



DRAFT Revenue and Rates Plan 2025-29

June 2025



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Acknowledgement of Country

Murrindindi Shire Council is proud to acknowledge the Taungurung and Wurundjeri Woi-wurrung people as the Traditional Owners of the land we now call Murrindindi Shire. We pay our respects to First Nations leaders and Elders, past, present and emerging, who are the keepers of history, traditions, knowledge and culture of this land. We commit to working in collaboration with Traditional Owners of this land in a spirit of reconciliation and partnership.

About this Plan

1.1 What is a Revenue and Rating Plan?

The Revenue and Rating Plan explains how Council will raise funds to pay for services, facilities and infrastructure. This includes finding the most appropriate and affordable rates approach for Murrindindi's residents and businesses.

The Local Government Act 2020 (the Act 2020) requires Council to have a Revenue and Rating Plan. The Plan needs to be in place for at least four years after a Council election. Council adopted its first Revenue and Rating Plan under the Act 2020 in April 2021. This new Plan covers the period 1 July 2025 to 30 June 2029.

The Revenue and Rating Plan includes options for structuring the rating system that are allowable under the Act 2020, and that are fair and equitable. It also includes principles for decision-making for other income sources such as fees and charges.

The Plan does not set targets for Council's income. This is determined annually in Council's Annual Budget. Instead, the Plan determines how Council will raise its revenue. The Revenue and Rating Plan may be reviewed and updated when required to ensure its revenue raising approach remains consistent with Council's Annual Budget and its revenue raising targets and to ensure rates options (eg Differential rates) remain fair and equitable.

Council has prepared this Rating Plan to support the 10 Year Community Vision and the achievement of the objectives in the Council Plan 2025-2029. The 2035 Community Vision is outlined below:

The 10-Year Community Vision

Together, we are a vibrant rural community where everyone feels welcome and valued, young people see a future, every person is supported and empowered, and diversity is genuinely embraced. Our heritage and landscapes are celebrated, and our economy is thriving. We cherish all that makes this Shire unique.

Murrindindi is the destination of choice - to live, to visit, and to enjoy.

The key objectives and goals of the Council Plan 2025-2029 to support the Community Vision are outlined overleaf:

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A Thriving and Prosperous Shire	Healthy, Inclusive and Resilient Communities	Trusted Leadership and Sustainable Services
Goal 1 Sustainable population growth and land use planning	Goal 4 Health, wellbeing and active living	Goal 7 Sustainable infrastructure and financial management
Goal 2 Economic development, local jobs and skills	Goal 5 Community resilience and disaster preparedness	Goal 8 Efficient and responsive services
Goal 3 Healthy natural environment and climate-resilient future	Goal 6 Social connection and inclusion	Goal 9 Transparent governance and meaningful engagement

The Revenue and Rating Plan determines the most appropriate and affordable revenue and rating approach for Council to adequately finance the objectives in the Council Plan 2025-2029.

The Plan links to the achievement of the Community Vision and the Council Plan within our Integrated Strategic Planning and Reporting Framework. This framework guides Council in identifying community needs and aspirations over the long term (10 year Community Vision), medium term (4-year Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

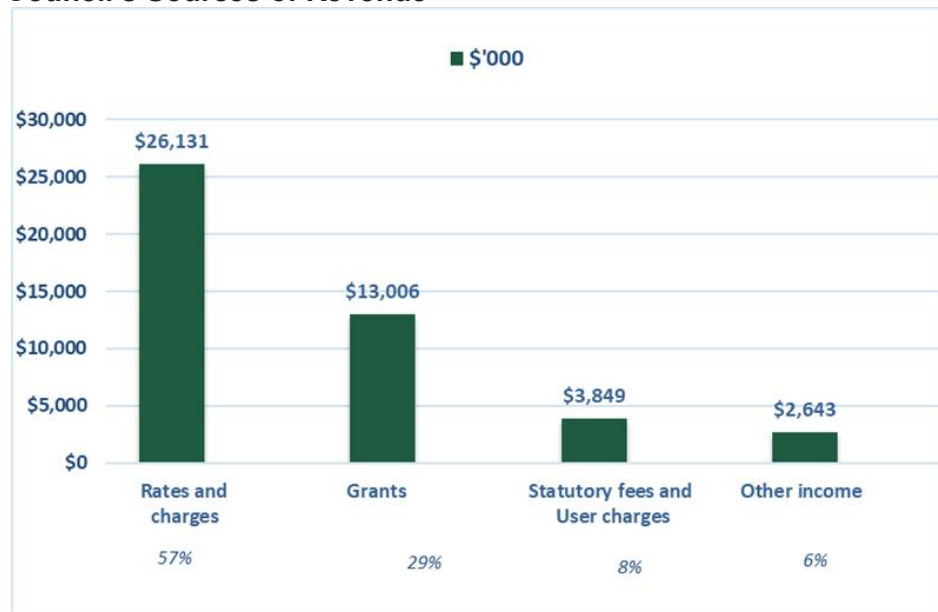
In summary, the Revenue and Rating Plan is a medium-term plan for how Council will generate revenue to deliver on the Council Plan, including Council programs and services, and investment in infrastructure over the next four years.

1.2 Where does Council's revenue come from?

Council has a number of revenue streams that are used to fund the assets and services that are provided to the community. For the 2025/26 year, total revenue is expected to be \$45.6 million. The most significant revenue streams contributing 94% of this total revenue include:

- property rates and charges (\$26.1 million, or approximately 57% of total revenue)
- government grants (\$13 million, or approximately 28% of total revenue), and
- user fees, charges & fines (\$3.8 million, or approximately 9% of total revenue).

Council's Sources of Revenue



Other revenue streams that are not covered in detail in this plan include (but are not limited to) income from interest, contributions, rentals and fair value adjustments. These items are not included as part of this plan as they are either:

- Covered under other Council plans and/or strategies,
- Comparatively minor in value, and/or
- Council is unable to influence the revenue received.

