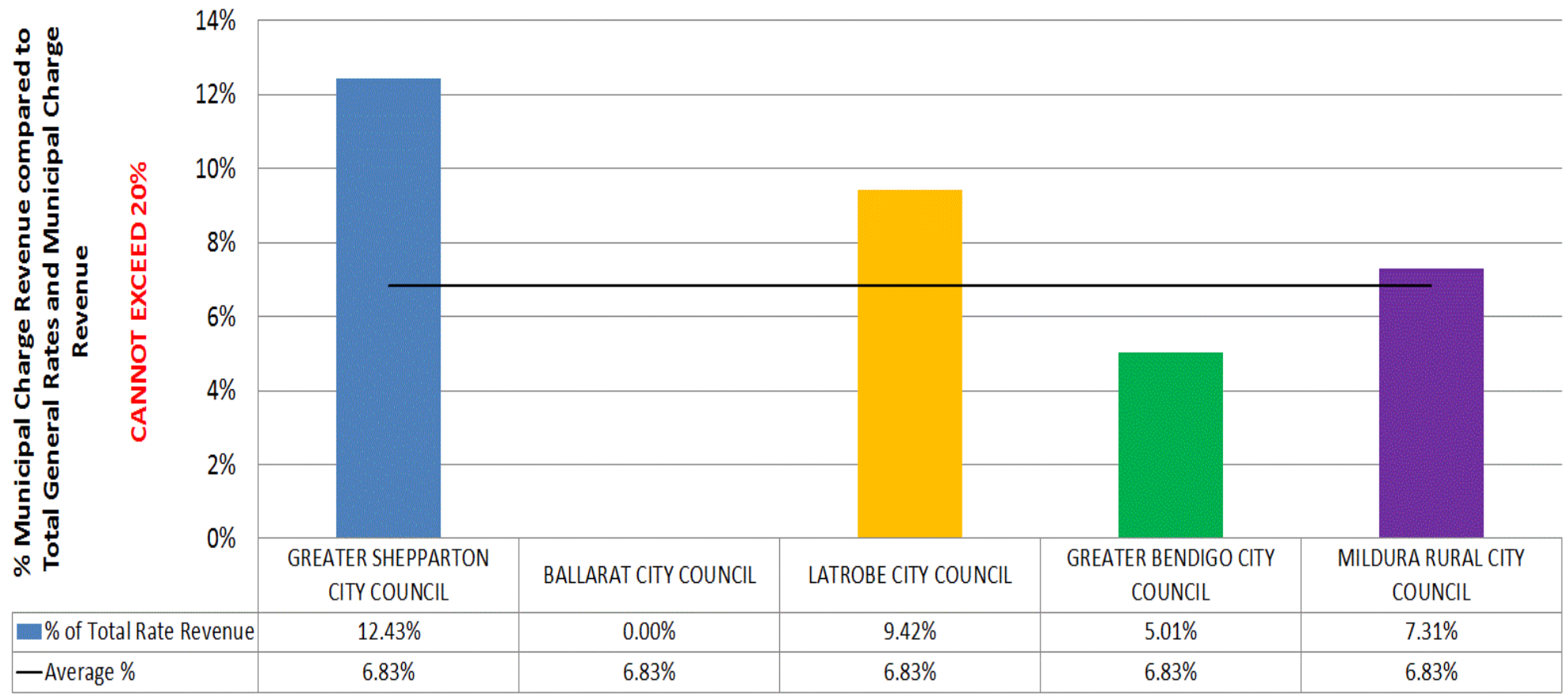
NEIGHBOURING COUNCILS

Municipal Charge



REGIONAL COUNCILS

Municipal Charge

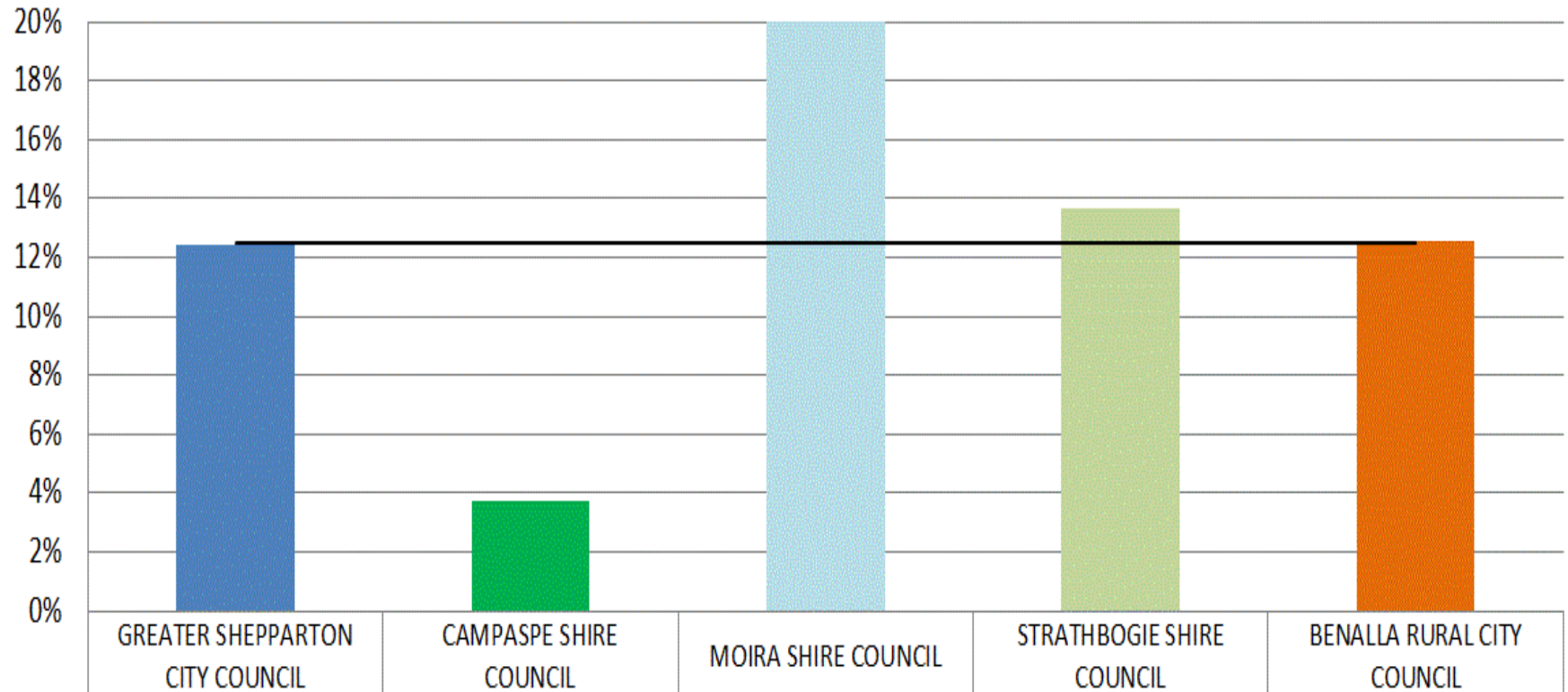


NEIGHBOURING COUNCILS

Municipal Charge

% Municipal Charge Revenue compared to
Total General Rates and Municipal Charge
Revenue

CANNOT EXCEED 20%



% of Total Rate Revenue	GREATER SHEPPARTON CITY COUNCIL	CAMPASPE SHIRE COUNCIL	MOIRA SHIRE COUNCIL	STRATHBOGIE SHIRE COUNCIL	BENALLA RURAL CITY COUNCIL
	12.43%	3.72%	20.00%	13.70%	12.56%
Average %	12.48%	12.48%	12.48%	12.48%	12.48%

The municipal charge enables all properties make a standard contribution to some of the administration costs of the Council. In relation to the 2012-2013 Budget, total revenue from the Municipal Charge was \$6,099,000. The Municipal Charge of \$214 during the 2012-2013 financial year part funded administrative costs for the areas of Corporate Performance, Communications and Marketing, Information Technology, Citizen Service, Finance and Rates and Human Resources of \$17,620,029.

Applying a municipal charge allows Council to raise a portion of rates by a flat fee for all properties, rather than sole use of the Capital Improved Valuation method. To maintain a minimum contribution by low valued properties towards the funding of Council services, it is proposed that the existing charge remain unchanged as a proportion of total municipal charge and general rate revenue.

Recommendation 2

That the amount raised by the municipal charge be maintained at the existing proportion of total municipal charge and general rate revenue of 12.4%.

6.3 USER BENEFITS

Historically, property value has been accepted as the most equitable rating base for Local Government, on the basis that it best represents the property owner's ability or capacity to pay.

A user category pays analysis was first conducted on the 1997-1998 Budget. The user benefits analysis detailed below is based the usage patterns which were introduced as part of Council's 2004-2005 Rating Strategy.

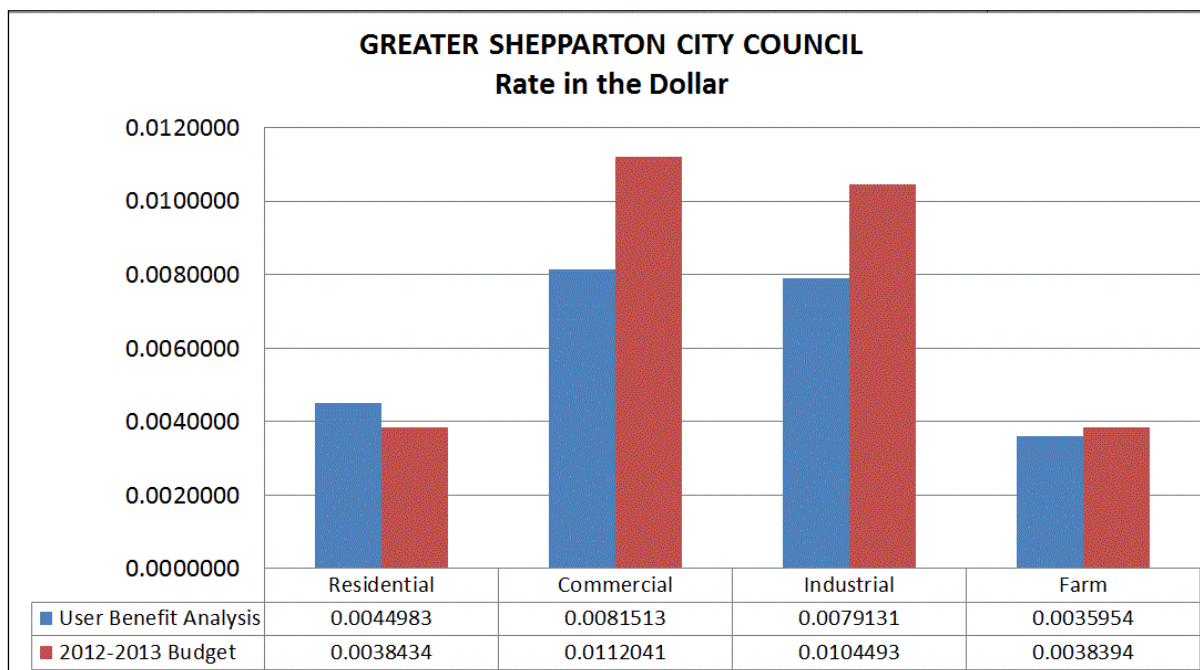
A user benefits analysis, based on the expenditure categories used by the Victoria Grants Commission for the 2011-2012 financial year, assessing the usage and benefits of each major property category has been utilised by Council to aid with the user benefits analysis. In each area the major property category that used and/or benefited from those services was allocated a value of 1.

User Benefits	Residential	Commercial	Industrial	Farm
Governance	0.75	1.00	1.00	0.75
Family and Community Services	1.00	0.00	0.00	0.25
Aged and Disability Services	1.00	0.00	0.00	0.00
Recreation and Culture	1.00	0.25	0.00	0.25
Traffic and Street Management	0.50	1.00	0.75	0.00
Other Infrastructure Services	0.75	1.00	1.00	1.00
Business and Economic Services	0.00	1.00	1.00	0.25
Local Roads and Bridges	0.25	0.75	1.00	0.50

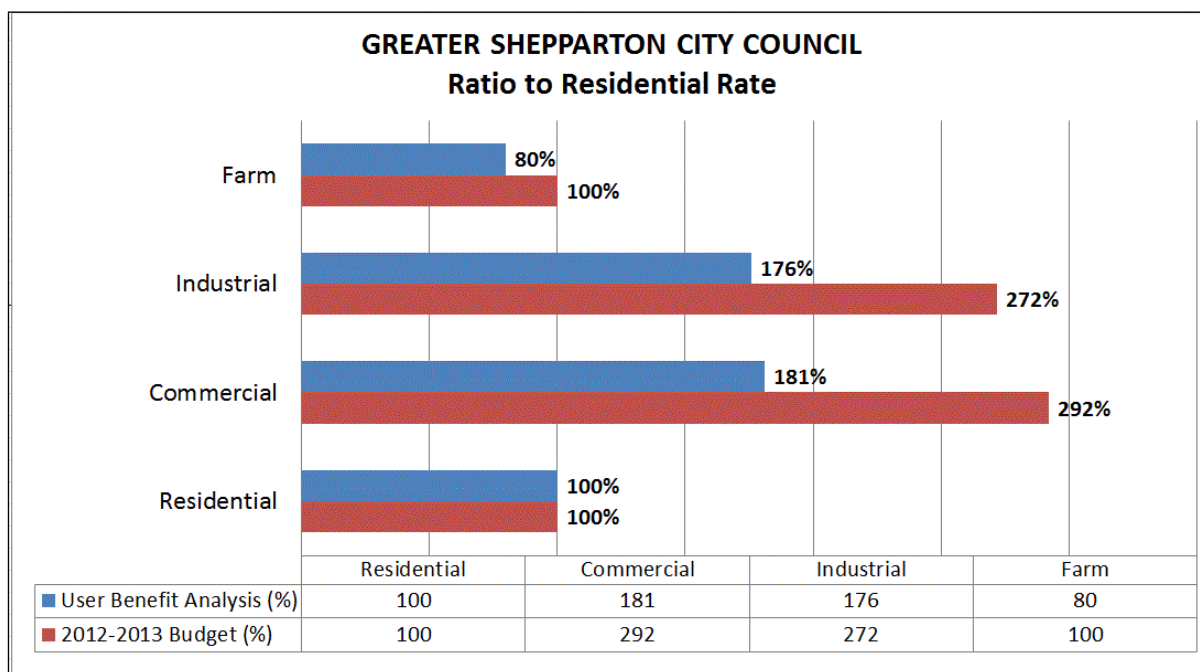
Expressed as a percentage of valuation and assuming the municipal charge is maintained at its existing amount the user benefit share is reflected as follows.

User Benefits Analysis	Residential	Commercial	Industrial	Farm	Total	000's
2012-2013 Valuation Share	66%	11%	6%	17%	100%	
User Benefit Share						
Governance	63%	13%	7%	17%	100%	\$1,571
Family and Community Services	94%	0%	0%	6%	100%	\$4,101
Aged and Disability Services	100%	0%	0%	0%	100%	\$1,798
Recreation and Culture	90%	4%	0%	6%	100%	\$13,531
Traffic and Street Management	69%	22%	9%	0%	100%	\$2,452
Environment	60%	13%	7%	21%	100%	\$4,499
Business and Economic Services	0%	52%	27%	21%	100%	\$8,566
Local Roads and Bridges	43%	20%	14%	22%	100%	\$5,940
User Benefit Share	61%	18%	9%	13%	100%	\$42,458
2012-2013 Budget	52%	23%	12%	14%	100%	
Differential Ratio						
User Benefits Analysis	100%	181%	176%	80%		
2012-2013 Budget	100%	292%	272%	100%		
Rate in the dollar						
User Benefits Analysis	0.0044983	0.0081513	0.0079131	0.0035954		
2012-2013 Budget	0.0038434	0.0112041	0.0104493	0.0038394		
Change	17%	(23%)	(23%)	(6%)		

Based on the user benefits analysis, the relative rate in the dollar for Commercial, Industrial and Farm properties is less than what was adopted in the Council's 2012-2013 Budget.



The user benefits analysis undertaken estimated that the relative rate in the dollar when compared to residential land should be commercial 181% (2012-2013 Budget 292%), industrial 176% (2012-2013 Budget 272%) and farm land 80% (2012-2013 Budget 100%).



Recommendation 3

That user benefits be taken into consideration when setting differential rates.

6.4 CAPACITY TO PAY

Ratepayers with higher value properties generally have a higher wealth and a greater capacity to pay. However, as rates are levied on unrealised wealth in the form of real property, their nexus with ratepayers' capacity to pay may be more tenuous. Ratepayers may be asset rich but cash poor.

Examples include; pensioners, self-funded retirees, businesses subject to cyclical downturn, households with large families and property owners with little equity but high levels of mortgage debt.

Rating instruments such as differential rates are available to reflect the differing capacity of classes to pay. For example, higher differential rates may reflect the ability of a class of property to obtain concessions from the tax deductibility of rates or the income producing capacity of the class of property.

Rating instruments such as differential rates are available to reflect the differing capacity of classes to pay. For example, higher differential rates may reflect the income producing capacity of one class of property compared to another.

Recommendation 4

That capacity to pay also be taken into consideration when setting differential rates.

6.5 DIFFERENTIAL RATES

The Act allows councils to "differentiate" rates based on the use of the land, the geographic locality of the land or the use and locality of the land. Different rates in the dollar of CIV can be applied to different classes of property. These classes must be clearly differentiated and the setting of the differentials must be used to improve quality and efficiency.

There is no theoretical limit on the number or type of differential rates that can be levied; however, the highest differential rate can be no more than four times the lowest differential rate.

Council has a diverse mix of geographically located and land use properties. Valuation methodology is not consistent between differing land use property types and the establishment of differential tariff groups ensures greater equity and contribution from rates according to land use characteristics in relation to affordability and taxation principles.

In accordance with the Act, Council is required to undertake the following when levying a differential rate. Council must:

- Specify the objectives of the differential rate;
- Define the types and classes of land and a statement of reasons for the use and level of the rate; and
- Identify types and classes of land in respect to uses, geographic location, planning scheme zoning, building types and other relevant criteria.

The purpose of the above is to ensure that Council has a sound basis on which to develop various charging features when determining its revenue strategies and ensure that these are consistent with the provisions of the Act.

The general objectives of each differential rate are to ensure that all rateable land makes an equitable financial contribution to costs of carrying out the functions of Council, including the:

- Construction and maintenance of public infrastructure
- Development and provision of health and community services
- Provision of general support services

or

- A specific objective as described within the differential rate characteristics.

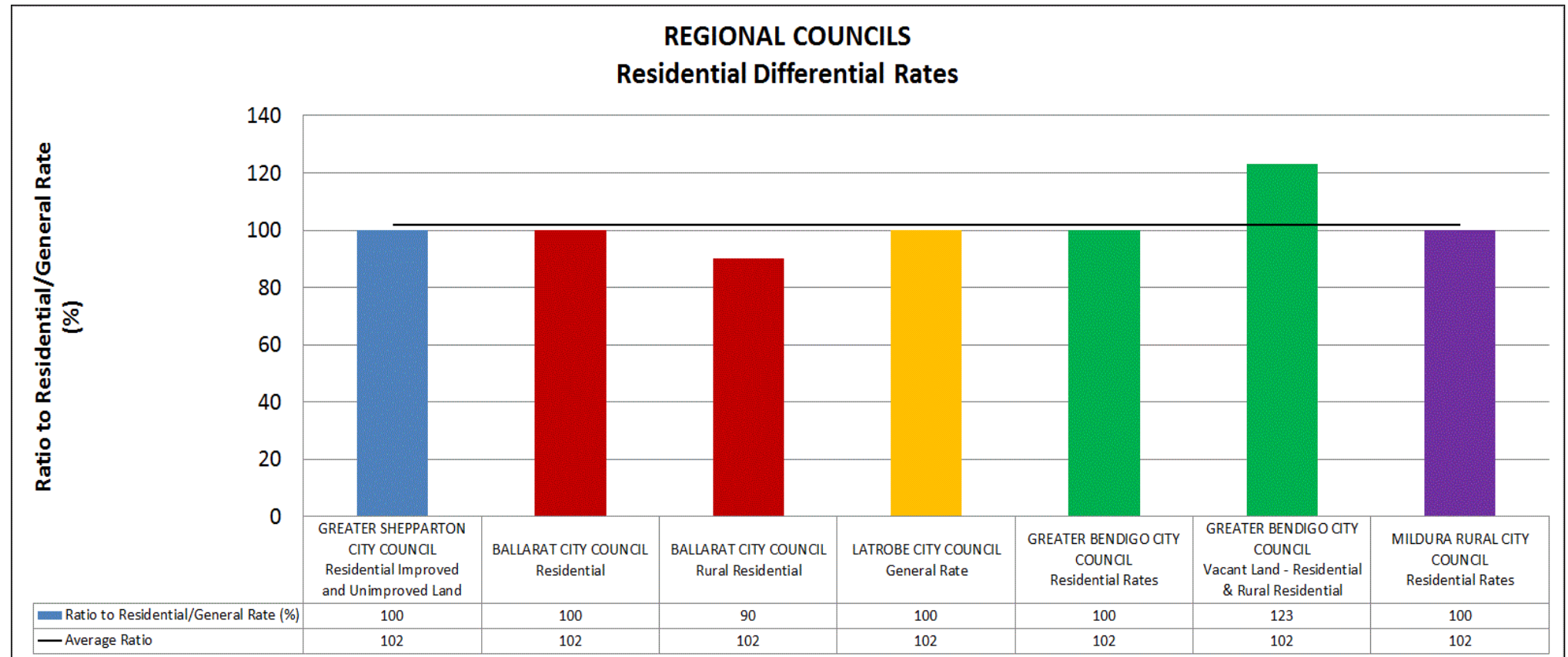
The application of a differential rate means that one class of property is treated differently from another – either paying a higher or lower ad valorem rate in the dollar. For each effect a differential has, it will have the opposite effect for other property classes. A lower differential given to one class of property can only be covered by a higher differential in other property classes and vice-a-versa.

The relativity of the differential rate is normally expressed in terms of a comparison of the rate in the dollar against a nominated general rate. The general rate normally used as the benchmark is the particular rate in the dollar that applies to residential properties, whether it is a rate that applies to residential properties or a rate applying to a broader class that includes residential.

