REVENUE AND RATING STRATEGY

2019-23

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Purpose

The purpose of the Revenue and Rating Strategy is to set out the system of rates and charges adopted by the Buloke Shire Council (the Council) for the purposes of distributing the rates burden across the municipality on a fair and equitable basis. The Strategy is reviewed and adopted every four years following a general election of the Council. This Revenue and Rating Strategy is for the four year period 2019-23.

1.2 Background

In 2018 Council decided to prepare a Revenue and Rating Strategy following the adoption of the Annual Budget 2018-19 which included significant increases in the valuations and rates for farm land as a result of the general revaluation of properties as at 1 January 2018. The objective was to develop a Revenue and Rating Strategy ensuring it meets statutory requirements, the Tax Design Principles and needs of ratepayers.

The development of the Revenue and Rating Strategy included:

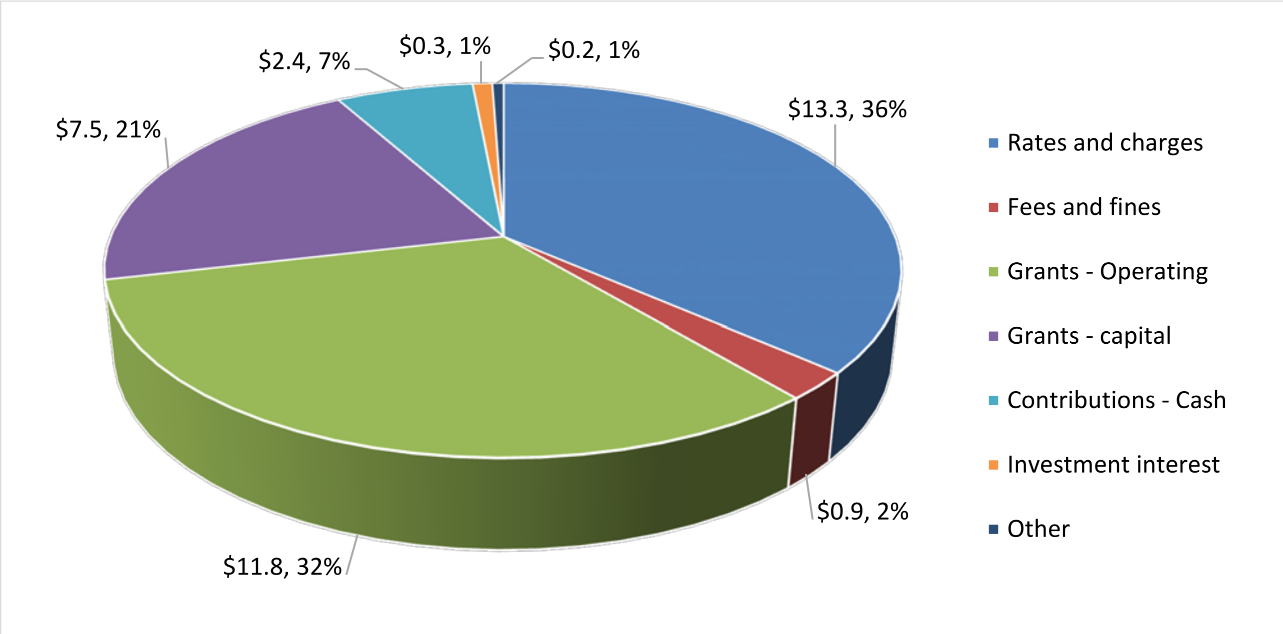
- Consultation with the Revenue and Rating Strategy Reference Group (the Reference Group)
- Consultation with the wider Shire community
- Review of the appropriateness of the current residential rate
- Review of the appropriateness of the current commercial/industrial rates
- Review of the appropriateness of the current farm land differential rate
- Review of the municipal charge in the context of a broader rating strategy
- Consideration of other rates and charges
- Comparisons/benchmarking with rating strategies of similar councils but taking into account the type and property dispersal patterns in the municipality
- Modelling and impact of various scenarios.

