How does rate capping work?

The Victorian Government’s rate cap system restricts how much councils can increase their average rate rise.

***How does rate capping work?***

A council’s average rates bill must not be more than the rate cap set by the Minister in line with the Consumer Price Index.

***Will my rates go up by the rate cap?***

No. The rate cap does not apply to individual rates notices. The overall rate revenue collected by a council cannot exceed the current rate cap, but how much each property owner pays is determined by the value of your property.

The Victorian Government has excluded waste charges and the State’s fire services property levy from the rate cap.

***Do councils get more money when property values go up?***

No. All properties were revalued on 1 January, but councils do not receive extra money when property values rise. Total council rates are capped.

Some ratepayers will pay less than the rate cap and others will pay more, but the overall general rates collected by a council won't exceed the current rate cap, unless they were granted an exemption.

***How are council rates set?***

Each council takes the total rate revenue to be collected and divides it by the total value of all properties in its municipality to calculate the rate in the dollar.

This ensures councils do not receive more money when property values rise.

The rate in the dollar is then multiplied by the market value of each property to ensure each ratepayer contributes a fair share.

Council will add its municipal charge - if it has one - which is also included in the rate cap.

Waste charges and your fire services property levy are then added to your general rates notice to determine the total amount you will pay.

***What do my rates pay for?***

Almost everything you see from your front gate is provided by councils.

From the footpath, street lights, roads and bins to the parks, gardens, sports facilities and child care centres. They remove your waste, provide free libraries, immunise babies and deliver meals to the homes of older people.

Councils collect 3.6 per cent of all taxes nationally. Your rates help to fund more than 100 valued community services and local infrastructure worth more than $90 billion for the whole community to enjoy.