

Media Release

The Hon Melissa Horne MP

Minister for Casino, Gaming and Liquor Regulation

Minister for Local Government

Minister for Ports and Freight

Minister for Roads and Road Safety



Thursday, 29 December 2022

VICTORIAN COUNCIL RATE CAP SET FOR NEXT FINANCIAL YEAR

A new rate cap of 3.5 per cent has been set for all councils for the 2023/24 financial year, protecting Victorians from uncontrolled rate hikes while ensuring local governments remain financially sustainable.

Minister for Local Government Melissa Horne announced the cap today, under the Andrews Labor Government's Fair Go Rates system.

The Fair Go Rates system was introduced in 2016 to ease cost of living pressures on Victorians and encourage sound financial management by local governments.

In the decade before the system was introduced, council rates increased by an average of six per cent every year.

The decision on the rate cap for the next financial year was guided by independent advice from the Essential Services Commission (ESC) recommending a cap of four per cent – in line with the Consumer Price Index.

The Government set the rate cap 0.5 per cent below the ESC's recommendation, taking into account cost of living pressures facing rate payers.

The rate cap limits the amount a council can increase its total revenue from general rates and municipal charges for that year.

Councils set rates for their residents and use the revenue to fund essential community services and infrastructure like local parks, libraries, community centres, roads, kindergartens, waste collection and sports grounds.

Rates are set individually by councils for their municipalities every year through their budget process and must consult with their communities on decisions relating to budgets, rates and other charges.

Under the *Local Government Legislative Amendment (Rating and Other Matters) Act 2022*, Victorian councils have the power to defer or waive rates, charges and interest to rate payers experiencing financial hardship.

To learn more about how council rates are set, visit localgovernment.vic.gov.au/council-rates-and-charges.

Quotes attributable to Minister for Local Government Melissa Horne

"The rate cap for the next financial year takes into account higher inflation and the need to protect Victorians from uncontrolled rate hikes, while ensuring councils can continue to deliver vital community services."

"Each council is responsible for setting rates within the rate cap based on the needs of their community."

"Community members have the chance to engage with their local councils as they make decisions about rate rises through their budget process each year."

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