WELLINGTON
SHIRE COUNCIL
The Heart of Gippsland

Rating Strategy

2018-2021

December 2018

Contents

1. Executive Summary

Good governance requires Council to provide ongoing or periodic monitoring and review of the impact of major decisions. Decisions relating to rating strategies are developed within the confines of the *Local Government Act 1989*, hence this Rating Strategy document seeks to explain the rating system, the choices that are available to Council under the legislation and evaluate the pros and cons of various rating systems that may be applied.

Decisions about the rating strategies and systems need to be explainable, not in an ad hoc way, but in a considered way so that the reasoning behind the decisions are apparent. There should be a clear link between rating system outcomes and the objectives, apart from raising revenue, which council wishes to achieve.

It is important to note from the outset that the focus of the Rating Strategy is different to that of the Annual Budget. In the Annual Budget, the primary focus is the amount of rates required to be raised for Council to deliver the required services and capital works. The focus of a Rating Strategy is how the required amount is equitably distributed amongst Council's ratepayers.

Wellington's Rating Strategy is based on the following:

- Providing sufficient funding to maintain a broad range of quality services and well designed and constructed capital works that meet current and future needs;
- Maintaining assets, with a view to reducing the renewal gap;
- Servicing any Loan borrowings;
- Meeting all financial sustainability indicators in accordance with the Council's Long Term Financial Plan;
- Providing the community with a degree of certainty concerning predictable and affordable future rate increases; and
- Ensuring that any rate increases are in line with the rate cap, as advised annually, by the Minister for Local Government under the "Fair Go Rating System".

TABLE OF RECOMMENDATIONS		
Sections within this document		**Strategy recommendations**
6.	Determining which valuation base to use	That Wellington Shire Council continues to apply the Capital Improved Value (CIV) to levy Council rates.
7.	Determining the rating system – uniform or differential	That Wellington Shire Council continues to apply differential rating as its rating system.
8.	What differential rates should be applied	That Wellington Shire Council continues to apply a differential rate to farms as defined by the *Valuation of Land Act 1960,* and that the definition for rating purposes be amended as follows: **Farm Land – means any land that:** Is "Farm Land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960* (paras a) and b)) and other criteria as defined by Council in c) hereunder: 1. not less than 2 hectares in area; **and** 2. that is used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; **and** 3. where the ratepayer is a Primary Producer as per intent and a commercial business plan.
8.3	Inappropriate Subdivisions	That Wellington Shire Council continues to apply the general rate to properties in inappropriate subdivisions as declared annually in the budget process.
8.4	Commercial and Industrial Land	That Wellington Shire Council continues to apply the general rate to commercial/industrial properties.
8.5	Vacant Land	That Wellington Shire Council continues to apply the general rate to vacant land.
8.6	Cultural and Recreational Land	That Wellington Shire Council continues to grant rate rebates of up to 100% to Cultural and Recreational Land properties.

TABLE OF RECOMMENDATIONS		
Sections within this document		**Strategy recommendations**
9.0	Municipal Charge	That Wellington Shire Council does not utilize a Municipal Charge as part of its rating strategy, and that this is reviewed annually in the context of the Wellington Coastal Strategy outcomes.
10.1	Kerbside Collection (Garbage) Charge	That Wellington Shire Council continues to apply a garbage charge based on full cost recovery of the waste function.
10.2	Waste Infrastructure Charge	That Wellington Shire Council continues to apply a Waste Infrastructure Charge to properties as described in the annual budget, to fund the provision of current and future waste management infrastructure requirements.
10.3	EPA Levy Charge	That Wellington Shire Council continues to apply a separate EPA Levy Charge.
10.4	Boisdale Common Effluent System Charge	That Wellington Shire Council continues to apply a Boisdale Common Effluent System Charge to those properties connected to the system.
10.5	Special Rates and Charges	That Wellington Shire Council use Special Rates and Charges in the following circumstances: • Funding of narrowly defined capital projects (e.g. Streetscape works, private road sealing) where special benefit can be shown to exist to a grouping of property owners.
10.7	Rates Rebate for Land with a Deed of Covenant for Conservation Purposes	That Wellington Shire Council continues to offer the Rates Rebate for land with a Deed of Covenant for Conservation purposes, and reviews this annually through the budget development process.
12.0	Collection of Rates and Charges	That Wellington Shire Council continues to apply the mandatory rate instalment option in future rating years.

2. Profile of Wellington Shire

Located in Victoria, southeast Australia, Wellington Shire is around two hours travel time from the eastern suburbs of the state capital Melbourne, covers an area of more than 10,900 square kilometers and has a resident population of more than 42,983 people (2016 Census) across nearly 30 communities.

Wellington is ideally placed for enjoying all that Gippsland has to offer, whether as a resident or tourist. It extends from the Great Dividing Range and Victoria's High Country, through rich irrigated flats and some of the most productive grazing land in Australia, to the internationally significant Gippsland Lakes and Wetlands, the splendours of its national and coastal parks, the Ninety Mile Beach and Bass Strait.

The Council has responsibility for more than 3,000 kms of sealed and unsealed roads, 426 bridges and major culverts, 247 kms of footpaths, an extensive network of underground drainage, two aerodromes, 33 public toilet blocks and 56 sport and recreation facilities, including reserves, pools, stadiums and boating facilities. Residents and visitors alike can also enjoy 600 hectares of sports fields, parks and streetscapes, including 63 playgrounds and some 50,000 street and park trees.

Wellington's population is concentrated around the City of Sale and the surrounding towns of Maffra, Heyfield, Yarram, Rosedale and Stratford. It is also experiencing significant development growth in coastal areas, particularly around Port Albert, Golden Beach, Loch Sport and Seaspray.

The focus of the local economy is on primary production and agriculture, offshore oil and gas extraction, a major RAAF base, service industries, retail, health and community services.

3. Context

3.1 What is a Rating Strategy and why have one?

The purpose of this rating strategy is for Council to consider how the rate burden can be most equitably distributed.

A *rating strategy* is the method by which Council systematically considers factors of importance that inform its decisions about the *rating system*. So, what is the difference?

The **rating system** determines how Council will raise the money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue to be contributed by each property, which is derived through using the valuation base and applying the appropriate rate in the dollar – this will be discussed in detail shortly.

A **rating strategy**, on the other hand, considers:

- The present rate cap declared by the Minister for Local Government;
- a review of rationales and objectives;
- related research;
- the development of definitions;
- comprehensive rate modelling across townships in the Municipality;
- an education program;
- the development of required documentation; and
- opportunity for public review/consultation.

3.2 Rates and Taxation

Taxation revenue is used to finance a range of services provided by the various levels of

Government. Taxation revenues generally become consolidated into a general pool of funds that are spent by governments on services that:

- are either entirely or partially 'public goods';
- relate to their 'community service obligations' to provide support to particular individuals or groups; and
- they believe are appropriate to assist the achievement of specific objectives which will have flow-on effects that will ultimately benefit all constituents.

Public goods are services that provide a broad and often unquantifiable benefit to the community rather than a particular benefit to individuals, corporations or individual properties. The characteristics of public goods include:

- The use of or enjoyment by one person does not diminish their availability to, or enjoyment by others (that is, they are non-rival); and
- It is impractical to levy user fees and charges because it is difficult to exclude those who do not pay from receiving the benefits provided.

Council's general funding of local roads, public open space and public health programs are obvious examples of public goods.

Private goods are those goods which are both rival in consumption (that is, one person's use diminishes its availability or enjoyment by others) and excludable.

