



MANSFIELD SHIRE

# RATING STRATEGY 2020-21

# CONTENTS

<b>Introduction .....</b>	<b>3</b>
<b>Rating Framework.....</b>	<b>4</b>
<b>Council’s Rating System .....</b>	<b>6</b>
<b>Rate Modelling.....</b>	<b>11</b>
<b>Requirements for payments of rates and charges .....</b>	<b>14</b>
<b>Appendix A – Differential Rate Definitions.....</b>	<b>17</b>

# Introduction

## Summary

Council's current rating strategy was developed in 2014. A review of the strategy has been undertaken to ensure the equitable distribution of rates continues in accordance with the *Local Government Act 1989* (the Act) and Ministerial Guidelines.

It is important to note that the focus of the Rating Strategy is different to that of the Annual Budget. The rating system determines how Council will raise money from properties within the municipality; it does not influence the total amount of money to be raised, only the share of revenue contributed by each property. The rating system comprises the valuation base and actual rating instruments allowed under the Act that are used to calculate an individual property owner's liability for rates.

The Victorian Government is currently undertaking a Local Government Rating System Review. Any changes to the rules and regulations around rates and charges will be considered as soon as they are made available. Required adjustments will not be made until the 2021-22 strategy, unless legislation requires earlier adoption.

## Key Elements

Council's Rating Strategy 2020-21 is framed around the following key elements:

1. That Mansfield Shire Council continues to apply differential rating.
2. That separate differential rates not be introduced for properties defined as retirement/ lifestyle villages.
3. That the amount raised by the municipal charge be set at 20% of total municipal charge and general rate revenue.
4. That the basis of valuation for rating purposes continue to be Capital Improved Value.

Other information incorporated into Council's rating strategy includes details regarding the property valuation process, payment due dates and payment options, interest on arrears, the government funded pensioner rebate and financial hardship.

# Rating Framework

## What are Rates?

Councils collect rates (which are a form of property tax) from property owners to fund community infrastructure and services that benefit the whole community.

In Victoria property values are used as the basis for calculating how much each property owner pays.

A rating strategy doesn't consider how much Council needs to raise from rates, this is calculated in the annual budget based on the Rate Cap declared by the Minister for Local Government.

A rating strategy considers the fair and equitable share of rates to be paid by each type of property owner (residential, farms, commercial properties etc.)

## Statutory Requirements

The objectives of local government in Victoria are set out in the *Local Government Act 1989* (the Act) and includes the statutory requirement 'to ensure the equitable imposition of rates and charges' as follows:

A council may declare the following rates and charges on rateable land—

- a) general rates under section 158;
- b) municipal charges under section 159;
- c) service rates under section 162;
- d) service charges under section 162;
- e) special rates under section 163;
- f) special charges under section 163.

## Revenue and Rating Principles

### Efficiency

Efficiency is an important principle in the levying of rates; there are two elements of efficiency.

Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by tax. A rating system should be neutral, in that it is not discriminatory and ensures that a ratepayer will not alter his situation or be influenced in his actions by any taxation effect.

The efficiency of a tax also relates to the cost of administration. A rating system should be administratively efficient, in the sense that it should provide required income to council without being consumed by administrative costs.

### Simplicity

The taxation principal of simplicity revolves around how easily the system can be understood by the public and the ease of administration.

A simple rating system would have a limited number of rating classifications, be both easy and practical to administer and simple for taxpayers to comply with. The system should be transparent and capable of being questioned and challenged by ratepayers.

### Equity

Equity has two broad sub-categories in its application to rates:

1. Horizontal equity: in which ratepayers with similar property values should pay similar rates; and
2. Vertical equity: embraces the view that those with more or who are better off pay more tax than those who are worse off. This primarily applies to income tax assessment in distributing the tax burden.

There is frequent debate surrounding the characteristics of property owners that may impinge on the application of an equity principle.