Recommendation 5***That Greater Shepparton City Council continue to apply differential rating as its rating system.***

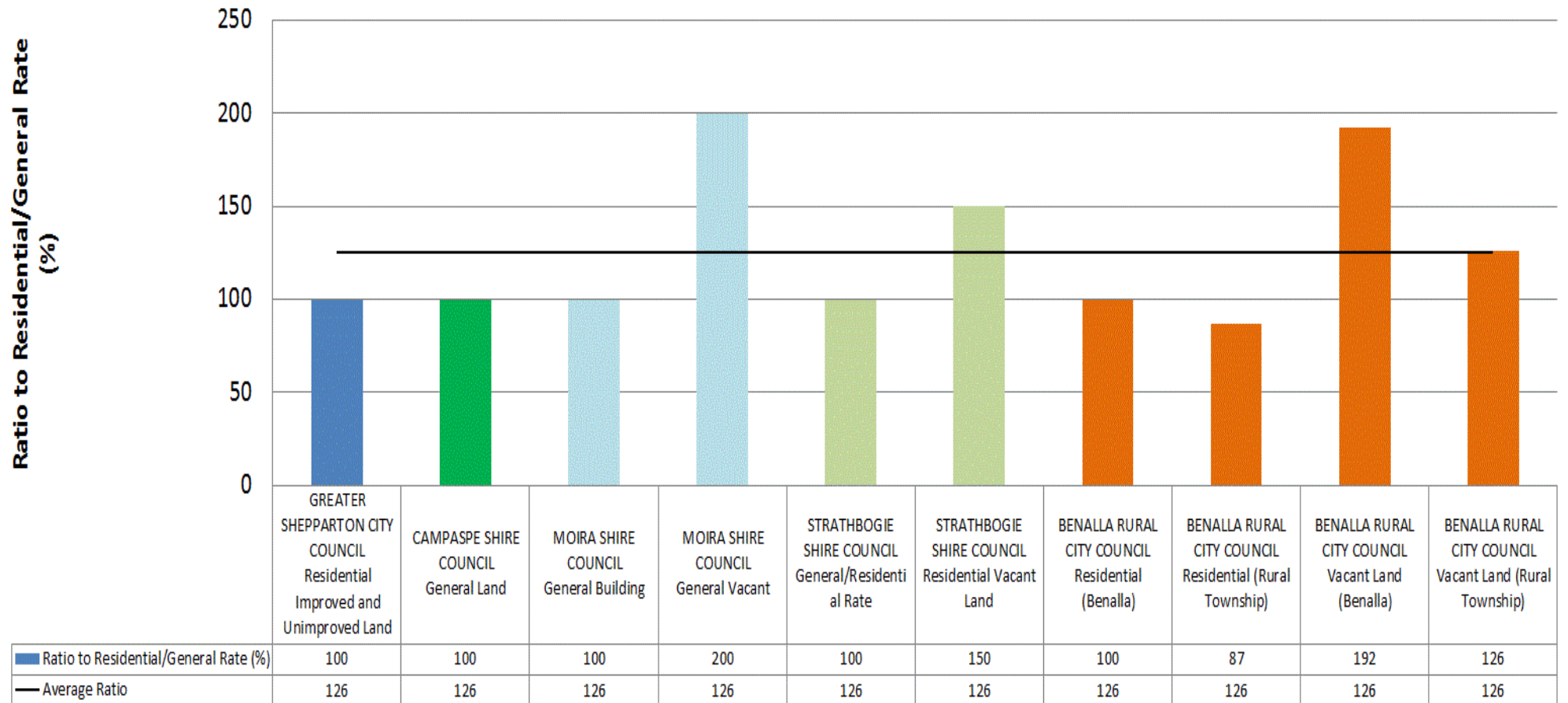
6.5.1 RESIDENTIAL RATES

Land used primarily for residential purposes, meaning rateable land upon which is erected a private dwelling, flat or unit which is used primarily for residential purposes as defined under the relevant Planning Scheme.



NEIGHBOURING COUNCILS

Residential Differential Rates



6.5.2 UNIMPROVED LAND

Greater Shepparton currently has 1,161 unimproved properties (vacant land) across residential, commercial and industrial sectors.

The table below identifies the number of improved and unimproved assessments for each major property category and also shows the percentage make up within each separate category.

MAJOR PROPERTY CATEGORY	RESIDENTIAL		FARM	COMMERCIAL				INDUSTRIAL			
Differential Rate Description	Residential Land	Residential Unimproved Land	Farm Land	Commercial Unimproved Land	Commercial Improved 1 Land	Commercial Improved 2 Land	Commercial Improved 3 Land	Industrial Unimproved Land	Industrial Improved 1 Land	Industrial Improved 2 Land	Industrial Improved 3 Land
Number of Assessments	22,228	1,016	3,487	65	1,357	37	267	80	533	29	87
% of Major Property Category	96%	4%	100%	4%	79%	2%	15%	11%	73%	4%	12%

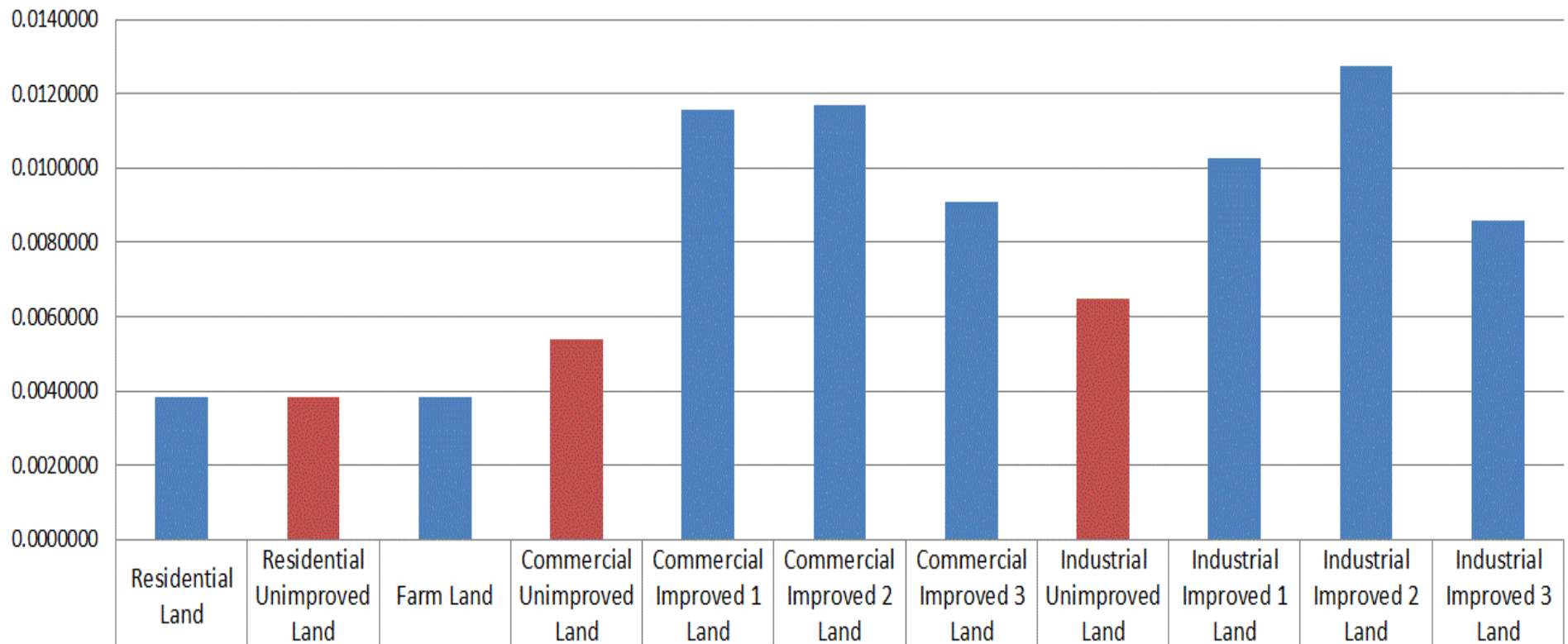
Council holds a view that the vacant land differential should be higher than the general/residential rate to encourage the development of land and ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council.

The encouragement of development is strategically important as it has a positive effect on local employment and income, whilst the speculative behavior should be discouraged.

GREATER SHEPPARTON CITY COUNCIL

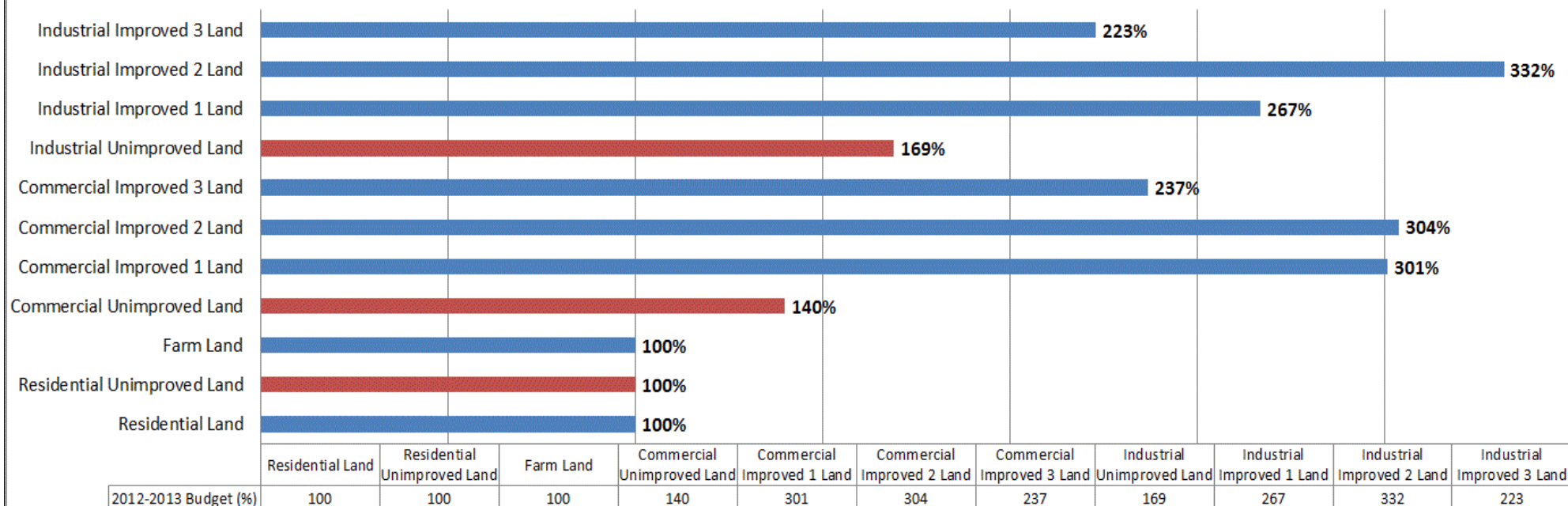
Rate in the Dollar

2012-2013



2012-2013 Budget	0.0038434	0.0038434	0.0038394	0.0053904	0.0115631	0.0116896	0.0090969	0.0064955	0.0102578	0.0127413	0.0085844
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GREATER SHEPPARTON CITY COUNCIL Ratio to Residential Rate 2012-2013



Recommendation 6

That the differential rate for unimproved land be set at the same rate as improved land.

That vacant land be classified as improved land when a building permit for the construction of a new building designed or adapted for permanent occupation has been issued.

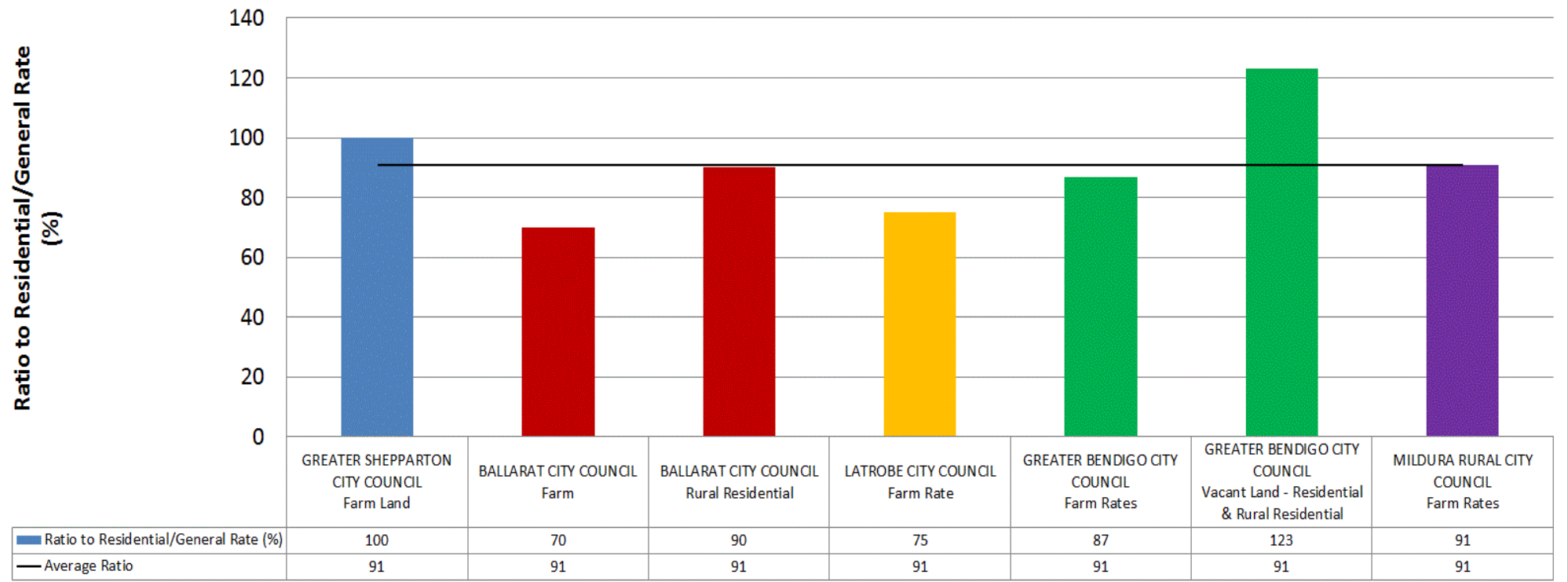
6.5.3 RURAL RATES

Currently residential rural lifestyle properties are included in the farm land differential rating category.

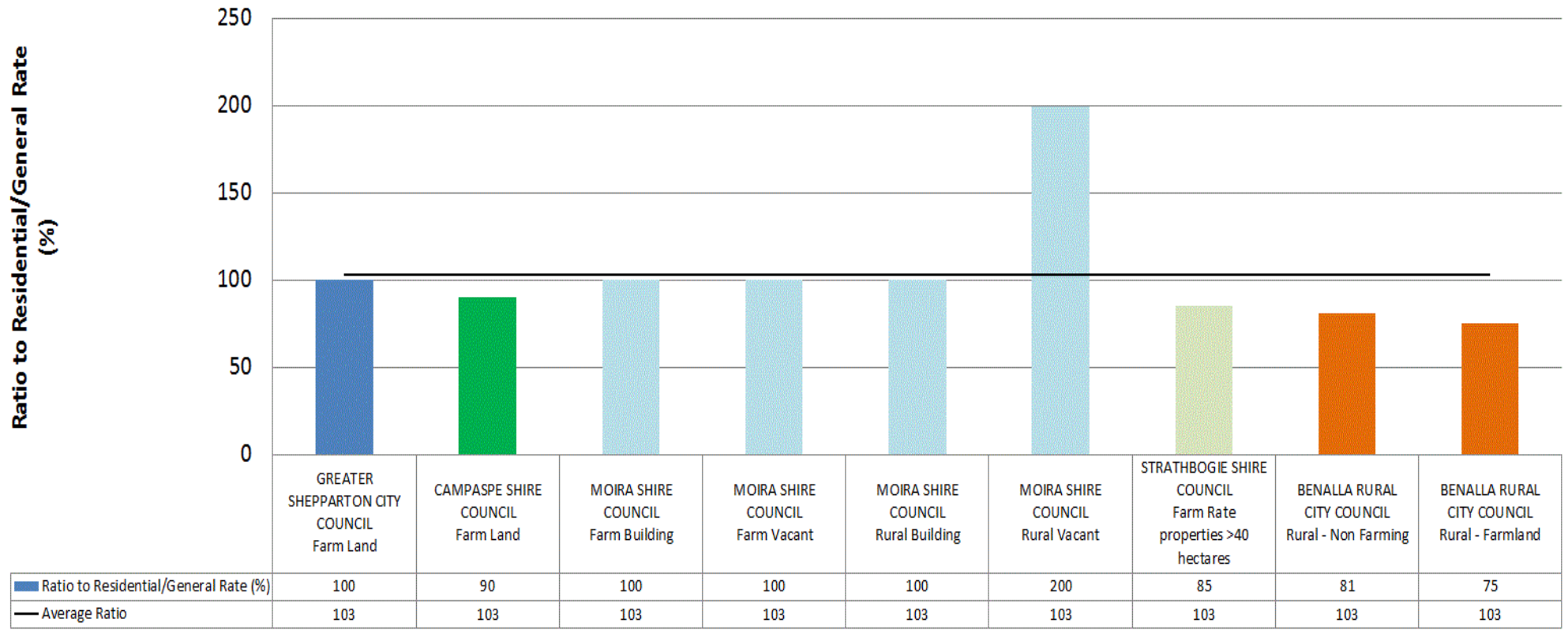
6.5.3.1 FARM RATES

Land that is Farmland as defined in the *Valuation of Land Act 1960*.

REGIONAL COUNCILS
Rural Differential Rates



NEIGHBOURING COUNCILS Rural Differential Rates



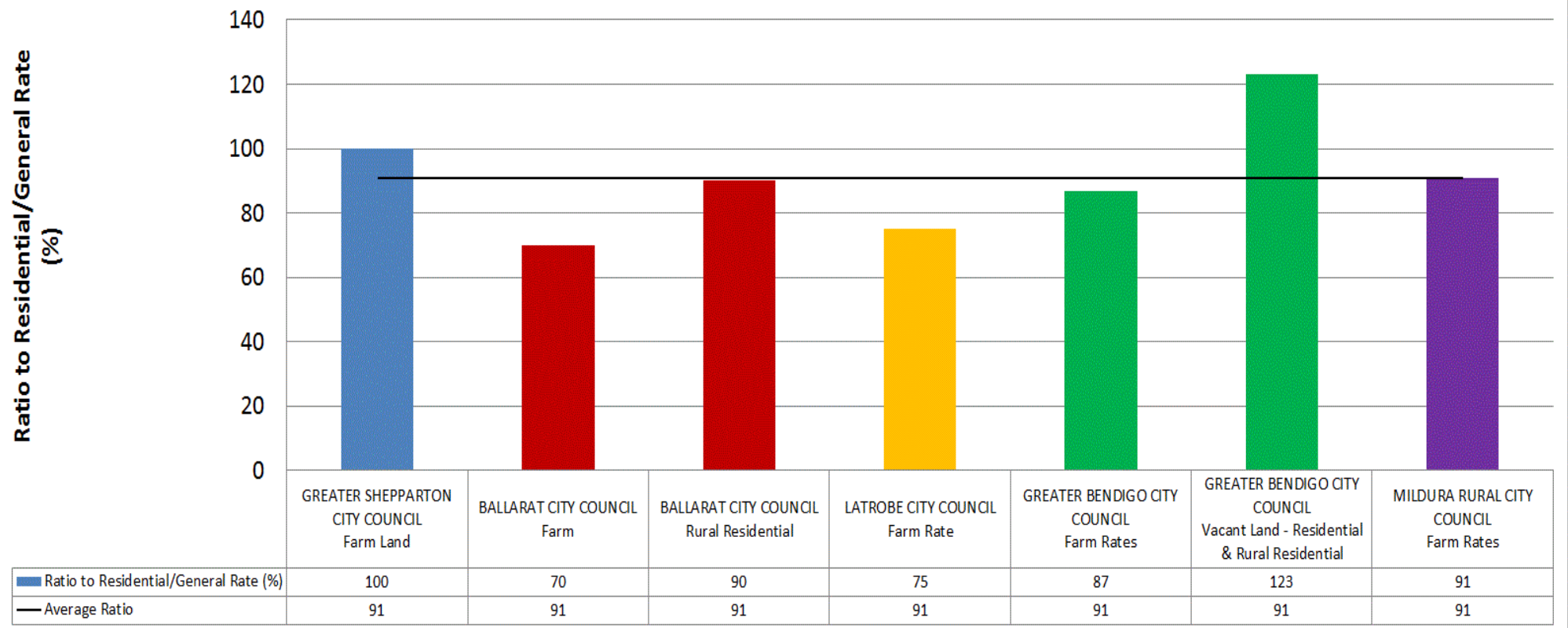
Recommendation 7A

That the farm land differential rate be set at 90% in comparison to the residential rate.

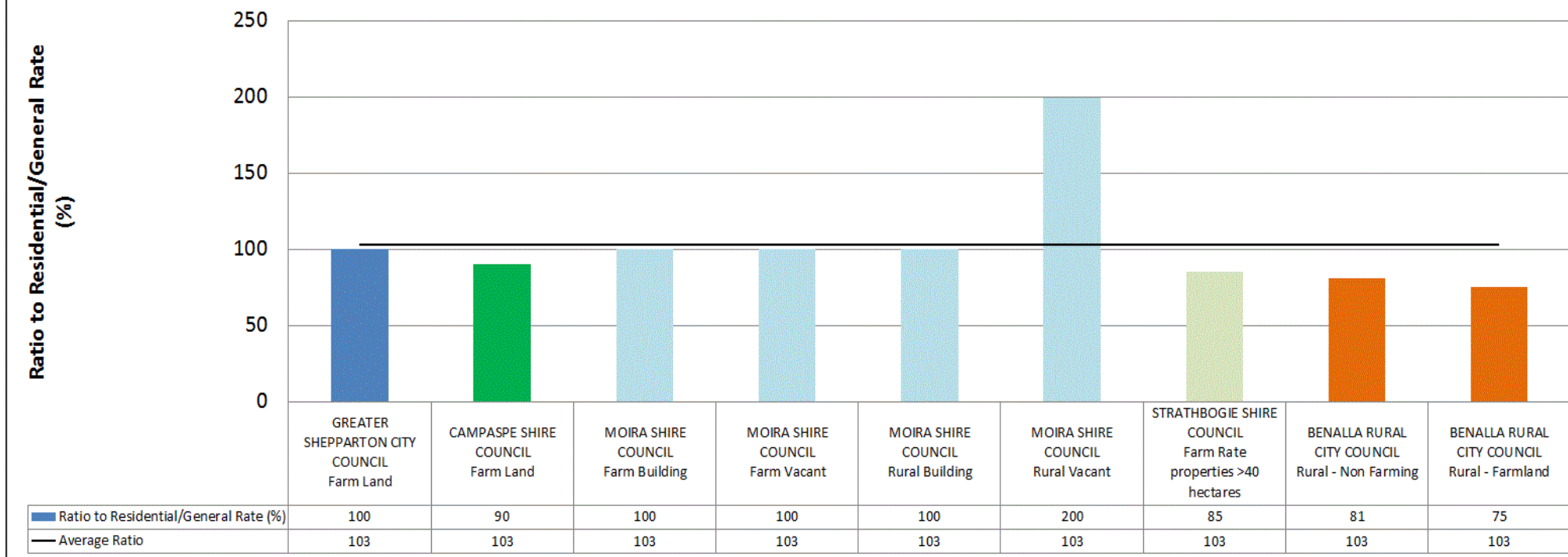
6.5.3.2 RURAL LIFESTYLE RATES

A single residential dwelling on an allotment between .04 and 20 hectares in size in a rural, semi-rural or bushland setting. Primary production uses and associated improvements are secondary to the value of the residential home site use and associated residential improvements.