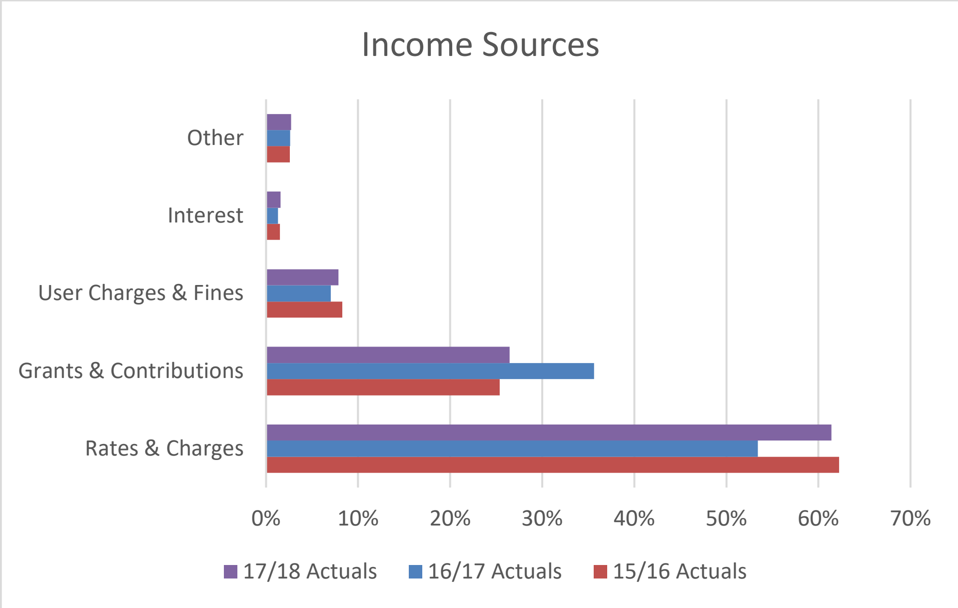
Examples include childcare centres, leisure centres and use of community halls.

Generally, Council should fund 'private goods' through user charges and fund 'public goods' through rates. However, it is often difficult to define local government services as either purely public goods or purely private goods, which inevitably results in a large number of Council services, although having income from user fees, being subsidised by rates.

Council's reliance on rates is influenced by policy and legislative factors that preclude or limit Council's ability to charge for certain services. Council does not have discretion to set user fees and charges for a range of services where this is set out in State legislation or regulation, such as prescribed fees for planning permits, or in funding agreements with other levels of Government such as those applying to aged services and maternal and child health.

The amount of rates collected by a council depends on conscious and considered choices as to the **quantity** and **quality** of services that it decides to provide and how much of the cost is to be recovered from other revenue sources. The amount collected in rates represents the difference between **total expenses** required by Council to fund program activities, maintain assets and to service and redeem debt, and the **total revenue** from all other sources. Other revenue sources include grants from other levels of government, prescribed and discretionary fees, fines and charges, income from the sale of assets and interest earned.

The diagram below shows Council's revenue sources for the last three years, which shows that rates represent between 53% - 65% of annual income and demonstrates our reliance on this source of revenue. The percentage contributed by rates is influenced by the level of grants received in each year, but an average of 57% is normal for Wellington Shire Council.



3.3 Property Taxation – the issues

Rates are essentially a property tax, levied against the value of a property. Property taxes do not recognise the situation where ratepayers may be 'asset rich' and 'cash poor', and therefore have little capacity to pay the associated rates.

Examples include:
- pensioners
- businesses subject to cyclical downturn (i.e. farmers)
- households with large families
- property owners with little equity

Taxes on income (Income Tax) and consumption (Goods and Services Tax) are much more reflective of capacity to pay and are less visible, being continuously paid by individuals, while local government rates are more visible – either paid in full or in four instalments.

3.4 Rates and Pricing Policy

While Council has no control over property valuations, it does have the discretion to levy fees and charges for some services. Decisions made about the level of these fees and charges will impact on the level of rate revenue required – the less we receive from fees in a 'user pays' system, the more will need to be raised from rates to fund the program activities of Council. (Refer to Figure 1, which shows the relationships between revenue sources over the last three years.)

In general, fees and charges are benchmarked broadly, and increases kept within the prevailing consumer price index increases.

Pricing policies for fees and charges should be driven by service objectives that are set out in Council's annual Council Plan and strategic statements and can therefore influence such things as the achievement of community service obligations, the subsidisation of consumers, and the efficient allocation of resources.

Council is committed to reviewing its fees, charges and leases annually to ensure that the amount to be raised via rates is influenced by a consideration of the 'user pays' principle wherever possible, and the level of public and private benefit involved.

3.5 The Rating Framework

The Act stipulates that the primary objective of a Council is to achieve the best outcomes for the local community while considering the long-term and cumulative effects of decisions. In seeking to achieve its primary objective, a Council must have regard to the following facilitative objectives:

- Promoting the social, economic and environmental viability and sustainability of the municipal district
- Ensuring that resources are used **efficiently** and **effectively,** and services are provided in accordance with best value principles to best meet the needs of the local community
- Improving the overall quality of life of people in the local community
- Promoting appropriate business and employment opportunities to ensure that services and facilities provided by the Council are accessible and **equitable**
- **Ensuring the equitable imposition of rates and charges**
- Ensuring transparency and accountability in Council decision-making.

The legislative framework set down in the *Local Government Act 1989* (the Act) determines Council's ability to develop a rating system. This framework provides Council with a certain amount of flexibility to tailor a system to suit its requirements, and confers the power for Council to levy (or grant):

- General rates (section 158);
- municipal charge (section 159);
- uniform rates (section 160);
- differential rates (section 161);
- service rates and charges (section 162);
- special rates and charges (section 163);
- rate rebates and concessions (section 169); and
- waivers and deferments (section 170 and 171).

3.6 Review of Rationales and Objectives

Decisions about the rating strategies and systems need to be explainable, not in an ad hoc way, but in a considered way so that the reasoning behind the decisions are apparent. There should be a clear link between rating system outcomes and the objectives, apart from raising revenue, which council wishes to achieve.

The two most important objectives for the rating system to address are the achievement of **efficiency** and **equity**, which are explicit in the Act.

It is expected that, where a council does not have a single, uniform rate, that the use of additional rates will achieve an equitable outcome, or an outcome that is 'just and fair'.

- **Equity** – including both horizontal and vertical equity. Horizontal equity means that those in the same position (e.g. with the same property value) should be treated the same. Vertical equity in respect to property taxation means that higher property values should incur higher levels of tax.

- **Efficiency –** can be considered directly related to the cost of administering the rates system. Administration costs include the issuing of assessments, collection of rates, including maintaining and improving collection systems, monitoring outcomes, educating and informing ratepayers, and enforcement and debt recovery.

Also, to be considered are:

- **Simplicity** - while the use of a uniform or simple rating system may help to minimise administration costs (one size fits all), and is more readily understood by the community, it may also be a costly decision if it is unpopular due to perceived inequities, and therefore result in increased objections/appeals and higher collection costs.

- **Sustainability** – does the system generate sustainable, reliable revenues for Council and is it durable and flexible in changing conditions?

4. Property Valuation

The Local Government Act 1989 and the *Valuation of Land Act 1960* are the principle Acts in determining property valuations. Generally, each occupancy on rateable land can be valued and rated. Contiguous areas of vacant land with more than one title in the same ownership may be consolidated for rating purposes.