The three main ways in which positions can vary are:

- **the benefit or user pays principle** – some ratepayers have more access to, make more use of, and benefit more from the council services paid for by rates
- **the capacity to pay principle** – some ratepayers have more ability to pay rates than do others with similarly valued properties
- **the incentive or encouragement principle** – some ratepayers may be doing more towards achieving council goals than others in areas such as environmental or heritage protection.

### Benefits Received

The benefits received principle applies to most tax systems, however it is difficult to rationalise a relationship between rates paid and services provided by local government. Instead, rates are tax used to finance various forms of “public goods, services and community obligations” not necessarily in direct relation to user benefit, but ultimately of benefit to the community as a whole. In this respect, rates are a general purpose levy not linked to user pays principles. Other charges such as waste services are linked to costs associated with the service.

### Capacity to Pay

The capacity to pay principle stands in contrast to the benefits received principle. Its measurability may be either determined by wealth or income.

In the case of local government rating, it is determined on the value of property which reflects wealth, rather than the actual income of the ratepayer. It is highlighted that over the lifetime of a taxpayer, the relativity between income and wealth may vary significantly.

Simultaneously applying all of the above principles may not always be feasible; there are likely to be trade-offs among them.

The challenge of a preferred rating strategy is one of appropriately balancing competing considerations.

# Council's Rating System

The general rating framework for Local Government was set out in research undertaken for development of the *Local Government Act 1989*. The research recommended that property rating should be based on the following objectives:

1. The entire community should contribute to the unavoidable costs of Local Government;
2. Where feasible, services should be funded on a user pays system;
3. Where specified, local objectives can be achieved using differential rates; and,
4. Residual service costs should be apportioned on the basis of property valuation.

## Differential Rates

A council may raise any general rates by the application of a differential rate if it uses the capital improved value system of valuing land. If a council declares a differential rate for any land, the council must specify the objectives of the differential rate. A council must have regard to any Ministerial Guidelines before declaring a differential rate for any land. The Ministerial Guidelines published in April 2013 were prepared to guide councils in the application of differential rates under *Section 161* of the *Local Government Act 1989*.

Differential rates are a useful tool to address equity issues that may arise from the setting of council rates derived from property valuations.

***It is recommended that council continue to use a differential rating system.***

## Residential Rate

Applies to properties where the land is primarily used for residential purposes; meaning rateable land upon which there is an erected private dwelling, flat or unit.

## Vacant Land Rate

This rate applies to unimproved land that when it is developed would be or be likely to be used primarily for residential purposes.

## Rural Residential Rate

This rate applies to land that is sized above 2ha located in rural, semi-rural or bushland setting with a single residential dwelling on it.

## Farmland Rate

Applies to land with an area greater than 2ha that undertakes a farming activity. An Application for Classification of Rateable Property as Farmland must be completed and verified.

## Commercial Rate

Applies to land that is used primarily for, or is capable of use for the sale of goods or services or manufacturing, processing, repairing and servicing.

## Differential Rates History

DIFFERENTIAL RATES SINCE 2015-2016					
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Residential	100%	100%	100%	100%	100%
Vacant Land	137%	139%	139%	139%	130%
Farm Land	71%	72%	72%	72%	66%
Rural Residential	91%	93%	93%	93%	89%
Commercial	143%	141%	141%	141%	137%
Municipal Charge	\$258.83	\$265.30	\$270.61	\$276.70	\$316.55

## Cultural and Recreational Land

Under the *Cultural and Recreational Land Act 1963*, provision is made for a Council to grant a rating concession to any recreational lands which meet the test of being rateable land under the *Local Government Act 1989*.

Outdoor recreational lands developed primarily for regional use as evidenced by paid administrative support and/or commercial business dealings in their operation or management are currently granted a rates concession under the provisions of the *Cultural and Recreational Land Act 1963*.

PROPERTY LOCATION	RATEPAYER NAME
24 Kidston Parade, Mansfield	Mansfield Golf Club
50 Mt Battery Road, Mansfield	Mansfield Agricultural & Pastoral Society
3807 Midland Highway, Barjarg	Nillahcootie Sailing Club
35-37 Ailsa Street, Mansfield	Mansfield Bowls Club
53 Bayside Boulevard, Goughs Bay	Goughs Bay Boat Club

Cultural and Recreational land will receive a concessional rate equivalent to 73% of the residential improved land rate.

