



Inequities in Rural Rating

A Comparison of the Rates on Businesses in Rural and Regional Victoria

MARCH 2015

Foreword

The Victorian Farmers Federation is Australia's largest state farmer organisation, and the only recognised, consistent voice on issues affecting rural Victoria.

The VFF consists of an elected Board of Directors, a member representative Policy Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views at many industry and government forums.

A handwritten signature in black ink, appearing to read 'PJS', written in a cursive style.

Peter Tuohey
President

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Executive Summary

As farm businesses have become increasingly aggregated the rating burden faced by individual farmers has been compounded. By using data on farm business numbers from the Australian Bureau of Statistics and information in local council budgets the VFF was able to determine the average rates paid by farm businesses in most councils. We have then compared this to the rates paid by other commercial ratepayers.

In the 2014/2015 financial year farms will, on average throughout councils applying both a farm and commercial differential rate, pay 2.5 times as much in rates as other commercial businesses. This equates to an average of \$4,008 more.

In April 2013 the Ministerial Guidelines for Differential Rating were released with the aim of promoting good practice and greater consistency in the application of differential rating in Victoria. This report provides evidence many councils are still failing to "*ensure the equitable imposition of rates and charges*" as directed by section 3C(2)(f) of the Local Government Act.

Differential rates were introduced as a tool for councils to address equity issues arising from the land valuation method of determining rates. The data compiled in this report suggests that many councils continue to apply inequitable differential rates. This results in an unbalanced rate distribution. Victorian farmers are paying a disproportionate amount of rates in comparison to both the number of agricultural businesses and the economic output of the agricultural industry.

Differential rates were introduced to address equity issues arising from levying municipal rates on the basis of capital improved value. This report demonstrates that the Local Government Act and the Ministerial Guidelines for Differential Rating are failing to ensure the equitable imposition of rates. These instruments need to be reconsidered by the State Government to ensure the effective usage of differential rating on farm land in Victoria. In fact some farm land in Victoria is still classed under a general rate, rated the same as all commercial and residential land.

The VFF firmly believes a differential rate should be applied to all Victorian farm land. In addition differential rates should be determined utilising farm business numbers with consideration given to the economic output of the agricultural industry in the local government area. The following recommendations are intended to ensure the equitable imposition of rates as prescribed by the Local Government Act.

Recommendations

- 1. The Local Government Act be amended to **require** the application of differential rates on farming land.*
- 2. Local Government be required to collect information on the number of farm businesses and consider this information in the imposition of differential rates.*
- 3. The Local Government Act be amended to require councils to disclose the rates payed per business in addition to per assessment.*
- 4. The Legislative Assembly of Victoria conduct an Inquiry into the fairness and equity of the local government rating system in rural and regional areas to find a more equitable way to apply rates to farmland.*

Introduction

The Victorian Farmers Federation has long advocated for change to the municipal rating system. The foundation of the rating system in Victoria is the principal that property value is a good measure of capacity to pay. There are fundamental problems with this principle when applied to farm land, including:

- Farming generally utilises a large amount of 'unimproved' land, and as a result municipal rates are a tax on a means of production.
- The value of farm land does not necessarily reflect the income potential of the land - agricultural land is not always valued on the basis of productivity. For example peri-urban land may be valued according to future development potential, while coastal land may be valued for aesthetic reasons rather than productive.

As farm businesses have become increasingly aggregated the rating burden faced by individual farm businesses has been compounded. Council budgets do not generally reflect the true cost of rates imposed on farm businesses. Councils only report on the average farm assessment, but most farm businesses receive more than one rates assessment.

This report delivers analysis of the rate burden faced by farm businesses, and compares this to the commercial rate levied on other businesses in regional and rural Victoria. The data has been compiled through the analysis of Australian Bureau of Statistics data on agricultural businesses¹, REMPLAN data, and 2014/2015 council budget publications.

Where councils do not levy different rates on commercial land and farm land it is not possible to compare the two ratepayer categories. As a result there are some gaps in the analysis.

¹ Australian Bureau of Statistics - Agricultural Commodities, Australia, 2010-11.

The Current Rating System

The current rating system employed by local governments in Victoria is resulting in an inequitable distribution of rates. The system, based on land valuations, unfairly places a burden on farming businesses. This system presumes that the higher the land valuation the greater capacity the owner has to pay. VFF analysis shows Victoria's farmers pay over 44 per cent of the business rates in regional Victoria, but the value of farm gate production is only around 5 per cent of regional economic output.