As stated, the revenue Council raises is used to fund services and facilities for the Murrindindi community. Being able to maintain these services at their current levels whilst continuing to invest in community assets remain key priorities for Council.

Rates and Charges

Property rates are a wealth tax based on the principle that the value of a property is indicative of the capacity of the property owner to pay property rates.

As shown above, property rates are the most significant source of revenue for Council. Property rates are derived by dividing the revenue required to be raised by rates (determined by Council in the annual budget) by the capital improved value of all properties across the Shire (determined annually by the Valuer General). The resulting rate in the dollar is multiplied by the capital improved value of each property to determine the share of rate revenue to be collected annually from each property.

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Additional rates and charges may be added to properties throughout the year when there are changes in land use and building value, for example following completion of a new dwelling on a previously vacant lot. These developments trigger 'supplementary valuations' to recognise the added value of the new development for rating purposes during the year.

These provide additional revenue for Council (historically between \$250,000 to \$350,000 per annum) based on the changes to the value of the property. Rates raised throughout the year following supplementary valuations become part of the general rates base in the following year.

Growing the rate base (through property subdivision) is an important objective of Council to ensure rates remain affordable whilst still being able to meet the needs of a growing community for services and infrastructure.

The State Government established the Fair Go Rates System in 2015, known as 'rate capping', to limit the amount Victorian councils can increase rate revenue each year without seeking additional approval from the State Government.

The rate cap is intended to be aligned with annual CPI, however through the years it has fallen short of actual CPI. IN addition, CPI is a measure of household inflation, and as such, it does not include the rapid increases in important costs applicable to councils such as wages and construction, or the actual cost of delivering services to growing communities.

Therefore, by capping the growth in rate revenue, the 'Fair Go Rates System' creates challenges for maintaining Council's long term financial sustainability and can restrict Council's ability to maintain service delivery levels and the investment required in community infrastructure.

User Fees and Charges

Whilst Council provides a wide range of public infrastructure services and facilities to the community that are funded from rate income, some services require a fee or charge to recover the cost of providing the service, particularly where the benefit is restricted to the user of the service. For example, there is a fee to hire a public hall for a private function. It is not fair or reasonable that this cost be subsidised by all ratepayers when the benefit is restricted to the individual hirer.

Similarly, there is a fee to recover the cost of a resident depositing materials at a Resource Recovery Centre. Again, it is not fair or reasonable that all ratepayers subsidise the costs of an individual's need to dispose of private waste or recyclable materials.

The level of fees and charges set by Council generally depends on whether they relate to a 'statutory' (that is, required by law) or 'discretionary' (that is, optional) service. Some fees, such as statutory planning fees, are set by the State Government. Council usually has no control over the level of these fees. For other services, Council can set the fee or charge and will do that based on the principles in this Rating Plan.

Grants

Council revenue can also be affected by changes in recurrent and ad hoc grants provided by State and Federal Governments. Some recurrent grants fund or partly fund services (like public libraries or maternal and child health services) and many ad hoc grants fund the building of new community assets, like roads or sporting facilities. Many of these funding programs require matching financial contributions from Council, and therefore Council is often prevented, by its limited cash reserves, from taking full advantage of these funding opportunities. There are also financial obligations that grants generate through the additional ongoing costs of the services or infrastructure they create, which typically are not externally funded, that also need to be considered in grant seeking.

Federal Financial Assistance Grants are an important untied recurrent funding source for small

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rural councils like Murrindindi, where there are limited options for developing alternative funding streams, compared to larger, more urban councils. However, the relative value of this funding assistance has not kept pace with the rising cost of delivering local government services and Council continues to advocate for a fairer share of this funding source to be able to meet its community service obligations.

Each of these revenue sources form the basis for the remainder of this Plan.

Rating legislation

2.1 Legislative framework

The legislative framework set out in the Act 2020 determines Council's ability to develop a rating system. The Local Government Act 1989 (the 1989 Act) guides how rates and charges can be set; and this includes recent amendments made by the Local Government Legislation Amendment (Rating and Other Matters) Act 2022.

2.2 Local Government Act 2020

The following sections of the 2020 Act support the legislative framework that is applicable for the Rating Plan.

Section 8 – Role of a Council

The role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.

Section 9 – Overarching governance principles

A Council must in the performance of its role give effect to the overarching governance principles. Relevant overarching governance principles include:

- Priority is to be given to achieving the best outcomes for the municipal community, including future generations
- The economic, social and environmental sustainability of the municipal district is to be promoted
- The municipal community is to be engaged in strategic planning and strategic decision making
- The ongoing financial viability of Council is to be ensured

In giving effect to the overarching governance principles, a Council must take into account the financial management principles (see below – Section 101).

Section 94 – The Budget

Council must adopt a budget by June 30 each year (or at another time fixed by the Minister) to include:

- The total revenue that Council intends to raise by rates and charges
- A statement as to whether the rates will be raised by the application of a uniform rate or a differential rate
- A description of any fixed component of the rates, if applicable
- If Council proposes to declare a uniform rate, the matters specified in section 160 of the Act 1989
- If Council proposes to declare a differential rate for any land, the matters specified in section 161(2) of the Act 1989

Council must ensure that, if applicable, the budget also contains a statement:

- That Council intends to apply for a special order to increase the Council's average rate cap for the financial year or any other financial year; or
- That Council has made an application to the Essential Services Commission (ESC) for a special order and is waiting for the outcome of the application; or
- That a special Order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year

Section 101 – Financial management principles

Relevant financial management principles include:

- Revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans
- Financial policies and strategic plans, including the Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community.

2.3 Local Government Act 1989 (the 1989 Act)

The following sections of the 1989 Act support the legislative framework that is applicable for the Rating Plan.