## Retirement/Lifestyle Villages

Over the past few years, retirement villages across the State have recommended a reduction in the rates levied against retirement village properties on the basis that they maintain the road and drainage network within the village and are also responsible for their own street lighting.

However, retirement villages have access to infrastructure up to the village boundary, like all other properties. Their situation is similar to other 'common properties' such as apartment and unit complexes. The residents have equal access to the services provided by the Council. Properties within a retirement village generally have lower values and this is already reflected in the lower amount of rates paid. In addition, all villages have common property including, gardens, roads, footpaths, office and leisure areas. Despite these surrounding amenities being privately owned and used to generate income, they are not rated.

Residents within retirement villages are also charged to use the waste service and most receive a pensioner discount.

***It is not recommended to introduce a differential rate for retirement villages.***



## Municipal Charge

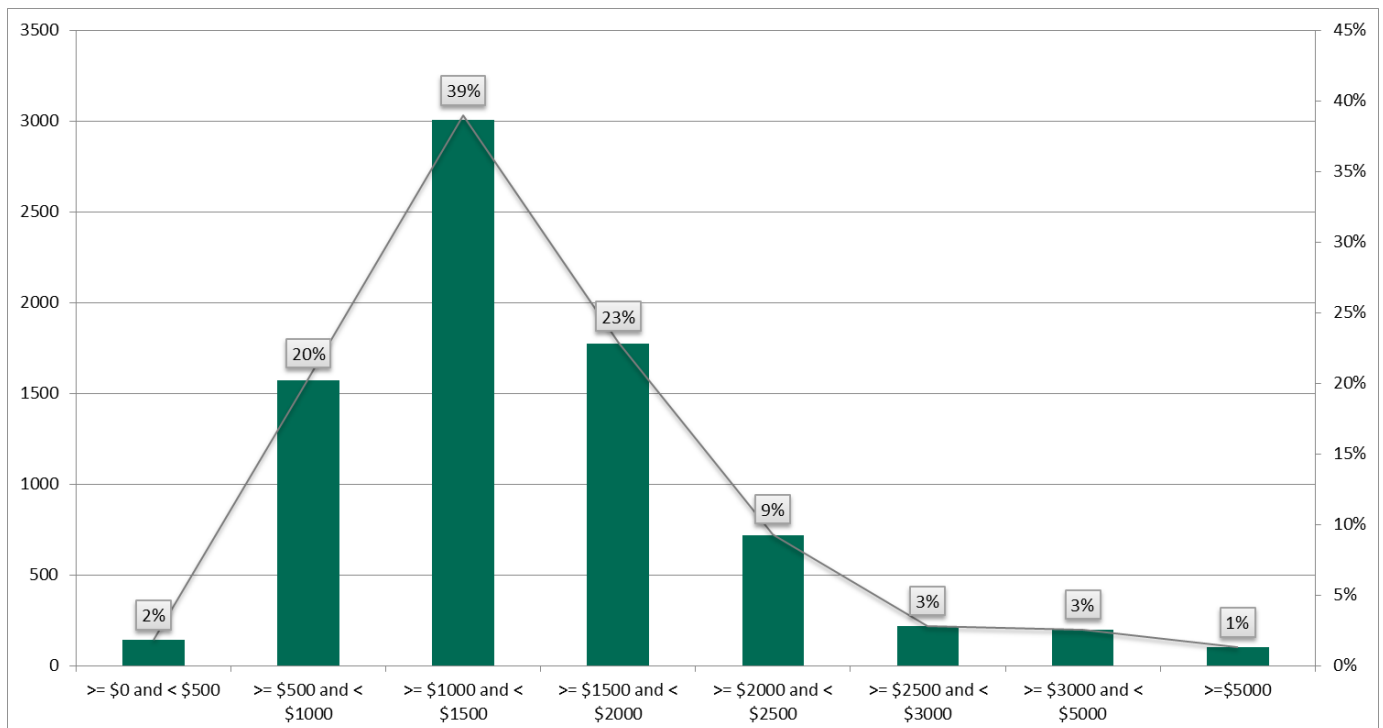
A municipal charge as provided under *Section 159 of the Local Government Act 1989* allows councils to raise up to 20% of their rates from a flat base amount per assessment across the municipality. The purpose of the municipal charge is defined by Local Government Victoria to “cover some of the administrative costs of the council, including property valuations, rates administration and cashing, Councilor support and office of the chief executive.” Where multiple properties form part of a single farming enterprise, exemptions may be granted to eligible properties upon application.

