

More information on the special rate and charge scheme

What is the process to set up a special rate and charge scheme?

A shopping centre or group of traders must first set up an incorporated business/traders association.

The majority of businesses/traders in the association must then be committed to setting up a special rate and charge scheme.

Next, the association must follow these steps.

1. Confirm in writing to us (Council) that the shopping centre is interested in setting up a special rate and/or charge scheme.
2. Discuss and confirm the parameters of the scheme with us, including:
 - duration of the scheme (usually 5 years)
 - precinct zones
 - included and excluded properties within the precinct
 - the amount of money to be raised annually to deliver the strategic business plan (this amount is financially modelled by the application of a rate or charge).
3. Develop a 5-year strategic business plan, setting out the business/trader association's objectives and annual business plan for the first year of the scheme.
4. Provide further information to us if required so that we can develop reports for consideration at Council meetings. This should include a 28-day public notice consultation process to allow impacted property owners and tenants to give feedback on the proposed scheme.

If the scheme is adopted, the business/trader association will then enter into an agreement with us, covering mutual obligations in terms of governance, administration and expenditure of the special rate or charge.

The completion of this process can take up to 12 months.

How much will a property owner or business pay?

Under the special rate and charge scheme, we can raise either a special rate or a special charge, or a combination of both. The amount raised depends on the level and cost of projects or services to be delivered within the shopping precinct.

The Local Government Act 1989 ('the Act') prescribes considerations for a scheme to ensure a fair distribution of the rate or charge.

To give some local examples:

- The value of the scheme in Balwyn North Village is based on a set range of charges that factor in property location.
- For the other 7 schemes in Boroondara, the amount each property owner or occupier pays is determined by factors including:
 - the commercial value of the property they own or operate their business from (known as the 'Capital Improved Value')
 - the rate in the dollar the business/traders association decides to apply to the property's Capital Improved Value
 - the location of the property. For example, some schemes divide the shopping precinct into different areas, with those located on the boundary or on upper levels typically paying less than those located in the centre of the shopping precinct, where there is more foot traffic.

In all cases, these factors are determined by the business/traders association.

The rate on each property is also subject to valuation changes and CPI increases.

Note that schemes can only be levied on properties that are used for commercial purposes. Properties in a shopping centre that are residential, not-for-profit or otherwise not used commercially don't benefit from the marketing activities undertaken by the business/trader association (funded by the scheme) and are therefore exempt from paying the levy.

Property owners typically pass on the costs to business occupying their premises in a leasing agreement.

How much do shopping precincts with a special rate and charge scheme raise each year?

The 8 special rate and charge schemes in Boroondara collectively raise approximately \$6.8 million each year and cover a duration of 5 years.

As shown in the table below, each scheme differs in terms of the number of properties covered, how the rates are calculated (for example, based on property value or a fixed charge), and minimum and maximum amounts determined by the business/traders associations.

We have a 5-year management agreement with each of the business/traders associations representing the 8 shopping precincts listed below, some of which have been in place for 20 or 30 years.

Shopping precinct	Year scheme was established	Number of rateable properties	Current scheme timeframe
Ashburton Village	1999	140	2023–28
Burwood Village	1999	101	2021–26
Camberwell Junction	2000	692	2021–26
Glenferrie Road Hawthorn shopping centre	1999	555	2022–27
Greythorn Central	2000	73	2023–28
Kew Junction	2000	588	2022–27
Maling Road	2000	80	2023–28
North Balwyn Village	1999	72	2020–25

What is Council’s role in setting up and overseeing special rate and charge schemes?

We provide administrative support and guidance to enable trader groups and business/trader associations to establish, oversee and renew schemes.

We establish legal agreements with each traders/business association to set out mutual requirements. This includes the documentation we must receive from traders associations before we can release funds.

Contact our Local Economies team for more information, including assistance in setting up a business/traders association or a special rate and charge scheme.

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