Section 155 – Charges that maybe declared

A Council may declare the following rates and charges on rateable land:

- General rates
- Municipal charges
- Service rates and charges
- Special rates and charges

Section 157 – System of valuing land

A Council may use the site value, net annual value or capital improved value system of valuation.

For the purposes of calculating the site value, net annual value or capital improved value of rateable land, a Council must use the current valuations made in respect of the land under the Valuation of Land Act 1960.

Section 161 – Differential rates

Allows councils to apply different general rates based on the type or class of land, provided they use the capital improved value system. Councils can set a differential rate on land if it is deemed appropriate under Ministerial Guidelines for Differential Rating 2013.

2.4 Taxation principles

The State Government's Local Government Better Practice Guide: Revenue and Rating Strategy 2014 states that when developing a rating strategy, in particular with reference to differential rates, councils should consider the following good practice taxation principles:

Wealth tax

This principle implies that the rates paid are dependent upon the value of a ratepayer's real property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates.

Equity

Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation).

Vertical equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a 'relativity' dimension to the fairness of the tax burden).

Efficiency

Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates.

Simplicity

How easily a rates system can be understood by ratepayers and the practicality and ease of administration.

Benefit

The extent to which there is a nexus between consumption/ benefit and the rate burden.

Capacity to pay

The capacity of ratepayers or groups of ratepayers to pay rates.

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Diversity

The capacity of ratepayers within a group to pay rates.

Council will review rates annually including analysis of the movement in property valuations, the percentage of rates contributed by each rating differential and the effect of the principles. Council aims to provide consistency to ratepayers by not significantly changing the rating structure each year.

Differential rating should be applied as equitably as is practical and to comply with the *Ministerial Guidelines for Differential Rating 2013*.

Rates and charges

This Plan outlines the principles and strategic framework that Council will use in calculating and distributing the rating effort to property owners. The amount of rates and charges revenue is determined each year in the Annual Budget.

Rates and charges are property-based taxes that allows Council to raise revenue to fund essential services for our community. Importantly, it is a taxation system that includes flexibility for councils to use different tools in their rating structure to accommodate issues of equity and to ensure fairness for all ratepayers.

Council has adopted a rating structure with three key components:

General rates – variable charge based on the Capital Improved Value of a property

Municipal charge – fixed charge applied to all properties to cover some of the administrative costs of Council

Service charges for recycling and garbage – charges to fully recover the cost of Council's resource recovery and recycling services. This charge is not capped under the Fair Go Rates System – it is based on cost recovery. Council does not make a profit from this charge and invests all funds into providing resource recovery services.

The formula for calculating general rates, excluding any additional charges, arrears or supplementary rates is:

Valuation (Capital Improved Value) x rate in the dollar

The rate in the dollar is determined by dividing the total amount of revenue to be collected as rates (determined in the Council's annual Budget), by the total capital improved value of all rateable properties in the Shire (determined annually by the Victorian Valuer General).

3.1 Valuation method

The 1989 Act and the Valuation of Land Act 1960 are the principal Acts in determining property valuations. Under section 157 (1) of the 1989 Act, Council has three options for the valuation base it elects to use. They are:

- Capital Improved value (CIV) – value of land and improvements upon the land
- Site Value (SV) – value of land only
- Net Annual Value (NAV) – rental valuation based on CIV.

Capital Improved Value (CIV)

Capital Improved Value (CIV) is the most common valuation base by Victorian councils, with over 90 per cent using this methodology. Based on the value of both land and all improvements on the land, it is generally understood by ratepayers, as it is close to the market value of the property. Section 161 of the 1989 Act provides that a Council may raise any general rates by application of a differential rate if:

- It uses the capital improved value system of valuing land; and
- It considers that using a differential rate will help make Council's work more equitable and

efficient.

If a Council does not utilise CIV, it may only apply limited differential rates in relation to farmland, urban farmland or residential use land.

Council uses CIV, as it provides the following advantages:

- CIV includes all improvements and hence is often supported on the basis that it more closely reflects a 'capacity to pay'. The CIV rating method considers the full development value of the property, and therefore better meets the equity criteria than site value and net annual value
- With the valuations being set annually, the market value, and therefore CIV, is more predictable for ratepayers
- With over 90 per cent of councils using CIV, it makes comparisons across councils easier
- Using CIV allows Council to apply differential rates which adds to Council's ability to equitably distribute the rating effort based on ability to afford Council rates. CIV allows Council to apply higher rating differentials to the commercial and industrial sector that offset residential and farming rates.

The major disadvantage with CIV, and indeed all the other rating methods, is that rates are based on the property value which may not necessarily reflect the income level of the property owner, as with pensioners and low-income earners.

Site Value (SV)

There are currently no Victorian Councils that use this valuation base.

With valuations based on the value of land only and with only very limited ability to apply differential rates, the implementation of Site Value would cause a shift in rate effort from the industrial/commercial sectors and residential sector to the farming sector. This would hinder Council's objective of a fair and equitable rating system.

Net Annual Value (NAV)

NAV, in concept, represents the annual rental value of a property. However, in practice, it is loosely linked to Capital Improved Value for residential and farm properties. Valuers derive the NAV directly as 5 per cent of CIV. Overall, the use of NAV is not largely supported. For residential and farm ratepayers, actual rental values pose some problems. The artificial rental estimate used may not represent actual market value, and is harder to understand.

In contrast to the treatment of residential and farm properties, NAV for commercial and industrial properties is assessed with regard to actual market rental. This differing treatment of commercial versus residential and farm properties has led to some suggestions that all properties should be valued on an actual market rental basis. There is currently no legislation that supports this suggestion.



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Recommended valuation base

In summary, Council uses the Capital Improved Value system of valuation base for the following reasons:

- CIV is easy to understand and considered to be the closest approximation to an equitable basis for distribution of the rating effort
- CIV provides Council with the option to levy a full range of differential rates if required, which contributes further to a more equitable outcome across properties. Only limited differential rating is available under the other rating bases.