A municipal charge does not raise additional revenue but distributes the rates in a way that Council considers to be fairer and more equitable.

If there were no municipal charge the rate in the dollar would be greater, making the rates themselves higher and increasing the difference between the rates levied on high and low valued properties. A municipal charge helps to ensure that owners of low valued properties contribute a reasonable amount to meeting the unavoidable costs of local government.

***It is recommended that the amount raised by the municipal charge remain at a maximum of 20% of total Municipal Charge and General Rates combined, consistent with the current allowance under the Local Government Act 1989.***

## Budgeted Rates and Municipal Charge per Assessment



85% of ratepayers will be paying less than \$2,000 annum in Council Rates\*\*.

\*\*This charge does not include waste service charges or Fire Services Property Levy.

## Property Valuation Base

Property values are used to calculate general rates for each property. Council currently use the Capital Improved Value (CIV) for rating purposes. CIV represents the market value of a property as at a specific date, including the value of the land and any improvements on that land. Utilising CIV as the basis for rates allows council to adopt differential rating, which may better reflect capacity to pay rather than the alternatives and provides council with the flexibility to levy differential rates. The vast majority of Victorian Councils use CIV as the basis for levying rates and charges.

***It is recommended that council continue to use Capital Improved Value as the basis of valuation for rating purposes.***

## Revaluation

Commencing 1 July 2018, the Government has centralised land valuation with the Valuer-General (VG) and introduced annual valuations for Land Tax, Fire Services Property Levy and Council Rate setting purposes from the 2019 revaluation year.

Revaluations result in varying levels of valuation movements across the municipality, which sometimes result in major shifts in the rate burden and large movement in rates for individual properties.

There is a common misconception that as property values increase, council receives a 'windfall gain' of additional revenue. This is not so as the revaluation process may result in a redistribution of the rate burden across all properties in the municipality.

Total income from rates is determined by the council, during the budget process limited by the Rate Cap declared by the Minister for Local Government. In order to generate the same amount of rate revenue, in simple terms, as property values increase, the rate in the dollar is reduced.

## Supplementary Rates

In certain circumstances, valuations must be performed between general valuations. These are known as supplementary valuations and are undertaken for reasons listed under Section 13DF of the *Valuation of Land Act*, including when properties are:

- physically changed - for example, when buildings are altered, erected or demolished; or
- amalgamated, subdivided, portions sold off etc

Supplementary valuations bring the value of the affected property into line with the general valuation of other properties within the municipality. Values are assessed at the same date of the general valuation currently in use.

# Rate Modelling

## Numbers of Assessments vs. Budget Income vs. % of Rates Income Table

NUMBER AND RATES INCOMES DERIVED FROM EACH PROPERTY TYPE			
	NUMBER OF ASSESSMENTS	BUDGET INCOME 2020-21	PERCENTAGE RATES
Residential	3,725	3,806,472	30.8
Vacant Land	564	308,599	2.5
Farm Land	763	1,610,798	13.0
Rural Residential	2,428	3,308,265	26.7
Commercial	375	852,972	6.9
Cultural & Recreation Land	5	9,900	0.1
Municipal Charge		2,471,628	20.0
		<b>\$12,368,634</b>	<b>100.0%</b>