REGIONAL COUNCILS Rural Differential Rates



NEIGHBOURING COUNCILS Rural Differential Rates

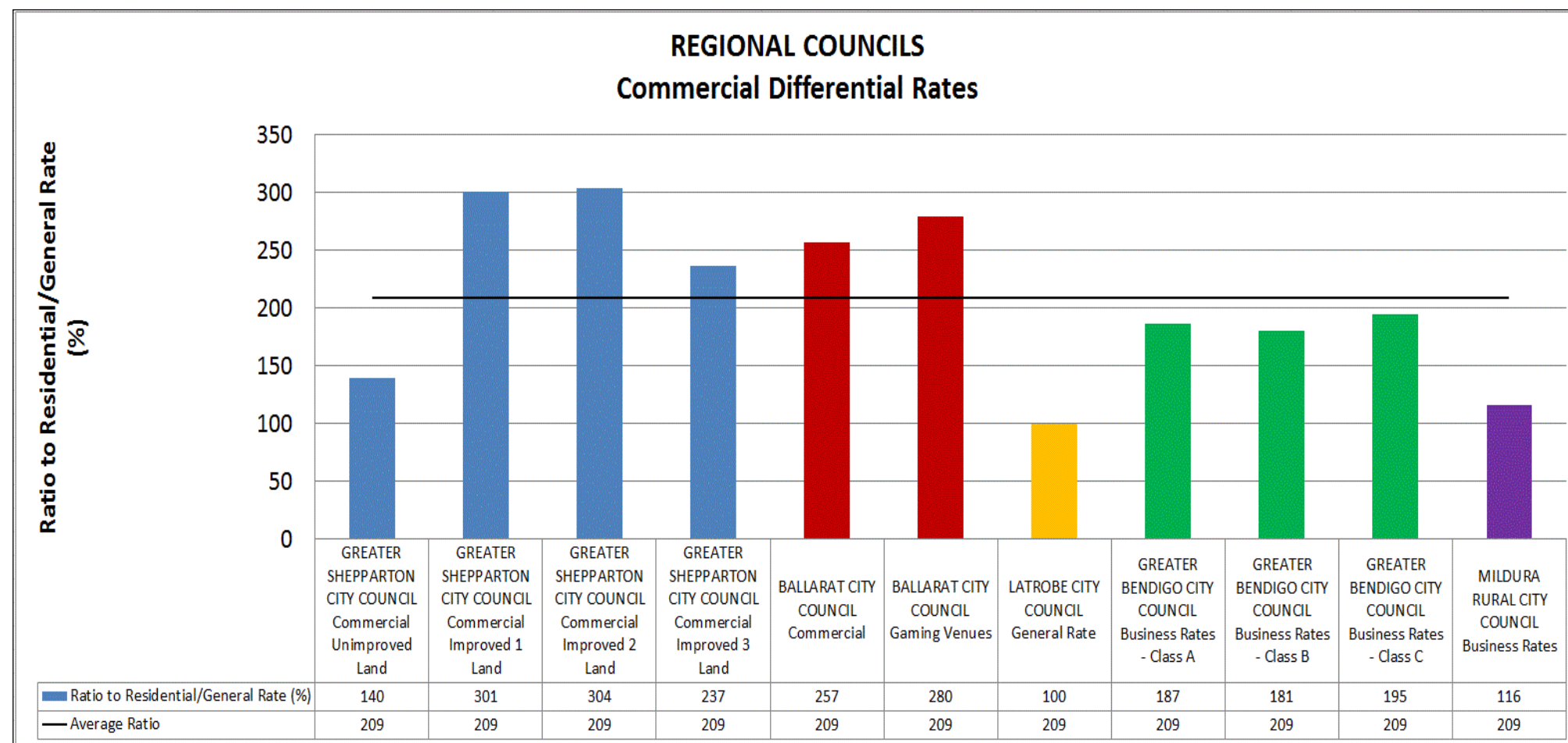


Recommendation 7B

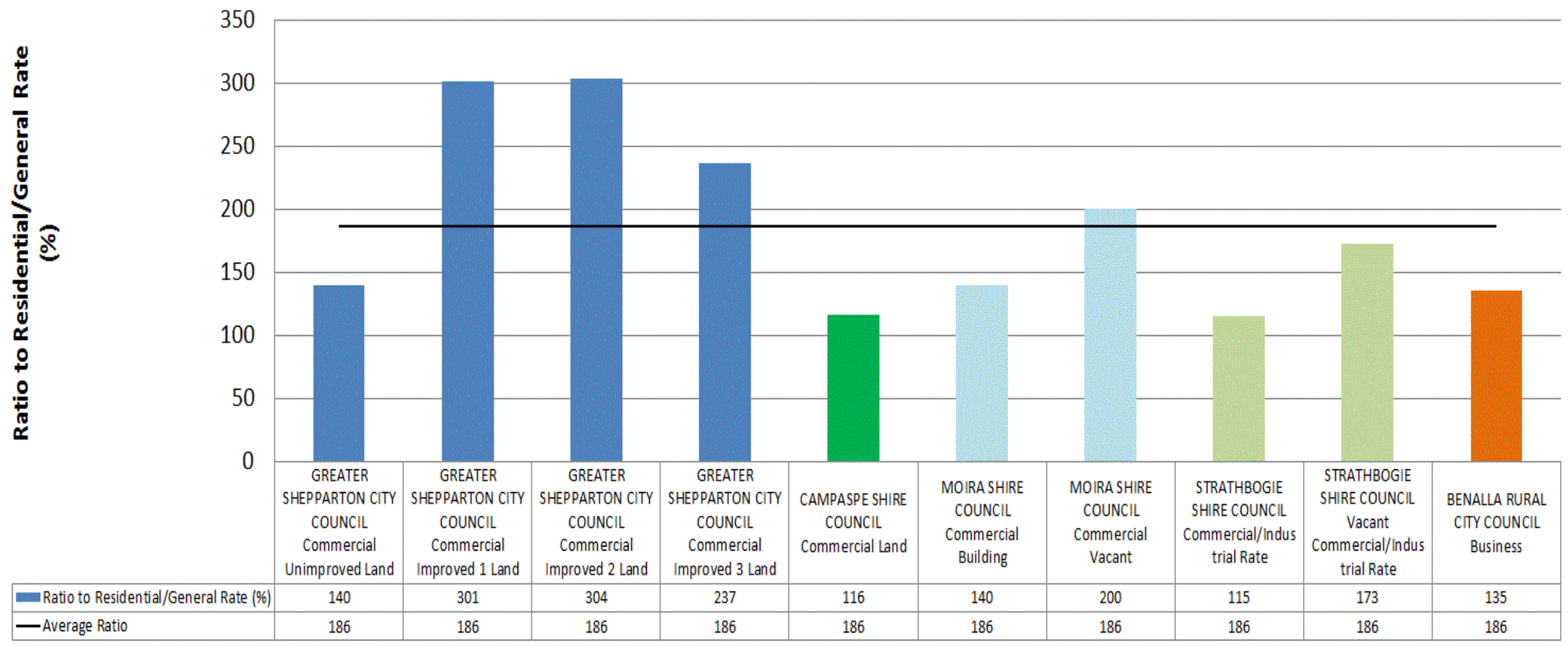
That a residential rural lifestyle differential rate be introduced for properties with a single residential dwelling on an allotment of land sized between 0.4 and 20 hectares in rural, semi-rural or bushland setting and the differential rate be set at the same rate as residential properties.

6.5.4 COMMERCIAL RATES

Land with buildings, that is used primarily for, or is capable of use primarily for commercial purposes.



NEIGHBOURING COUNCILS Commercial Differential Rates



GREATER SHEPPARTON CITY COUNCIL
Ratio to Residential Rate
2012-2013



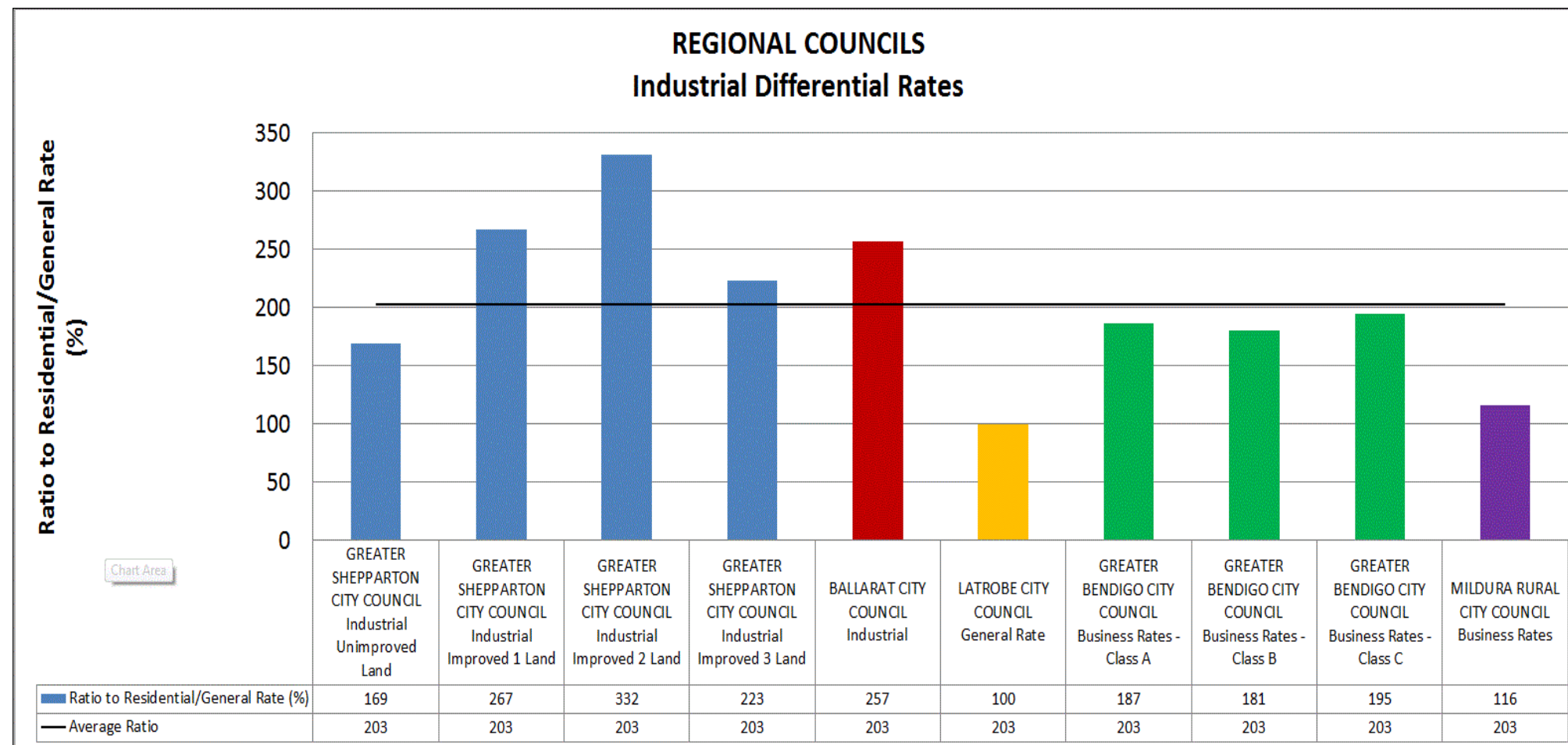
Recommendation 8

That the commercial improved differential rate be set at 200% in comparison to the residential rate.

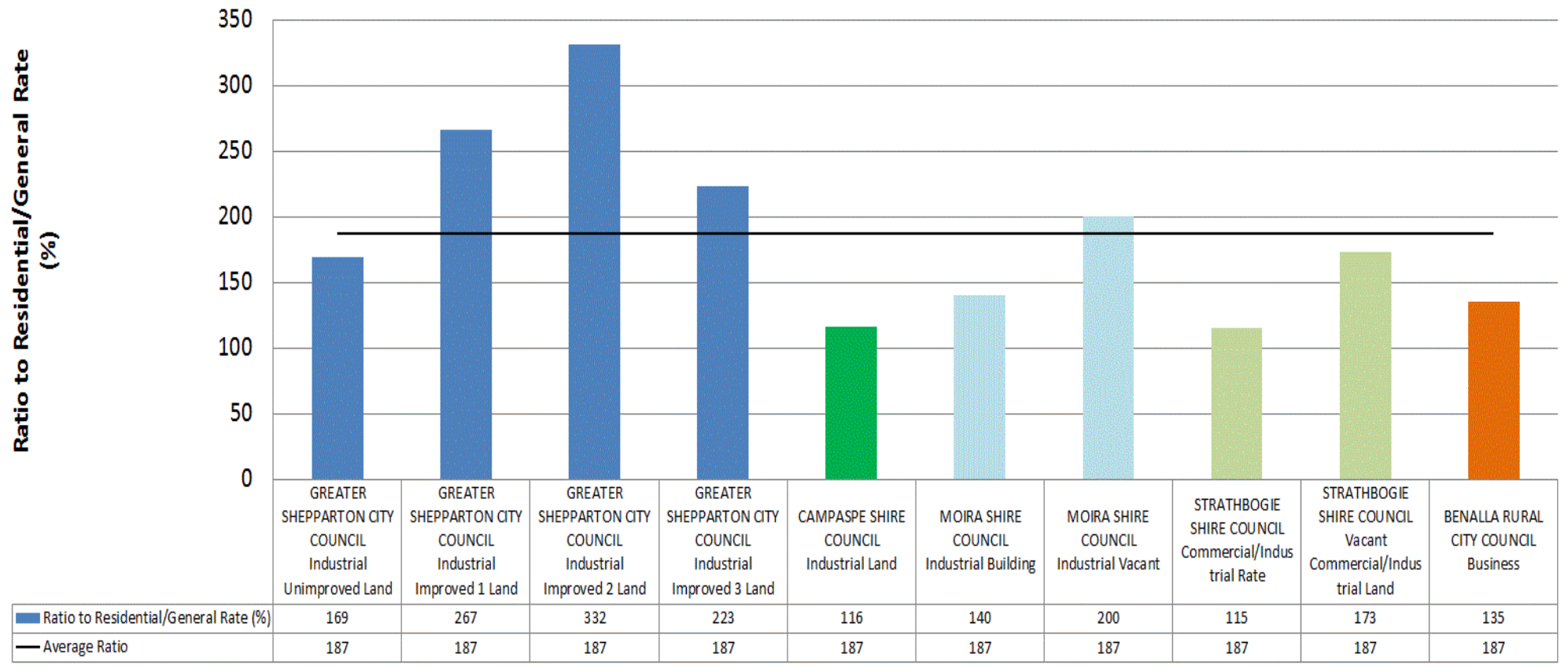
That the existing rating system of commercial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other commercial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.

6.5.5 INDUSTRIAL RATES

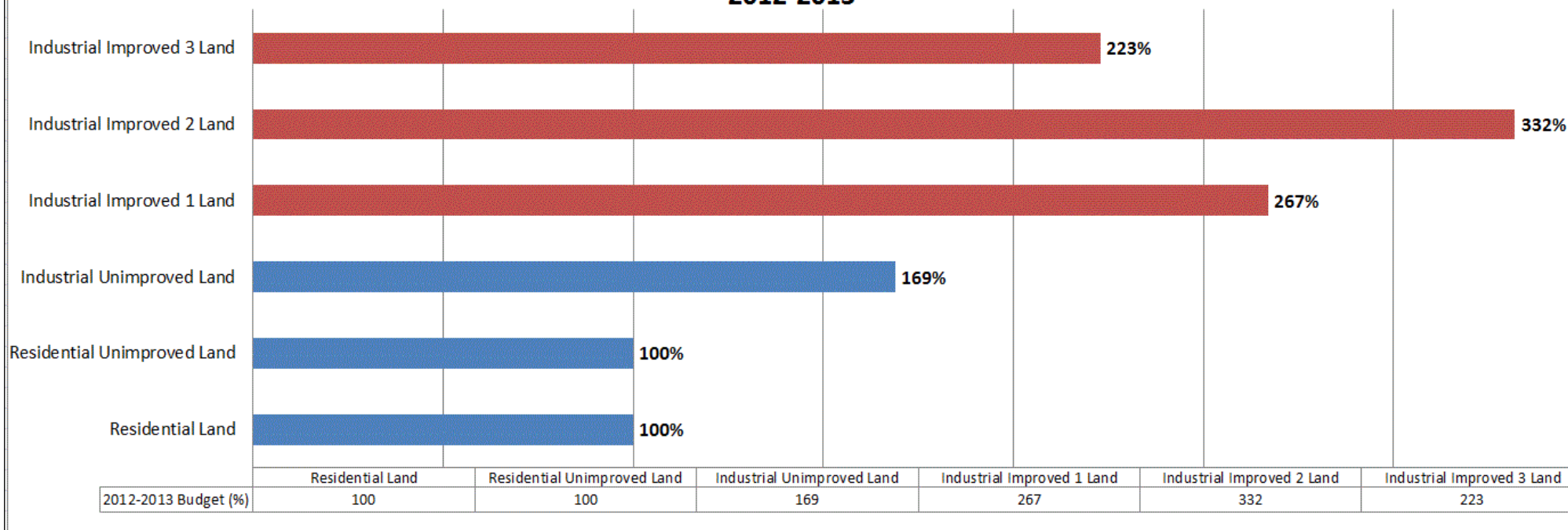
Land with buildings, that is used primarily for, or is capable of use primarily for industrial purposes.



NEIGHBOURING COUNCILS Industrial Differential Rates



GREATER SHEPPARTON CITY COUNCIL
Ratio to Residential Rate
2012-2013



Recommendation 9

That the industrial improved differential rate be set at 200% in comparison to the residential rate.

That the existing rating system of industrial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other industrial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.

6.6 VACANT COMMERCIAL SHOPS

Should a differential rate be introduced to encourage increased tenancy of vacant commercial shops? Properties would include land with buildings that are unoccupied and are capable of use primarily for commercial purposes. Due to work required to monitor which commercial premises were vacant the cost and difficulty in administering this type of differential rate the costs may outweigh the benefits.

Recommendation 10

That a differential rate for vacant commercial shops not be introduced due to the difficulty of administration.

6.7 GAMING VENUES / LATE LICENCE PREMISES / LATE TRADING PREMISES

The Minister for Local Government has issued guidelines which specify the types and classes of land appropriate for differential rating. The Minister is empowered to make a recommendation to the Governor in Council to make an Order in Council to prohibit a differential rate if it is to be considered inconsistent with the guidelines.

The intent of the guidelines is to reduce complexity and the inconsistent application of differential rates across local governments in Victoria. The guidelines have been designed to provide clarity, consistency and transparency for Councils in their decision making for or with respect to:

- The Minister's expectations for how differential rates can be applied;
- the determination requirements in considering differential rate objectives;
- the consideration of how and when differential rates are likely to be a useful tool to achieve those objectives.

Recommendation 11

That separate differential rates not be introduced for properties defined as Gaming Venues, Late Licence Premises and Late Trading Premises as they are not allowed by the recently released Ministerial Guidelines for Differential Rates.

6.8 SHEPPARTON SHOW ME

6.8.1 COMMUNICATING AMOUNT CONTRIBUTED

Recommendation 12

Should the existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me remain, that the amount contributed by each property be communicated annually.

6.8.2 CONTRIBUTING PROPERTIES

Recommendation 13

The existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me should be retained.

6.9 NOT-FOR-PROFIT / CHARITABLE PREMISES

The Council has received requests to waive commercial rates under the provisions of section 171 of the Act for local charitable organisations that own land used for the retail sale of goods as part of a charitable enterprise

From 1 July 2010, the Council began a review of retail operations of charitable organisations to ensure that these premises were listed as rateable in accordance with section 154(4)(c) of the Act due to the retail nature of the business. This resulted in the assessment being rated as Commercial Improved 1 Land in accordance with Council's differential rating system. The non-retail operation of charitable organisations retained its non-rateable status.

The current wording of the Act means that land used for retail sales is always rateable, so that rates must be waived on the grounds of financial hardship.

Council has not adopted a formal Hardship Policy and currently assesses any individual requests in accordance with the provisions of section 171 of the Act on a case by case basis. The Municipal Association of Victoria has just released a draft Local Government Hardship Code of Practice relating to financial hardship requests.

In accordance with the provisions of section 171(1)(b) of the Act, the Council may waive the whole or part of any rate or charge in relation to – “any class of persons determined by the Council for the purpose of waiving rates or charges on the grounds of financial hardship”. The Act requires a resolution of the Council to be made which includes the objectives to be achieved by the waiver.

The potential loss of rates and charges revenue if the whole commercial rates and municipal charge were waived for 13 retail premises currently being used by charitable organisations is equal to \$66,529.

A request, based on the premise that the properties are not operated on commercial terms and are actually loss making businesses could have wider implications for additional requests from other commercial enterprises in similar situations.

Adopting a waiver of rates and charges would provide recognition that charitable organisations are operating substantially for the benefit of the local community.

Recommendation 14

That the Council develop a policy to enable it to consider waiving rates or providing rebates or concessions by application for charitable and not-for-profit residential or retail premises in accordance with the Act.

6.10 HERITAGE INCENTIVES

Recommendation 15

That heritage rating incentives be investigated with the assistance of the Council's Heritage Advisory Committee, that are consistent with the heritage objectives of the Council, for consideration in the future.

6.11 ENCOURAGING CENTRALISATION OF THE POPULATION

Recommendation 16

Greater centralisation of the population through increased accommodation density to the centre of urban areas is supported. However the proposal to use the rating system to encourage centralisation is not recommended for implementation at this point in time, as this proposal requires further investigation, development, understanding and assessment.

6.12 IMPLEMENTATION

Recommendation 17

To provide a reasonable degree of stability in the level of the rates burden, implementation of the Rating Strategy can be phased over two rating years.

6.13 COMMUNICATION AND EXPLANATION

Council rates are based on principles, however understanding how the rating system is applied and the impact on individual ratepayers can be complex.

Recommendation 18

That the Council considers methods and opportunities for the community to better understand the rating system.

6.14 RATING STRATEGY ADVISORY COMMITTEE

Recommendation 19

That the role and benefit of an ongoing Rating Strategy Advisory Committee to assist in the further development and implementation of its Rating Strategy be further investigated.

7 RATE MODELLING

7.1 SUMMARY OF RATING MODEL

Area	2012-2013	Rating Strategy
Municipal charge	\$214	The amount raised by the municipal charge be maintained at the existing proportion of total municipal and general rate revenue of 12.4%.
Unimproved land – residential	Equal to improved land	Equal to improved land
Unimproved land – commercial	47% less than improved land	Equal to improved land
Unimproved land – industrial	63% less than improved land	Equal to improved land
Farm land	Equal to residential rate	90% of residential rate
Rural residential lifestyle properties	Equal to residential rate	Equal to residential rate
Commercial improved 1	301% of residential rate	217%* of residential rate [*includes contribution to Shepparton Show Me]
Commercial improved 2 [to be combined with Commercial improved 3]	304% of residential rate	200% of residential rate
Commercial improved 3 [to be combined with Commercial improved 2]	237% of residential rate	200% of residential rate
Industrial improved 1	267% of residential rate	204%* of residential rate [*includes contribution to Shepparton Show Me]
Industrial improved 2 [to be combined with Industrial improved 3]	332% of residential rate	200% of residential rate
Industrial improved 3 [to be combined with Industrial improved 2]	223% of residential rate	200% of residential rate
Gaming Venues, Late Licence Premises and Late Trading Premises differential rate	None	Not to be introduced as not allowed under Ministerial Guidelines for Differential Rates
Shepparton Show Me contribution	Not separately communicated in 2012-2013	Communicated annually to each property
Greater Shepparton promotional fund	Funded by commercial and industrial improved properties located within the Shepparton Urban Area	Funded by commercial and industrial improved properties located within the Shepparton Urban Area
Charitable organisations – residential or retail premises	No existing policy	Council to develop a policy to consider waiving rates or providing rebates or concessions
Heritage incentives	None	Investigate options
Increase community understanding of rating system	Development of a new Rating Strategy	Consider methods and opportunities
Ongoing Rating Strategy Advisory Committee	Fixed term Rating Strategy Reference Group	Investigate the role and benefit

7.2 DETAILED MODELLING OF RECOMMENDATIONS

The modelling included below has been prepared to demonstrate the impact of the recommendations of the Draft Rating Strategy, if implemented.

Note: All data shown below is indicative and for modeling purposes only based on 2012-2013 Budget data. It does not represent a forecast of rates beyond 2012-2013.