The Local Government Act provides differential rates as a tool local government can utilise to re-balance the rating system. This report demonstrates that local councils are failing to properly utilise differential rates to re-balance the rating system, leaving farming businesses to shoulder an inequitable portion of the rural rate burden.

Farm Assessments vs Farm Businesses

VFF analysis has confirmed that farms often pay more in rates than other commercial businesses. One contributing factor to this is the discrepancy between the number of agricultural businesses and the number of farm assessments per local government area. In recent history Victorian farms have been growing in size, often taking up multiple titles and receiving multiple rate assessment notices (see Table 1). Therefore local government data regarding the average cost of a farm assessment misrepresents the reality of the situation. That is; agricultural businesses pay more than their fair share.

The fact that farmers receive multiple rate notices is already recognised by Victorian councils offering the Single Farm Enterprise Exemption. Despite this awareness councils have invariably failed to use this knowledge to apply equitable differential rates. Further, the Municipal Association of Victoria (MAV) this year acknowledged in its 2014 rates package that a single farm enterprise including several assessments could "*skew the data*" used in their publication.

Table 1: Number of Agricultural Businesses compared to Farm Assessments by Council Area (Source: ABS, 2014/2015 Council Budgets)

Shire	Number of Agricultural Businesses ²	Farm Assessments	Average Assessments Per Business
Alpine Shire Council	370	1,067	2.9
Ararat Rural City Council	471	1,742	3.7
Ballarat City Council	220	772	3.5
Bass Coast Shire Council	421	1,028	2.4
Baw Baw Shire Council	1147	3,061	2.7
Benalla Rural City Council	484	1,306	2.7
Buloke Shire Council	559	2,854	5.1
Campaspe Shire Council	1269	3,729	2.9
Cardinia Shire Council	761	928	1.2
Central Goldfields Shire Council	199	1,011	5.1
City of Whittlesea	84	197	2.3
Colac- Otway Shire Council	692	2,772	4.0
Corangamite Shire Council	1147	2,980	2.6
East Gippsland Shire Council	882	2,738	3.1
Gannawarra Shire Council	585	1,183	2.8
<i>Farm Dryland</i>		443	
Glenelg Shire Council	846	2,943	3.5
Golden Plains Shire Council	465	1,285	2.9
<i>Growth Area</i>		83	
Greater Bendigo City Council	470	1,217	2.6
Greater Geelong City Council	338	1,075	3.2
Greater Shepparton City Council	1058		
Hepburn Shire Council	320	1,052	3.3
Hindmarsh Shire Council	433	2,022	4.7
Horsham Rural City Council	512	2,245	4.4
Hume City Council	99		
Indigo Shire Council	537	1,388	4.1
<i>Category 2</i>		813	0.0
La Trobe City Council	350	1,320	3.8
Loddon Shire Council	744	3,800	5.1
Macedon Ranges Shire Council	487	1,072	2.2
Mansfield Shire Council	278	822	3.0
Mildura Rural City Council	1304	3,466	2.7
Mitchell Shire Council	368	429	3.0
<i>Rural Agricultural Land</i>		660	

² Agricultural business numbers compiled from 'Australian Bureau of Statistics - Agricultural Commodities, Australia, 2010-11'.

Shire	Number of Agricultural Businesses	Farm Assessments	Average Assessments Per Business
Moira Shire Council	1072	2,342	2.2
Moorabool Shire Council	412	1,507	3.7
Mornington Peninsula Shire	544	1,176	2.2
Moyne Shire Council	1218		
Mount Alexander Shire Council	244	469	1.9
Murrindindi Shire Council	581	1,316	5.2
<i>Rural 2</i>		1,727	
Nillumbik Shire Council	115	211	1.8
Northern Grampians Shire Council	451	2,311	5.1
Pyrenees Shire Council	732	1,770	2.4
Shire of Yarra Ranges	744	1,912	2.6
South Gippsland Shire Council	1402	3,365	2.4
Southern Grampians Shire Council	878		
Strathbogie Shire Council	669	2,195	3.3
Surf Coast Shire Council	418	944	2.3
Swan Hill Rural City Council	753	1,199	1.6
Towong Shire Council	497	1,529	3.1
Wangaratta Rural City Shire	841	735	3.5
<i>Rural 2</i>		2,213	
Warrnambool City Council	58	159	2.7
Wellington Shire Council	1273	3,720	2.9
West Wimmera Shire Council	558	2,848	5.1
Wodonga City Council	108	294	2.7
Wyndham City Council	137	381	2.8
Yarriambiack Shire Council	564	3,039	5.4

