

# Councils rate cap for 2020-21 set at 2 per cent

**13 December 2019**

## *Local government*

Following advice from the Essential Services Commission, the Minister for Local Government, Adem Somyurek has announced council rates will be capped at 2 per cent for the year ahead.

Victorian councils now have until 31 March 2020 to apply for an increase above the 2 per cent cap.

The average rate cap set is the maximum percentage increase allowable in councils' average rates for the forthcoming financial year.

Any council that considers the average rate cap insufficient for its needs can [apply to the commission for a higher cap](#).

Three councils have existing approved higher rate caps that will continue into the 2020-21 year:

- Warrnambool City Council had a 4.5 per cent rate cap for 2020-21 approved in 2019
- Towong Shire Council had a 5.55 per cent rate cap for 2020-21 approved in 2017
- West Wimmera Shire Council had a 3.5 per cent rate cap for 2020-21 approved in 2017.

A council seeking to increase rates above the minister's cap must demonstrate community engagement and a long-term funding need, supported by good long-term financial planning.

Applications for variations from the rate cap for the 2020–21 financial year must be lodged with the commission by 31 March 2020. The commission has been engaging with councils across Victoria to discuss their obligations under the [Victorian Government's Fair Go Rates system](#) and the process for 2020-21 higher cap applications.

A recent commission report showed all councils complied with the current rate cap, or an approved higher cap, for the first time in three years.

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