7.2.1 CONSOLIDATED RATES REVENUE

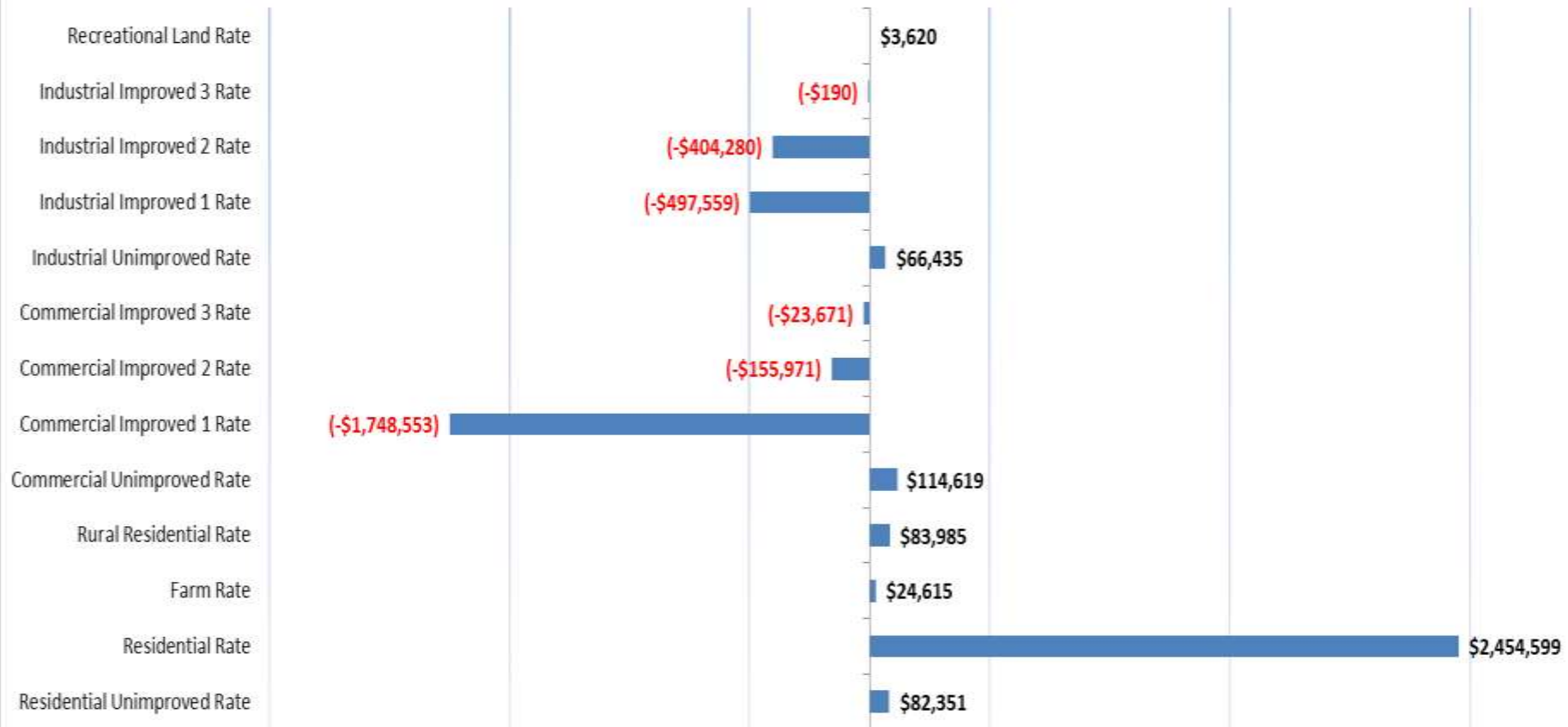
Consolidated rates revenue includes general rates and municipal charges but excludes waste service charges.

7.2.2 SUMMARY OF CHANGES TO TOTAL CONSOLIDATED RATES REVENUE

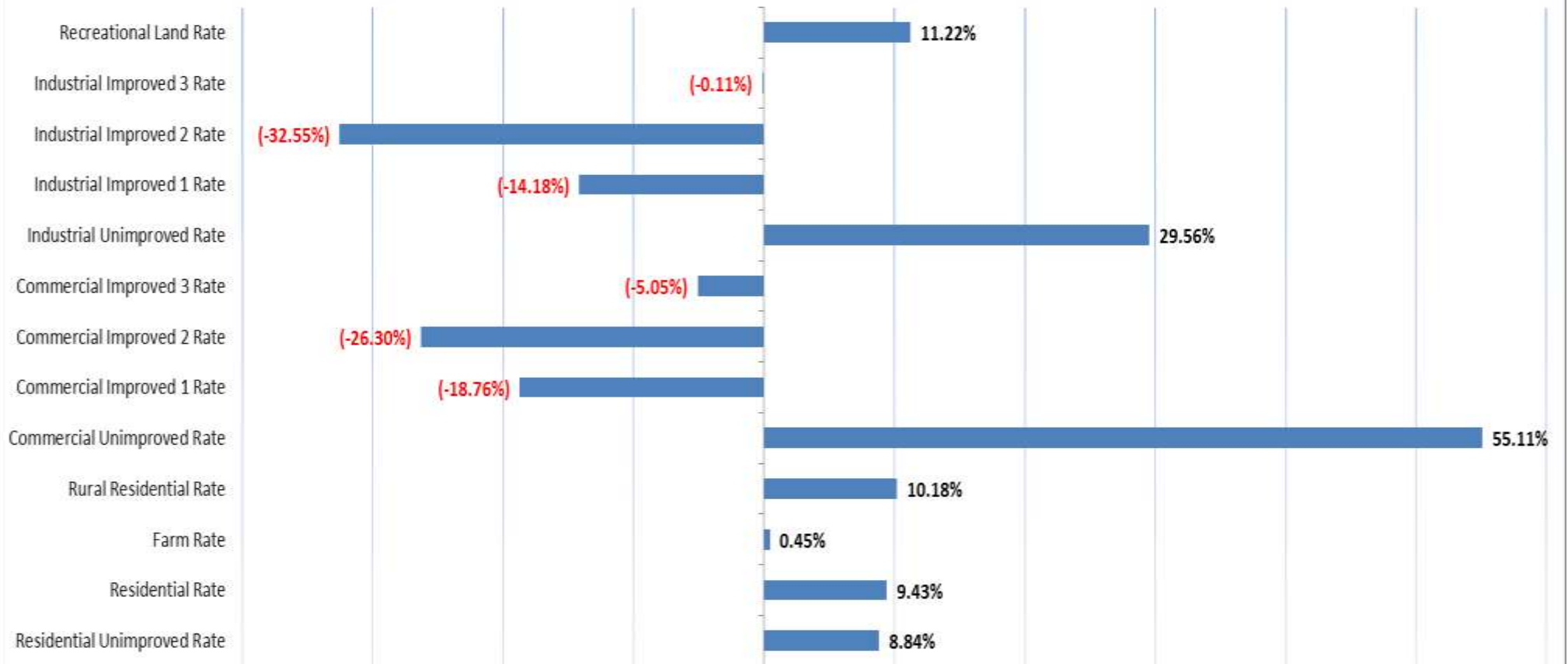
A summary of the modelled changes to the total consolidated rates revenue is detailed below:

Differential Rate Type	2012-2013	Rating Strategy	Change \$	Change %
Residential Unimproved Rate	931,145	1,013,496	82,351	9%
Residential Rate	26,030,316	28,484,917	2,454,599	9%
Farm Rate	5,527,448	5,552,063	24,615	0%
Rural Residential Rate	824,629	908,614	83,985	10%
Commercial Unimproved Rate	207,997	322,616	114,619	55%
Commercial Improved (1) Rate	9,319,907	7,571,354	(1,748,533)	(19%)
Commercial Improved (2) Rate	593,064	437,093	(155,971)	(26%)
Commercial Improved (3) Rate	468,727	445,056	(23,671)	(5%)
Industrial Unimproved Rate	224,766	291,201	66,435	30%
Industrial Improved (1) Rate	3,508,081	3,010,522	(497,559)	(14%)
Industrial Improved (2) Rate	1,242,189	837,909	(404,280)	(33%)
Industrial Improved (3) Rate	168,630	168,440	(190)	0%
Cultural and Recreational Rate	32,261	35,881	3,620	11%
TOTAL	\$49,079,160	\$49,079,160	\$0	0%

2012-2013 Consolidated Rates Revenue - \$ Change by Differential Rate Type



2012-2013 Consolidated Rates Revenue - % Change by Differential Rate Type

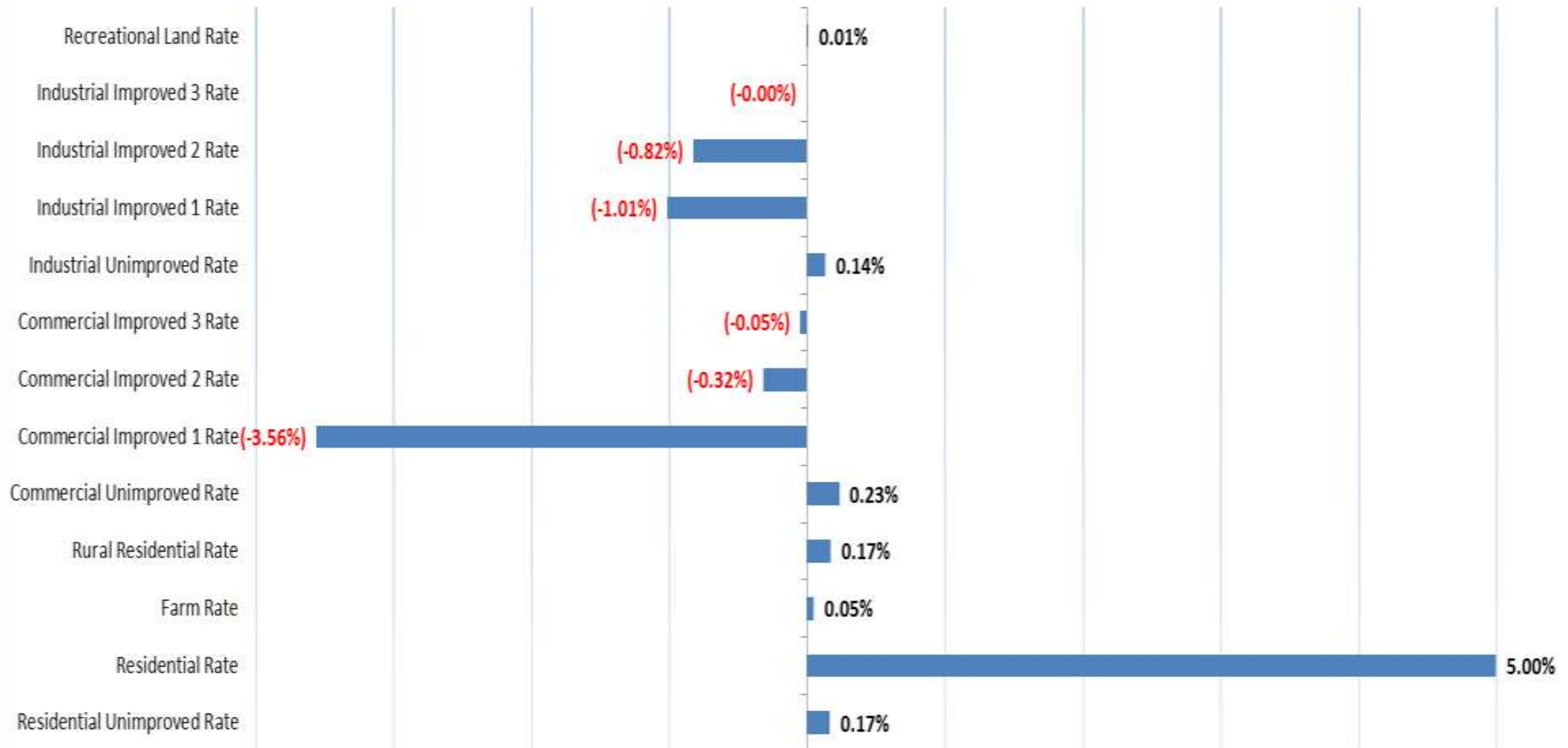


7.2.3 SUMMARY OF CHANGES TO PERCENTAGE SHARE OF TOTAL CONSOLIDATED RATES REVENUE

A summary of the modelled changes to the percentage share of total consolidated rates revenue is detailed below:

Differential Rate Type	2012-2013 \$	Share of Consolidated Rates Revenue	Rating Strategy \$	Share of Consolidated Rates Revenue	Change
Residential Unimproved Rate	931,145	1.90%	1,013,496	2.07%	0.17%
Residential Rate	26,030,316	53.04%	28,484,917	58.04%	5.00%
Farm Rate	5,527,448	11.26%	5,552,063	11.31%	0.05%
Rural Residential Rate	824,629	1.68%	908,614	1.85%	0.17%
Commercial Unimproved Rate	207,997	0.42%	322,616	0.66%	0.23%
Commercial Improved (1) Rate	9,319,907	18.99%	7,571,354	15.43%	(3.56%)
Commercial Improved (2) Rate	593,064	1.21%	437,093	0.89%	(0.32%)
Commercial Improved (3) Rate	468,727	0.96%	445,056	0.91%	(0.05%)
Industrial Unimproved Rate	224,766	0.46%	291,201	0.59%	0.14%
Industrial Improved (1) Rate	3,508,081	7.15%	3,010,522	6.13%	(0.82%)
Industrial Improved (2) Rate	1,242,189	2.53%	837,909	1.71%	(0.62%)
Industrial Improved (3) Rate	168,630	0.34%	168,440	0.34%	0.00%
Cultural and Recreational Rate	32,261	0.07%	35,881	0.07%	0.01%
TOTAL	\$49,079,160	100%	\$49,079,160	100%	0%

Percentage Share of Consolidated Rates Revenue - % Change by Differential Rate Type



7.2.4 GENERAL RATES

The current rating structure comprises ten differential rates and a rate concession for rateable outdoor recreational lands developed primarily for regional use, incorporated into major property categories: Residential, Farm, Commercial, Industrial and Cultural and Recreational.

The different rates are structured in accordance with the requirements of section 161 of the Act and are detailed below:

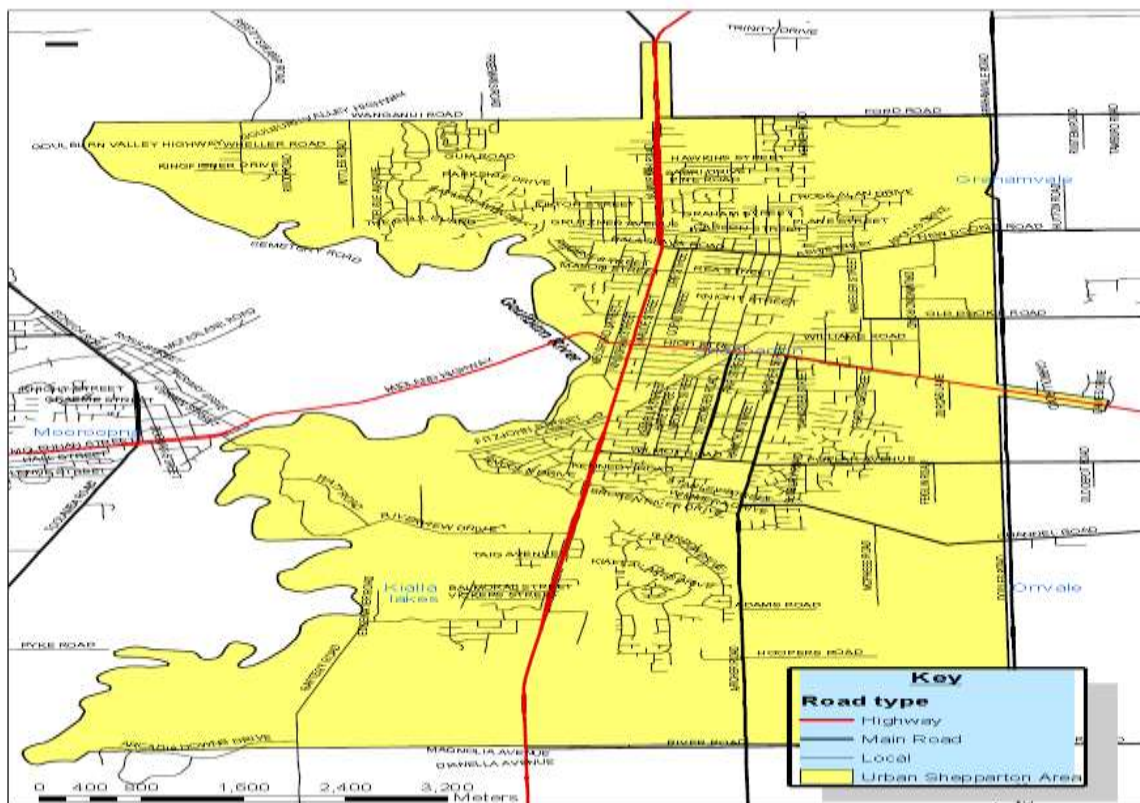
- ***Residential Improved and Unimproved Land***
 - Land used primarily for residential purposes; or
 - Unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or likely to be used primarily for residential purposes.
- ***Farm Land***
 - Land that is not less than 2 hectares in area; and
 - That is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
 - That is used by a business –
 - That has significant and substantial commercial purpose or character; and
 - That seeks to make a profit on a continued basis from its activities on the land; and
 - That is making a profit from its activities on the land, or has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way it is operating.
- ***Commercial Unimproved Land***
 - Unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or likely to be used primarily for the sale of goods or services or other commercial purposes.
- ***Commercial Improved 1 Land***
 - Land located within the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for commercial purposes.
- ***Commercial Improved 2 Land***
 - Land located outside the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for commercial purposes; and
 - Has a Capital Improved Value of \$500,000 or more.
- ***Commercial Improved 3 Land***
 - Land located outside the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for commercial purposes; and
 - Has a Capital Improved Value of less than \$500,000.
- ***Industrial Unimproved Land***
 - Unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or likely to be used primarily for the industrial purposes.

- **Industrial Improved 1 Land**
 - Land located within the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for industrial purposes.
- **Industrial Improved 2 Land**
 - Land located outside the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for industrial purposes; and
 - Has a Capital Improved Value of \$500,000 or more.
- **Industrial Improved 3 Land**
 - Land located outside the Urban Shepparton Area (see map below); and
 - That is used primarily for, or is capable of use primarily for industrial purposes; and
 - Has a Capital Improved Value of less than \$500,000.
- **Cultural and Recreational Land**
 - Rateable outdoor recreational lands developed primarily for regional use as evidenced by paid administrative support and/or commercial business dealings in their operation or management will be granted a rating concession under the *Cultural and Recreational Land Act 1963*.

The Urban Shepparton Area is bound by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

Map of Urban Shepparton Area



7.2.5 SUMMARY OF DIFFERENTIAL RATES IN THE DOLLAR

A summary of the modelled changes to differential rates in the dollar is detailed below:

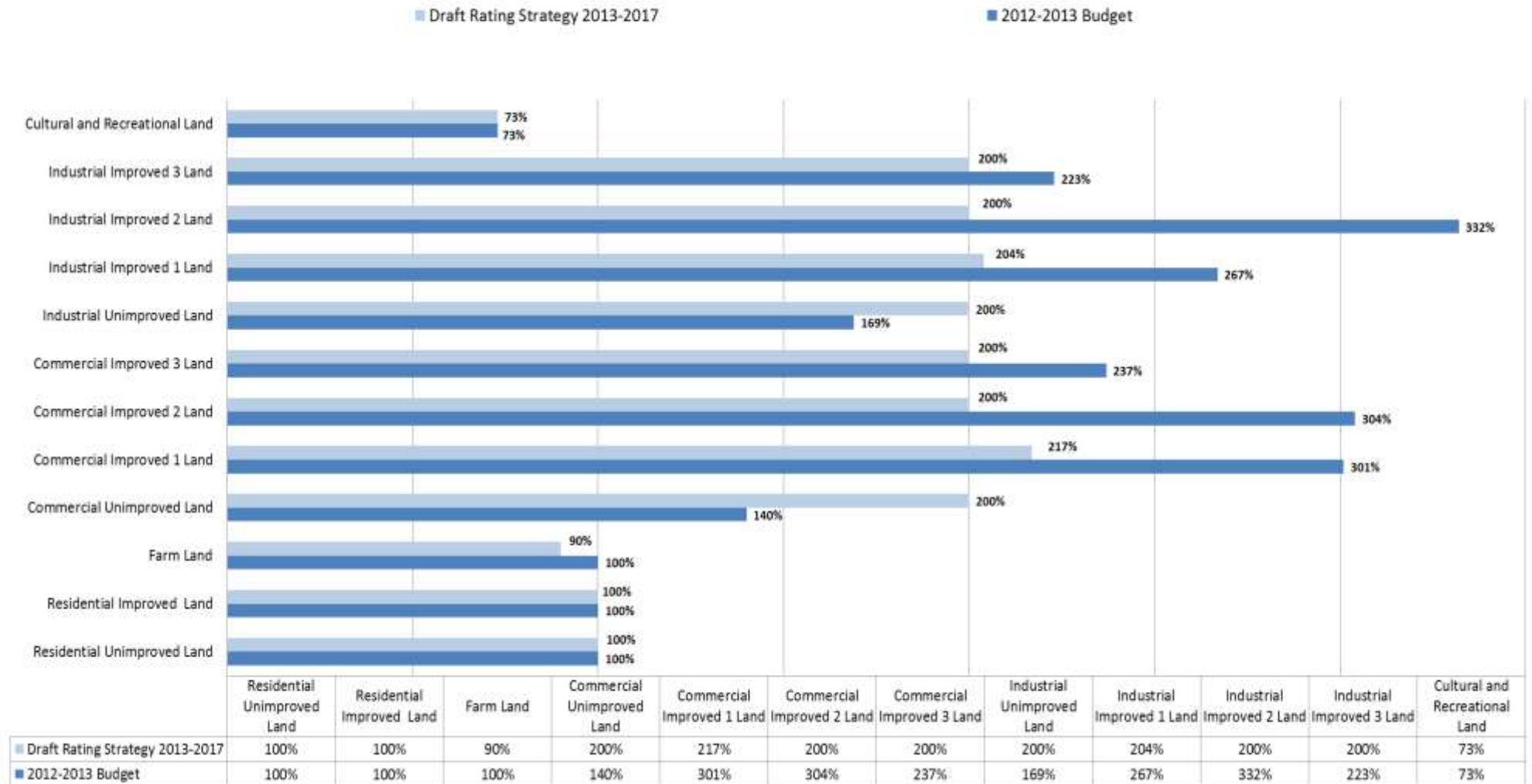
Current Differential Rate Type	2012-2013 Rate in Dollar	Rating Strategy Differential Rate Type	Rating Strategy Rate in Dollar	Change %
Residential Unimproved and Improved Land	0.00384340	Residential Unimproved Rate	0.00428686	12%
Residential Unimproved and Improved Land	0.00384340	Residential Rate	0.00428686	12%
Farm Land	0.00383940	Farm Rate	0.00385818	0%
Farm Land	0.00383940	Rural Residential Rate	0.00428686	12%
Commercial Unimproved Land	0.00539040	Commercial Unimproved Rate	0.00857372	59%
Commercial Improved 1 Land	0.01156310* [*includes contribution to Shepparton Show Me]	Commercial Improved 1 Rate	0.00932392* [*includes contribution to Shepparton Show Me]	(19%)
Commercial Improved 2 Rate	0.01168960	Commercial Improved 2 Rate	0.00857372	(27%)
Commercial Improved 3 Land	0.00909690	Commercial Improved 2 Rate	0.00857372	(6%)
Industrial Unimproved Land	0.00649550	Industrial Unimproved Rate	0.00857372	32%
Industrial Improved 1 Land	0.01025780* [*includes contribution to Shepparton Show Me]	Industrial Improved 1 Rate	0.00875402* [*includes contribution to Shepparton Show Me]	(15%)
Industrial Improved 2 Rate	0.01274130	Industrial Improved 2 Rate	0.00857372	(33%)
Industrial Improved 3 Land	0.00858440	Industrial Improved 2 Rate	0.00857372	0%
Cultural and Recreational Land	0.00279990	Cultural and Recreational Land	0.00312941	12%