Council may adopt one of the following three valuation methodologies:

- **Site Value**: the value of the land plus and improvements which permanently affect the amenity or use of the land, such as drainage works, but excluding the value of buildings and other improvements.

- **Capital Improved Value**: the land and other improvements, including the house, other buildings and landscaping.

- **Net Annual Value**: the value of rental potential of the land, less the landlords' outgoings (such as insurance, land tax and maintenance costs). For residential and farm properties this must be set at 5% of the capital improved value (*Valuation of Land Act – Section 2*).

Wellington Shire Council uses the Capital Improved Valuation (CIV) system of calculating rates. CIV includes both the value of the land and any improvements on that land, and the use of this valuation method provides the Council with the flexibility to levy differential rates. Council believes that the use of CIV better reflects capacity to pay than the alternatives and is also now the most widely accepted method utilised throughout Victorian Councils.

4.1 Valuation Process

A revaluation of all properties will be undertaken every year from 2019. The revaluation will be conducted by the Valuer General Victoria and these valuations are used for rating purposes for each financial (rating) year.

During the revaluation process independent Valuers have a statutory requirement to conduct a review of property values based on market movements and recent sales trends.

Council Valuers undertake a physical inspection of some properties during each revaluation. Other valuations are derived from complex formulas based on sectors, sub-market groups, property condition factors (including age, materials and floor area), influencing factors such as locality and views, and land areas compared to sales trends within each sector / sub-market group. Using this data, they determine the valuations according to the highest and best use of a property.

4.2 Supplementary valuation process

Sections 13DF and 13L of the *Valuation of Land Act 1960* permits Council to undertake a supplementary valuation when a significant change to the valuation occurs. The most common causes for supplementary valuations are:

- Construction (or demolition) of a new dwelling or building (i.e. Shed)
- Further material improvements to an existing dwelling, building or to the land, such as fencing
- Subdivision of a property
- Consolidation of properties
- Planning Scheme Amendments which change the value of the property
- Application or removal of Heritage Register status
- Arithmetical/Error corrections in previous valuations
- Change in rateability status

Council undertakes monthly supplementary valuations, which can be triggered by any of the above causes, but especially the receipt of advice of Final Inspections being completed on building permits.

4.3 Objections to property valuation

The *Valuation of Land Act 1960* provides that an objection to the valuation may be made each year within two months of the issue of the annual or supplementary notice. Objections must be dealt with in accordance with this Act. Each year Council sends out a Notice of Valuation to each ratepayer, which is generally sent out in May, before the Annual Rates Notice is sent out in August, allowing ratepayers time to object and have any valuation errors corrected prior to their rates notice being issued.

4.4 No windfall gains

There is a common misconception that if a property valuation rises then Council receives a 'windfall gain' with additional income. This is not the case.

The revaluation process results in a redistribution of the rate load across all properties in the municipality. Any increase in the total valuation of the municipality is generally offset by a reduction to the rate in the dollar used to calculate the rate for each property.

5. Understanding the current rating system at Wellington Shire Council

5.1 The Current Rating System

Wellington Shire Council currently applies the Capital Improved Valuation methodology in order to levy its rates. This then allows the application of differential rating (versus uniform rating) and there are two differential rates in use. The below table displays the respective revenues from these rates (excluding service charges). It highlights that 63.2% is derived from General residential properties.

Rating category	Differential rate %	No. of assessments 2017/18	Total CIV 2017/18 $000s	Total rates levied 2017/18 $000s	% rates of total 2017/18
General	100.0	28,301	5,806,666	31,565	63.2
Commercial/Industrial	100.0	1,553	1,587,341	8,629	17.2
Farm	80.0	3,656	2,225,986	9,680	19.4
Cultural & Recreational Land	Rebate system	37	27,468	71	0.2

The 2017-18 rating system in Wellington Shire has the following elements:

- in effect, **two differential rates** applying to general (residential, vacant land, inappropriate subdivisions and commercial/industrial) and farm land.
- A rebate system applies to recreational land in accordance with the *Cultural and Recreational Land Act 1963,* which allows between 25% to 100% rebate, depending on assessment of the level of community benefit provided by the organisation.

6. Determining which valuation base to use

As outlined, Council has three options as to the valuation base it elects to use, which are:

- Capital Improved Value (CIV)
- Site Value (SV)
- Net Annual Value (NAV)

6.1 Capital Improved Value (CIV)

CIV is the most common valuation base used by Victorian councils with over 70 of 79 applying this methodology. Based on the value of both land and all improvements it is relatively easy for ratepayers to understand as it equates to the market value of the property.

Advantages

- CIV includes all improvements, and hence is often supported on the basis that it more closely reflects ‘capacity to pay’. The CIV rating method considers the full development value of the property, and hence better meets the equity criteria than Site Value or NAV.
- Annual valuations considering market values are more predictable and less likely to result in objections to valuations.

Disadvantages

- The main disadvantage is that rates are based on the total property value which may not necessarily reflect the income level of the property owner.

6.2 Site Value (SV)

Very few Victorian councils use this valuation method. With valuations based simply on the valuation of land and with only very limited ability to apply differential rates, the implementation of SV in a Wellington Shire Council context would cause a massive shift in rate burden from the industrial/commercial sectors onto the farming and residential sectors.

Advantages

- There is a perception that under SV, a uniform rate would promote development of land, particularly commercial and industrial developments, however there is little evidence to support this view.

Disadvantages

- Under SV there would be a significant shift from the Industrial/Commercial sector onto the farming and residential sector. This is not considered to be acceptable to current and previous councils and is not supported.
- SV is a major burden on property owners that have large areas of land. Some of these owners may have much smaller/older dwellings compare to those who have smaller land areas but well developed dwellings – but will pay more in rates. A typical example is flats, units, townhouses which will all pay low rates compared to traditional housing styles.
- The use of SV will reduce Council's rating flexibility and options to deal with any rating inequities due to the removal of the ability to levy differential rates.
- The use of SV can place pressure on Council to give concessions to categories of landowners on whom the rating burden is seen to fall disproportionately. Large landowners, such as farmers for example, are disadvantaged by the use of SV.

6.3 Net Annual Value (NAV)

NAV represents the annual rental value of a property. However, in practice, NAV is closely linked to capital improved value for residential and farm properties, as Valuers derive the NAV directly as 5 per cent of CIV.

In contrast to the treatment for residential and farm properties, NAV for commercial and industrial properties are assessed with regard to actual market rental. This differing treatment of commercial versus residential and farms has led to some suggestions that all properties should be valued on a rental basis, but this poses problems in assessing actual rental values, as artificial estimates may not represent actual market value, and is harder to understand.

Overall the use of NAV is not supported.

6.4 Summary

Wellington Shire Council will continue to apply the Capital Improved Valuation methodology for the following reasons:

- CIV is considered to be the closest approximation to an equitable basis for distribution of the rating burden, when compared to the other valuation options.
- CIV provides Council with the ability to levy a full range of differential rates. Limited differential rating only is available under the other rating bases. (refer Section 161A of the Act)
- It should be noted that an overwhelming majority of Victorian councils apply CIV as their rating base and as such it has a wider community acceptance and understanding than the other rating bases.

Council Position
That Wellington Shire Council continues to apply the Capital Improved Value (CIV) to levy Council rates.

7. Determining the rating system – uniform or differential

7.1 Uniform rate

Section 160 of the Act stipulates that if a Council declares that general rates will be raised by the application of a uniform rate, it must specify a percentage as the uniform rate. Rates will then be determined by multiplying the value of the land by the uniform rate.