Property valuations

The Valuer-General Victoria (VGV) undertakes all property valuations on behalf of Council in compliance with the Valuation of Land Act 1960. Council does not undertake any property valuations.

To make a valuation, valuers collect and analyse:

- Property transactions, such as sales and rental transactions
- External and internal inspection data
- Historical government property data records
- Planning and building permit records
- Planning (zones and overlay) information
- Property transaction statistics
- Property title and occupancy details

The Valuation of Land Act 1960 requires that land must be valued at its highest and best use at the time of the valuation.

When property values increase, this does not increase the total amount of rates paid in Murrindindi. Councils do not collect extra revenue based on changes in property valuations. Revaluation may however result in the redistribution of the rates effort.

The total revenue generated from rates revenue is determined by the annual budget process and any increases in revenue are limited by the Fair Go Rates System. Please see page 10 for more detail.

As part of its differential rating approach, Council considers the impacts of revaluations on the various property types to, as far as possible, ensure affordability of Council rates and avoid large rating fluctuations as much as possible.

Supplementary rates and charges

Supplementary valuations are completed in accordance with the Valuation of Land Act 1960 and the Valuations Best Practice Specification Guidelines. These valuations are also undertaken by the Victorian Valuer-General.

Supplementary valuations are performed between annual valuations cycles when there is development on a property that can occur at any time during the year.



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Supplementary valuations bring the value of the affected property in line with the general valuation of other properties within the municipality. In accordance with Part 3 of the Valuation of Land Act 1960, any objections to supplementary valuations must be lodged with Council within two months of the issue of the supplementary rate notice.

3.1 Rating System – Uniform or differential

The purpose of this section is to outline the two rating systems (uniform or differential) that Council can utilise to apply rates and the issues that Council must consider in making its decision on the rating system.

3.2.1 Uniform rate

If a Council declares that general rates will be raised by application of a uniform rate, Council must specify a rate in the dollar as a uniform rate. This uniform rate will then apply to (ie multiplied by) the capital improved value of every rateable property within the municipality.

Murrindindi Council believes that a uniform rate should not be applied to all properties because it is not equitable. Such a rate does not reflect the use of Council services and infrastructure, nor does it create incentive to develop for the best use of a property in the municipality.

3.2.2 Differential rates

Differential rating allows particular classes of properties to have rates set at different levels from the general rate set for the municipality. This method of rating allows Council to shift part of the rate effort from some groups of ratepayers to others, by using different 'rates in the dollar' for each class of property.

Under section 161 of the 1989 Act, if a Council declares a differential rate for any land, Council must:

- Specify the objectives of the differential rate, including a definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate
- Specify the characteristics of the land which form the criteria for declaring the differential rate.

A Council must have regard to any Ministerial Guidelines before declaring a differential rate for any land. The Minister issued the *Ministerial Guidelines for Differential Rating* in April 2013. These guidelines describe what types and classes of land may be considered for differential rates and those that are not appropriate for differential rates or that need to be 'carefully considered'. The Guidelines state that the highest differential rate must be no more than four times the lowest differential rate.

Advantages of a differential rating system

The advantages of utilising a differential rating system are:

- There is greater flexibility to distribute the rate effort between all classes of property and therefore link rates with the ability to pay and reflecting the tax deductibility of rates for businesses.
- Differential rates allow Council to better reflect the investment required by Council to establish infrastructure to meet the needs to the commercial and industrial sector; and



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- Enables Council to encourage developments through its' rating approach e.g. encourage building on vacant land.
- Recognises the disproportionate impact a uniform rate would have on larger single farming enterprises spanning large areas and multiple rateable properties, in rural areas often without close proximity to community services and infrastructure.

Disadvantages of a differential rating system

The disadvantages of utilising a differential rating system are:

- The justification of the differential rate can at times be difficult for the various rating groups to understand, giving rise to queries, objections and complaints.
- Differential rating involves a degree of administrative complexity, as properties can change from one classification to another (e.g. vacant land to residential) requiring Council to process supplementary valuations.

Council has adopted a differential rating system as it considers this structure supports an equitable and efficient distribution of the rating effort.

Benchmarking has been conducted against similar councils to compare rating structures and levels. Based on this analysis of valuation and rating changes since the previous Revenue and Rating Plan, Council has adopted the following the differential rating weights for the 2025/26 year to ensure that there is a fair and equitable distribution of the rating effort across the different types or classes of land:

Type or Class of Land	Differential Weighting
Residential (General)	100%
Commercial / Industrial	120%
Vacant Land	200%
Rural 1 (>40ha)	70%
Rural 2 (4ha to 40ha)	99%

These differential weightings are reviewed each year as part of Council's annual budget preparation.

The following describes each differential rating category:

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General rate (residential land)

Definition	<p>The general rate applies to any land:</p> <ul style="list-style-type: none"> • Which is not commercial/industrial, Rural land or vacant land • Which has a dwelling that is primarily used for residential purposes
Objectives	<p>The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council, including (but not limited to) the:</p> <ul style="list-style-type: none"> • Construction and maintenance of infrastructure assets • Development and provision of health and community services • Provision of general support services
Characteristics	<p>The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land.</p> <p>The vacant land affected by this rate is that which is zoned residential under the Council of Murrindindi Planning Scheme.</p> <p>The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.</p>
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate	<p>The money raised by this rate will be applied to the items of expenditure described in the Budget by Council.</p> <p>The level of the rate for land in this category is considered to provide for an appropriate contribution to the Council's budgeted expenditure, having regard to the characteristics of the land.</p>
Level of rate	100 per cent of the general rate.
Use of land	Is any use permitted under Murrindindi Shire Council's Planning Scheme.
Geographic location	This rate is applicable to land within the municipal district.
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.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2024/2025 year.