## Median Examples

RESIDENTIAL	2019-20 adopted budget	2020-21 proposed budget
Median CIV	\$316,000	\$316,000
Differential Rate Ratio	1.00	1.00
Differential rate in the dollar	0.002804	0.002850
Rate in the dollar % increase	12%	2%
General differential rate [Rate in the Dollar x CIV]	\$886.10	\$900.70
Municipal Charge	\$316.55	\$324.25
<b>TOTAL CONSOLIDATED RATES REVENUE</b>	<b>\$1,202.65</b>	<b>\$1,224.95</b>
Waste charges – 240L recycle bin	\$105.97	\$118.65
Waste charges – 120L rubbish bin	\$169.34	\$174.44
Community waste charge	\$40.17	\$33.36
<b>TOTAL RATES AND SERVICES CHARGES</b>	<b>\$1,518.13</b>	<b>\$1,551.40</b>
Total change from 19-20 \$		\$33.27
Total change from 19-20 %		2%
Weekly change from 19-20 \$		\$0.64

<b>RURAL RESIDENTIAL</b>	<b>2019-20 adopted budget</b>	<b>2020-21 proposed budget</b>
Median CIV	\$480,000	\$480,000
Differential Rate Ratio	0.89	0.89
Differential rate in the dollar	0.002496	0.002537
rate in the dollar % increase	7%	2%
General differential rate [Rate in the Dollar x CIV]	\$1,197.91	\$1,217.65
Municipal Charge	\$316.55	\$324.25
<b>TOTAL CONSOLIDATED RATES REVENUE</b>	<b>\$1,514.46</b>	<b>\$1,541.90</b>
Waste charges - 240L recycle bin	\$105.97	\$118.65
Waste charges - 120L rubbish bin	\$169.34	\$174.44
Community waste charge	\$40.17	\$33.36
<b>TOTAL RATES AND SERVICES CHARGES</b>	<b>\$1,829.94</b>	<b>\$1,868.35</b>
Total change from 19-20 \$		\$38.41
Total change from 19-20 %		2%
Weekly change from 19-20 \$		\$0.74

<b>VACANT LAND</b>	<b>2019-20 adopted budget</b>	<b>2020-21 proposed budget</b>
Median CIV	\$128,000	\$128,000
Differential Rate Ratio	1.30	1.30
Differential rate in the dollar	0.003645	0.003705
rate in the dollar % increase	4%	2%
General differential rate [Rate in the Dollar x CIV]	\$466.60	\$474.29
Municipal Charge	\$316.55	\$324.25
<b>TOTAL CONSOLIDATED RATES REVENUE</b>	<b>\$783.15</b>	<b>\$798.54</b>
Waste charges - 240L recycle bin	\$105.97	\$118.65
Waste charges - 120L rubbish bin	\$169.34	\$174.44
Community waste charge	\$40.17	\$33.36
<b>TOTAL RATES AND SERVICES CHARGES</b>	<b>\$1,098.63</b>	<b>\$1,124.99</b>
Total change from 19-20 \$		\$26.36
Total change from 19-20 %		2%
Weekly change from 19-20 \$		\$0.51

<b>FARMLAND</b>	<b>2019-20 adopted budget</b>	<b>2020-21 proposed budget</b>
Median CIV	\$790,000	\$790,000
Differential Rate Ratio	0.66	0.66
Differential rate in the dollar	0.001851	0.001881
rate in the dollar % increase	2%	2%
General differential rate [Rate in the Dollar x CIV]	\$1,462.06	\$1,486.15
Municipal Charge	\$316.55	324.25
<b>TOTAL CONSOLIDATED RATES REVENUE</b>	<b>\$1,778.61</b>	<b>\$1,810.40</b>
Waste charges - 240L recycle bin	\$105.97	\$118.65
Waste charges - 120L rubbish bin	\$169.34	\$174.44
Community waste charge	\$40.17	\$33.36
<b>TOTAL RATES AND SERVICES CHARGES</b>	<b>\$2,094.09</b>	<b>\$2,136.85</b>
Total change from 19-20 \$		\$42.76
Total change from 19-20 %		2%
Weekly change from 19-20 \$		\$0.82