This draft Revenue and Rating Strategy for 2019-2023 has been prepared for endorsement by Council and consultation with the community.

2. REVENUE COMPOSITION

2.1 Revenue Composition

The composition of Council's revenue for the 2018-19 year is shown in the graph below.



Note: All $numbers on the graph are shown in millions.

2.2 Revenue Balance

In determining if services should be funded through rates or other revenue sources, Council considers whether services are either entirely or partially "public goods". That is, is a service providing a broad benefit to the community or a particular benefit to individuals or groups. In the case of public goods it is often difficult or impractical to exclude non-ratepayers from the benefits or to attribute costs.

Where possible, Council sets user charges based on the cost of provision of those services where there is clearly a direct benefit to users, such as the garbage collection service, in which the revenue from the charges for household garbage services are set to meet the total cost of all waste services, including collection, treatment and disposal. At the same time small scale services or those where it would be difficult to attribute costs or collect fees are funded through rates.

2.3 Rate Capping

The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For the 2018-19 year the FGRS cap was set at 2.25%. For the 2019-20 year it has been set at 2.50%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

From the 2019 year general revaluations of all properties will be undertaken on an annual basis. As a result the actual rate increase for an individual rateable property may differ from the rate cap percentage due to changes in its valuation. Where the change in an individual property valuation is higher than the average for all rateable properties, the rate increase for that property may be greater than the cap. Where the change in the property valuation is lower than the average for all properties, the rate increase may be lower than the cap.

3. CURRENT RATING STRUCTURE

3.1 Rating System

The rating system used by Council for the 2018-19 year is as follows:

- General Rates levied using differential rates based on Capital Improved Valuations multiplied by specified rates in the dollar, being: Residential rates at 100% of the General rate (2018-19: 0.7715 cents/$CIV), Farm rates at 88% of the General rate (2018-19: 0.6789 cents/$CIV) and Commercial/Industrial rates at 100% of the General rate (2018-19: 0.7715 cents/$CIV)
- Municipal Charge levied on all rateable properties, representing 6.4% of total revenue from the municipal charge and general rates, with exemptions for properties making up single farm enterprises and cultural and recreational lands (2018-19: $170 per property)
- Service Rates and Charges levied for kerbside garbage and recycling for eligible properties (2018-19: $414)
- Deferments and/or waivers of rates and charges in specific hardship cases
- Rebates and Concessions offered in some circumstances as set out in legislation such as for the State funded Pensioner Rebate Scheme and as per Council policy and other agreements.

3.2 Comparison with Other Councils

A comparison of the Council’s rates and charges for the 2018-19 year with other comparable councils is shown in the tables below.

Council	Residential	Commercial	Industrial	Farm
Differential rates				
West Wimmera	100%	100%	100%	100%
Mildura	100%	120%	120%	95%
Hindmarsh	100%	90%	90%	90%
Buloke	**100%**	**100%**	**100%**	**88%**
Swan Hill[1]	100%	125%	100%	82%-96%[1]
Horsham	100%	100%	100%	80%
Yarriambiack	100%	100%	100%	72%
Ararat	100%	100%	100%	55%
Northern Grampians[2]	100%	100%	100%	47%[3]

[1] Dry land 82%; Irrigation land 96%

[2] Northern Grampians reduced its differential rate on farms by 18% to achieve a 2.25% average rate increase

Council	Charge
Municipal Charge	
Horsham	$287
Hindmarsh	$199
Buloke	**$170**
Northern Grampians	$156
West Wimmera	$147
Mildura	$100
Ararat	$92
Yarriambiack	$73
Swan Hill	$0