Commercial / Industrial land

Definition	<p>Commercial/industrial land is any land:</p> <ul style="list-style-type: none"> • Which is not residential, Rural or vacant land • Which is primarily for: <ul style="list-style-type: none"> - Sale of goods or services - Other commercial purposes - Industrial purposes - Vacant unoccupied land zoned or intended to be used for commercial or industrial purposes
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Objectives	<p>The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Murrindindi Shire Council, including (but not limited to) the:</p> <ul style="list-style-type: none"> • Construction and maintenance of infrastructure assets • Development and provision of health and community services • Provision of general support services
Characteristics	<p>The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land.</p> <p>The vacant land affected by this rate is that which is zoned residential under Murrindindi Shire Council's Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.</p>
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate	<p>The money raised by this rate will be applied to the items of expenditure described in the Budget by Council.</p> <p>The level of the rate for land in this category is considered to provide for an appropriate contribution to the Council's budgeted expenditure, having regard to the characteristics of the land.</p>
Level of rate	120 per cent of the general rate.
Use of land	Is any use permitted under Murrindindi Shire Council's Planning Scheme.
Geographic location	This rate is applicable to land within the municipal district.
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.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2024/2025 year.

Rural 1 (>40ha) land

Definition	<p>Rural 1 land (greater than 40 hectares) refers to land that is not classified as residential, commercial, or industrial. It also excludes vacant land. This category includes any Rural land that is at least 40 hectares in size and may comprise non-contiguous parcels within the Shire that operate as a single farm enterprise.</p>
Objectives	<p>The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:</p> <ul style="list-style-type: none"> • Construction and maintenance of infrastructure assets • Development and provision of health and community services • Provision of general support services

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Characteristics	<p>The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land.</p> <p>The vacant land affected by this rate is that which is zoned residential under Murrindindi Shire Council's Planning Scheme.</p> <p>The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.</p>
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate	<p>The money raised by this rate will be applied to the items of expenditure described in the Budget by Council.</p> <p>The level of the rate for land in this category is considered to provide for an appropriate contribution to the Council's budgeted expenditure, having regard to the characteristics of the land.</p>
Level of rate	70 per cent of the general rate.
Use of land	Is any use permitted under Murrindindi Shire Council's Planning Scheme.
Geographic location	This rate is applicable to land within the municipal district
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.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2024/2025 year.

Rural 2 (<40ha) land

Definition	Rural 2 land (less than 40 hectares) refers to land that is not classified as residential, commercial, or industrial. It also excludes vacant land. This category includes any Rural land that greater than 4 hectares and less than 40 hectares in area and may comprise non-contiguous parcels within the Shire that operate as a single farm enterprise.
Objectives	<p>The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:</p> <ul style="list-style-type: none"> • Construction and maintenance of infrastructure assets • Development and provision of health and community services • Provision of general support services
Characteristics	<p>The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land.</p> <p>The vacant land affected by this rate is that which is zoned residential under the Murrindindi Shire Council's Planning Scheme.</p> <p>The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.</p>
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.

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Use of rate	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to the Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	99 per cent of the general rate.
Use of land	Is any use permitted under Murrindindi Shire Council's Planning Scheme.
Geographic location	This rate is applicable to land within the municipal district
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.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2024/2025 year.

Vacant land

Definition	Vacant Land is any land: <ul style="list-style-type: none"> • Which is not residential; commercial/industrial land or Rural land • On which no dwelling has been erected
Objectives	The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: <ul style="list-style-type: none"> • Construction and maintenance of infrastructure assets • Development and provision of health and community services • Provision of general support services
Characteristics	The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under Murrindindi Shire Council's Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to the Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	200 per cent of the general rate.
Use of land	Is any use permitted under the Murrindindi Shire Council's Planning Scheme.
Geographic location	This rate is applicable to land within the municipal district.
Planning scheme	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Planning Scheme.



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zoning	
Types of buildings	Not applicable.

3.2 Municipal charge

In addition to differential rates, under Section 159 of 1989 Act, Council may declare a municipal charge to cover some of the administrative costs of Council. The legislation is not definitive on what comprises administrative costs and does not require Council to specify what is covered by the charge.

Currently the total revenue from a municipal charge must not exceed 20% of the sum of the general rates and municipal charge combined in a financial year. In the 2025/26 Annual Budget of Council the municipal charge represents 18% of total rate revenue.

It is important to note that the use of a municipal charge does not increase the total revenue a council collects from rates. The application of a municipal charge represents a choice to raise a portion of total rate revenue by a flat fee for all properties, rather than sole use of a variable rate based on the CIV valuation method.

Advantages of a municipal charge

The arguments in favour of a municipal charge are that it helps ensure that all property owners contribute the same base level to the cost of core council administrative services, which benefit everyone equally regardless of their property's value.

For example, the administrative costs associated with supporting Councillors to fulfil their roles in representing their constituents and the role of Council in making decisions in the best interests of the municipality, including the administration of Council meetings, would fall under this definition. An equal contribution per property to cover these administrative costs, the benefits of which apply equally to all property owners, can be seen as a fair, equitable and practical method of recovering these costs.

Under the 1989 Act, the Single Farming Enterprise (SFE) Exemption allows a farming business to be exempted from multiple municipal charges if the farming business (enterprise) operates across multiple properties. The properties need not be adjoining to qualify for the exemption.

It is recognised that agriculture is a major economic driver of the Murrindindi Shire, and that even with the 30% discount under the Rural 1 rating differential, the farming sector shares a significantly high portion of the community's total rate effort, due to the larger and therefore higher value properties in this group. The Single Farm Enterprise exemption provides a justifiable reduction in rates for larger farming enterprise operating across multiple rateable properties.