<b>COMMERCIAL</b>	<b>2019-20 adopted budget</b>	<b>2020-21 proposed budget</b>
Median CIV	\$364,000	\$364,000
Differential Rate Ratio	1.37	1.37
Differential rate in the dollar	0.003842	0.003905
rate in the dollar % increase	8%	2%
General differential rate [Rate in the Dollar x CIV]	\$1,398.35	\$1,421.39
Municipal Charge	\$316.55	324.25
<b>TOTAL CONSOLIDATED RATES REVENUE</b>	<b>\$1,714.90</b>	<b>\$1,745.64</b>
Waste charges - 240L recycle bin	\$105.97	\$118.65
Waste charges - 120L rubbish bin	\$169.34	\$174.44
Community waste charge	\$40.17	\$33.36
<b>TOTAL RATES AND SERVICES CHARGES</b>	<b>\$2,030.38</b>	<b>\$2,072.09</b>
Total change from 19-20 \$		\$41.71
Total change from 19-20 %		2%
Weekly change from 19-20 \$		\$0.80

# Requirements for payments of rates and charges

## Liability to Pay Rates

Under section 156 of the Act, the owner of any rateable land is liable to pay the rates and charges on that land. If the owner cannot be found the occupier is liable to pay. If rates are unpaid they are regarded as the first charge on the land and are recoverable by legal proceedings. Council may sell the land in order to recover any debt as a result of the non-payment of rates and charges, including the costs of the legal action.

## Due Date for Rates

Council will allow Rates and Charges to be paid by four instalments.

Payments must be made on or before the following dates fixed by the Minister by notice published in the Government Gazette:

- **1st Instalment** – due by 30 September
- **2nd Instalment** – due by 30 November
- **3rd Instalment** – due by 28 February
- **4th Instalment** – due by 31 May

Council will still accept payments in one lump sum however payments received after the first instalment date will incur penalty interest.

## Interest on Late Payments

In accordance with Section 172 of the *Local Government Act 1989*, the Council may charge interest on any late payments. The interest is to be calculated at the rate fixed by the Attorney- General under section 2 of the *Penalty Interest Rates Act 1983* that applied on the first day of July immediately before the due date.

Interest will be charged on all balances unpaid after the due dates. Interest is charged from the date on which each missed instalment was due, until the account is paid in full.

## Payment Methods

Council offers an extensive range of payment options for ratepayers to pay their accounts:

- online using a Mastercard or Visa
- BPay
- Direct Debit
- Cheque (by mail or over the counter)
- Centrepay
- by phone using a Mastercard or Visa

Where a customer wishes to pay their account by direct debit or Centrepay, the amount they nominate must be sufficient to ensure the account is paid by the due dates.

## Payment Difficulties/ Financial Hardship

Ratepayers who are experiencing difficulty in paying their rates should contact Council immediately to discuss payment options.

All enquiries are treated confidentially, and early communication may help prevent the commencement of costly legal action for the recovery of outstanding rates.

Council's Financial Hardship, Rate and Debtor Relief Policy provides the options available to those in difficulty.

## Debt Recovery – Collection of Overdue Rates

In the event that an account becomes overdue, Council will issue an overdue final notice which includes interest charges. If the account remains unpaid Council may take legal action without any further notice to recover any overdue amount. This may include the selling of the property by way of Section 181 proceedings. All fees and court costs are recoverable from the ratepayer.

## Pensioner Rate Concessions

A municipal rates subsidy is available to eligible pension card holders for their principal place of residence. This provides a 50 per cent rebate up to a maximum amount set by the State Government each year.

Health Care Card holders are ineligible for the rebate.

## Rate Rebate for Covenanted Areas

A conservation covenant is a voluntary agreement between Trust for Nature and the landowners. It is placed on the title of the land to ensure that the natural bushland is permanently protected.

The Council offers a rate rebate to landowners who register a Trust for Nature conservation covenant on their property. The rebate acknowledges the long-term commitment of these landowners to conserving the biodiversity on their land.