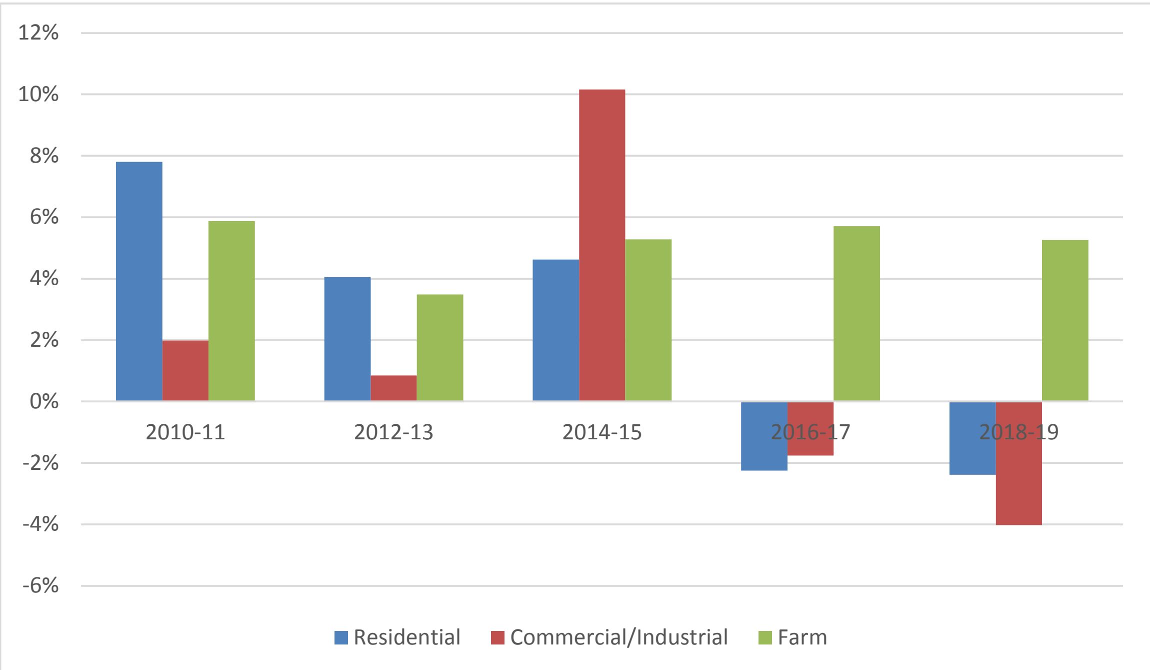
3.3 Valuation and Rating Analysis

General Revaluation Outcomes – Valuations

The above graph shows the general revaluation outcomes since 2010 for property valuations. Residential had the highest valuation growth in 2010 and 2012, business in 2014 and farm for the 2016 and 2018 revaluation years. The largest disparity in valuation outcomes occurred in the 2016-17 and 2018-19 years resulting in a significant shift in the rate burden to farm land (see graph below).