7.2.6 SUMMARY OF DIFFERENTIAL RATE RATIOS

A summary of the modelled changes to differential rate ratios is detailed below:

Differential Rate Type	2012-2013 Ratio	Rating Strategy Differential Rate Type	Rating Strategy Ratio	Change
Residential Unimproved and Improved Land	100%	Residential Unimproved Rate	100%	0%
Residential Unimproved and Improved Land	100%	Residential Rate	100%	0%
Farm Land	100%	Farm Rate	90%	(10%)
Farm Land	100%	Rural Residential Rate	100%	0%
Commercial Unimproved Land	140%	Commercial Unimproved Rate	200%	60%
Commercial Improved 1 Land	301%* [*includes contribution to Shepparton Show Me]	Commercial Improved 1 Rate	217%* [*includes contribution to Shepparton Show Me]	(84%)
Commercial Improved 2 Rate	304%	Commercial Improved 2 Rate	200%	(104%)
Commercial Improved 3 Land	237%	Commercial Improved 2 Rate	200%	(37%)
Industrial Unimproved Land	169%	Industrial Unimproved Rate	200%	31%
Industrial Improved 1 Land	267%* [*includes contribution to Shepparton Show Me]	Industrial Improved 1 Rate	204%* [*includes contribution to Shepparton Show Me]	(63%)
Industrial Improved 2 Rate	332%	Industrial Improved 2 Rate	200%	(132%)
Industrial Improved 3 Land	223%	Industrial Improved 2 Rate	200%	(23%)
Cultural and Recreational Land	73%	Cultural and Recreational Land	73%	0%

Differential Rate Ratios

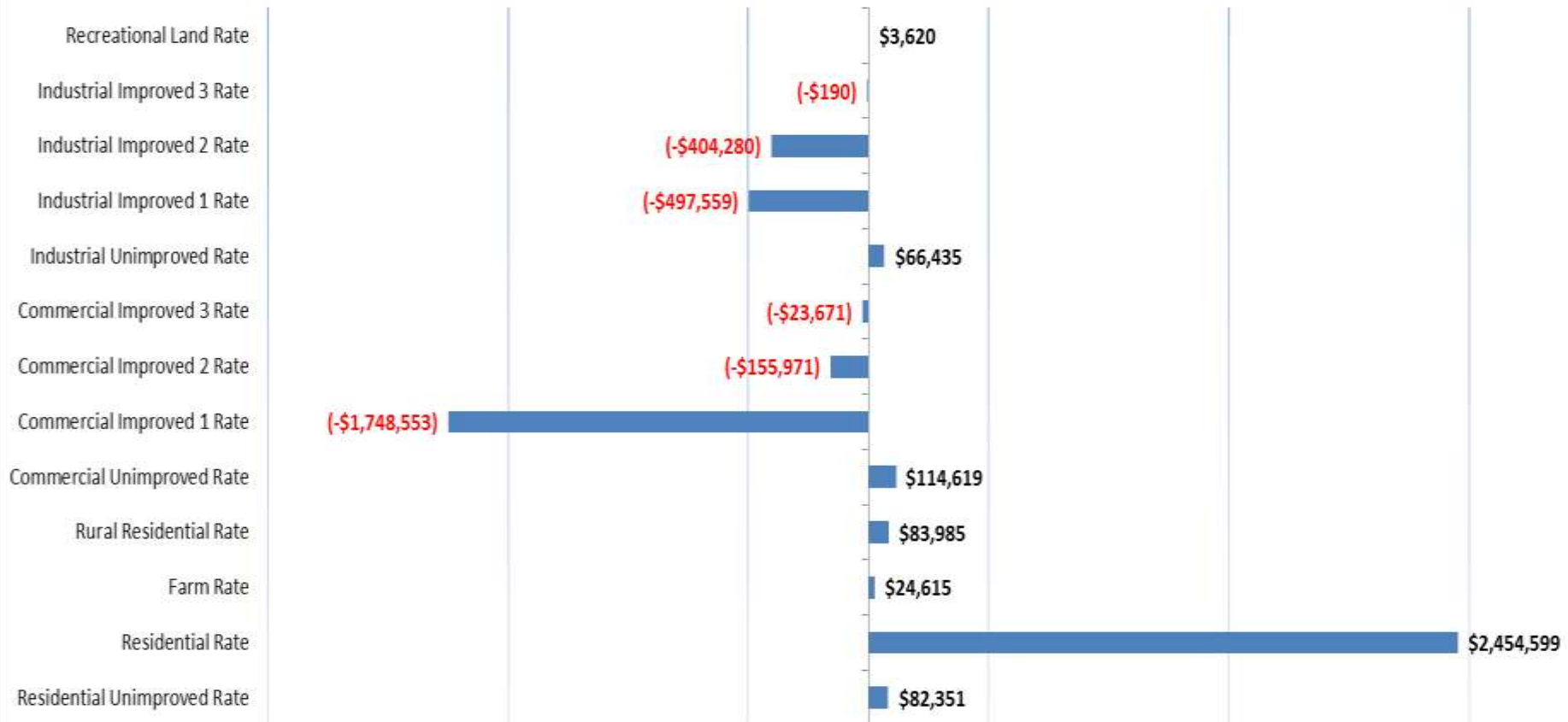


7.2.6.1 SUMMARY OF CHANGES TO TOTAL GENERAL RATES REVENUE

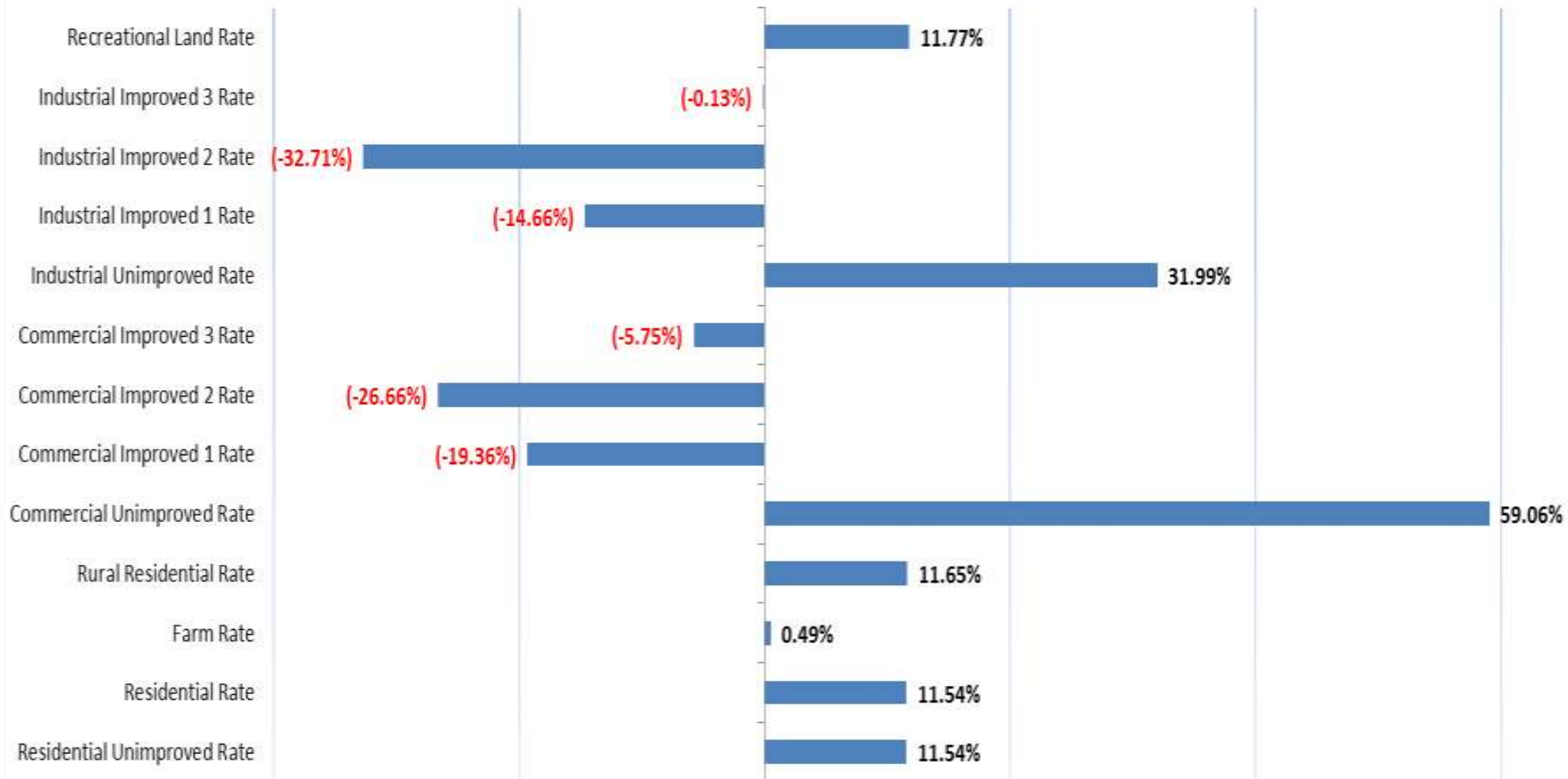
A summary of the modelled changes to the total general rates revenue is detailed below:

Differential Rate Type	2012-2013 \$	Rating Strategy \$	Change \$	Change %
Residential Unimproved Rate	713,721	796,072	82,351	11.54%
Residential Rate	21,273,526	23,728,125	2,454,599	11.54%
Farm Rate	5,033,536	5,058,151	24,615	0.49%
Rural Residential Rate	720,625	804,610	83,985	11.65%
Commercial Unimproved Rate	194,087	308,706	114,619	59.06%
Commercial Improved (1) Rate	9,029,509	7,280,956	(1,748,553)	(19.36%)
Commercial Improved (2) Rate	585,146	429,175	(155,971)	(26.66%)
Commercial Improved (3) Rate	411,589	387,918	(23,671)	(5.75%)
Industrial Unimproved Rate	207,646	274,081	66,435	31.99%
Industrial Improved (1) Rate	3,394,019	2,896,460	(497,559)	(14.66%)
Industrial Improved (2) Rate	1,235,983	831,703	(404,280)	(32.71%)
Industrial Improved (3) Rate	150,012	149,822	(190)	(0.13%)
Cultural and Recreational Rate	30,763	34,383	3,620	11.77%
TOTAL	\$42,980,162	\$42,980,162	\$0	0%

2012-2013 General Rates Revenue - \$ Change by Differential Rate Type



2012-2013 General Rates Revenue - % Change by Differential Rate Type



7.2.7 MUNICIPAL CHARGE

7.2.7.1 SUMMARY OF MUNICIPAL CHARGE

A summary of the modelled changes to municipal charges is detailed below:

Current	2012-2013	Rating Strategy	Rating Strategy	Change %
Municipal Charge	\$214	Municipal Charge	\$124	0%

7.2.7.2 SUMMARY OF CHANGES TO TOTAL MUNICIPAL CHARGE REVENUE

A summary of the modelled changes to the total municipal charges revenue is detailed below:

Differential Rate Type	2012-2013 \$	Rating Strategy \$	Change \$	Change %
Residential Unimproved Rate	217,424	217,424	0	0%
Residential Rate	4,756,792	4,756,792	0	0%
Farm Rate	493,912	493,912	0	0%
Rural Residential Rate	104,004	104,004	0	0%
Commercial Unimproved Rate	13,910	13,910	0	0%
Commercial Improved (1) Rate	290,398	290,398	0	0%
Commercial Improved (2) Rate	7,918	7,918	0	0%
Commercial Improved (3) Rate	57,138	57,138	0	0%
Industrial Unimproved Rate	17,120	17,120	0	0%
Industrial Improved (1) Rate	114,062	114,062	0	0%
Industrial Improved (2) Rate	6,206	6,206	0	0%
Industrial Improved (3) Rate	18,618	18,618	0	0%
Cultural and Recreational Rate	1,498	1,498	0	0%
TOTAL	\$6,099,000	\$6,099,000	\$0	0%

7.2.8 RESIDENTIAL LAND

Currently, residential unimproved land and residential improved land are included in the same differential rate type.

7.2.8.1 RESIDENTIAL UNIMPROVED LAND

1016 assessments (or 4.37%) have been identified as residential unimproved land and have been included as a new separate differential rate type with a differential rate ratio in comparison to the residential rate of 100%.

7.2.8.1.1 OBJECTIVE OF RESIDENTIAL UNIMPROVED LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.8.1.2 TYPES AND CLASSES OF RESIDENTIAL UNIMPROVED LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Farm land; or
- iii) Rural residential lifestyle land; or
- iv) Commercial unimproved land; or
- v) Commercial improved 1, 2 and 3 land; or
- vi) Industrial unimproved land; or
- vii) Industrial improved 1, 2 and 3 land

and is:

- i) unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or be likely to be used primarily for residential purposes; and
- ii) on which no building permit for the construction of a new dwelling or other building designed or adapted for permanent occupation has been issued under the *Building Act 1993* prior to the expiry of the rating year.

7.2.8.1.3 USE AND LEVEL OF RESIDENTIAL UNIMPROVED LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 100% of the residential improved rate.

7.2.8.1.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.8.1.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.8.1.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.8.1.7 TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

7.2.8.1.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED RESIDENTIAL UNIMPROVED LAND ASSESSMENT

Fifteen assessments have been valued with a Capital Improved Value (CIV) exceeding \$1 million. These assessments are generally (in globo) land consisting of either an undeveloped lot, group of lots or parcel of land that is zoned to allow for, and capable of significant subdivision into smaller parcels under existing use provisions.

A summary of the impacts of the modelled changes on an **average** valued residential unimproved assessment with a Capital Improved Value (CIV) of \$182,775 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$182,775	\$182,775	\$0	0.00%
Differential Rate in the Dollar	0.00384340	0.00428686	0.00044346	11.54%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$702	\$784	\$81	8.84%
TOTAL CONSOLIDATED RATES REVENUE	\$916	\$998	\$81 [\$1.55/wk.]	8.84%

7.2.8.1.9 SUMMARY OF CHANGES ON A MEDIAN VALUED RESIDENTIAL UNIMPROVED LAND ASSESSMENTS

A summary of the impacts of the modelled changes on a **median** valued residential unimproved assessment with a Capital Improved Value (CIV) of \$119,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$119,000	\$119,000	\$0	0.00%
Differential Rate in the Dollar	0.00384340	0.00428686	0.00044346	11.54%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$457	\$510	\$53	7.86%
TOTAL CONSOLIDATED RATES REVENUE	\$671	\$724	\$53 [\$1.02/wk.]	7.86%

The median valued residential unimproved assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.8.1.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR RESIDENTIAL UNIMPROVED LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for residential unimproved assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	75	324	337	13	3.69%
CIV - \$50,001 to \$100,000	237	515	550	35	6.71%
CIV - \$100,001 to \$150,000	380	678	732	54	7.93%
CIV - \$150,001 to \$200,000	118	871	947	76	8.89%
CIV - \$200,001 to \$250,000	47	1,081	1,181	100	9.00%
CIV - \$250,001 to \$300,000	38	1,256	1,376	120	9.97%
CIV - \$300,001 to \$350,000	30	1,469	1,614	145	10.00%
CIV - \$350,001 to \$400,000	25	1,657	1,824	167	10.00%
CIV - \$400,001 to \$450,000	14	1,840	2,027	187	10.00%
CIV - \$450,001 to \$500,000	6	2,017	2,225	208	10.00%
CIV - \$500,001 to \$550,000	9	2,221	2,453	232	10.00%
CIV - \$550,001 to \$600,000	4	2,434	2,690	256	10.75%
CIV - \$600,001 to \$650,000					
CIV - \$650,001 to \$700,000	4	2,818	3,118	300	11.00%
CIV - \$700,001 to \$750,000	2	3,039	3,365	326	11.00%
CIV - \$750,001 to \$800,000	4	3,212	3,558	346	11.00%
CIV - \$800,001 to \$850,000					
CIV - \$850,001 to \$900,000	3	3,609	4,001	392	11.00%
CIV - \$900,001 to \$1 MILLION	5	3,950	4,381	431	11.00%
CIV - \$1,000,001 to \$2 MILLION	10	5,364	5,958	594	11.00%
CIV – Greater Than \$2 MILLION	5	11,644	12,963	1,319	11.00%
TOTAL ASSESSMENTS	1,016				



7.2.8.2 RESIDENTIAL IMPROVED LAND

Residential land is used as the general base rate with a differential rate ratio of 100%. Currently there are 22228 assessments that have been identified as residential improved land.

7.2.8.2.1 OBJECTIVE OF RESIDENTIAL IMPROVED LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.8.2.2 TYPES AND CLASSES OF RESIDENTIAL IMPROVED LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential unimproved land; or
- ii) Farm land; or
- iii) Rural residential lifestyle land; or
- iv) Commercial unimproved land; or
- v) Commercial improved 1, 2 and 3 land; or
- vi) Industrial unimproved land; or
- vii) Industrial improved 1, 2 and 3 land

and is used primarily for residential purposes.

7.2.8.2.3 USE AND LEVEL OF RESIDENTIAL IMPROVED LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

7.2.8.2.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.8.2.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.8.2.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.8.2.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.8.2.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED RESIDENTIAL IMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued residential improved assessment with a Capital Improved Value (CIV) of \$249,013 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$249,013	\$249,013	0	0.00%
Differential Rate in the Dollar	0.00384340	0.00428686	0.00044346	11.54%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$957	\$1,067	\$110	9.43%
TOTAL CONSOLIDATED RATES REVENUE	\$1,171	\$1,281	\$110 [\$2.11/wk.]	9.43%

7.2.8.2.9 SUMMARY OF CHANGES ON A MEDIAN VALUED RESIDENTIAL IMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued residential improved assessment with a Capital Improved Value (CIV) of \$232,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$232,000	\$232,000	0	0.00%
Differential Rate in the Dollar	0.00384340	0.00428686	0.00044346	11.54%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$892	\$995	\$103	9.31%
TOTAL CONSOLIDATED RATES REVENUE	\$1,106	\$1,209	\$103 [\$1.98/wk.]	9.31%

The median valued residential improved assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.8.2.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR RESIDENTIAL IMPROVED LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for residential improved assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	39	376	395	19	4.92%
CIV - \$50,001 to \$100,000	886	520	555	35	6.71%
CIV - \$100,001 to \$150,000	2,512	717	775	58	7.98%
CIV - \$150,001 to \$200,000	4,324	893	972	79	8.92%
CIV - \$200,001 to \$250,000	5,123	1,078	1,178	100	9.00%
CIV - \$250,001 to \$300,000	3,473	1,267	1,388	121	9.79%
CIV - \$300,001 to \$350,000	2,557	1,461	1,604	143	10.00%
CIV - \$350,001 to \$400,000	1,596	1,648	1,813	165	10.00%
CIV - \$400,001 to \$450,000	817	1,840	2,028	188	10.00%
CIV - \$450,001 to \$500,000	440	2,037	2,247	210	10.00%
CIV - \$500,001 to \$550,000	218	2,240	2,473	233	10.00%
CIV - \$550,001 to \$600,000	109	2,430	2,686	256	10.74%
CIV - \$600,001 to \$650,000	46	2,624	2,902	278	11.00%
CIV - \$650,001 to \$700,000	19	2,821	3,122	301	11.00%
CIV - \$700,001 to \$750,000	22	3,023	3,347	324	11.00%
CIV - \$750,001 to \$800,000	15	3,181	3,523	342	11.00%
CIV - \$800,001 to \$850,000	6	3,366	3,729	363	11.00%
CIV - \$850,001 to \$900,000	5	3,612	4,004	392	11.00%
CIV - \$900,001 to \$1 MILLION	5	3,919	4,347	428	11.00%
CIV - \$1,000,001 to \$2 MILLION	14	4,760	5,285	525	11.00%
CIV – Greater Than \$2 MILLION	2	19,124	21,305	2,181	11.00%
TOTAL ASSESSMENTS	22,228				

Average % Change - Residential Rate Assessments



7.2.9 RURAL LAND

Currently, rural residential lifestyle properties are included in the farm land differential rate type. The Rating Strategy recommends that these assessments be identified and a new separate differential rate type be applied.

7.2.9.1 FARM LAND

Currently 2991 assessments (or 85.78% of the combined rural land assessments) have been identified as farm land as defined in the *Valuation of Land Act 1960*.

Farm land has been modeled with a differential rate ratio in comparison to the residential rate of 90%.

7.2.9.1.1 OBJECTIVE OF FARM LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.9.1.2 TYPES AND CLASSES OF FARM LAND

Rateable land having the relevant characteristics described below:

Any land which is “farm land” within the meaning of Section 2(1) of the *Valuation of Land Act 1960*.

Farm land means any rateable land-

- (a) that is not less than 2 hectares in area; and
- (b) that is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- (c) that is used by a business-
 - (i) that has significant and substantial commercial purpose or character; and
 - (ii) that seeks to make a profit on a continued basis from its activities on the land; and
 - (iii) that is making a profit from its activities on the land, or has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way it is operating.

7.2.9.1.3 USE AND LEVEL OF FARM LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 90% of the residential improved rate.

7.2.9.1.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.9.1.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.9.1.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.9.1.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.9.1.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED FARM LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued farm assessment with a Capital Improved Value (CIV) of \$438,322 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$438,322	\$438,322	0	0.00%
Differential Rate in the Dollar	0.00383940	0.00385818	0.00001878	0.49%
Differential Rate Ratio	100%	90%		10%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,683	\$1,691	\$8	0.43%
TOTAL CONSOLIDATED RATES REVENUE	\$1,897	\$1,905	\$8 [\$0.15/wk.]	0.43%

7.2.9.1.9 SUMMARY OF CHANGES ON A MEDIAN VALUED FARM LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued farm assessment with a Capital Improved Value (CIV) of \$360,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$360,000	\$360,000	0	0.00%
Differential Rate in the Dollar	0.00383940	0.00385818	0.00001878	0.49%
Differential Rate Ratio	100%	90%		10%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,382	\$1,389	\$7	0.42%
TOTAL CONSOLIDATED RATES REVENUE	\$1,596	\$1,603	\$7 [\$0.13/wk.]	0.42%

The median valued farm assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.9.1.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR FARM LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for farm land assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	24	330	330	0	0.00%
CIV - \$50,001 to \$100,000	80	464	465	1	0.00%
CIV - \$100,001 to \$150,000	206	627	629	2	0.00%
CIV - \$150,001 to \$200,000	273	796	799	3	0.00%
CIV - \$200,001 to \$250,000	317	1,015	1,019	4	0.00%
CIV - \$250,001 to \$300,000	280	1,219	1,224	5	0.00%
CIV - \$300,001 to \$350,000	265	1,417	1,424	7	0.00%
CIV - \$350,001 to \$400,000	272	1,609	1,616	7	0.00%
CIV - \$400,001 to \$450,000	245	1,812	1,820	8	0.00%
CIV - \$450,001 to \$500,000	212	2,016	2,025	9	0.00%
CIV - \$500,001 to \$550,000	154	2,217	2,227	10	0.00%
CIV - \$550,001 to \$600,000	134	2,401	2,412	11	0.00%
CIV - \$600,001 to \$650,000	114	2,603	2,615	12	0.00%
CIV - \$650,001 to \$700,000	59	2,794	2,807	13	0.00%
CIV - \$700,001 to \$750,000	60	2,997	3,011	14	0.00%
CIV - \$750,001 to \$800,000	37	3,154	3,168	14	0.00%
CIV - \$800,001 to \$850,000	32	3,378	3,394	16	0.00%
CIV - \$850,001 to \$900,000	23	3,571	3,588	17	0.00%
CIV - \$900,001 to \$1 MILLION	48	3,856	3,874	18	0.00%
CIV - \$1,000,001 to \$2 MILLION	129	5,188	5,212	24	0.00%
CIV – Greater Than \$2 MILLION	27	11,950	12,008	58	0.00%
TOTAL ASSESSMENTS	2,991				

Average % Change - Farm Rate Assessments



7.2.9.2 RURAL RESIDENTIAL LIFESTYLE LAND

496 assessments (or 14.22% of the combined rural land assessments) have been identified as rural residential lifestyle properties.