Landowners will receive a rebate of up to \$25 per hectare of land placed under covenant. The total rebate will depend on the rated value of the covenanted area, with a minimum payment of \$50 and a maximum payment of \$1000.

## Special Rates and Charges

Council has the power to levy a special rate or special charge, or a combination of special rate and charge, to fund service provision under Section 163 of the Act. A special rate or charge can be used if Council deems that a special benefit is received by those properties on which it is levied. Council need not necessarily use property value as the basis for levying a special rate or charge.

Special Rates and/or Special Charges have been used by councils to fund things like:

- construction of a road;
- construction of a footpath; and
- provision of drainage infrastructure.

Council may have several special rates and charges schemes in place at any one time, however, the proliferation of these schemes is not a practical option, particularly given the impact on efficiency as each scheme has to be justified, advertised and managed. The consideration of such schemes should be on a case by case basis as to whether revenue collection issues would be better addressed by general rates or user charges.

## Service Rates and Charges

Kerbside waste and recycling collection services are provided in urban areas and rural areas abutting the sealed road network. The charge for a waste/recyclables service is compulsory for all properties with a dwelling (whether or not the service is used).

The Community Waste fee accounts for the various costs associated with the provision of waste management services; including waste minimisation promotion and education, management and administration of the waste and recycling collection contracts, rehabilitation of the Council's landfill in accordance with Environment Protection Authority License.

The Council incurs the State Government's imposed EPA levy associated with the disposal of waste into landfill. Unfortunately, the Council will need to pass these costs onto residents. Waste management charges will be levied as a service charge to residents based on the kerbside services attributed to the property and a community waste charge for all properties.

Waste services charges are not subject to the rate cap. The service charge will be set at rates anticipated to recoup budgeted waste costs in a given year. Any excess service charge income received over and above the actual cost of providing waste services to the community will be committed to a Waste Management reserve and used to reduce future waste service charges levied to ratepayers.

Service Charges	Budgeted Charge	Forecast Revenue
80L Waste service	\$ 116.29	\$ 201,069
120L Waste service	\$ 174.44	\$ 682,054
240L Waste service	\$ 348.88	\$ 304,918
240L Recycle service	\$ 118.65	\$ 764,917
Community waste	\$ 33.36	\$ 257,659
<b>TOTAL</b>		<b>\$ 2,210,618</b>

\*The information in the table above is based on the 2020-21 proposed budget.



# Appendix A – Differential Rate Definitions

## RESIDENTIAL IMPROVED LAND

### Objective:

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

### Types and Classes:

Rateable land having the relevant characteristics described below:

- i. primarily used for residential purposes; and
- ii. upon which is erected a private dwelling, or
- iii. flat; or
- iv. unit.

### Level of Differential Rate:

0% - The residential rate is considered the “benchmark” rate against which all other differential rates are determined.

### Geographic Location:

Wherever located within the municipal district.

### Use of Land:

Any use permitted under the relevant Planning Scheme.

## RURAL RESIDENTIAL LAND

### Objective:

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

### Types and Classes:

Rateable land having the relevant characteristics described below:

- i. is sized over 2ha; and
- ii. includes a single residential dwelling;  
and
- iii. where primary production uses and associated improvements are secondary to the value of the residential home site and associated residential improvements.

### Use and Level of Differential Rate:

Access to services and facilities is a key factor that should determine the level of rates levied. Council has determined rural residential properties (that typically are located further from the town centre) should receive a reduced differential rate.

The level of the differential rate is set at 89% of the residential improved land rate.

### Geographic Location:

Wherever located within the municipal district.

### Use of Land:

Any use permitted under the relevant Planning Scheme.

## FARM LAND

### Objective:

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

### Types and Classes:

Rateable land which is "farm land" within the meaning of Section 2(1) of the *Valuation of Land Act 1960*.

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

Property owners must complete and submit Council's "Application for Classification of Rateable Property as Farmland" form to be considered for the Farmland differential rate.

### Use and Level of Differential Rate:

Farm land is typically a high value asset due to the size of land required to carry on a commercial farming enterprise. Land holdings are vital to the primary production industries, and the value of the land in this case is not necessarily reflective of disposable wealth.

