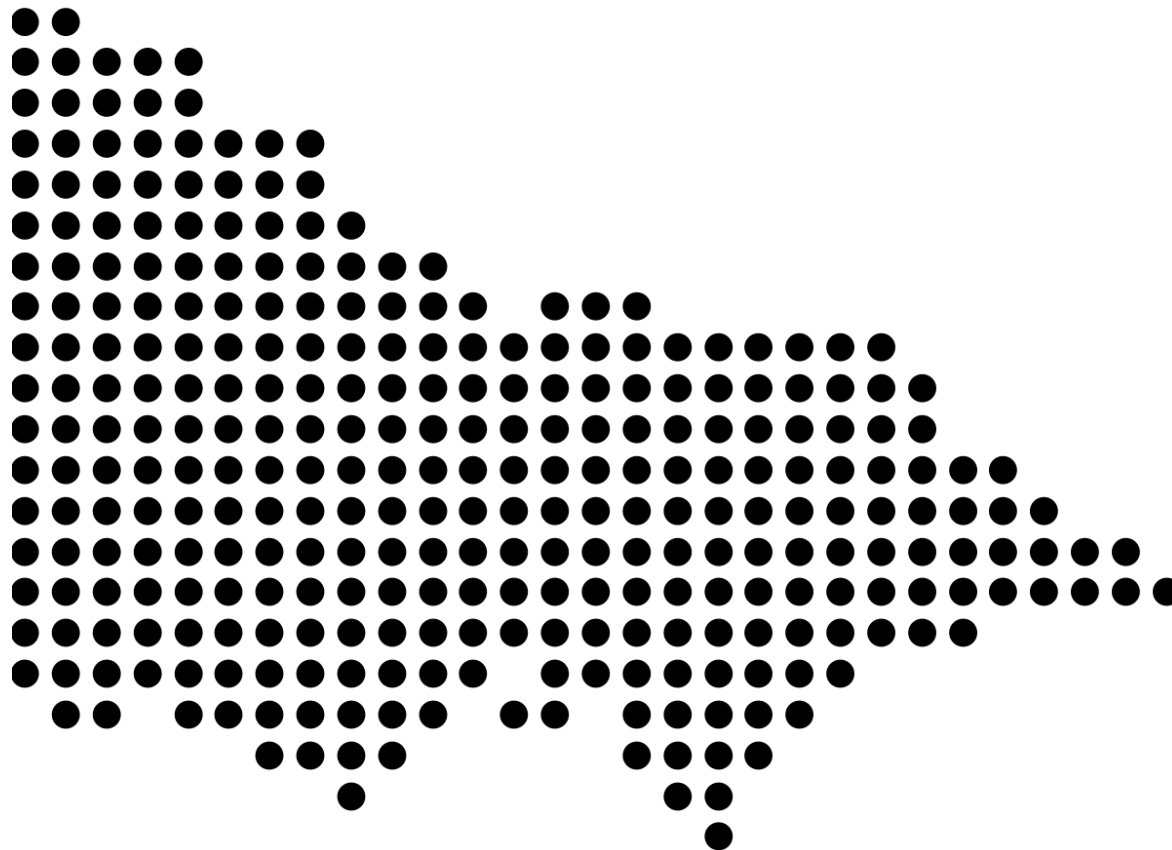


# Our process for assessing compliance with the rate capping framework

Extract of slides from a council webinar held in December 2021



# Introduction



# Legislative context

- Fair go rates system was established in 2015.
- It limits the annual increases in Victorian local government rates.
- It is administered by the Essential Services Commission.
- LG Act 2020, as passed, hasn't changed the rate cap provisions.