These properties include a single residential dwelling on an allotment of land sized between 0.4 and 20.0 hectares in rural, semi-rural or bushland setting. Primary production uses and associated improvements are secondary to the value of the residential home site use and associated residential improvements.

Rural residential lifestyle properties will be identified as a new separate differential rate type with a differential rate ratio equal to the residential rate of 100%.

7.2.9.2.1 OBJECTIVE OF RURAL RESIDENTIAL LIFESTYLE LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.9.2.2 TYPES AND CLASSES OF RURAL RESIDENTIAL LIFESTYLE LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Commercial unimproved land; or
- v) Commercial improved 1, 2 and 3 land; or
- vi) Industrial unimproved land; or
- vii) Industrial improved 1, 2 and 3 land

and is:

- i) is sized between 0.4ha and 20ha in rural, semi-rural or bushland setting; and
- ii) includes a single residential dwelling; and
- iii) where primary production uses and associated improvements are secondary to the value of the residential home site and associated residential improvements.

7.2.9.2.3 USE AND LEVEL OF RURAL RESIDENTIAL LIFESTYLE LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 100% of the residential improved rate.

7.2.9.2.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.9.2.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.9.2.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.9.2.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.9.2.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED RURAL RESIDENTIAL LIFESTYLE LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued rural residential assessment with a Capital Improved Value (CIV) of \$378,411 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$378,411	\$378,411	0	0.00%
Differential Rate in the Dollar	0.00383940	0.00428686	0.00044746	11.65%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,453	\$1,622	\$169	10.16%
TOTAL CONSOLIDATED RATES REVENUE	\$1,667	\$1,836	\$169 [\$3.25/wk.]	10.16%

7.2.9.2.9 SUMMARY OF CHANGES ON A MEDIAN VALUED RURAL RESIDENTIAL LIFESTYLE LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued rural residential assessment with a Capital Improved Value (CIV) of \$353,000 is detailed below:

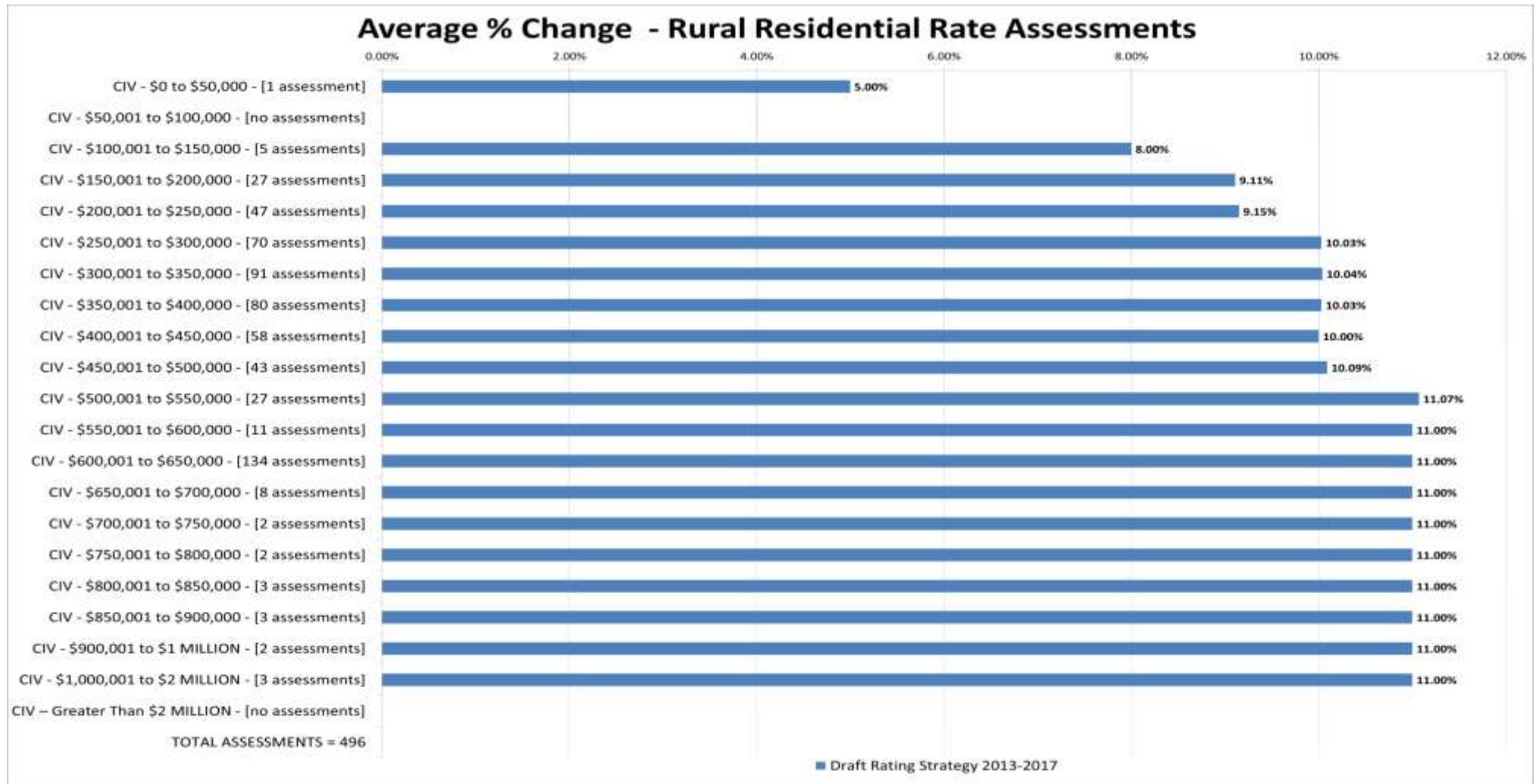
Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$353,000	\$353,000	0	0.00%
Differential Rate in the Dollar	0.00383940	0.00428686	0.00044746	11.65%
Differential Rate Ratio	100%	100%		0%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,355	\$1,513	\$158	10.07%
TOTAL CONSOLIDATED RATES REVENUE	\$1,569	\$1,727	\$158 [\$3.04/wk.]	10.07%

The median valued rural residential assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.9.2.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR RURAL RESIDENTIAL LIFESTYLE LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for rural residential lifestyle assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	1	402	424	22	5.00%
CIV - \$50,001 to \$100,000					
CIV - \$100,001 to \$150,000	5	743	805	62	8.00%
CIV - \$150,001 to \$200,000	27	908	989	81	9.11%
CIV - \$200,001 to \$250,000	47	1,079	1,180	101	9.15%
CIV - \$250,001 to \$300,000	70	1,263	1,385	122	10.03%
CIV - \$300,001 to \$350,000	91	1,451	1,595	144	10.04%
CIV - \$350,001 to \$400,000	80	1,645	1,812	167	10.03%
CIV - \$400,001 to \$450,000	58	1,848	2,039	191	10.00%
CIV - \$450,001 to \$500,000	43	2,028	2,240	212	10.09%
CIV - \$500,001 to \$550,000	27	2,223	2,459	236	11.07%
CIV - \$550,001 to \$600,000	11	2,416	2,673	257	11.00%
CIV - \$600,001 to \$650,000	13	2,630	2,911	281	11.00%
CIV - \$650,001 to \$700,000	8	2,791	3,092	301	11.00%
CIV - \$700,001 to \$750,000	2	2,959	3,279	320	11.00%
CIV - \$750,001 to \$800,000	2	3,170	3,515	345	11.00%
CIV - \$800,001 to \$850,000	3	3,426	3,801	375	11.00%
CIV - \$850,001 to \$900,000	3	3,567	3,958	391	11.00%
CIV - \$900,001 to \$1 MILLION	2	3,804	4,222	418	11.00%
CIV - \$1,000,001 to \$2 MILLION	3	5,000	5,558	558	11.00%
CIV – Greater Than \$2 MILLION					
TOTAL ASSESSMENTS	496				



7.2.10 COMMERCIAL LAND

Currently there are a total of 1726 commercial land assessments.

7.2.10.1 COMMERCIAL UNIMPROVED LAND

65 assessments (or 3.77% of the combined commercial land assessments) have been identified as commercial unimproved land and have been modelled as a separate differential rate type with a differential rate ratio to the residential rate of 200%.

7.2.10.1.1 OBJECTIVE OF COMMERCIAL UNIMPROVED LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.10.1.2 TYPES AND CLASSES OF COMMERCIAL UNIMPROVED LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial improved 1, 2 and 3 land; or
- vi) Industrial unimproved land; or
- vii) Industrial improved 1, 2 and 3 land

and is:

- i) unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or be likely to be used primarily for the sale of goods or services or other commercial purposes; and
- ii) on which no building permit for the construction of a new building designed or adapted for permanent occupation has been issued under the *Building Act 1993* prior to the expiry of the rating year.

7.2.10.1.3 USE AND LEVEL OF COMMERCIAL UNIMPROVED LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.10.1.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.10.1.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.10.1.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.10.1.7 TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

7.2.10.1.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED COMMERCIAL UNIMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued commercial unimproved assessment with a Capital Improved Value (CIV) of \$553,938 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$553,938	\$553,938	0	0.00%
Differential Rate in the Dollar	0.00539040	0.00857372	0.00318332	59.06%
Differential Rate Ratio	140%	200%		60.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$2,986	\$4,749	\$1,763	55.11%
TOTAL CONSOLIDATED RATES REVENUE	\$3,200	\$4,963	\$1,763 [\$33.90/wk.]	55.11%

7.2.10.1.9 SUMMARY OF CHANGES ON A MEDIAN VALUED COMMERCIAL UNIMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued commercial unimproved assessment with a Capital Improved Value (CIV) of \$382,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$382,000	\$382,000	0	0.00%
Differential Rate in the Dollar	0.00539040	0.00857372	0.00318332	59.06%
Differential Rate Ratio	140%	200%		60.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$2,059	\$3,275	\$1,216	53.50%
TOTAL CONSOLIDATED RATES REVENUE	\$2,273	\$3,489	\$1,216 [\$23.38/wk.]	53.50%

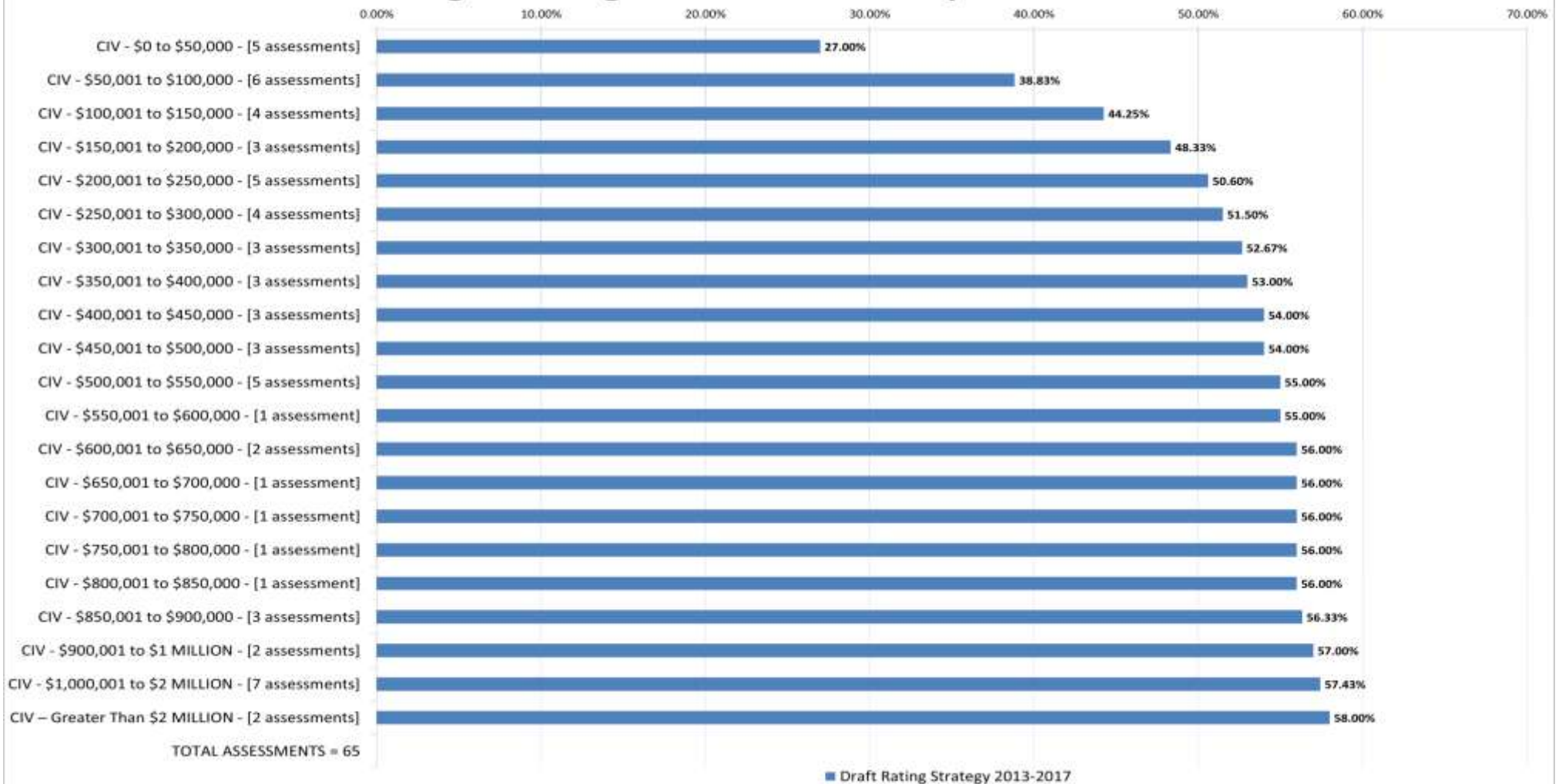
The median valued commercial unimproved assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.10.1.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR COMMERCIAL UNIMPROVED LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for commercial unimproved rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	5	396	504	108	27.00%
CIV - \$50,001 to \$100,000	6	643	896	253	38.83%
CIV - \$100,001 to \$150,000	4	874	1,264	390	44.25%
CIV - \$150,001 to \$200,000	3	1,195	1,774	579	48.33%
CIV - \$200,001 to \$250,000	5	1,470	2,212	742	50.60%
CIV - \$250,001 to \$300,000	4	1,733	2,630	897	51.50%
CIV - \$300,001 to \$350,000	3	1,984	3,029	1,045	52.67%
CIV - \$350,001 to \$400,000	3	2,214	3,395	1,181	53.00%
CIV - \$400,001 to \$450,000	3	2,541	3,915	1,374	54.00%
CIV - \$450,001 to \$500,000	3	2,710	4,184	1,474	54.00%
CIV - \$500,001 to \$550,000	5	3,092	4,792	1,700	55.00%
CIV - \$550,001 to \$600,000	1	3,448	5,358	1,910	55.00%
CIV - \$600,001 to \$650,000	2	3,610	5,615	2,005	56.00%
CIV - \$650,001 to \$700,000	1	3,879	6,044	2,165	56.00%
CIV - \$700,001 to \$750,000	1	4,041	6,301	2,260	56.00%
CIV - \$750,001 to \$800,000	1	4,365	6,816	2,451	56.00%
CIV - \$800,001 to \$850,000	1	4,742	7,416	2,674	56.00%
CIV - \$850,001 to \$900,000	3	4,940	7,730	2,790	56.33%
CIV - \$900,001 to \$1 MILLION	2	5,308	8,316	3,008	57.00%
CIV - \$1,000,001 to \$2 MILLION	7	7,761	12,217	4,456	57.43%
CIV – Greater Than \$2 MILLION	2	14,768	23,363	8,595	58.00%
TOTAL ASSESSMENTS	65				

Average % Change - Commercial Unimproved Rate Assessments



7.2.10.2 COMMERCIAL IMPROVED 1 LAND

Commercial improved 1 land comprises of 1357 assessments or 81.70% of all commercial improved land assessments.

For rate modeling purposes, the contribution towards Shepparton Show Me relating to current commercial improved 1 land has been retained, thereby increasing its ratio to the residential rate to 217%.

7.2.10.2.1 OBJECTIVE OF COMMERCIAL IMPROVED 1 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services
4. The promotion of business in urban Shepparton

7.2.10.2.2 TYPES AND CLASSES OF COMMERCIAL IMPROVED 1 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 2 and 3 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 1, 2 and 3 land

and is used primarily for, or is capable of use primarily for commercial purposes.

7.2.10.2.3 USE AND LEVEL OF COMMERCIAL IMPROVED 1 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 217% of the residential improved rate.

7.2.10.2.4 GEOGRAPHIC LOCATION

Located within the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.10.2.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.10.2.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.10.2.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.10.2.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED COMMERCIAL IMPROVED 1 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued commercial improved 1 assessment with a Capital Improved Value (CIV) of \$575,453 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$575,453	\$575,453	0	0.00%
Differential Rate in the Dollar	0.01156310	0.00932392	(0.00223918)	(19.36%)
Differential Rate Ratio	301%	217%		(84.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$6,654	\$5,365	(\$1,289)	(18.76%)
TOTAL CONSOLIDATED RATES REVENUE	\$6,868	\$5,579	(\$1,289) [((\$24.79)/wk.)]	(18.76%)

7.2.10.2.9 SUMMARY OF CHANGES ON A MEDIAN VALUED COMMERCIAL IMPROVED 1 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued commercial improved 1 assessment with a Capital Improved Value (CIV) of \$337,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$337,000	\$337,000	0	0.00%
Differential Rate in the Dollar	0.01156310	0.00932392	(0.00223918)	(19.36%)
Differential Rate Ratio	301%	217%		(84.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$3,897	\$3,142	(\$755)	(18.36%)
TOTAL CONSOLIDATED RATES REVENUE	\$4,111	\$3,356	(\$755) [((\$14.52)/wk.)]	(18.36%)

The median valued commercial improved 1 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.10.2.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR COMMERCIAL IMPROVED 1 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for commercial improved 1 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	12	640	557	(83)	(12.83%)
CIV - \$50,001 to \$100,000	131	1,167	983	(184)	(15.70%)
CIV - \$100,001 to \$150,000	139	1,645	1,368	(277)	(16.92%)
CIV - \$150,001 to \$200,000	128	2,223	1,834	(389)	(17.48%)
CIV - \$200,001 to \$250,000	96	2,826	2,320	(506)	(18.00%)
CIV - \$250,001 to \$300,000	94	3,381	2,768	(613)	(18.00%)
CIV - \$300,001 to \$350,000	100	3,970	3,242	(728)	(18.00%)
CIV - \$350,001 to \$400,000	78	4,546	3,707	(839)	(18.12%)
CIV - \$400,001 to \$450,000	69	5,099	4,153	(946)	(19.00%)
CIV - \$450,001 to \$500,000	78	5,729	4,661	(1,068)	(19.00%)
CIV - \$500,001 to \$550,000	55	6,386	5,190	(1,196)	(19.00%)
CIV - \$550,001 to \$600,000	39	6,866	5,578	(1,288)	(19.00%)
CIV - \$600,001 to \$650,000	24	7,479	6,073	(1,406)	(19.00%)
CIV - \$650,001 to \$700,000	29	8,033	6,519	(1,514)	(19.00%)
CIV - \$700,001 to \$750,000	39	8,681	7,042	(1,639)	(19.00%)
CIV - \$750,001 to \$800,000	26	9,238	7,490	(1,748)	(19.00%)
CIV - \$800,001 to \$850,000	20	9,806	7,948	(1,858)	(19.00%)
CIV - \$850,001 to \$900,000	18	10,351	8,388	(1,963)	(19.00%)
CIV - \$900,001 to \$1 MILLION	29	11,247	9,110	(2,137)	(19.00%)
CIV - \$1,000,001 to \$2 MILLION	103	15,828	12,804	(3,024)	(19.00%)
CIV – Greater Than \$2 MILLION	50	51,156	41,291	(9,865)	(19.00%)
TOTAL ASSESSMENTS	1,357				

Average % Change - Commercial Improved 1 Rate Assessments



7.2.10.3 COMMERCIAL IMPROVED 2 LAND

Commercial improved 2 land comprises of 37 assessments or 2.23% of all commercial improved land assessments and has been modelled at a differential rate set at 200% in comparison to the residential rate. Commercial improved 2 and 3 land will be combined to form one differential rate.

7.2.10.3.1 OBJECTIVE OF COMMERCIAL IMPROVED 2 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.10.3.2 TYPES AND CLASSES OF COMMERCIAL IMPROVED 2 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1 and 3 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 1, 2 and 3 land

and is used primarily for, or is capable of use primarily for commercial purposes.