Wellington Shire Council has applied the differential rating system since amalgamation in 1994.

7.2 Differential Rates

Under the Act, Council is entitled to apply differential rates **provided it uses the Capital Improved Value system** of valuing land.

Wellington Shire Council has since its inception adopted the differential rating system as it considers that this provides a greater ability to achieve equitable distribution of the rating burden, particularly considering the farming sector.

Differential rates in the dollar of CIV can be applied to different classes of property, which must be clearly differentiated, and the setting of differentials must be used to improve equity and efficiency. There is no legislative limit on the number of differential rates that can be levied, however, the *highest differential rate can be no more than four times the lowest differential rate*.

Council, in striking the rate through the annual budget process sets the differential rate for set classes of properties at higher or lower amounts than the general rate. Currently there are only two different levels of rates as outlined in Section 5 of this Rating Strategy, being General and Farm rates.

7.3 Advantages of a differential rating system

The perceived advantages of utilising a differential rating system are:

- Greater flexibility to distribute the rate burden between all classes of property
- Allows Council to reflect the unique circumstances of some rating categories where the application of a uniform rate may create inequitable outcomes (e.g. Farming enterprises)
- Allows Council discretion in the imposition of rates to ‘facilitate and encourage appropriate development of its municipal district in the best interest of the community.

7.4 Disadvantages of a differential rating system

Perceived disadvantages in applying differential rating are:

- Justification of the differential rate can at times be difficult for the various rating groups to accept, giving rise to queries, objections and complaints where the differentials may seem excessive or unjustified.

- Differential rating involves a degree of administrative complexity as properties continually shift from one type to another (e.g. residential to farm, vacant to improved) requiring Council to update its records. Maintaining the accuracy/integrity of Council's database is critical in ensuring that properties are correctly classified into their differential categories.
- Council may not achieve the objectives it aims for through differential rating. For example, Council may set its differential rate objectives to levy a higher rate on vacant land, hoping to encourage development, however, it is uncertain whether a differential rate would achieve such objectives.

Council Position
That Wellington Shire Council continues to apply differential rating as its rating system.

8. What differential rates should be applied

8.1 General Rate

The general rate is the particular rate in the dollar that applies to all land which is not defined within a differential rate **(a differential rate is currently only applied to farms)**, and includes residential, commercial and industrial properties, both vacant and improved.

The actual rating burden applying to general properties is an outcome determined by decisions to apply either higher or lower rates in the dollar to other classes of property, such as farm, commercial/industrial or recreational land.

In the setting of differential rates, Council consciously considers their relativity to the general rate.

8.2 Farm Rate

Wellington Shire Council currently has 3,544 farm assessments.

Historically a lower rate has been applied to farms, the basis for this decision being that, in general, farmers require larger landholdings in order to run efficiently, and this would effectively result in disproportionately high rates in relation to the income or surplus able to be generated from their properties.

One of Council's major objectives as articulated in Wellington 2030 is to **"Implement measures to maintain our productive agricultural land balanced with competing land use".** This is supported by a differential rate which it is hoped provides an incentive to farmers to maintain rural land in large lots.

A Farm Rate discount of 20% of the General Rate currently applies and is aligned with over 60 Councils state wide.

Farm properties represent 10.8% of Wellington Shire's assessments, contributing 16.4% of rate revenue. Council recognises their responsibility to ensure that the farm rate is enjoyed by deserving ratepayers. The problem arises in identifying "genuine" farms, as opposed to "hobby farms".

The *Valuation of Land Act 1960* sets out the definition of Farm Land for valuation purposes, and defines "farm land" as any rateable land:

- that is **not** less than 2 hectares in area and;
- that is used primarily for grazing (including agistment), dairying, pig farming, poultry farming,
- fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; and

- that is used by a business
  - that has a significant and substantial commercial purpose or character; **and**
  - that seeks to make a profit on a continuous or repetitive basis from its activities on the land; **and**
  - that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

This definition of farm land is also used for rating purposes. When considering the various characteristics of a farm, size and farm production values, but this presents various problems. The use of size and output value thresholds to determine eligibility is likely to result in a significant number of exceptions, and substantially increase administration costs. Councils with substantial numbers of farms face potentially significant costs with regard to annual auditing of properties' conformance with criteria that reflect the commercial purpose and business nature of the farming activities undertaken.

Council currently requests quantities of information from ratepayers applying for the Farm Rate, (see Appendix 1) which is then considered. For instance, what turnover can be considered to reflect a 'significant or substantial commercial purpose'?

The alternative proposed is that Council use the Australian Taxation Office (ATO) Primary Producer Status as the basis for determining eligibility for the Farm rate. The value in adopting this approach is that responsibility for evaluating whether a farming activity is conducted as a business then rests with the ATO, who have a much more vested interest than Council in the outcome, and already have the mechanism to investigate potential fraudulent claims. Council's ability to request the necessary financial information is extremely limited and could also be viewed as intrusive in nature, when a much simpler option can be implemented.

Evidence required on a periodic basis would be as follows:

- Proof of registered ABN
- Copy of business plan which meets the guidelines as described by ATO in Taxation ruling TR 97/11.
- A Statutory Declaration will also be required, to the effect that the property in respect of which the application for farm rate is made, is used for a primary production purpose.
- In the first instance, evidence will be required of Primary Producer Status for the 2017/18 year in order to be considered for the rate in the 2018/19, 2019/20 and 2020/21 years. Subsequently, evidence will be required for the 2020/21 year in order to be considered for the rate in 2021/22, 2022/23 and 2023/24 years and so on for further 3-year periods. Successful applications will not be applied retrospectively i.e. – they will only apply in the year in which they are made.

To give effect to this, a change in definition is proposed:

Farm Land – means any land that:
Is "Farm Land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960* (paras a) and b)) and other criteria as defined by Council in c) hereunder:

a) not less than 2 hectares in area; **and**
b) that is used primarily for grazing (including agistment), dairying, pig farming, poultry farming,

fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; **and**

c) where the ratepayer is a Primary Producer with any evidence/ruling confirmed by the Australian Taxation Office, registered ABN and business plan.

Affected ratepayers would be advised by Council of the need to provide evidence 6 months prior to the commencement of any relevant rating year and will also be advised of their obligation to inform Council if at any time they cease to be recognised by the ATO as a Primary Producer.

Council officers will monitor the ongoing status of properties and may seek to recover rate arrears where a change in status has not been notified.

In summary, it is Council's opinion that:

- evidence shows that returns able to be realised by farming from the assets employed (including land) are lower than for other forms of land, so that its capacity to pay is lower;
- rate relief should continue to be provided to farming/agriculture because of its importance both to the local economy and as a characteristic of the Wellington Shire environment.

The current farm rate (2017/18 year) is set at 80% of the general rate. This ratio should be reviewed annually to ensure equity still exists for other rate categories and is not eroded unintentionally.

Council Position

That Wellington Shire Council continues to apply a differential rate to farms, reviewed annually, as defined by the *Valuation of Land Act 1960,* and that the definition for rating purposes be amended as follows:

Farm Land – means any land that:
Is "Farm Land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960* (paras a) and b)) and other criteria as defined by Council in c) hereunder:

a) not less than 2 hectares in area; <u>and</u>
b) that is used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities; <u>and</u>
c) where the ratepayer is a Primary Producer as evidenced by rulings by the Australian Taxation Office, registered ABN and business plan.