Farm vs Commercial Rate Inequality

Table 2 demonstrates the significant disparity between rates paid by farm businesses compared to other commercial ratepayers. This is not immediately apparent when looking at the average farm rate assessment. For example, in Benalla based on the average farm rate assessment it appears commercial rate payers will pay \$1,779 more than a farm. However, there are only 484 agricultural businesses compared to 1,306 assessments and therefore farm businesses will actually pay \$1,830 more than other commercial businesses. On average across Victoria, in councils applying both a farm and commercial rate, farming businesses will pay on average 2.5 times more than other commercial rate payers. This equates to \$4,008 more than other commercial businesses.

Table 2: Comparison of Farm and Commercial Rate Assessments by Council (Source: ABS, 2014/2015 Council Budgets)

Shire	Average Farm Assessment	Average Commercial Assessment	Average Rates per Farm Business
Alpine Shire Council	\$1,855	\$2,581	\$5,349
Ararat Rural City Council	\$2,852	\$3,197	\$10,548
Ballarat City Council	\$1,974	\$7,666	\$6,927
Bass Coast Shire Council	\$3,437	\$2,378	\$8,393
Baw Baw Shire Council	\$2,971	\$2,679	\$7,929
Benalla Rural City Council	\$2,125	\$3,904	\$5,734
Buloke Shire Council	\$2,313	\$1,302	\$11,809
Campaspe Shire Council	\$1,719	\$2,663	\$5,050
Cardinia Shire Council	\$2,637	\$3,745	\$3,215
Central Goldfields Shire Council	\$1,299	\$3,384	\$6,599
City of Whittlesea	\$5,387		\$12,633
Colac- Otway Shire Council	\$1,929	\$3,033	\$7,726
Corangamite Shire Council	\$2,968		\$7,710
East Gippsland Shire Council	\$1,507	\$1,995	\$4,678
Gannawarra Shire Council	\$1,993	\$1,495	\$3,843
Glenelg Shire Council	\$2,261	\$1,925	\$7,867
Golden Plains Shire Council	\$2,360	\$1,112	\$6,598
Greater Bendigo City Council	\$1,880	\$4,994	\$4,869
Greater Geelong City Council	\$2,362	\$4,080	\$7,512
Greater Shepparton City Council	Data Unavailable		
Hepburn Shire Council	\$1,515	\$2,650	\$4,981
Hindmarsh Shire Council	\$2,021	\$735	\$9,435
Horsham Rural City Council	\$2,107		\$9,237
Hume City Council	Data Unavailable		
Indigo Shire Council	\$1,356	\$1,940	\$3,864
La Trobe City Council	\$2,231		\$8,412

Shire	Average Farm Assessment	Average Commercial Assessment	Average Rates per Farm Business
Loddon Shire Council	\$1,310		\$6,690
Macedon Ranges Shire Council	\$1,918	\$1,770	\$4,223
Mansfield Shire Council	\$1,732	\$1,842	\$5,120
Mildura Rural City Council	\$2,175	\$4,760	\$5,781
Mitchell Shire Council	\$2,167		\$3,605
Moira Shire Council	\$1,875	\$1,807	\$4,096
Moorabool Shire Council	\$2,070	\$2,996	\$7,572
Mornington Peninsula Shire	\$1,596		\$3,450
Moyne Shire Council	Data Unavailable		
Mount Alexander Shire Council	\$1,903	\$2,995	\$3,657
Murrindindi Shire Council	\$1,826	\$1,193	\$5,189
Nillumbik Shire Council	\$3,147	\$2,428	\$5,774
Northern Grampians Shire Council	\$1,636	\$2,072	\$8,381
Pyrenees Shire Council	\$2,007	\$1,163	\$7,464
Shire of Yarra Ranges	\$2,615	\$3,507	\$6,720
South Gippsland Shire Council	\$2,746	\$1,740	\$6,590
Southern Grampians Shire Council	Data Unavailable		
Strathbogie Shire Council	\$2,636	\$2,132	\$8,648
Surf Coast Shire Council	\$1,837	\$2,964	\$4,149
Swan Hill Rural City Council	\$2,636	\$3,345	\$4,198
Towong Shire Council	\$1,878	\$542	\$5,777
Wangaratta Rural City Shire	\$1,681	\$3,116	\$3,430
Warrnambool City Council	\$2,283	\$4,408	\$6,259
Wellington Shire Council	\$2,412		\$7,048
West Wimmera Shire Council	\$1,779	\$294	\$9,080
Wodonga City Council	\$2,989	\$4,874	\$8,136
Wyndham City Council	\$3,861	\$4,855	\$10,738
Yarriambiack Shire Council	\$2,276	\$787	\$12,265
Rural Council Average	\$2,197	\$2,692	\$6,699