Disadvantages of a municipal charge

The argument against a municipal charge is that this charge is regressive in nature and results in lower valued properties paying slightly higher overall rates and charges than they would if rates were determined solely on the basis of CIV. It can be argued the equity objective in levying rates against property values is diminished with a municipal charge as it is levied uniformly across all assessments, regardless of CIV or the capacity to pay.

There is also an argument that the Single Farming Enterprise Exemption is inconsistent with the horizontal equity principle, in that it does not apply to other enterprises that may operate across multiple sites and which pay multiple municipal charges.

On balance, Council has chosen to retain the use of a municipal charge as it considers it an equitable and fair method of distributing some fixed administrative costs equally across all properties, and in recognition of the exemption applying from paying multiple municipal charges



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that applies to Single Farming Enterprises, given the considerable contribution to the rating effort provided from Rural 1 properties.

3.3 Payment in Lieu of Rates

Established under section 94(6A) of the Electricity Industry Act 2000 (EI Act), the Payment in Lieu of Rates (PiLoR) framework allows for councils and electricity generators to negotiate annual payments.

To determine expected payments for a relevant generator, an estimate of its annual generation is needed at the start of the period. This estimate will later be reconciled with the actual generation that occurs throughout the year, informing calculations for the subsequent period. This method allows for a single rates notice to be issued for each period, ensuring that payments are balanced from the commissioning to the decommissioning of the generator. It also accounts for any times of inactivity or below-expected generation.

Council requests a generation estimate for the period from the generator. If the generator is unable to provide this, Council can compute an estimate based on the average capacity factor of the generator or use the industry average for the specific energy source—22 percent for solar and 34 percent for wind. The calculated generation figure is then multiplied by an established rate, which depends on the type of ownership, to arrive at the annual payments for the generator.

Murrindindi Shire Council currently holds an agreement with AGL Energy Limited for Rubicon Power Station & Eildon Power Station.

3.4 Service rates and charges

Under Section 162 of the 1989 Act, a Council may declare a service rate or charge for any of the following services:

- Waste, recycling or resource recovery
- Any other prescribed service

A Council must have regard to any Ministerial Guidelines before declaring a service rate or charge for any land. In 2024, the Minister for Local Government issued Guidelines that set out what constitutes good practice in the determination and declaration of service rates and charges.

The Guidelines ensure that service rates and charges:

- Are only used to recover the reasonable costs of providing a direct service
- Are calculated and explained in a fair and transparent way
- Are subject to community engagement under Council's Community Engagement Policy

Recycling and Waste Service Charges

Council sets recycling and waste service charges to provide a fair, equitable and transparent way to recover the cost of recycling and waste services and to provide incentives for reducing material going to landfill and increasing recycling. These charges consist of:

- a. *Kerbside Collection Service Charge* – This charge is designed to recover the full costs



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associated with providing Council's 4 kerbside bin collection services. It applies to all properties that are eligible for Council's kerbside bin services, regardless of their usage of the service.

As part of the statewide circular economy reforms, Council has introduced a new four-bin garbage and recycling system, which aims to enhance recycling practices, reduce landfill waste, and minimise greenhouse gas emissions. A green bin for food and garden organics is optional for residents in rural areas who live along Council's collection route.

- b. *Community Waste Service Charge* – to support the full cost recovery of other waste services, including
- Provision of free green waste disposal at RRCs ahead of the CFA-declared fire season.
 - Litter and recycling bin collection from parks, reserves and main streets
 - Subsidising the operation of Resource Recovery Centres (RRCs) to keep disposal fees affordable and discourage illegal dumping.
 - Ongoing environmental compliance and maintenance at Council's landfill site, including cell capping, upgrades, and meeting regulatory obligations under EPA requirements.

This charge applies to all properties in Murrindindi Shire even if the property does not have access to the kerbside bin collection services on the basis of the shared public benefit. This excludes non-rateable properties without kerbside Council bin services.

- c. *Supplementary Bin charges* – for additional bins that are not part of the standard Kerbside Waste Service Charge.

3.5 Special rates and charges

The 1989 Act recognises that councils need help to provide improved infrastructure for their local communities. That Act allows councils to recover the cost of works from property owners who will gain some special benefit from that work. For example, the cost of sealing a street that has no thru traffic and simply services the residents of the street may be recovered from the residents of that street.

Special rates and charges may be used for things like road construction, kerb and channelling, footpath provision, drainage, and other capital improvement projects. Implementation of a Special Charge Scheme for infrastructure works will follow Council's Special Charge Scheme for Infrastructure Works Policy, which provides guiding principles to ensure such a Scheme is implemented fairly and equitably.

The special rates and charges provisions are flexible and can be used to achieve a wide range of community objectives, not just infrastructure. For example, they could be used to fund cooperative fire prevention schemes, landscaping or environmental improvement works, marketing and promotion schemes. The fundamental principle of special rates and charges is proof that a "special benefit" applies to those being levied.

Council will use special rates and charges in instances that fit the following circumstances:

- Funding of capital projects (e.g. streetscape works, private road sealing) where special benefit can be shown to exist for a grouping of property owners;
- Raising funds for a dedicated purpose where the use of CIV is not the most equitable method of calculating property owner contributions; or
- Covering the cost of an expense relating to a specific group of ratepayers (e.g. licensed premises).



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3.6 Emergency Services and Volunteer Fund

The Victorian Government has announced that the Fire Services Property Levy (FSPL) will be replaced with the new Emergency Services and Volunteers Fund (ESVF) from 1 July 2025.

Local Government is currently the legislated collection agency for this State Government levy, and Council does not retain the revenue collected, with all revenue forwarded to the State Government.