8.3 Inappropriate Subdivisions

In 2017/18 there are approximately 3,300 assessments relating to inappropriately subdivided properties in the Shire. It is generally vacant, low valued land that has little use to the owners because the land is restricted to no development in its current form. Because of this restriction, the land has little value, and the property valuations used for rating purposes reflect this.

Council believes that the low property valuation of inappropriately subdivided properties already reflects the service benefits received by these properties and leads to low rates being payable on them.

Council Position
That Wellington Shire Council continues to apply the general rate to properties in inappropriate subdivisions as declared annually in the budget process.

8.4 Commercial and Industrial Land

Wellington Shire includes over 1,551 commercial/industrial businesses, representing only 4.7% of assessments, while contributing over 19.95% of the total CIV value. This is mainly due to the location of the Esso Gas Plant at Longford, Esso Gas pipelines and the Fulham Correctional Facility within in the shire's boundaries.

Together these contribute a significant portion of the CIV for this rate category.

Many Councils choose to levy a higher rate on these types of properties, arguing that:

- rates paid by commercial ratepayers are tax deductible
- business places excessive demands on some council services
- industrial properties place higher demands on road infrastructure through specific commercial/industrial heavy vehicle movements.

However, Council believes that these cases are generally location or industry/use specific (i.e. timber – logging trucks, dairy – milk tankers) and better addressed through more targeted rating instruments. On the issue of tax deductibility of rates, Council would argue that landlords of residential property and farmers also receive this benefit.

Council's objective of **"<u>supported business growth and employment, lifestyle opportunities and a vibrant tourism sector</u>"** and associated strategies of:

- support business growth to align with the competitive strength of the region
- encourage infrastructure planning and delivery to support economic growth
- attract new investment, lifestyle growth and visitors by developing and supporting Wellington Shire's regional identity
- support for small business in developing and achieving strategic growth and sustainability

may all be worthy of consideration when setting the rate in the dollar for this group of ratepayers, as each of these may result in increased economic development and local employment and income benefits that will flow from this. But will a differential rate achieve this increased economic development? Do businesses considering relocating to this area do so in the hope of reduced rating? Research has shown that this is not the case, and that more likely reasons include the 'quality' of local government, in particular the handling of planning issues that may affect the running of their business.

Council has a Business Development Unit charged with assisting and encouraging business and tourism development within the Shire. This unit enjoys a budget of more than $1,16M towards achieving Council's objective as stated above, and therefore the recommendation is that commercial / industrial properties continue to be subject to the general rate.

Council Position
That Wellington Shire Council continues to apply the general rate to commercial/industrial properties.

8.5 Vacant Land

Vacant Land is rated according to its characteristics, in that vacant farm land is rated at farm rate, while residential or commercial land is rated at the general rate. In 2017-18, there are in excess of 7,200 vacant properties in the general rate category, and about 1,650 in the farm category. These properties attract the same rate in the dollar as the equivalent developed property.

Council argues that the property value of vacant land reflects adequately on the benefit and capacity to pay principles. It does not favour any differential rating of vacant land for the following reasons:

- vacant land has no occupants and therefore it tends not to “consume” services (and those it does such as fire hazard removal are done at cost to owners); and
- Council’s spending on services and facilities increases local utility and amenity that is reflected in vacant land values.

Council has considered whether vacant land should be treated differently so as to encourage development, but little, if any information regarding the factors that influence property owners to sell or develop their land is available.

It has been stated by some that higher rates for vacant commercial or residential land may encourage development, but it is more likely based on other factors such as property market, interest rates, capital gains tax issues, family situations and changes in personal circumstances.

Council Position
That Wellington Shire Council continues to apply the general rate to vacant land.

8.6 Retirement Villages

Wellington Shire does not currently have a differential rate for retirement villages as we currently do not have any within our municipal boundaries.

Four of the 79 Councils in Victoria currently apply a differential rate for Retirement Villages.

Residents of Retirement Villages are not excluded from the use of Council’s services.

The villages located within the municipality are largely non self-sufficient and continue to rely on Council services. Therefore, they are not seen to provide sufficient internal services to warrant the application of a differential rate. The introduction of a differential rate would result in a greater portion of the rates burden being shifted to other low income households and pensioners.

Council Position
That Wellington Shire Council will apply the general rate to retirement villages.

8.7 Cultural and Recreational Land

Currently Council levies a general rate on land which has the following characteristics:

- Land which is controlled by a non-profit organisation which exists for the purpose of providing or promoting culture or sporting and recreation facilities which is used for sporting, recreation or cultural purposes or which is used for agricultural showgrounds.

The provision of rate relief to recreational land can also be provided by the *Cultural and Recreational Lands Act 1963*. This Act provides for properties used for **outdoor** activities to be differently rated unless it involves land that is being leased from a private landowner. The discretion of whether to provide a cultural and recreational land rate rests with Council.

A rebate system applies to these properties and is reassessed regularly in line with the current revaluation cycle. The level of rebate granted is determined by the number of members, annual profit/loss and hours of operation for each applicant. Rebates of 100%, 75%, 50% or 25% of the general rate are granted on this basis.

Council Position
That Wellington Shire Council continues to grant rate rebates of up to 100% to Cultural and Recreational Land properties.

9. Municipal Charge

Council is able to levy a municipal charge on each rateable property within the municipality with the exception of farms where a single municipal charge is payable on multiple assessments operated as part of a single farm enterprise (refer to s159 of the Act).

The municipal charge is a flat, identical charge that can be used to offset some of the “administrative costs” of the Council. The legislation does not define “administrative costs” but is clear on the issue of maximum revenue levels that can be raised from this charge. The Act states that “*A Council’s total revenue from a municipal charge must not exceed 20 per cent of the sum total of the Council’s a) total revenue from a municipal charge and b) total revenue from general rates.*”

Wellington Coast Subdivision
The area known as the Wellington Coast Subdivision includes a 28km strip of Ninety Mile Beach from the Honeysuckles to Paradise Beach. Until the 1950s, the properties were mainly freehold, large holdings. Then around 11,000 freehold lots were created in two large subdivisions, which were subsequently assessed as inappropriate, mainly due to the environmental sensitivity of much of the area, land being subject to inundation and the absence (and inappropriateness) of relevant infrastructure.

As the majority of these lots could not be built on, Council had a policy of not pursuing rates debts, resulting in uncollectable rates charges in excess of $2 million, mainly due to the application of the Municipal Charge ($148 per property in 2005/06). As resolved by Council in September 2005, a rating review was undertaken to address the perceived inequities in the rating system, as well as the increasing accumulated rates debt for these properties, and the following recommendations were supported:

1. Remove the Municipal Charge and replace with an increase in the rate in the dollar to deliver the same level of rating income;

2. Increase the discount for Farms from 10% to 20% (80% of the General Rate), to offset the redistribution of the rating burden resulting from the abolition of the Municipal (fixed) Charge, and the increase in the rate per dollar of property values.

The effect of the Municipal Charge being removed was that the accumulating rates debt no longer increased by around $400,000 per annum, significantly reducing negative cash flow impacts.

Advantages
A municipal charge applies equally to all properties and is based upon the recovery of a fixed cost of providing administrative services irrespective of property valuation. The same contribution amount per property can be seen by some as an equitable method of recovering these costs.

Disadvantages
The argument against a municipal charge is that this charge is regressive in nature and would result in lower valued properties paying higher overall rates and charges than they do at present. The equity objective in levying rates against property values is lost in a municipal charge as it is levied uniformly across all properties.