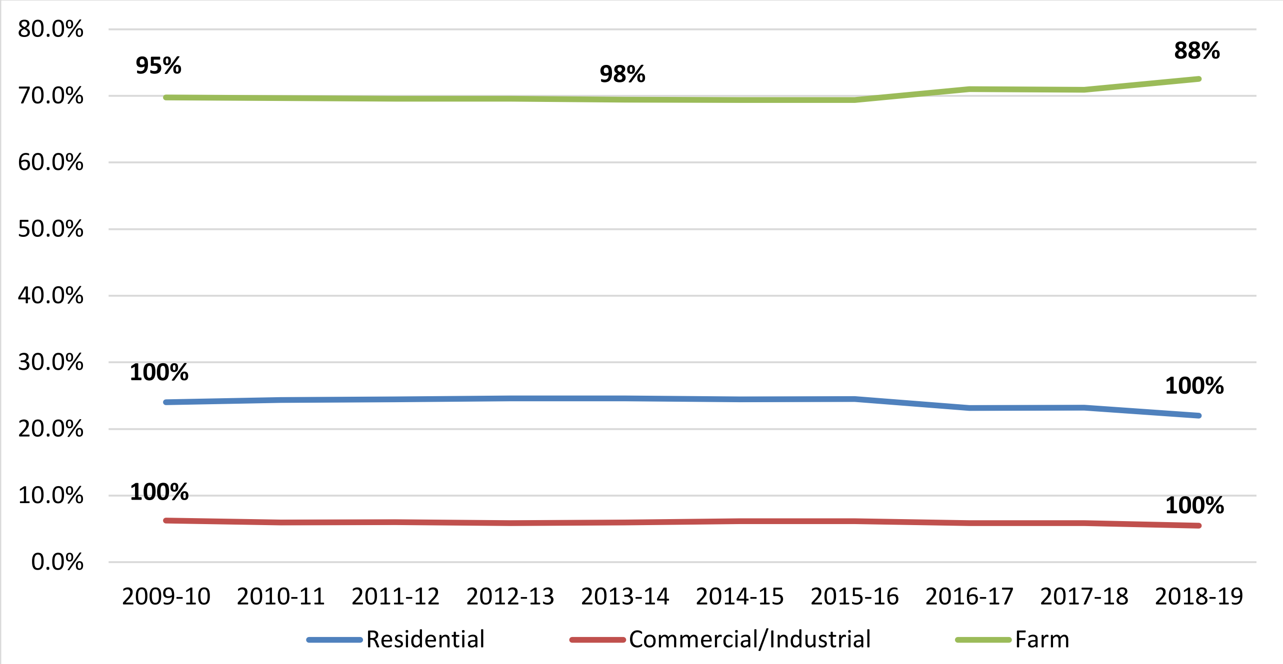
The Council Valuer, Mr Ben Sawyer has advised that the preliminary general revaluation results as at 1 January 2019 are likely to be similar to the 2018 results albeit for a 12 month period. The highest average valuation increase by differential rate category is expected to be approximately 11% and the lowest 1%.