The objective of the new ESVF is to increase protection for Victorians facing fires and other disasters, with key changes including:

- Expansion of funding to include other emergency services in addition to the existing Fire Rescue Victoria and Country Fire Authority (CFA)
- CFA and Victoria State Emergency Service (VICSES) volunteers to be exempt from ESVF on their principal place of residence (PPR)
- The vacant land category under the former FSPL will be abolished, with vacant land being allocated to its corresponding land use zone (e.g. industrial, residential etc.)

From 1 July 2026, a new category will be created for a person's principal place of residence (PPR) and residential properties (such as second home or holiday home) will incur the Non-residential (non-PPR) fixed charge.

The introduction of the ESVF will appear on rates notices, replacing the FSPL, and will involve substantially higher charges, particularly for rural landholders. The Local Government sector continues to lobby the State Government about the financial impact of these increased charges on property owners and the increased burden on councils to administer the levy.

3.7 Collection and administration of rates and charges

This section explains the rate payment options, processes, and the support provided to ratepayers facing financial hardship.

Payment options

In accordance with section 167 of the 1989 Act, a Council must allow rates and charges to be paid in four instalments. A Council may also allow rates and charges to be paid in a lump sum.

Payments are due on the prescribed dates below, or alternatively a payment in full can be made by 28 February.

1st Instalment: 30 September
2nd Instalment: 30 November
3rd Instalment: 28 February
4th Instalment: 31 May

Council offers flexible payment options that provide smaller, regular payments to meet instalment timelines. Fortnightly, monthly direct debits and Centrepay are popular ways to pay amongst ratepayers. Council's rates team can discuss individual payment options.

Interest on arrears and overdue rates

Interest may be charged on all overdue rates in accordance with section 172 of the 1989 Act. The interest rate applied is fixed under section 2 of the Penalty Interest Rates Act 1983. That rate is determined by the Minister for Local Government and published by notice in the Government Gazette.

3.8 Pensioner rebates

Some ratepayers are eligible to receive a State Government funded concession on their rates and charges for their principal place of residence.

The following ratepayers are eligible:

- Ratepayers who hold an eligible pensioner concession card (those with a Pensioner Concession are also entitled to receive a concession on the Emergency Services and Volunteers Fund)
- Ratepayers who hold a Veteran Affairs gold card (given for Total Permanent Disability, War Widow, Extreme Disablement Adjustment or Prisoner of War).

Trust for Nature – Conservation covenant rates rebate

Council provides a rebate to each owner (or, where applicable, occupier) of rateable land, that meets the criteria of Council's Bushcare Incentive (Rate Rebate) Program. Ratepayers must apply for this discount. The rebate is 100 per cent of the rates calculated on the site value of the protected land (only) as declared in the required Trust for Nature conservation covenant. This rebate supports the community benefit of preserving privately-owned natural bushland that contains remnant native vegetation.

Financial hardship and payment arrangements

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Council acknowledges that some ratepayers will have trouble from time to time in meeting rate payments due to any number of reasons. Council further understands that relief measures have a cost to Council which must be borne by other ratepayers in either the short or long term.

Waivers are not generally granted. However, in cases such as those associated with severe hardship, Council may grant waivers through the Rates Hardship Assistance Policy, which is updated annually, taking into account the economic conditions at the time and other assistance measures in place across state and commonwealth government agencies.

Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. In accordance with the Local Government Act 1989, Council has established a Rates Hardship Assistance Policy which includes provisions for the waiver of rates, interest or deferment of rates and charges

Council's rates team can confidentially discuss personal circumstances and can be contacted on (03) 5772 0333.

Debt recovery

The management and recovery of overdue debts is an important aspect of Council's financial management function. Council is committed to ensuring all ratepayers and general debtors are treated equally and given a fair opportunity to pay outstanding debts.

Ensuring that debts are paid is an essential part of Council's budget monitoring, cash management, and this Rating Plan.

Council may use the power of sale provisions under section 181 of the 1989 Act. If the amount due to Council for, or related to, rates or charges are more than three years overdue. This includes enforcement costs and interest in respect of rateable land.

It is the ratepayer's responsibility to advise Council of their contact details. Council makes every effort to contact ratepayers at their correct address or contact details.

The 2020 Act requires that both the vendor (seller) and buyer of a property, or their agents (e.g. solicitors and or conveyancers) must notify Council of disposition (e.g. sale) or acquisition (e.g. purchase) of any interest in land.

Fees and charges

Council provides a wide mix of goods and services to the community. All council services can be reviewed to assess whether they are appropriate to attract user fees and charges. Council services which are deemed public infrastructure are generally provided free of charge and associated expenditure is fully funded by rates and/or grants. This includes the provision of roads, parks, footpaths, drainage, trees, etc.

Where a service is provided on an individual basis, they may often attract a fee or charge. The ability for Council to set the fees and charges for these services may be impacted by State and/or federal government legislation or funding conditions that either prohibit or sets ceilings for pricing.

Some of these fees are set by state government statute and are commonly known as 'statutory fees'. In these cases, councils usually have no control over the setting of the fee price.

There are also some fees and charges charged by Council not explicitly for the provision of a service, but of a punitive nature (e.g. fines) with the explicit purpose of discouraging and deterring certain behaviours.

Each year as part of the budget process, Council reviews all fees and charges and adjusts the levels as appropriate. Community-benefit fees may be kept low, such that the cost of the service is not fully recovered but is instead subsidised by Council's other revenue streams. Other commercial fees & charges are set consistent with application of the user pays principle – that is, so far as is possible, the cost of providing a direct service will be offset by the fees charged.

In summary, there are two types of fees and charges:

- Those that Council has full discretion in setting (e.g. hall hire charges)
- Statutory fees and charges set by other levels of Government (e.g. planning fees).

A schedule of the current user fees and charges is presented for public consultation and feedback as part of Council's annual budget process

4.1 Pricing policy for Council set fees and charges

Examples of user fees and charges set by Council include:

- Hall hire fees
- Resource Recovery Centre fees
- Saleyards fees

In providing services to the community, council must determine the extent of cost recovery for particular services consistent with the level of both individual and collective benefit that the services provide and in line with the community's expectations.