Council Position
That Wellington Shire Council does not utilise a Municipal Charge as part of its rating strategy, and that this is reviewed annually in the context of the Wellington Coastal Strategy outcomes.

10. Service Rates and Charges

The Act allows Council to declare a service rate or an annual service charge. This charge can be applied on, or a combination of, any of the following services;

- Provision of a water supply
- Collection and disposal of refuse
- Provision of sewerage services
- Any other prescribed services

This service rate or service charge may be declared based on any criteria specified by the Council in the rate or charge.

Details of service charges are as follows:

10.1 Kerbside Collection (Garbage) Charge

Council provides a kerbside collection service to around half of its ratepayers within designated areas. Applying the equity principle, those who do not receive this service should not have to pay for it through general rates.

Council calculates the cost of this service and applies a ‘user pays’ charge to those that receive the service, or to whom the service is available - a resident may not opt out of this service where they are in a collection zone. Commercial ratepayers, where they can provide evidence of an alternative, commercially provided waste collection service may opt out. GST is applicable to commercial ratepayer charges.

Note: Recycling and sorting of collected materials is a global issue and Wellington Shire will aim to cost recover only the costs incurred for handling materials collected.

Council Position
That Wellington Shire Council continues to apply a garbage charge based on full cost recovery of the waste function.

10.2 Waste Infrastructure Charge

In 2005/06 Council completed a ten year Waste Management Strategy, which clearly set out the costs for establishing recycling and transfer stations, rehabilitating landfills and monitoring of existing and closed landfills. The funding for the implementation of this Waste Management Strategy was considered, resulting in the introduction of a service charge (the Waste Infrastructure Charge) to provide for the identified costs.

Presently Council manages the following waste facilities:

- 2 licensed operational landfill sites (Kilmany and Maffra)
- 1 unlicensed site not operating (Longford)
- 1 unlicensed operating site (Rosedale)
- 7 transfer stations (Kilmany, Yarram, Dargo, Stratford, Heyfield, Seaspray and Loch Sport)

Environment Protection Authority (EPA) requirements under the *Environment Protection Act 1970* require Council to provide financial assurances for rehabilitation, remedial works and aftercare for all licensed landfills. In addition, there are strict guidelines for future landfill siting, design and management.

It can be said that spending in the waste management area is moving from a discretionary basis to non-discretionary in nature. EPA guidelines, risk assessments, state legislation and community acceptance of sustainable management practices confirm this.

In the past, the Waste Infrastructure Charge applied to all properties within the Shire, but in 2011/12 Council reviewed its applicability and determined that it would no longer be applied to 619 properties within the inappropriate subdivision, as described in the annual budget.

History shows that compliance with EPA requirements is expensive, and in order to avoid rate shocks each time Council needs to renew waste management infrastructure such as landfill cells, the implementation of a relatively small Waste Infrastructure Charge, which is set aside for this purpose only, is essential.

All funds collected through this Charge are placed in the Waste Infrastructure Reserve and are only applied to this purpose.

Council Position
That Wellington Shire Council continues to apply a Waste Infrastructure Charge to properties as described in the annual budget, to fund the provision of future waste management infrastructure.

10.3 EPA Levy Charge

Changes for Council's levies to the EPA are adjusted annually or as necessary.

This separate cost is shown on Rates Notices in the interests of greater transparency. The cost of the levy is influenced by two drivers – one is the volume of waste going into our landfill, and the second is the price per tonne levied by the EPA. While we can do little regarding the price, we can certainly, as a community, make greater efforts to recycle more and reduce the volume of waste to landfill.

Council Position
That Wellington Shire Council continues to apply a separate EPA Levy Charge.

10.4 Boisdale Common Effluent System Charge

In 2014/15, and annual service charge for wastewater availability in the township of Boisdale was implemented, for all properties that are connected to the Boisdale Common Effluent System. This charge represents a contribution towards the costs of operation and management of the system.

This system is unique to this township, where impacts of flooding can present significant risks to the health of the community as septic tanks overflow. The system was constructed to mitigate this risk and is maintained by Council.

This service charge does not cover the entirety of the costs incurred by Council, largely related to compliance with Environment Protection Authority requirements, but goes some way towards delivering equity with other ratepayers who pay other wastewater providers for similar services.

Council Position
That Wellington Shire Council continues to apply a Boisdale Common Effluent System Charge to properties connected to the system.

10.5 Special Rates and Charges

Special rates and charges are covered under Section 163 of the Act, which enables Council to declare a special rate or charge or combination of both for the purposes of:

- Defraying any expenses, or
- Repaying with interest any advance made or debt incurred, or loan raised by Council.

In relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.

Section 185 of the Act provides appeal rights to the Victorian Civil and Administrative Tribunal (VCAT) in relation to the imposition of a special rate or charge. VCAT has wide powers, which could affect the viability of the special rate or special charge.

Council currently utilises Special Charges to recover the costs of sealing urban residential streets, where the benefit can be attributed to the residents of those streets. Council is mindful of the issue of proving that special benefit exists to those that are levied the rate or charge.

Council Position
That Wellington Shire Council use Special Rates and Charges in the following circumstances: • **Funding of narrowly defined capital projects (e.g. Streetscape works, private road sealing) where special benefit can be shown to exist to a grouping of property owners.**

10.6 Rebates and Concessions

Section 169(1) of the Act allows Council to grant a rebate or concession –

(a) to assist the proper development of the municipal district; or
(b) to preserve buildings or places in the municipal district which are of historical or environmental interest; or
(c) to restore or maintain buildings or places of historical, environmental, architectural or scientific importance in the municipal district; or
(d) to assist the proper development of part of the municipal district.

(1A) A Council resolution granting a rebate or concession must specify the benefit to the community as a whole resulting from the rebate or concession.

10.7 Rates Rebate for Land with a Deed of Covenant for Conservation Purposes

Council currently offers a rates rebate for land with a Deed of Covenant for Conservation purposes (Trust for Nature). A rate per hectare is determined by Council annually and is applied to reduce the general rates charged.

Council Position
That Wellington Shire Council continues to offer the Rates Rebate for land with a Deed of Covenant for Conservation purposes, and reviews this annually through the budget development process.

11. Deferred Payments and Waivers

11.1 Waivers – State Concession (Pensioners)

Section 171(4) of the Act provides Council with the ability to waive rates to eligible recipients in accordance with the *State Concessions Act 2004*, provided that the rateable or part of the rateable land is the applicant's sole or principal place of residence.

Only one application (in the prescribed form) for each rating period can be made by that person. A rate concession is available to:

- Pensioners; or
- War widows and returned servicemen on a War Pension with a total and permanent incapacity.

Proof of eligibility is provided by Pensioner Concession Cards but is not extended to Health Care cardholders.

Eligible pensioners may gain a concession of up to 50% of their total rates and charges, up to a maximum as stipulated by the State Government and updated annually.

11.2 Deferred payments or Waivers – Financial Hardship

Council recognises that there are cases of genuine financial hardship requiring respect and compassion. All applications will be treated in a consistent, equitable and confidential manner.

Section 170 of the Act allows Council to defer payment of all or part of the rates and charges due, for a specified period and subject to any conditions determined by Council, such as a change in the person's financial circumstances, where hardship may exist.

Under a deferment arrangement, whilst rates and interest will still accrue, no debt recovery action shall be taken. Periodic confirmation will be sought from either the ratepayer or nominated representative that financial hardship conditions still exist. Deferment is withdrawn automatically upon sale of the property.