Council wish to encourage retention of the appealing vista provided by farmland on the approaches to the main townships of the municipality, and support the sustainability of the farming industry through the declaration of a differential rate for Farm Land.

The level of the differential rate is set at 66% of the residential improved land rate.

### Geographic Location:

Wherever located within the municipal district.

### Use of Land:

Commercial grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities, in accordance with the relevant Planning Scheme.

## **COMMERCIAL LAND**

### **Objective:**

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

### **Types and Classes:**

Rateable land that is used primarily for, or is capable of use primarily for commercial purposes, which includes the sale of goods or services.

### **Use and Level of Differential Rate:**

The level of the differential rate is set at 137% of the residential improved land rate.

The higher differential reflects that commerce and industry, particularly tourist related businesses, attract non-residents to the municipality and consequently result in additional costs to council.

### **Geographic Location:**

Wherever located within the municipal district.

### **Use of Land:**

Any use permitted under the relevant Planning Scheme.

## VACANT LAND

### Objective:

To ensure that equitable contribution is obtained from general rates in respect of rateable land, as appropriate having regard to land characteristics, to the cost of carrying out the functions of Council, including the cost of:

1. Construction and maintenance of public infrastructure
2. Development and provision of health and community services
3. Provision of general support services

### Types and Classes:

Rateable land having the relevant characteristics described below:

- i. is unimproved land but which, by reason of its locality and zoning under the relevant Planning Scheme, would – if developed – be or be likely to be used primarily for residential purposes; and
- ii. is on which no building permit for the construction of a new dwelling or other building designed or adapted for permanent occupation has been issued under the Building Act 1993 prior to the expiry of the rating year.

### Use and Level of Differential Rate:

The level of the differential rate is set at 130% of the residential improved land rate.

Council provides an incentive to develop vacant land by applying a higher differential rate. While vacant land attracts fewer costs due to its reduced use of Council services, and arguably should therefore bear lower rates than a comparable improved property, the valuation of the property is lower (given no capital improvements) and therefore reflects this.

### Geographic Location:

Wherever located within the municipal district.

### Use of Land:

Any use permitted under the relevant Planning Scheme.

## CULTURAL AND RECREATIONAL LAND

Cultural and recreational land is assessed under the *Cultural and Recreational Lands Act 1963*.

Mansfield Shire currently has 5 properties that qualify as Cultural and Recreational land under the Act. They are:

- Nillahcootie Sailing Club
- Goughs Bay Boat Club
- Mansfield Golf Club
- Mansfield Bowls Club
- Mansfield Agricultural & Pastoral Society

The rates are determined on an individual case by case basis, as required under the Act, giving consideration to:

- The benefit to the community derived from the land, and
- What is a reasonable amount to be charged for the services provided.

## NOT FOR PROFIT RETIREMENT VILLAGES

Council may grant a rebate in relation to any rate or charges to assist the proper development of the municipal district (*Local Government Act 1989* Section 169 1a).

Council has elected to provide a rebate to Beolite Village, a not-for-profit retirement village, with respect to the community benefit derived from the Community Centre facility that is available for use by members of the Mansfield Shire Community.

The rebate will be calculated each year to allow for an increase in the net rates charged to Beolite Village (after the rebate has been applied) equivalent to the rate increase approved by the Minister and applied to the General Rates for Mansfield Shire in that given year.

## CONTACT US

**Business hours:** 8.15am to 5.00pm weekdays (excluding public holidays)

**In person:** 33 Highett Street, Mansfield

**Mail:** Private Bag 1000, Mansfield, VIC, 3724

**Phone:** (03) 5775 8555

**Email:** [council@mansfield.vic.gov.au](mailto:council@mansfield.vic.gov.au)

**Web:** [www.mansfield.vic.gov.au](http://www.mansfield.vic.gov.au)

Join the conversation: [www.facebook.com/mansfieldshirecouncil/](https://www.facebook.com/mansfieldshirecouncil/)