7.2.10.3.3 USE AND LEVEL OF COMMERCIAL IMPROVED 2 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.10.3.4 GEOGRAPHIC LOCATION

Located outside the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.10.3.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.10.3.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.10.3.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.10.3.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED COMMERCIAL IMPROVED 2 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued commercial improved 2 assessment with a Capital Improved Value (CIV) of \$1,352,892 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$1,352,892	\$1,352,892	0	0.00%
Differential Rate in the Dollar	0.01168960	0.00857372	(0.00311588)	(26.66%)
Differential Rate Ratio	304%	200%		(104.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$15,815	\$11,599	(\$4,215)	(26.30%)
TOTAL CONSOLIDATED RATES REVENUE	\$16,029	\$11,813	(\$4,215) [((\$81.06)/wk.)]	(26.30%)

7.2.10.3.9 SUMMARY OF CHANGES ON A MEDIAN VALUED COMMERCIAL IMPROVED 2 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued commercial improved 2 assessment with a Capital Improved Value (CIV) of \$710,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$710,000	\$710,000	0	0.00%
Differential Rate in the Dollar	0.01168960	0.00857372	(0.00311588)	(26.66%)
Differential Rate Ratio	304%	200%		(104.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$8,300	\$6,087	(\$2,212)	(25.99%)
TOTAL CONSOLIDATED RATES REVENUE	\$8,514	\$6,301	(2,212) [((\$42.53)/wk.)]	(25.99%)

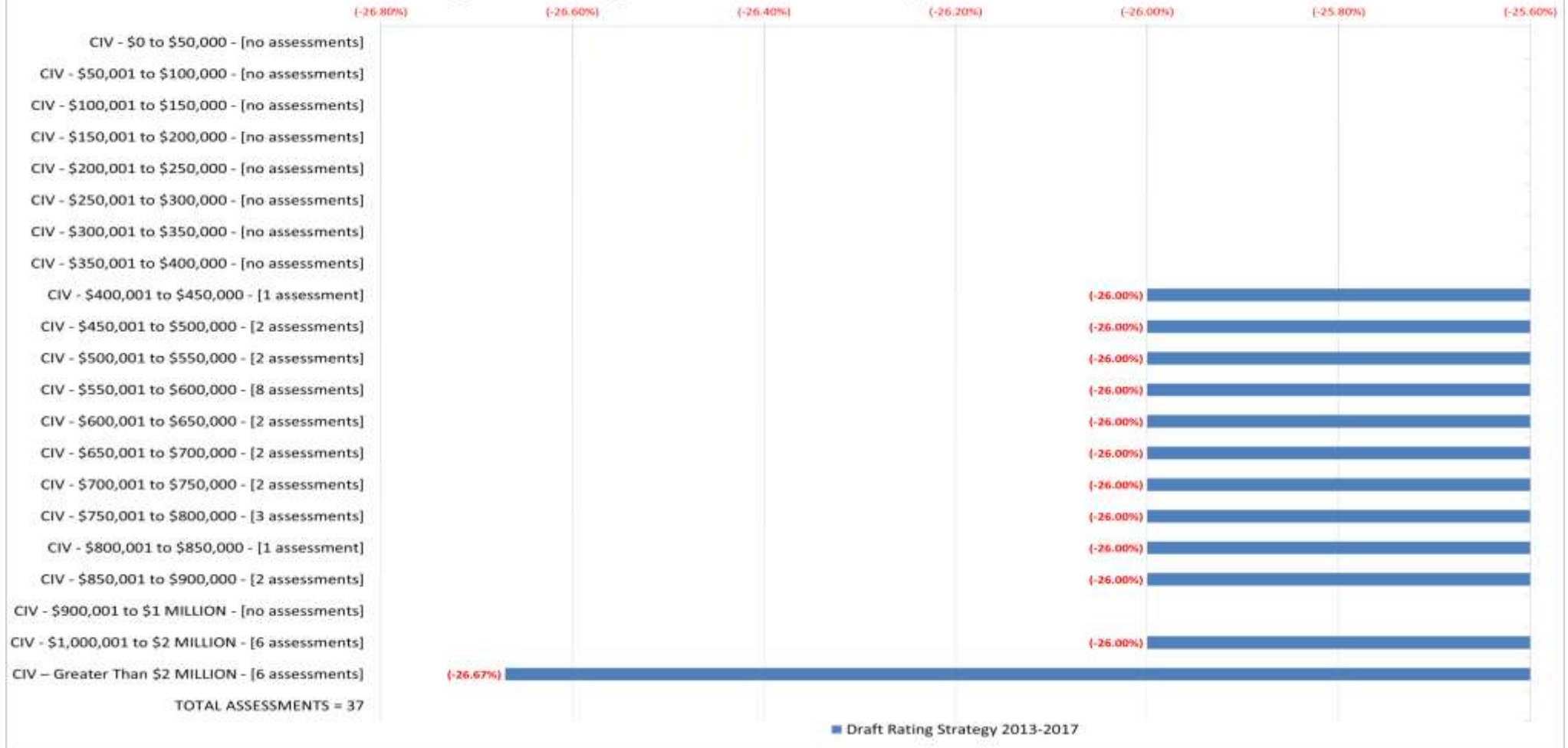
The median valued commercial improved 2 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.10.3.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR COMMERCIAL IMPROVED 2 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for commercial improved 2 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000					
CIV - \$50,001 to \$100,000					
CIV - \$100,001 to \$150,000					
CIV - \$150,001 to \$200,000					
CIV - \$200,001 to \$250,000					
CIV - \$250,001 to \$300,000					
CIV - \$300,001 to \$350,000					
CIV - \$350,001 to \$400,000					
CIV - \$400,001 to \$450,000	1	5,205	3,875	(1,330)	(26.00%)
CIV - \$450,001 to \$500,000	2	5,767	4,287	(1,480)	(26.00%)
CIV - \$500,001 to \$550,000	2	6,234	4,629	(1,605)	(26.00%)
CIV - \$550,001 to \$600,000	8	7,038	5,219	(1,819)	(26.00%)
CIV - \$600,001 to \$650,000	2	7,403	5,487	(1,916)	(26.00%)
CIV - \$650,001 to \$700,000	2	7,988	5,916	(2,072)	(26.00%)
CIV - \$700,001 to \$750,000	2	8,514	6,301	(2,213)	(26.00%)
CIV - \$750,001 to \$800,000	3	9,254	6,844	(2,410)	(26.00%)
CIV - \$800,001 to \$850,000	1	10,033	7,416	(2,617)	(26.00%)
CIV - \$850,001 to \$900,000	2	10,559	7,802	(2,757)	(26.00%)
CIV - \$900,001 to \$1 MILLION					
CIV - \$1,000,001 to \$2 MILLION	6	13,949	10,288	(3,661)	(26.00%)
CIV – Greater Than \$2 MILLION	6	55,856	38,824	(14,032)	(26.6%7)
TOTAL ASSESSMENTS	37				

Average % Change - Commercial Improved 2 Rate Assessments



7.2.10.4 COMMERCIAL IMPROVED 3 LAND

Commercial improved 3 land comprises of 267 assessments or 16.07% of all commercial improved land assessments and has been modelled at a differential rate set at 200% in comparison to the residential rate. Commercial improved 2 and 3 land will be combined to form one differential rate.

7.2.10.4.1 OBJECTIVE OF COMMERCIAL IMPROVED 3 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.10.4.2 TYPES AND CLASSES OF COMMERCIAL IMPROVED 3 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1 and 2 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 1, 2 and 3 land

and is used primarily for, or is capable of use primarily for commercial purposes.

7.2.10.4.3 USE AND LEVEL OF COMMERCIAL IMPROVED 3 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.10.4.4 GEOGRAPHIC LOCATION

Located outside the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.10.4.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.10.4.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.10.4.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.10.4.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED COMMERCIAL IMPROVED 3 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued commercial improved 3 assessment with a Capital Improved Value (CIV) of \$169,457 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$169,457	\$169,457	0	0.00%
Differential Rate in the Dollar	0.00909690	0.00857372	(0.00052318)	(5.75%)
Differential Rate Ratio	237%	200%		(37.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,542	\$1,453	(\$89)	(5.05%)
TOTAL CONSOLIDATED RATES REVENUE	\$1,756	\$1,667	(\$89) [\$1.71/wk.]	(5.05%)

7.2.10.4.9 SUMMARY OF CHANGES ON A MEDIAN VALUED COMMERCIAL IMPROVED 3 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued commercial improved 3 assessment with a Capital Improved Value (CIV) of \$144,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$144,000	\$144,000	0	0.00%
Differential Rate in the Dollar	0.00909690	0.00857372	(0.00052318)	(5.75%)
Differential Rate Ratio	237%	200%		(37.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,310	\$1,235	(\$75)	(4.94%)
TOTAL CONSOLIDATED RATES REVENUE	\$1,524	\$1,449	(\$75) [\$1.44/wk.]	(4.94%)

The median valued commercial improved 3 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.10.4.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR COMMERCIAL IMPROVED 3 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for commercial improved 3 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	22	532	513	(19)	(3.50%)
CIV - \$50,001 to \$100,000	56	917	876	(41)	(4.25%)
CIV - \$100,001 to \$150,000	65	1,347	1,282	(65)	(5.00%)
CIV - \$150,001 to \$200,000	35	1,784	1,693	(91)	(5.00%)
CIV - \$200,001 to \$250,000	34	2,236	2,120	(116)	(5.00%)
CIV - \$250,001 to \$300,000	19	2,764	2,618	(146)	(5.00%)
CIV - \$300,001 to \$350,000	18	3,203	3,031	(172)	(5.00%)
CIV - \$350,001 to \$400,000	9	3,588	3,394	(194)	(5.00%)
CIV - \$400,001 to \$450,000	7	4,004	3,786	(218)	(5.00%)
CIV - \$450,001 to \$500,000	2	4,608	4,355	(253)	(5.00%)
CIV - \$500,001 to \$550,000					
CIV - \$550,001 to \$600,000					
CIV - \$600,001 to \$650,000					
CIV - \$650,001 to \$700,000					
CIV - \$700,001 to \$750,000					
CIV - \$750,001 to \$800,000					
CIV - \$800,001 to \$850,000					
CIV - \$850,001 to \$900,000					
CIV - \$900,001 to \$1 MILLION					
CIV - \$1,000,001 to \$2 MILLION					
CIV – Greater Than \$2 MILLION					
TOTAL ASSESSMENTS	267				

Average % Change - Commercial Improved 3 Rate Assessments



7.2.11 INDUSTRIAL LAND

Currently there are a total of 729 industrial land assessments.

7.2.11.1 INDUSTRIAL UNIMPROVED LAND

80 assessments (or 10.97% the combined industrial land assessments) have been identified as industrial unimproved land and have been modelled as a separate differential rate type with a differential rate ratio to the residential rate of 200%.

7.2.11.1.1 OBJECTIVE OF INDUSTRIAL UNIMPROVED LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.11.1.2 TYPES AND CLASSES OF INDUSTRIAL UNIMPROVED LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1, 2 and 3 land; or
- vii) Industrial improved 1, 2 and 3 land

and is:

- i) unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or be likely to be used primarily for industrial purposes; and
- ii) on which no building permit for the construction of a new building designed or adapted for permanent occupation has been issued under the *Building Act 1993* prior to the expiry of the rating year.

7.2.11.1.3 USE AND LEVEL OF INDUSTRIAL UNIMPROVED LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.11.1.4 GEOGRAPHIC LOCATION

Wherever located within the municipal district.

7.2.11.1.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.11.1.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.11.1.7 TYPES OF BUILDINGS

This category applies to an unimproved class of land only.

7.2.11.1.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED INDUSTRIAL UNIMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued industrial unimproved assessment with a Capital Improved Value (CIV) of \$399,595 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$399,595	\$399,595	0	0.00%
Differential Rate in the Dollar	0.00649550	0.00857372	0.00207822	31.99%
Differential Rate Ratio	169%	200%		31.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$2,596	\$3,426	\$830	29.56%
TOTAL CONSOLIDATED RATES REVENUE	\$2,810	\$3,640	\$830 [\$15.96/wk.]	29.56%

7.2.11.1.9 SUMMARY OF CHANGES ON A MEDIAN VALUED INDUSTRIAL UNIMPROVED LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued industrial unimproved assessment with a Capital Improved Value (CIV) of \$215,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$215,000	\$215,000	0	0.00%
Differential Rate in the Dollar	0.00649550	0.00857372	0.00207822	31.99%
Differential Rate Ratio	169%	200%		31.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,397	\$1,843	\$447	27.74%
TOTAL CONSOLIDATED RATES REVENUE	\$1,611	\$2,057	\$447 [\$8.60/wk.]	27.74%

The median valued industrial unimproved assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.11.1.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR INDUSTRIAL UNIMPROVED LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for industrial unimproved rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	4	470	552	82	15.75%
CIV - \$50,001 to \$100,000	4	730	896	166	22.5%
CIV - \$100,001 to \$150,000	10	1,015	1,271	256	25.1%
CIV - \$150,001 to \$200,000	17	1,413	1,797	384	26.94%
CIV - \$200,001 to \$250,000	12	1,636	2,091	455	28.00%
CIV - \$250,001 to \$300,000	9	1,976	2,539	563	28.56%
CIV - \$300,001 to \$350,000	5	2,354	3,038	684	29.00%
CIV - \$350,001 to \$400,000	2	2,614	3,382	768	29.00%
CIV - \$400,001 to \$450,000	1	2,858	3,704	846	30.00%
CIV - \$450,001 to \$500,000	2	3,264	4,239	975	30.00%
CIV - \$500,001 to \$550,000	2	3,657	4,758	1,101	30.00%
CIV - \$550,001 to \$600,000					
CIV - \$600,001 to \$650,000					
CIV - \$650,001 to \$700,000	3	4,588	5,987	1,399	30.33%
CIV - \$700,001 to \$750,000					
CIV - \$750,001 to \$800,000					
CIV - \$800,001 to \$850,000					
CIV - \$850,001 to \$900,000	1	6,060	7,930	1,870	31.00%
CIV - \$900,001 to \$1 MILLION	1	6,320	8,273	1,953	31.00%
CIV - \$1,000,001 to \$2 MILLION	3	10,087	13,246	3,159	31.00%
CIV – Greater Than \$2 MILLION	4	14,569	19,162	4,593	31.75%
TOTAL ASSESSMENTS	80				

Average % Change - Industrial Unimproved Rate Assessments



7.2.11.2 INDUSTRIAL IMPROVED 1 LAND

Industrial improved 1 land comprises of 533 assessments or 82.13% of all industrial improved land assessments.

For rate modeling purposes, the contribution towards Shepparton Show Me relating to current industrial improved 1 land has been retained, thereby increasing its ratio to the residential rate to 204%.

7.2.11.2.1 OBJECTIVE OF INDUSTRIAL IMPROVED 1 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services
4. The promotion of business in urban Shepparton

7.2.11.2.2 TYPES AND CLASSES OF INDUSTRIAL IMPROVED 1 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1, 2 and 3 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 2 and 3 land

and is used primarily for, or is capable of use primarily for industrial purposes.

7.2.11.2.3 USE AND LEVEL OF INDUSTRIAL IMPROVED 1 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 204% of the residential improved rate.

7.2.11.2.4 GEOGRAPHIC LOCATION

Located within the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.11.2.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.11.2.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.11.2.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.11.2.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED INDUSTRIAL IMPROVED 1 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued industrial improved 1 assessment with a Capital Improved Value (CIV) of \$620,773 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$620,773	\$620,773	0	0.00%
Differential Rate in the Dollar	0.01025780	0.00875402	(0.00150378)	(14.66%)
Differential Rate Ratio	267%	204%		(63.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$6,368	\$5,434	(\$934)	(14.18%)
TOTAL CONSOLIDATED RATES REVENUE	\$6,582	\$5,648	(\$934) [((\$17.96)/wk.)]	(14.18%)

7.2.11.2.9 SUMMARY OF CHANGES ON A MEDIAN VALUED INDUSTRIAL IMPROVED 1 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued industrial improved 1 assessment with a Capital Improved Value (CIV) of \$331,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$331,000	\$331,000	0	0.00%
Differential Rate in the Dollar	0.01025780	0.00875402	(0.00150378)	(14.66%)
Differential Rate Ratio	267%	204%		(63.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$3,395	\$2,898	(\$498)	(13.79%)
TOTAL CONSOLIDATED RATES REVENUE	\$3,609	\$3,112	(\$498) [((\$9.57)/wk.)]	(13.79%)

The median valued industrial improved 1 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.11.2.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR INDUSTRIAL IMPROVED 1 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for industrial improved 1 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	2	691	621	(70)	(10.00%)
CIV - \$50,001 to \$100,000	30	1,072	946	(126)	(11.83%)
CIV - \$100,001 to \$150,000	43	1,550	1,354	(196)	(12.74%)
CIV - \$150,001 to \$200,000	50	2,016	1,752	(264)	(13.00%)
CIV - \$200,001 to \$250,000	57	2,547	2,205	(342)	(13.11%)
CIV - \$250,001 to \$300,000	48	3,040	2,626	(414)	(14.00%)
CIV - \$300,001 to \$350,000	48	3,495	3,014	(481)	(14.00%)
CIV - \$350,001 to \$400,000	29	4,138	3,563	(575)	(14.00%)
CIV - \$400,001 to \$450,000	30	4,568	3,893	(675)	(14.00%)
CIV - \$450,001 to \$500,000	34	5,095	4,379	(716)	(14.00%)
CIV - \$500,001 to \$550,000	19	5,694	4,890	(804)	(14.00%)
CIV - \$550,001 to \$600,000	19	6,131	5,264	(867)	(14.00%)
CIV - \$600,001 to \$650,000	15	6,608	5,671	(937)	(14.00%)
CIV - \$650,001 to \$700,000	17	7,105	6,095	(1,010)	(14.00%)
CIV - \$700,001 to \$750,000	10	7,733	6,631	(1,102)	(14.00%)
CIV - \$750,001 to \$800,000	5	8,215	7,042	(1,173)	(14.00%)
CIV - \$800,001 to \$850,000	4	8,754	7,502	(1,252)	(14.00%)
CIV - \$850,001 to \$900,000	6	9,241	7,918	(1,323)	(14.00%)
CIV - \$900,001 to \$1 MILLION	8	10,023	8,585	(1,438)	(14.00%)
CIV - \$1,000,001 to \$2 MILLION	38	13,973	11,958	(2,015)	(14.11%)
CIV – Greater Than \$2 MILLION	21	54,917	46,898	(8,019)	(15.00%)
TOTAL ASSESSMENTS	533				

Average % Change - Industrial Improved 1 Rate Assessments



7.2.11.3 INDUSTRIAL IMPROVED 2 LAND

Industrial improved 2 land comprises of 29 assessments or 4.47% of all industrial improved land assessments and has been modelled at a differential rate set at 200% in comparison to the residential rate. Industrial improved 2 and 3 land will be combined to form one differential rate.

7.2.11.3.1 OBJECTIVE OF INDUSTRIAL IMPROVED 2 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.11.3.2 TYPES AND CLASSES OF INDUSTRIAL IMPROVED 2 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1, 2 and 3 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 1 and 3 land

and is used primarily for, or is capable of use primarily for industrial purposes.

7.2.11.3.3 USE AND LEVEL OF INDUSTRIAL IMPROVED 2 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.11.3.4 GEOGRAPHIC LOCATION

Located outside the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.11.3.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.11.3.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.11.3.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.11.3.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED INDUSTRIAL IMPROVED 2 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued industrial improved 2 assessment with a Capital Improved Value (CIV) of \$3,345,034 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$3,345,034	\$3,345,034	0	0.00%
Differential Rate in the Dollar	0.01274130	0.00857372	(0.00416758)	(32.71%)
Differential Rate Ratio	332%	200%		(132.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$42,620	\$28,679	(\$13,941)	(32.55%)
TOTAL CONSOLIDATED RATES REVENUE	\$42,834	\$28,893	(\$13,941) [((\$268.10)/wk.)]	(32.55%)

7.2.11.3.9 SUMMARY OF CHANGES ON A MEDIAN VALUED INDUSTRIAL IMPROVED 2 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued industrial improved 2 assessment with a Capital Improved Value (CIV) of \$980,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$980,000	\$980,000	0	0.00%
Differential Rate in the Dollar	0.01274130	0.00857372	(0.00416758)	(32.71%)
Differential Rate Ratio	332%	200%		(132.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$12,486	\$8,402	(\$4,084)	(32.16%)
TOTAL CONSOLIDATED RATES REVENUE	\$12,700	\$8,616	(\$4,084) [((\$78.54)/wk.)]	(32.16%)

The median valued industrial improved 2 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.11.3.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR INDUSTRIAL IMPROVED 2 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for industrial improved 2 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000					
CIV - \$50,001 to \$100,000					
CIV - \$100,001 to \$150,000					
CIV - \$150,001 to \$200,000					
CIV - \$200,001 to \$250,000					
CIV - \$250,001 to \$300,000					
CIV - \$300,001 to \$350,000	1	4,215	2,906	(1,309)	(31.00%)
CIV - \$350,001 to \$400,000					
CIV - \$400,001 to \$450,000					
CIV - \$450,001 to \$500,000	2	6,343	4,338	(2,005)	(32.00%)
CIV - \$500,001 to \$550,000	2	6,903	4,715	(2,188)	(32.00%)
CIV - \$550,001 to \$600,000	2	7,668	5,230	(2,438)	(32.00%)
CIV - \$600,001 to \$650,000	1	7,986	5,444	(2,542)	(32.00%)
CIV - \$650,001 to \$700,000	1	8,878	6,044	(2,834)	(32.00%)
CIV - \$700,001 to \$750,000	1	9,515	6,473	(3,042)	(32.00%)
CIV - \$750,001 to \$800,000	1	10,407	7,073	(3,334)	(32.00%)
CIV - \$800,001 to \$850,000	2	10,662	7,244	(3,418)	(32.00%)
CIV - \$850,001 to \$900,000					
CIV - \$900,001 to \$1 MILLION	2	12,700	8,616	(4,084)	(32.00%)
CIV - \$1,000,001 to \$2 MILLION	5	20,422	13,812	(6,610)	(32.00%)
CIV – Greater Than \$2 MILLION	9	112,281	75,625	(36,656)	(32.78%)
TOTAL ASSESSMENTS	29				

Average % Change - Industrial Improved 2 Rate Assessments



7.2.11.4 INDUSTRIAL IMPROVED 3 LAND

Industrial improved 3 land comprises of 87 assessments or 13.41% of all industrial improved land assessments and has been modelled at a differential rate set at 200% in comparison to the residential rate. Industrial improved 2 and 3 land will be combined to form one differential rate.

7.2.11.4.1 OBJECTIVE OF INDUSTRIAL IMPROVED 3 LAND RATE

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

7.2.11.4.2 TYPES AND CLASSES OF INDUSTRIAL IMPROVED 3 LAND

Rateable land having the relevant characteristics described below:

Any land which does not have the characteristics of:

- i) Residential improved land; or
- ii) Residential unimproved land; or
- iii) Farm land; or
- iv) Rural residential lifestyle land; or
- v) Commercial unimproved land; or
- vi) Commercial improved 1, 2 and 3 land; or
- vii) Industrial unimproved land; or
- viii) Industrial improved 1 and 2 land

and is used primarily for, or is capable of use primarily for industrial purposes.

7.2.11.4.3 USE AND LEVEL OF INDUSTRIAL IMPROVED 3 LAND RATE

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is set at 200% of the residential improved rate.

7.2.11.4.4 GEOGRAPHIC LOCATION

Located outside the Urban Shepparton Area bounded by:

- The Goulburn River to the west
- Wanganui Road and Ford Road to the north, but including the Goulburn Valley Highway to the Barmah-Shepparton Road
- The Shepparton Heavy vehicle By-Pass to the east, but including Benalla Road to Davies Drive
- River Road to the south

7.2.11.4.5 USE OF LAND

Any use permitted under the relevant Planning Scheme.

7.2.11.4.6 PLANNING SCHEME ZONING

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.

7.2.11.4.7 TYPES OF BUILDINGS

All buildings which are now constructed on the land or which are constructed prior to the expiry of the rating year.