In addition, Section 171(A) of the Act allows Council to consider applications by a ratepayer who -

(a) is suffering financial hardship; or
(b) would suffer financial hardship if they paid their rates and charges in full; to have all or part of the rates and charges or late payment interest waived.

Rates and charges will generally not be waived. Any application received from ratepayers to waive rates and charges will be considered by delegated Council staff for a decision. Applications must demonstrate that they are experiencing undue and unusual financial hardship. Waivers will not be granted for investment properties or holiday homes.

Penalty interest waivers can be applied for under the following categories:-

1. Administrative Waiver – where an administrative error or omission which is proven to have caused or significantly contributed to the failure to pay rates, a waiver of interest, in full or in part, may be applied.
2. Compassionate Grounds – Ratepayers may have interest waived on their principal place of residence where they have demonstrated compassionate grounds. Acceptable compassionate grounds would generally relate to family illness or death. The ratepayer will need to agree to an acceptable payment arrangement to pay the outstanding amount. Waivers shall be applied on a one off basis and ratepayers will need to apply on each occasion such a waiver is sought.
3. Financial Hardship - Applications must demonstrate that the ratepayer is experiencing financial hardship; and the ratepayer must enter into an acceptable payment arrangement and perform against such an arrangement. Under a financial hardship arrangement, whilst rates and interest will still accrue, no further legal action shall be taken. Periodic confirmation will be sought from either the ratepayer or nominated representative that financial hardship conditions still exist. Financial hardship arrangements will be withdrawn automatically upon sale of the property. Financial hardship waivers will not be granted for investment properties or holiday homes.

12. Collection of Rates and Charges

There are only two options available under the Act for Council to set payment dates. The first is an option of a lump sum payment (which by law is set on 15 February of each year), and the second is a mandatory instalment approach where payments are required at the end of September, November, February and May. Under this second approach, ratepayers can elect to advance pay instalments at any point.

Wellington Shire Council elected to move from the lump sum payment method for the 2006/07 rating year.

The move to introduce mandatory instalments was aimed at better matching when Council receives its rate revenue against when we need to expend these same amounts and brings Council into closer alignment with virtually every other utility service provider.

It is the experience of Council that ratepayers are better able to manage and plan their household finances for four or nine instalments, rather than the single, significant payment required under the lump sum payment option, which, falling mid-February, follows on the heels of the expense of Christmas.

Council also offers ratepayers the option to pay over nine instalments if they elect to pay by direct debit from their nominated bank account. In this case rate payments are made via direct debit from September to May on the last business day of each month. Where the last business day falls on a weekend or public holiday, the direct debit is extracted on the previous business day. Direct debit from credit cards is not offered due to the significant cost for Council to upgrade systems to meet the legal requirements pertaining to the secure storage of credit card details.

Council Position
That Wellington Shire Council continues to apply the mandatory rate instalment option as well as nine monthly instalments by direct debit for future rating years.

12.1 Payment options offered

Option 1: Quarterly instalments
1st instalment due – 30 September
2nd instalment due – 30 November
3rd instalment due – 28 February 4th
instalment due – 31 May

Option 2: Twice monthly instalments by Direct Debit
Only available to ratepayers with overdue rates and charges

Option 3: Twelve Monthly instalments by Direct Debit
Only available to ratepayers with overdue rates and charges

Option 4: Standard Direct Debit
Nine monthly payments: September to May

- Not available to ratepayers with overdue rates and charges

Applications must be made annually by 31 August.
Direct debit can be made from a savings account or cheque account.

12.2 Payment channels

Several options for making payment are offered to ratepayers.

- Council service centres at Sale and Yarram
- Australia Post
- Bpay View
- Bpay
- Council website eServices
- Mail

12.3 SMS reminder service

In addition, Council offers an SMS reminder service which reminds enrolled ratepayers a few days before each rate instalment due date.

12.4 Rate Notice Delivery Options

Several options are available for the delivery of notices to ratepayers:

- Mail
- Bpay view – registration for this service is available via ratepayer's internet banking provider
- Email – registration can be made via www.wellington.vic.gov.au/myrates

12.5 Unpaid rates and charges

Where ratepayers have not paid their rates by the due date of the instalment, Final notices are forwarded to ratepayers requesting payment or inviting them to make arrangements to pay their outstanding debt.

If no payment is forthcoming or no arrangements have been made to pay the debt, Council may pursue the recovery of outstanding rates and charges through its debt collection agent.

Any costs incurred during the recovery process are added to the amount outstanding. Council will also make every effort to contact ratepayers at their correct address, but it is the ratepayer's responsibility to properly advise Council of their correct mailing details and contact number/s.

Section 181 of the Act enables Council to initiate proceedings for the sale of a property where the rates and charges debt exceeds three years.

Council has a formal Policy (Debt Collection and Interest Charging – Rates, Charges and Fire Services Property Levy Policy) which discusses all the debt collection actions that may be taken, and documents arrangements relating specifically to inappropriate subdivisions in the Wellington Coastal Strategy areas. This Policy can be found on Council's website in the Council Policy Manual.

Appendix 1 – Current Farm Rate Application

Guidelines for the Classification of Property as Farm Land for Rating

There are some hard words in this form. The hard words are in blue. You can read what the words mean on page 8.

The following is the meaning of “Farm Land” as set out in the *Valuation of Land Act 1960, Section 2* -

“Farm Land” means any rateable land-

(a) that is not less than 2 hectares in area; and

(b) that is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing, or the growing of crops of any kind or for any combination of those activities; and

(c) that is used by a business –

- *(i) that has a significant and substantial commercial purpose or character; and*
- *(ii) that seeks to make a profit from its activities on a continuous or repetitive basis from its activities on the land; and*
- *(iii) that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating*

The following guidelines have been used to understand and meet the terms of “farm land” as mentioned above.

It is the responsibility of the applicant to prove to Council that the following guidelines have been met.

1 General

1.1 “Business”

The activity being carried out on a property must be a business, not a hobby or recreational activity.

The activity must be carried out for the purpose of earning an income on an ongoing basis.

Have a status of “primary producer” with the Australian Taxation Office

1.2 “Primarily”

Comparison of areas occupied by a residential or commercial use and a farming business is not the only factor. Regard also has to be had to the relative weights of the competing uses.

Where there is a business undertaking which has the characteristics of a business, as defined earlier, and where the dwelling and curtilage have settled a minor area, it is not important how much money is spent in the residential use.

2 Specific Business

2.1 Grazing (including agistment)

The running of the business of grazing usually involves the buying and selling of livestock. The starting up of a herd or flock for future breeding purposes may be enough to satisfy the meaning, providing it is clearly shown the final goal is for commercial production.

The Act now provides for agistment, where an occupier takes in stock belonging to someone else and charges a fee in return for care of the stock. The occupier must be running a grazing or agistment business on the property.

2.2 Dairying

Dairy farming is the business of long-term milk production, which is processed (on-site or at a dairy plant) for sale of a dairy product. This business has similar characteristics to grazing (2.1).

2.3 Pig-farming

Pig farming is the raising and breeding of domestic pigs. Pigs are raised mainly as food (e.g. pork, bacon, gammon) and sometimes for their skin.

2.4 Poultry farming

Poultry farming is the raising of domesticated birds such as chickens, turkeys, ducks, and geese, for the purpose of farming meat or eggs for food. This business can be carried out profitably on a small property.

2.5 Fish farming

Fish farming involves raising fish commercially in tanks or enclosures, usually for food. It can also include yabbies or tropical fish for pet stores. This business can be carried out on a small property but could involve development of ponds or outlay for tanks.