Operation of Differential Rates

Table 3 demonstrates the operation of differentials and the impact they have on the rate burden distribution. This table shows that some regional councils such as Bendigo, Mildura and Swan Hill have effectively used differential rates to equitably distribute the rate burden. Councils that have failed to do this include Bass Coast, Benella, Glenelg, and West Wimmera. It should also be noted that councils such as West Wimmera and Yarriambiack face greater restrictions in their ability to re-balance the rate burden due to a heavy reliance on farm rates due to a small number of commercial businesses (see Table 4 below).

Table 3: Farm vs Commercial rates comparison including differentials (Source: ABS, 2014/2015 Council Budgets)

Shire	Commercial Differential	Farm Differential	Average Commercial Assessment	Average Rates per Farm Business
Alpine Shire Council	143%	71%	\$2,581	\$5,349
Ararat Rural City Council	162%	60%	\$3,197	\$10,548
Ballarat City Council	252%	70%	\$7,666	\$6,927
Bass Coast Shire Council	100%	100%	\$2,378	\$8,393
Baw Baw Shire Council	130%	90%	\$2,679	\$7,929
Benalla Rural City Council	135%	75%	\$3,904	\$5,734
Buloke Shire Council	100%	98%	\$1,302	\$11,809
Campaspe Shire Council	116%	90%	\$2,663	\$5,050
Cardinia Shire Council	145%	75%	\$3,745	\$3,215
Central Goldfields Shire Council	160%	80%	\$3,384	\$6,599
City of Whittlesea	100%	85%		\$12,633
Colac- Otway Shire Council	165%	79%	\$3,033	\$7,726
Corangamite Shire Council	100%	94%		\$7,710
East Gippsland Shire Council	145%	90%	\$1,995	\$4,678
Gannawarra Shire Council	107%	99%	\$1,495	\$3,843
<i>Farm Dryland</i>		79%		
Glenelg Shire Council	120%	100%	\$1,925	\$7,867
Golden Plains Shire Council	100%	90%	\$1,112	\$6,598
<i>Growth Area</i>	100%	91%		
Greater Bendigo City Council	100%	85%	\$4,994	\$4,869
Greater Geelong City Council	209%	100%	\$4,080	\$7,512
Greater Shepparton City Council				
Hepburn Shire Council	116%	68%	\$2,650	\$4,981
Hindmarsh Shire Council	90%	90%	\$735	\$9,435
Horsham Rural City Council	100%	80%		\$9,237
Hume City Council	100%	100%		

Shire	Commercial Differential	Farm Differential	Average Commercial Assessment	Average Rates per Farm Business
Indigo Shire Council	135%	75%	\$1,940	\$3,864
<i>Category 2</i>		75%		
La Trobe City Council	100%	75%		\$8,412
Loddon Shire Council	100%	89%		\$6,690
Macedon Ranges Shire Council	120%	80%	\$1,770	\$4,223
Mansfield Shire Council	143%	71%	\$1,842	\$5,120
Mildura Rural City Council	120%	95%	\$4,760	\$5,781
Mitchell Shire Council	100%	80%		\$3,605
<i>Rural Agricultural Land 40ha-100ha</i>		90%		
Moira Shire Council	140%	100%	\$1,807	\$4,096
Moorabool Shire Council	160%	78%	\$2,996	\$7,572
Mornington Peninsula Shire	100%	37%		\$3,450
Moyne Shire Council	100%	100%		
Mount Alexander Shire Council	130%	100%	\$2,995	\$3,657
Murrindindi Shire Council	100%	75%	\$1,193	\$5,189
<i>Rural 2</i>		100%		
Nillumbik Shire Council	116%	85%	\$2,428	\$5,774
Northern Grampians Shire Council	100%	65%	\$2,072	\$8,381
Pyrenees Shire Council	100%	81%	\$1,163	\$7,464
Shire of Yarra Ranges	150%	70%	\$3,507	\$6,720
South Gippsland Shire Council	103%	80%	\$1,740	\$6,590
Southern Grampians Shire Council	100%	80%		
Strathbogie Shire Council	120%	85%	\$2,132	\$8,648
Surf Coast Shire Council	190%	75%	\$2,964	\$4,149
Swan Hill Rural City Council	130%	90%	\$3,345	\$4,198
Towong Shire Council	95%	90%	\$542	\$5,777
Wangaratta Rural City Shire	135%	74%	\$3,116	\$3,430
<i>Rural 2</i>		70%		
Warrnambool City Council	168%	56%	\$4,408	\$6,259
Wellington Shire Council	100%	80%		\$7,048
West Wimmera Shire Council	100%	100%	\$294	\$9,080
Wodonga City Council	140%	75%	\$4,874	\$8,136
Wyndham City Council	150%	80%	\$4,855	\$10,738
Yarriambiack Shire Council	100%	77%	\$787	\$12,265
Rural Council Average	124%	82%	\$2,692	\$6,699