Local Government Act 1989  
No. 11 of 1989  
Part 8A—Rate caps

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## **Part 8A—Rate caps**

### **185A Purposes of this Part**

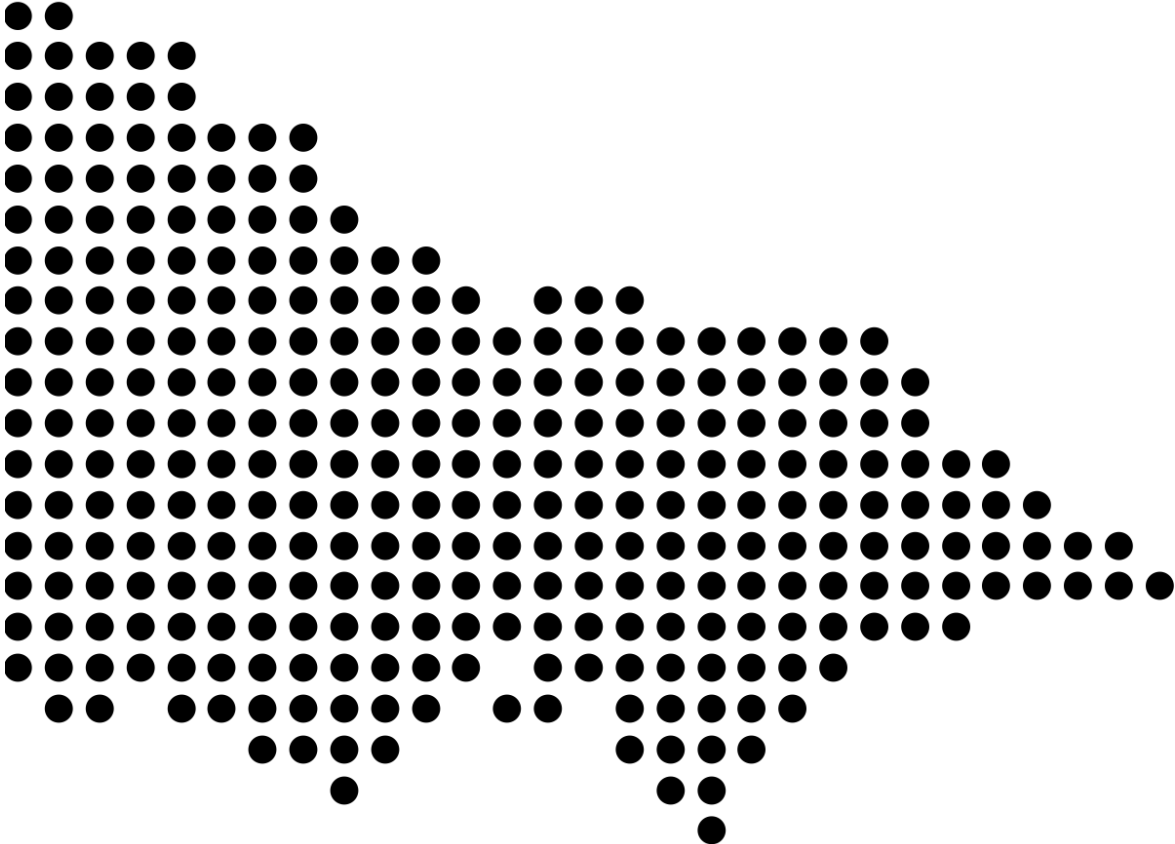
The purposes of this Part are—

- (a) to promote the long term interests of ratepayers and the community in relation to sustainable outcomes in the delivery of services and critical infrastructure; and
- (b) to ensure that a Council has the financial capacity to perform its duties and functions and exercise its powers.

# Our role

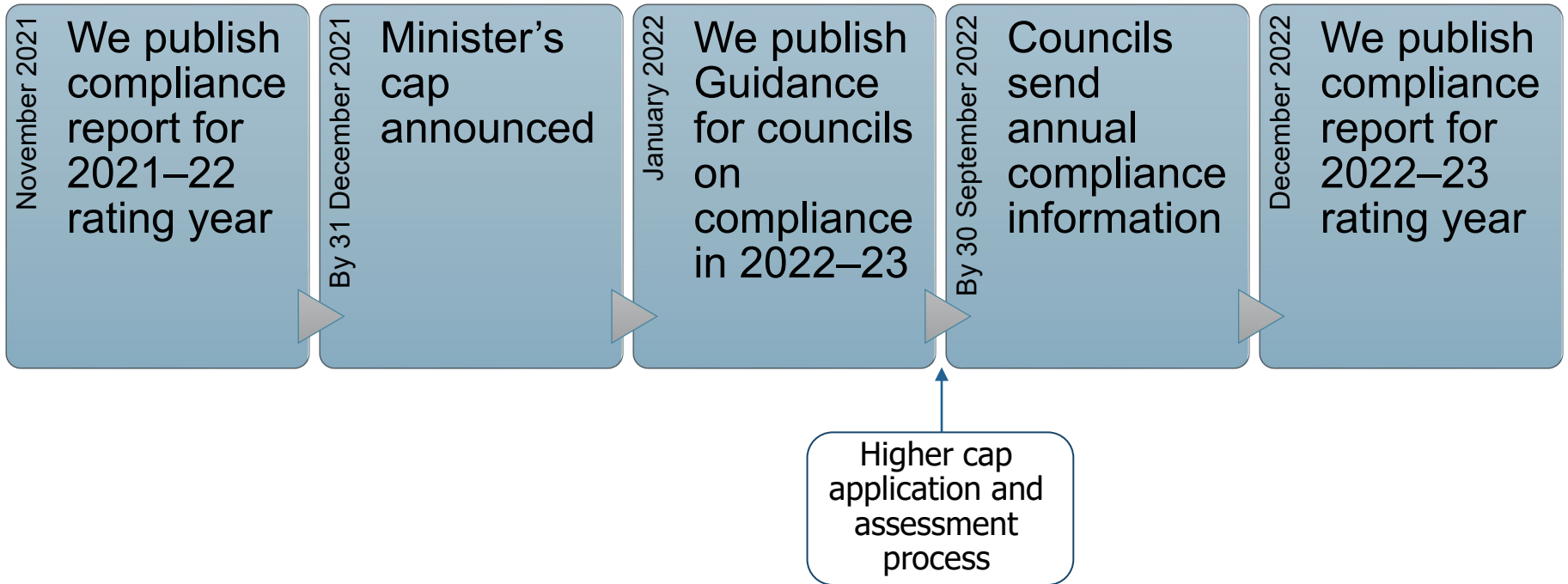
- Provide advice to the Minister for Local Government on the rate cap and other matters
- Assess council applications for higher caps
- Monitor and report annually on council compliance with the Minister's cap or a higher cap approved by the commission
- Monitor and report biennially on outcomes in the sector under the Fair Go Rates system
- Provide guidance to the sector and undertake studies as required