Councils must also comply with the government's Competitive Neutrality Policy for significant business activities they provide and adjust their service prices to neutralise any competitive advantages when competing with the private sector.

Council must also balance the affordability and accessibility of infrastructure and services, with its financial capacity and long-term financial sustainability.

Fees and charges are typically set on the basis of one or more of the following pricing methods:

- Market Price

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- Full Cost Recovery Price
- Subsidised Price

Market pricing is where council sets fees based on the benchmarked competitive prices of alternate suppliers (including other councils). In general market price represents full cost recovery plus an allowance for profit. Market prices will be used when other providers exist in the given market, and council needs to meet its obligations under the government's Competitive Neutrality Policy.

It should be noted that if a market price is lower than council's full cost price, then the market price would represent council subsidising that service. If this situation exists, and there are other suppliers existing in the market at the same price, this may mean that council is not the most efficient supplier in the marketplace. In this situation, council will consider whether there is a community service obligation and whether council should be providing this service at all.

Full cost recovery pricing aims to recover all direct and indirect costs incurred by council. This pricing should be used where a service provided by council benefits individual customers specifically, rather than the community as a whole. In principle, fees and charges should be set at a level that recovers the full cost of providing the services unless there is an overriding policy or imperative in favour of subsidisation.

Subsidised pricing is where council subsidises a service by not passing the full cost of that service onto the customer. Subsidies may range from full subsidies (ie council provides the service free of charge) to partial subsidies, where council provides the service to the user with a discount. The subsidy can be funded from council's rate revenue or other sources such as government funding programs. Full council subsidy pricing and partial cost pricing should always be based on knowledge of the full cost of providing a service.

Council follows a range of principles that determine the level of fees and charges to be applied to each service. Fees and charges will be reviewed on an annual basis in line with these principles:

- Fees are charged in line with State and Federal government legislation or Local Laws.
- Fees and charges are set at a level that is deemed to be fair and equitable to enable the majority of residents to access the services.
- Wherever possible fees and charges are set to recovery the full cost of delivering the service
- Fees and charges are set to remain competitive with other 'like-services' available in the market.
- No fees (or low fees) are charged for some services with an aim to encourage community participation and positive health and wellbeing or environmental outcomes.
- Fees and charges that are punitive in nature, are set at a level significant enough to deter the targeted behaviour without being overly burdensome.

4.2 Statutory fees and fines

Statutory fees and fines are those which council collects under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the state government department responsible for the corresponding services or legislation, and councils have limited discretion in applying these fees.

Examples of statutory fees and fines include:

- Planning and subdivision fees
- Building and Inspection fees
- Infringements and fines
- Land Information Certificate fees

Penalty units

Penalty units are used to define the amount payable for fines for many offences. For example, the fine for selling a tobacco product to a person aged under 18 is four penalty units.

One penalty unit is currently \$203.51, from 1 July 2025 to 30 June 2026, and is updated annually as per the Victorian Government Gazette.

The rate for penalty units is indexed each financial year so that it is raised in line with inflation. Any change to the value of a penalty unit will happen on 1 July each year.

Fee units

Fee units are used to calculate the cost of a certificate, registration or licence that is set out in an Act or Regulation. For example, the cost of depositing a Will with the Supreme Court registrar of probates is 1.6 fee units.

The value of one fee unit is currently \$16.81. This value may increase at the beginning of a financial year, at the same time as penalty units.

The cost of fees and penalties is calculated by multiplying the number of units by the current value of the fee or unit.

Other revenue sources

Other revenue sources that Council uses to fund services and facilities include government grants, contributions and other revenue.

5.1 Government grants

Grant revenue represents income usually received from other levels of government. Some grants are singular or “once-off” and attached to the delivery of specific projects, whilst others can be of an ongoing or recurrent nature and may or may not be linked to the delivery of projects.

Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community. Council may use its own funds to leverage higher grant funding and maximise external funding opportunities.

When preparing its financial plan, council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options to determine what grants to apply for. Council will only apply for and accept external funding if it is consistent with the Community Vision and does not lead to the distortion of Council Plan priorities.

Grant assumptions are then clearly detailed in council's budget document. No project that is reliant on grant funding will proceed until a signed funding agreement is in place.

5.2 Contributions

Contributions represent funds received by council, usually from non-government sources, and are usually linked to projects.

Contributions can be made to council in the form of either cash payments or asset hand-overs.

Examples of contributions include:

- Monies collected from developers under planning and development agreements
- Monies collected under developer contribution plans and infrastructure contribution plans
- Contributions from user groups towards upgrade of facilities
- Assets handed over to council from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Developer contributions

Many developer contributions are governed by Council's Development Contributions Plans (DCPs). DCPs are planning tools used to ensure developers fund and construct local infrastructure to service new developments and subdivisions.

The role of developer contributions is to ensure the costs of major infrastructure items are shared fairly between multiple developers and/or landowners. Developer contributions also avoid the potential need for Council to fully fund infrastructure in new subdivisions when there a clear link between the development and the need for the item(s).

Open space contributions

Council also collects contributions from developers for open space that is used for future recreation facility additions and improvements. The Subdivision Act 1988 sets out a contribution of up to 5 per cent of the site area or equivalent land value.

5.3 Other revenue

Interest on investments

Council receives interest on funds managed as part of its investment portfolio, where funds are held in advance of expenditure, or for special purposes. The investment portfolio is managed per Council's Investment Policy, which seeks to earn the best return on funds, whilst minimising risk.

Borrowings

Whilst not a source of income, borrowings can be an important cash management tool in appropriate circumstances. Proposed loans must be included in the annual or revised budgets, and can only be approved by council resolution. Borrowings are managed per Council's Borrowings Policy.