2.6 Tree farming, Viticulture and Fruit Growing

These activities cannot become profitable for several years until trees or vines mature enough for harvesting or to bear fruit.

It should be noticeable that the land is being prepared for these purposes before an application is submitted. After the application it should also be noticeable that plantings are being maintained and developed for commercial production.

2.7 Bee-keeping

This is a use which can be carried out on land which is uncleared, although the characteristics of a business must be satisfied.

2.8 Horticulture or the growing of crops of any kind

Horticulture is the business of plant cultivation. It includes the cultivation of fruits, vegetables, nuts, seeds, herbs, sprouts, mushrooms, algae, flowers, seaweeds and non-food crops such as grass and ornamental trees and plants.

Appendix 1 – Current Farm Rate Application

Application for Classification of Property as “Farm Land”

Applications must be lodged with the Council Rate Office within 2 months of receiving your rates notice. Applications must be completed fully and meet the following guidelines as set out in the Wellington Shire Council 2018/2019 budget document:

Farming land is any land, which is:

- Used primarily for a farming or agricultural business; and
- Conforming to the definition of “farm land” as specified within the Valuation of Land Act 1960; and
- Proof of registered ABN; and
- Proof of business plan which meets the guidelines as described by ATO in Taxation ruling TR 97/11.

I wish to apply for the property/ies listed in this application to be considered by Council for classification as farm land for rating. The application will be reviewed using the definition of “Farm Land” in the Valuation of Land Act 1960, Section 2 and the guidelines as set out in the Wellington Shire Councils 2018/19 budget document.

Please note successful applications will not be backdated.

Applicant:

<table>
<tr><td colspan="7">Name:</td></tr>
<tr><td colspan="7">Business trading name: (if applicable)</td></tr>
<tr><td colspan="7">Type of business:</td></tr>
<tr><td colspan="7">Postal address:</td></tr>
<tr><td colspan="2"></td><td>Postcode</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Phone number: Home</td><td>Work:</td><td colspan="5">Mobile:</td></tr>
<tr><td colspan="2">Email address:</td><td colspan="5">Fax:</td></tr>
<tr><td colspan="7">☐ Owner ☐ Occupier/Ratepayer</td></tr>
<tr><td colspan="7">Owners name: (if you’re not the owner)</td></tr>
<tr><td colspan="7">Occupiers name: (if you’re not the occupier)</td></tr>
</table>

Appendix 1 – Current Farm Rate Application

Property Details: List property details that you wish to apply for the farm land classification. If you have more than 3 properties please attach an extra sheet with other properties.

Property 1:

Address:			Postcode			
Assessment number:		Area Hectares:				
☐ Freehold	☐ Leasehold	☐ Other: (e.g. licence) ____________				

Property 2:

Address:			Postcode			
Assessment number:		Area Hectares:				
☐ Freehold	☐ Leasehold	☐ Other: (e.g. licence) ____________				

Property 3:

Address:			Postcode			
Assessment number:		Area Hectares:				
☐ Freehold	☐ Leasehold	☐ Other: (e.g. licence) ____________				

Total number of hectares:
Area of property used for the Farming Operation (Hectares or %):

List any other land that is used as part of the farming business

Address:
Assessment number/s:
Total Hectares:

Farming Business Records:

Do you run the farm as a business?	☐ Yes ☐ No
Do you keep records of the business activity?	☐ Yes ☐ No
Do you include the business activity in your tax return?	☐ Yes ☐ No
Do you have Primary Producer status with the Australian Taxation Office? You may need to give Council a copy of your Income Tax Assessment to confirm primary producer status.	☐ Yes ☐ No
Is the farming business registered for GST?	☐ Yes ☐ No
What is your Australian Business Number?	

Appendix 1 – Current Farm Rate Application

Improvements:

Fencing – please describe type/s of fencing, number of paddocks and/or yards:________________________
Are boundaries securely fenced? ☐ Yes ☐ No

What type of water supply is at the property or properties? ____
What type of pasture is on the property or properties? (list the type, areas and any recent improvements) __

Dwellings and/or buildings:

Type:	Size:	Construction Age and Condition	Occupants:

Appendix 1 – Current Farm Rate Application

Supporting Information:

Business or Industry: (Refer point 2 of guidelines)	Acres or Hectares:	Production Statistics Last 2 Financial Years: (e.g. number of head or cases of fruit sold) 2016/17	2017/18

Number of stock or Hectares/Acres planted at present on property or properties: ______________________________

____

____

____

Agistment Details:

Number of livestock	2016/17 fees	Number of livestock	2017/18 fees

Other Information:

Any more information to support your application:______________________________

____

____

____

____

____

____

Signature: Date: _____/_____/_________

Appendix 1 – Current Farm Rate Application

Statutory Declaration

You must complete this statutory declaration and sign in front of an approved person under section 107A of the Evidence Act 2008 [Vic].

I, Name____

of, home address____

In the State of Victoria, agree that:

The information provided within this application for classification of my property as a farm enterprise is correct at the time of filling in and that this information is available for review if needed

Signature: ____

Witness (Approved Person) Name:____

Witness (Approved Person) Signature:__________________________ Date: ____/____/_____

You **must** sign in front of an approved person.

Submitting your Application:

Mail	Post the signed, completed form together with any applicable fees or copies of any documentation to; PO Box 506 **SALE VIC 3850.**	
Electronic	Fax to 03 5142-3526 Email to enquiries@wellington.vic.gov.au	
In Person	Bring the completed form and supporting documents to any of the following locations;	
	Opening Hours: 8:30am to 5:00pm. Monday to Friday.	18 Desailly Street, Sale VIC 3850
	10.00am to 2.00pm Monday, Tuesday, Thursday & Friday	156 Grant Street, Yarram VIC 3971

Appendix 1 – Current Farm Rate Application

Hard Words

Classification: The action of identifying or dividing into classes or categories.

Rateable: Able to be rated

Guidelines: Rules that provide direction or guide an action or outcome

Hectares: A unit of area used in the measurement of land, equal to 10,000 square meters. 1 Hectare equals 2.47 acres.

Acres: A unit of area used in the measurement of land, equal to 4,047 square meters

Agistment: Take in and feed livestock for payment.

Viticulture: The growing of grapes.

Horticulture: The growing of plants.

Characteristics: A feature or quality belonging typically to a person, place, or thing and serving to identify them.

Dwelling: A house, flat, or other place of residence.

Curtilage: The land around a house or dwelling.

Agricultural: The farming of crops or animals to provide food, fibres like cotton and wool, and other products.

Harvesting: The picking and collecting of crops.

Conforming: Meeting the rules, requirements or guidelines.

Primary Producer: Someone who runs a farming business.

Pasture: Land covered with grass and other low plants suitable for grazing animals.

Statistics: Collecting and analysing numerical data in large quantities.

Statutory Declaration: A Statutory Declaration is sometimes called a 'stat dec'. A Statutory Declaration is a legal document and means you are telling the truth.

Approved Person: A Statutory Declaration can be witnessed by a Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner or a Dentist or any other person named as per *Section 107A of the Evidence (Miscellaneous Provisions) ACT 1958*.

Freehold: Permanent and absolute tenure of land or property with freedom to dispose of it at will.

Leasehold: The holding of property by lease.

Commercial/Commercially: Concerned with or engaged in making or intending to make a profit.

Occupier: Someone living in or using a property as its owner or tenant.

Cultivation: Prepare or use for crops or gardening.

Review/ed: Look or looked at again.

Enterprise: A business or company.