# Complying with the rate capping framework



# Timelines and process for the 2022–23 FY

## Compliance

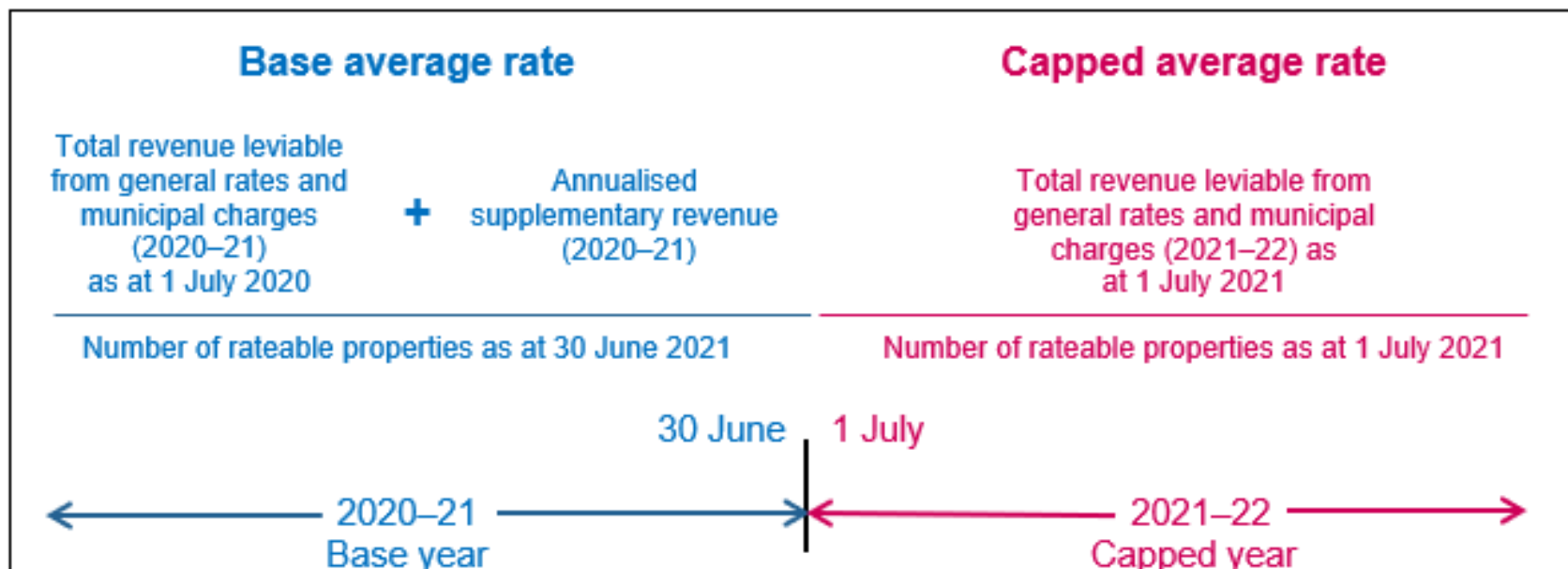


# Requirements for all councils

1. Comply with the Minister's rate cap or approved higher cap
2. Send the annual compliance information template and rating system reports (as at 30 June and 1 July) and other supporting documentation by **30 September**, for the annual compliance report
3. Respond to information requests for the outcomes report (currently biennial)

# Complying with the rate cap

A council is compliant if the **capped average rate** does not exceed the **base average rate** by more than the rate cap



- Compliance is based on actual figures (final certified figures) not budget figures
- We report non-compliance regardless of the magnitude



# Demonstrating compliance



## Annual compliance template (spreadsheet)

- Collects valuations, number of properties and rates and charges
- Calculates average rate increase



## Rating system reports

- Supports valuations and number of properties
- Demonstrates that the submission reflects as at 30 June and 1 July



## Better practice rates database checklist

- Provides commission with confidence that the numbers are correct
- Promotes better practice and helps avoid non-compliance



## CEO certification

- All compliance information reviewed and certified by the council's CEO

# More information



[www.esc.vic.gov.au/local-government](http://www.esc.vic.gov.au/local-government)

Contains all our guidance, higher cap decisions, advice to the Minister, compliance reports and other publications.

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