Reliance on Farm Businesses for Rate Revenue

Table 4 demonstrates the reliance of councils on rate revenue from farms, both as a proportion of commercial rate revenue and as a proportion of total rate revenue. In addition the table includes the difference between the average rates paid by farm businesses in each shire to the average commercial assessment.

The inequity between farming and other commercial businesses is predominant in councils reliant on farm rates for greater than 10% of their rates revenue. There are several notable exceptions to this – where farm businesses provide less than 10 per cent of rate revenue, but still face significant inequity. These councils include Bass Coast, Greater Geelong, Nillumbik, Yarra Ranges, Wodonga, and Wyndham.

However, in general those councils with a high reliance on farm rates tend to have a greater discrepancy between the rates paid by farms compared to other commercial ratepayers. Appendix 1 demonstrates this pattern geographically.

Table 4: Different between average farm business rates and average commercial assessment compared to the proportion rate revenue from farm rates

Shire	Proportion of Commercial Rate Revenue	Proportion of Total Council Rate Revenue	Difference – Ave Farm Business vs Average Commercial Assessment
Alpine Shire Council	49%	16%	\$2,768
Ararat Rural City Council	80%	41%	\$7,351
Ballarat City Council	6%	2%	-\$739
Bass Coast Shire Council	59%	9%	\$6,016
Baw Baw Shire Council	71%	23%	\$5,250
Benalla Rural City Council	61%	25%	\$1,830
Buloke Shire Council	92%	69%	\$10,507
Campaspe Shire Council	60%	23%	\$2,387
Cardinia Shire Council	35%	4%	-\$530
Central Goldfields Shire Council	57%	16%	\$3,215
City of Whittlesea		1%	
Colac- Otway Shire Council	74%	25%	\$4,692
Corangamite Shire Council		56%	
East Gippsland Shire Council	51%	12%	\$2,683
Gannawarra Shire Council	75%	26%	\$2,347
Glenelg Shire Council	77%	37%	\$5,942
Golden Plains Shire Council	99%	17%	\$5,486
<i>Growth Area</i>	46%		
Greater Bendigo City Council	12%	3%	-\$125

Shire	Proportion of Commercial Rate Revenue	Proportion of Total Council Rate Revenue	Difference – Ave Farm Business vs Average Commercial Assessment
Greater Geelong City Council	8%	1%	\$3,432
Greater Shepparton City Council	Data Unavailable		
Hepburn Shire Council	44%	11%	\$2,331
Hindmarsh Shire Council	94%	70%	\$8,701
Horsham Rural City Council		28%	
Hume City Council	Data Unavailable		
Indigo Shire Council	75%	23%	\$1,923
La Trobe City Council		7%	
Loddon Shire Council		70%	
Macedon Ranges Shire Council	53%	7%	\$2,453
Mansfield Shire Council	71%	20%	\$3,278
Mildura Rural City Council	45%	16%	\$1,020
Mitchell Shire Council		6%	
Moira Shire Council	62%	22%	\$2,290
Moorabool Shire Council	67%	13%	\$4,576
Mornington Peninsula Shire		2%	
Moyne Shire Council	Data Unavailable		
Mount Alexander Shire Council	41%	6%	\$662
Murrindindi Shire Council	84%	26%	\$3,996
Nillumbik Shire Council	22%	1%	\$3,346
Northern Grampians Shire Council	76%	32%	\$6,310
Pyrenees Shire Council	95%	51%	\$6,301
Shire of Yarra Ranges	30%	5%	\$3,213
South Gippsland Shire Council	83%	31%	\$4,850
Southern Grampians Shire Council	Data Unavailable		
Strathbogie Shire Council	91%	46%	\$6,516
Surf Coast Shire Council	39%	5%	\$1,185
Swan Hill Rural City Council	66%	15%	\$853
Towong Shire Council	96%	58%	\$5,236
Wangaratta Rural City Shire	47%	13%	\$314
Warrnambool City Council	6%	2%	\$1,850
Wellington Shire Council		20%	
West Wimmera Shire Council	99%	90%	\$8,786
Wodonga City Council	12%	3%	\$3,262
Wyndham City Council	5%	1%	\$5,884
Yarriambiack Shire Council	95%	74%	\$11,478
Rural Council State Average	49%	24%	\$4,008