7.2.11.4.8 SUMMARY OF CHANGES ON AN AVERAGE VALUED INDUSTRIAL IMPROVED 3 LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued industrial improved 3 assessment with a Capital Improved Value (CIV) of \$200,862 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$200,862	\$200,862	0	0.00%
Differential Rate in the Dollar	0.00858440	0.00857372	(00001068)	(0.12%)
Differential Rate Ratio	223%	200%		(23.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,724	\$1,722	(\$2)	(0.11%)
TOTAL CONSOLIDATED RATES REVENUE	\$1,938	\$1,936	(\$2) [((\$0.04)/wk.)]	(0.11%)

7.2.11.4.9 SUMMARY OF CHANGES ON A MEDIAN VALUED INDUSTRIAL IMPROVED 3 LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued industrial improved 3 assessment with a Capital Improved Value (CIV) of \$203,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$203,000	\$203,000	0	0.00%
Differential Rate in the Dollar	0.00858440	0.00857372	(00001068)	(0.12%)
Differential Rate Ratio	223%	200%		(23.00%)
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$1,743	\$1,740	(\$3)	(0.11%)
TOTAL CONSOLIDATED RATES REVENUE	\$1,957	\$1,954	(\$3) [((\$0.06)/wk.)]	(0.11%)

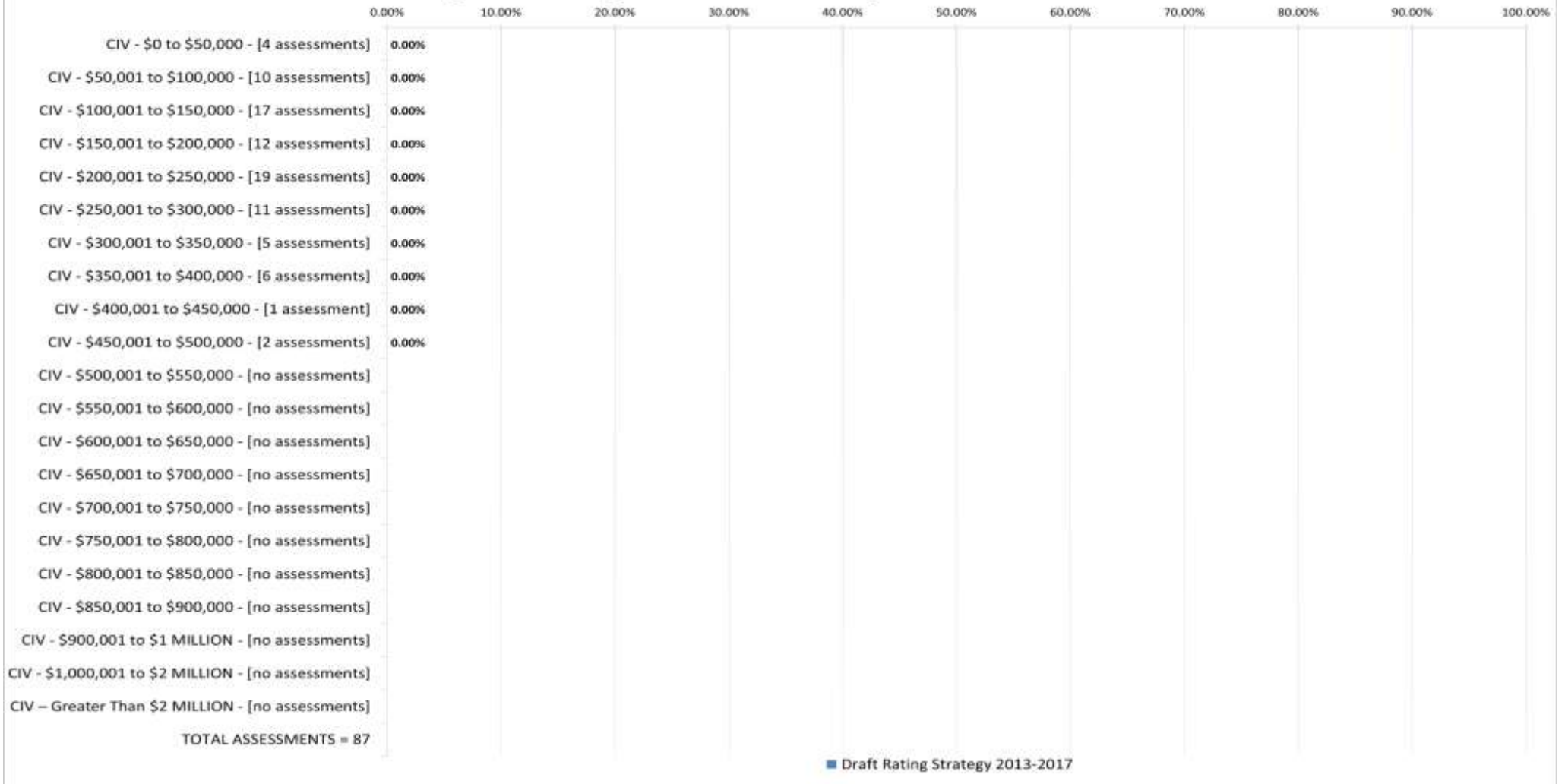
The median valued industrial improved 3 assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.11.4.10 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR INDUSTRIAL IMPROVED 3 LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for industrial improved 3 rate assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000	4	497	497	0	0.00%
CIV - \$50,001 to \$100,000	10	885	884	(1)	0.00%
CIV - \$100,001 to \$150,000	17	1,263	1,262	(1)	0.00%
CIV - \$150,001 to \$200,000	12	1,688	1,687	(1)	0.00%
CIV - \$200,001 to \$250,000	19	2,133	2,130	(1)	0.00%
CIV - \$250,001 to \$300,000	11	2,561	2,559	(1)	0.00%
CIV - \$300,001 to \$350,000	5	2,987	2,983	(1)	0.00%
CIV - \$350,001 to \$400,000	6	3,344	3,341	(1)	0.00%
CIV - \$400,001 to \$450,000	1	3,725	3,721	(1)	0.00%
CIV - \$450,001 to \$500,000	2	4,317	4,312	(1)	0.00%
CIV - \$500,001 to \$550,000					
CIV - \$550,001 to \$600,000					
CIV - \$600,001 to \$650,000					
CIV - \$650,001 to \$700,000					
CIV - \$700,001 to \$750,000					
CIV - \$750,001 to \$800,000					
CIV - \$800,001 to \$850,000					
CIV - \$850,001 to \$900,000					
CIV - \$900,001 to \$1 MILLION					
CIV - \$1,000,001 to \$2 MILLION					
CIV – Greater Than \$2 MILLION					
TOTAL ASSESSMENTS	87				

Average % Change - Industrial Improved 3 Rate Assessments



7.2.12 RECREATIONAL LAND

Under the *Cultural and Recreational Land Act 1963*, provision is made for a Council to grant a rating concession to any recreational lands which meet the test of being rateable land under the *Local Government Act 1989*.

7.2.12.1 RECREATIONAL LAND – LOCAL COMMUNITY FOCUS OR USE

Outdoor recreational facilities that predominantly have a local community focus or use, minimal level of business activity and voluntary administration are currently not required to make a contribution in lieu of rates under the provisions of the *Cultural and Recreational Land Act 1963*.

7.2.12.2 RECREATIONAL LAND – REGIONAL USE

Outdoor recreational lands developed primarily for regional use as evidenced by paid administrative support and/or commercial business dealings in their operation or management are currently granted a rates concession under the provisions of the *Cultural and Recreational Land Act 1963*.

Such rateable land is described below and has been modelled at a ratio of 73% of the residential differential rate:

Property Location	Ratepayer Name
71 Gowrie Street TATURA	Hilltop Golf and Country Club
160-200 Ross Street TATURA	Tatura and Shepparton Racing Club
7580 Goulburn Valley Highway KIALLA	Shepparton Trotting Club
2 Fairway Drive MOORoopna	Mooroopna Golf Club Inc
15 Golf Drive SHEPPARTON	Shepparton Golf Club Inc
55 Rudd Road SHEPPARTON	Shepparton Golf Club Inc
7582 Goulburn Valley Highway KIALLA	Shepparton Greyhound Racing Club

The level of the differential rate is set at 73% of the residential improved rate.

7.2.12.2.1 SUMMARY OF CHANGES ON AN AVERAGE VALUED RECREATIONAL LAND ASSESSMENT

A summary of the impacts of the modelled changes on an **average** valued recreational land assessment with a Capital Improved Value (CIV) of \$1,569,571 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Average CIV	\$1,569,571	\$1,569,571	0	0.00%
Differential Rate in the Dollar	0.00279990	0.00312941	0.00032951	11.77%
Differential Rate Ratio	73%	73%		0.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$4,395	\$4,912	\$517	11.22%
TOTAL CONSOLIDATED RATES REVENUE	\$4,609	\$5,126	\$517 [\$9.94/wk.]	11.22%

7.2.12.2.2 SUMMARY OF CHANGES ON A MEDIAN VALUED RECREATIONAL LAND ASSESSMENT

A summary of the impacts of the modelled changes on a **median** valued recreational land assessment with a Capital Improved Value (CIV) of \$1,380,000 is detailed below:

Rates Component	2012-2013	Rating Strategy	Change \$	Change %
Median CIV	\$1,380,000	\$1,380,000	0	0.00%
Differential Rate in the Dollar	0.00279990	0.00312941	0.00032951	11.77%
Differential Rate Ratio	73%	73%		0.00%
Municipal Charge	\$214	\$214	\$0	0.00%
General Differential Rate [Rate in the Dollar x CIV]	\$3,864	\$4,319	\$455	11.15%
TOTAL CONSOLIDATED RATES REVENUE	\$4,078	\$4,533	\$455 [\$8.75/wk.]	11.15%

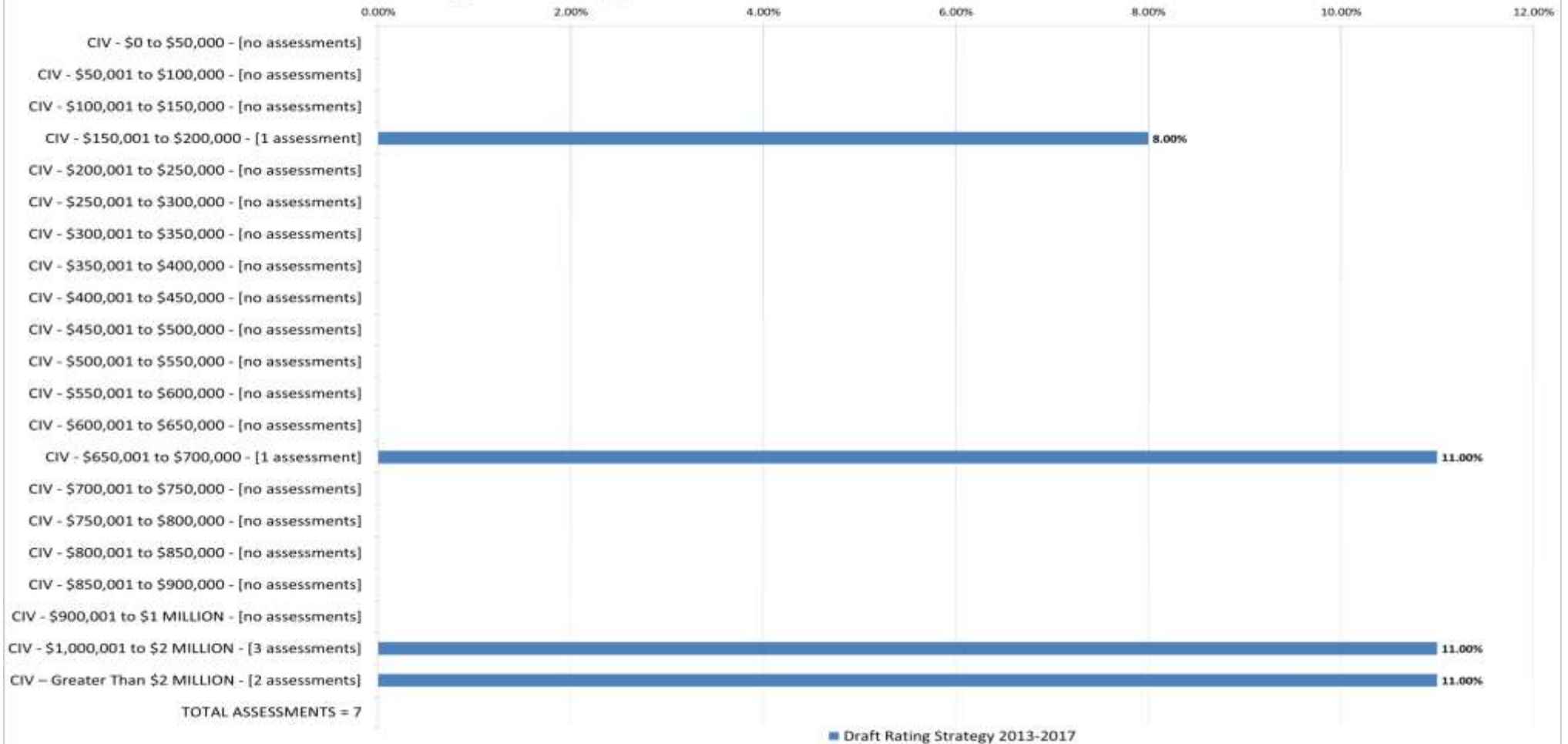
The median valued recreational land assessment is less than the average valued assessment due to the spread between high and low valued properties.

7.2.12.2.3 SUMMARY OF CHANGES ON AVERAGE CONSOLIDATED RATES REVENUE FOR RECREATIONAL LAND ASSESSMENTS BY CIV RANGE

A summary of the modelled changes to the average total consolidated rates revenue for recreational land assessments within Capital Improved Value (CIV) ranges is detailed below:

Capital Improved Value (CIV) Range	Assessment Nos	2012-2013 \$	Rating Strategy \$	Change \$	Change %
CIV - \$0 to \$50,000					
CIV - \$50,001 to \$100,000					
CIV - \$100,001 to \$150,000					
CIV - \$150,001 to \$200,000	1	710	768	58	8.00%
CIV - \$200,001 to \$250,000					
CIV - \$250,001 to \$300,000					
CIV - \$300,001 to \$350,000					
CIV - \$350,001 to \$400,000					
CIV - \$400,001 to \$450,000					
CIV - \$450,001 to \$500,000					
CIV - \$500,001 to \$550,000					
CIV - \$550,001 to \$600,000					
CIV - \$600,001 to \$650,000					
CIV - \$650,001 to \$700,000	1	2,062	2,279	217	11.00%
CIV - \$700,001 to \$750,000					
CIV - \$750,001 to \$800,000					
CIV - \$800,001 to \$850,000					
CIV - \$850,001 to \$900,000					
CIV - \$900,001 to \$1 MILLION					
CIV - \$1,000,001 to \$2 MILLION	3	4,395	4,887	492	11.00%
CIV – Greater Than \$2 MILLION	2	8,152	9,086	934	11.00%
TOTAL ASSESSMENTS	7				

Average % Change - Recreational Land Rate Assessments



8 IMPLEMENTATION OF CHANGES TO DIFFERENTIAL RATE RATIOS

Proposals contained within the Rating Strategy 2013-2017 will be implemented over two years. Assuming a two-year staging, the proposed differential ratios would be as follows:

Differential Rate Type	2012-2013		Rating Strategy	2013-2014		2014-2015	
	Ratio to Residential Rate	Differential Rate Type		Ratio to Residential Rate	Change	Ratio to Residential Rate	Change
Residential Unimproved and Improved Land	100%	Residential Unimproved Rate		100%	0%	100%	0%
Residential Unimproved and Improved Land	100%	Residential Rate		100%	0%	100%	0%
Farm Land	100%	Farm Rate		95%	(5%)	90%	(5%)
Farm Land	100%	Rural Residential Rate		100%	0%	100%	0%
Commercial Unimproved Land	140%	Commercial Unimproved Rate		172%	32%	200%	28%
Commercial Improved 1 Land	301% [*includes contribution to Shepparton Show Me]	Commercial Improved 1 Rate		257% [*includes contribution to Shepparton Show Me]	(44%)	217% [*includes contribution to Shepparton Show Me]	(40%)
Commercial Improved 2 Rate	304%	Commercial Improved 2 Rate		249%	(55%)	200%	(49%)

Differential Rate Type	2012-2013	Rating Strategy Differential Rate Type	2013-2014	Change	2014-2015	Change
	Ratio to Residential Rate		Ratio to Residential Rate		Ratio to Residential Rate	
Commercial Improved 3 Land	237%	Commercial Improved 2 Rate	217%	(20%)	200%	(17%)
Industrial Unimproved Land	169%	Industrial Unimproved Rate	185%	16%	200%	15%
Industrial Improved 1 Land	267% [*includes contribution to Shepparton Show Me]	Industrial Improved 1 Rate	234% [*includes contribution to Shepparton Show Me]	(33%)	204% [*includes contribution to Shepparton Show Me]	(30%)
Industrial Improved 2 Rate	332%	Industrial Improved 2 Rate	262%	(70%)	200%	(62%)
Industrial Improved 3 Land	223%	Industrial Improved 2 Rate	211%	(12%)	200%	(11%)
Cultural and Recreational Land	73%	Cultural and Recreational Land	73%	0%	73%	0%

9 REQUIREMENTS FOR PAYMENT OF RATES AND CHARGE

9.1 LIABILITY TO PAY RATES

The owner of land is liable to pay the rates and charges on that land. In certain cases, the occupier, mortgagee or licensee holder is liable to pay the rates.

The Act declares the rate or charge, unpaid interest or costs to be a first charge upon the land.

9.2 PAYMENT DATES FOR RATES

Rates are a charge on the property and the Council will allow them to be paid in one of the following ways:

- **BY FOUR INSTALMENTS**

Payments must be made on or before the following dates fixed by the Minister by notice published in the Government Gazette:

- **1st Instalment** – due by 30 September
- **2nd Instalment** – due by 30 November
- **3rd Instalment** – due by 28 February
- **4th Instalment** – due by 31 May

To be eligible to pay by four instalments, the amount of the first instalment must be paid by 30 September. Payments made after that date will not be eligible for the instalment plan and will be treated as part payment only, with the balance to be paid in full by 15 February.

The first instalment is an amount as near as possible to $\frac{1}{4}$ of the current rates and charges plus any arrears carried forward from previous rating years.

- **BY LUMP SUM**

Lump sum payments made on or before 15 February (i.e. the date fixed by the Minister by notice published in the Government Gazette)

9.3 PAYMENT METHODS

Council offers an extensive range of payment options including Bpay, direct debit, internet via www.greatershepparton.com.au, by mail, telephone, over the counter services at Council, the Commonwealth Bank or Australia Post agencies.

From 2013-2014, Council will introduce an additional direct debit payment method which will allow ratepayers to pay their rates in 10 equal monthly payments. The 10 month period commences in September and ends in June each financial year. This method is convenient, can be easier on the budget and relieves the worry of paying on time.

Monthly payments will be deducted from ratepayer's nominated accounts on the last Friday of each month, commencing from September.

Ratepayers can also use Centrepay to arrange regular deductions from their Centrelink payment.

9.4 INCENTIVES FOR PROMPT PAYMENT

The Act provides that incentives for prompt payment may be offered. Discount for early payment should be based on cash flow benefit to Council.

Council offers alternative payment options via a number of agencies and services to provide ratepayers with choices to make it easy for them to pay their rates.

From 1 July 2013, councils across the state will be required to collect a Fire Services Levy on behalf of the Victorian Government by including the Government levy as a separate line item on Council's rate notices. Whilst the Government's new legislation allows for the amount of the levy to be paid by instalments or by a lump sum, it does not provide for incentives to be provided for early payment.

To provide a discount on Council rates and not the Government's levy would be administratively cumbersome and potentially costly. As a result, there is no benefit to Council to continue to offer any incentives for prompt payment.

9.5 PAYMENT DIFFICULTIES

Ratepayers who are experiencing difficulties in paying their rates should contact the Council immediately to discuss an alternative payment arrangement. These enquiries are treated confidentially and will help prevent costly legal action for recovery of overdue rates from commencing.

Interest will still be charged on overdue rates and charges not paid by their respective due dates.

9.5.1 ARRANGEMENTS

Ratepayers can elect to be placed on an "arrangement" that spreads their rate payment over an agreed period by completing a Payment Plan form which can be downloaded from Council's website or can be obtained by contacting the Council.

Approval may be granted as long as an acceptable amount is paid either on a weekly, fortnightly or monthly basis. Interest will still be charged on all overdue amounts until paid in full.

All enquiries are treated confidentially, and early communication from you may help prevent the commencement of costly legal action for the recovery of outstanding rates.

9.5.2 DEFERRED PAYMENTS

Councils have the power to defer payment of rates and charges, for those people who have proven financial difficulties. Where deferment of rates and charges is approved, interest continues to accrue on outstanding amounts.

9.5.3 FINANCIAL HARDSHIP

Councils have the power to waive part or all of any rates and charges, under financial hardship provisions. All financial hardship applications are assessed on an individual basis with the aim of establishing an agreed payment arrangement.

9.6 INTEREST ON LATE PAYMENTS

In accordance with section 172 of the *Local Government Act 1989*, the Council will charge interest on late payments which have not been paid by the required lump sum payment date or instalment dates.

The interest is to be calculated at the rate fixed by the Attorney-General under section 2 of the *Penalty Interest Rates Act 1983* that applied on the first day of July immediately before the due date for payment; and becomes payable-

- (i) if the payment was payable in instalments only, on and from the date on which the missed instalment was due; or
- (ii) if the payment was payable either in instalments or in a lump sum and the first instalment was paid by the date it was due, on and from the date on which the relevant subsequent missed instalment was due; or
- (iii) if the payment was payable either in instalments or in a lump sum, and neither the first instalment nor the lump sum were paid by the dates the first instalment or the lump sum were due, on and from the date on which each missed instalment was due.

Interest continues to be payable until the payment or recovery of the rates and charges.

9.7 PENSIONER RATE CONCESSIONS

A pensioner concession for eligible concession card holders will provide a 50 per cent discount off council rates up to a maximum amount set by the State Government.

Eligible cards are:

- Pensioner Concession Card issued by Centrelink or the Department of Veterans Affairs (DVA)
- DVA Gold Card - Totally and Permanently incapacitated (TPI)
- DVA Gold Card - War Widow (WW)

Please note:

- Health Care Card holders are ineligible for the rebate
- This Government rebate is only available for the pensioner's principal place of residence which is listed on their concession card.

As there are a number of criteria that determine whether a full or part rebate is applied to a property, these details are included in the table below:

Pensioner – only owner	100% Rebate
Pensioner and Pensioner Spouse – only owners	100% Rebate
Pensioner and Non-Pensioner Spouse – only owners	100% Rebate
Pensioner and Pensioner spouse and one other Pensioner owner	100% Rebate

Pensioner and Pensioner spouse and one other Non Pensioner owner	66.6% Rebate
Pensioner and Non Pensioner spouse and one other Non Pensioner owner	50% Rebate
Pensioner and two other Non Pensioner owners	33.3% Rebate
Pensioner and three other Non Pensioner owners	25% Rebate
Pensioner and six other Non Pensioner owners	16.66% Rebate

9.8 RATE REBATE FOR COVENANTED AREAS

Trust for Nature is a non-profit independent organization working to assist private landowners to protect the native habitat on their property. Trust for Nature's covenanting program falls under the *Victorian Conservation Trust Act 1972*.

A conservation covenant is a permanent, legally-binding agreement placed on a property's title to ensure native vegetation on the property is protected forever. The agreement is voluntary and negotiated between Trust for Nature and each individual landholder.

In partnership with the Trust for Nature and the Natural Heritage Trust, the Council is offering a rate rebate to landholders with a conservation covenant.

A rebate of up to \$20 per hectare is available. The total rebate will depend on the rated value of the covenanted area with a minimum rebate of \$100 and a maximum rebate of \$1,000 per landholder.

Landowners that have native pastures bush or swamps on their land are encouraged to apply for a conservation covenant with the Trust for Nature. Once the covenant has been registered, the ratepayer will automatically receive a rate rebate.

9.9 DEBT RECOVERY – COLLECTION OF OVERDUE RATES

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. Amendments to the Act require both the vendor and buyer of property, or their agents (e.g. solicitors), to notify Council by way of notices of disposal and acquisition respectively.

In the event that an account becomes overdue, Council will issue an overdue final notice which includes interest charges. If the account remains unpaid Council may take legal action without further notice to recover any overdue amount. All fees and court costs are recoverable from the ratepayer.

10 ANNUAL REVIEW

Council's rating strategy should be reviewed annually as part of the Budget processes to ensure that Council strategic objectives are balanced against the community's ability to pay.

11 ACKNOWLEDGEMENTS

1. Municipal Association Victoria produced documents, parts of which were used in this document.
2. Rating Strategies of other Victorian regional and neighbouring councils, from which some text has been directly copied into this document.
3. The work and efforts of the members of the Rating Strategy Reference Group.