Local Government Area Economic Output

Economic output figures from the ABS further demonstrates the failure of the land valuation method to equitably distribute the rate burden. It also demonstrates the need for councils to take into account additional factors and statistics in determining differential rates.

The high value of farming land in comparison the economic output from the land means that farmers are paying a disproportionate amount of rates. Farmers are being taxed up to 4 cents per dollar of output for council rates. Table 4 illustrates the discrepancy between agricultural businesses and other commercial businesses in dollars of economic output per dollar of rates paid. This further demonstrates the inappropriateness of capital improved value of agricultural land as a measure of capacity to pay.

Table 5: ABS Economic Output Figures per \$ of rates paid (Source: REMPLAN, ABS, 2014/2015 Council Budgets)

Shire	Agricultural Output	Other Commercial Output	Agricultural Output per \$ of rates	Other Commercial Output per \$ of Rates
Ararat	\$132,000,000	\$1,047,524,000	\$27	\$839
Indigo	\$106,632,000	\$1,522,826,000	\$51	\$2,162
South Gippsland	\$360,858,000	\$2,308,783,000	\$39	\$1,182
Moorabool	\$131,541,000	\$1,310,871,000	\$42	\$854

Ministerial Guidelines for Differential Rating

The Ministerial Guidelines released in 2013 stated the Minister for Local Government would use their statutory powers to prohibit a differential rate if it was considered to be inconsistent with the guidelines. The guidelines also suggested the Minister would have close regard to the proposed differential rates of Councils in the 28 day draft budget consultation period.

The data in Table 2 suggests the Local Government Act has not been appropriately followed. The imposition of inequitable rates in many cases suggests the Minister has failed to implement the differential rating guidelines. Further action is required to ensure that differential rates are implemented effectively and councils are held accountable for their operation.

Reforms

The Ministerial Guidelines recognise that differential rates are a tool for councils to use to address equity issues resulting from the property valuation method. Government recognises the fact that the land valuation method unfairly prejudices farmers. Some councils have effectively utilised differential rates, fairly distributing the rate burden. Many councils, particularly those with a high number of farmers, do not use differential rates to an effective end. Differential rates are not a tool to reduce inequity they are a tool to address inequity.

The VFF is aware of the financial stress many rural and regional local governments are currently experiencing. The proposed reforms will in no way increase this financial stress. The aim of these reforms is to encourage councils to effectively utilise differential rates to re-balance the rate burden. In order to do this local government needs to consider more information in determining differential rates.

Agricultural business numbers should be collected and utilised by council. Many councils already have a mechanism to gather this information through the operation of the Single Farm Enterprise Exemption. In addition councils should consider the economic output of farming and commercial industries. Differential rates were introduced to address the discrepancy between land valuations and actual output, therefore it would be logical to use both figures to determine the differential.

Recommendations

- 1. The Local Government Act be amended to **require** the application of differential rates on farming land.*
- 2. Local Government be required to collect information on the number of farm businesses and consider this information in the imposition of differential rates.*
- 3. The Local Government Act be amended to require council to disclose the rates payed per business in addition to per assessment.*
- 4. The Legislative Assembly of Victoria conduct an Inquiry into the fairness and equity of the local government rating system in rural and regional areas to find a more equitable way to apply rates to farmland.*

Appendix1: Map of Average Commercial Assessment vs Farm Business Rates in Victoria