General Revaluation Outcomes – Rates

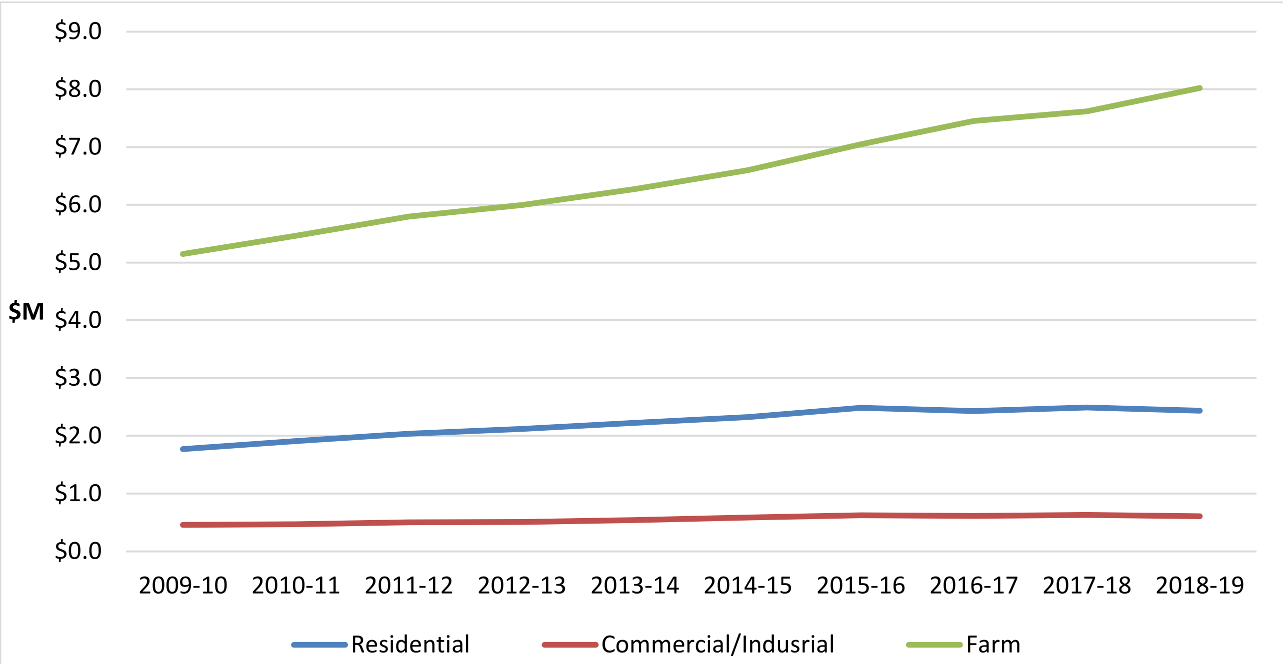


The above graph shows the general revaluation outcomes since 2010 for general rates. For the 2016 and 2018 revaluation years both residential and commercial/industrial properties experienced general rate decreases compared to farm properties which experienced general rate increases of 5.3% and 5.7% respectively.

General Rate Burden Outcomes

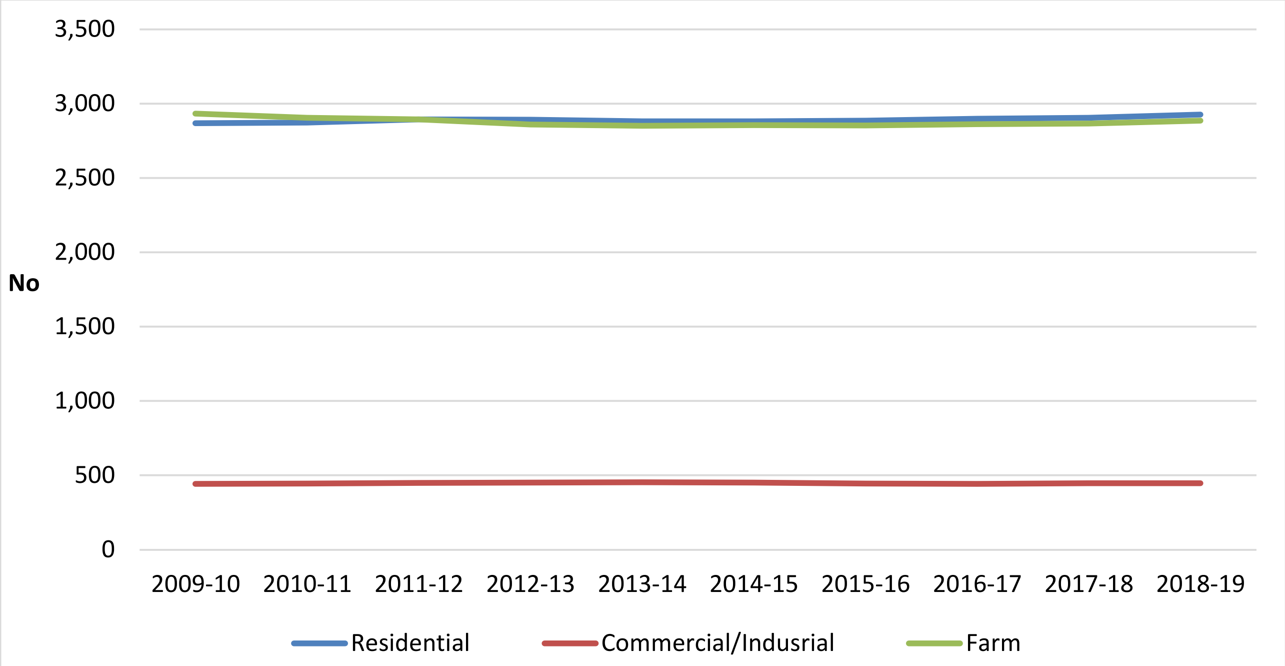


The above graph shows the proportion of the total general rates raised, that each category of land (residential, commercial/industrial, farm) has paid over the past 10 years. This is often referred to as the general rate burden. Over the past 10 years the farm general rate burden has increased from 70% to 73% with the farm differential rate increasing from 95% to 98% of the residential rate in 2013-14 and decreasing to 88% in 2018-19. Over the same period the residential general rate burden has decreased from 25% to 22% and commercial/industrial has decreased from 6.0% to 5.5% with no change in the differential rate.



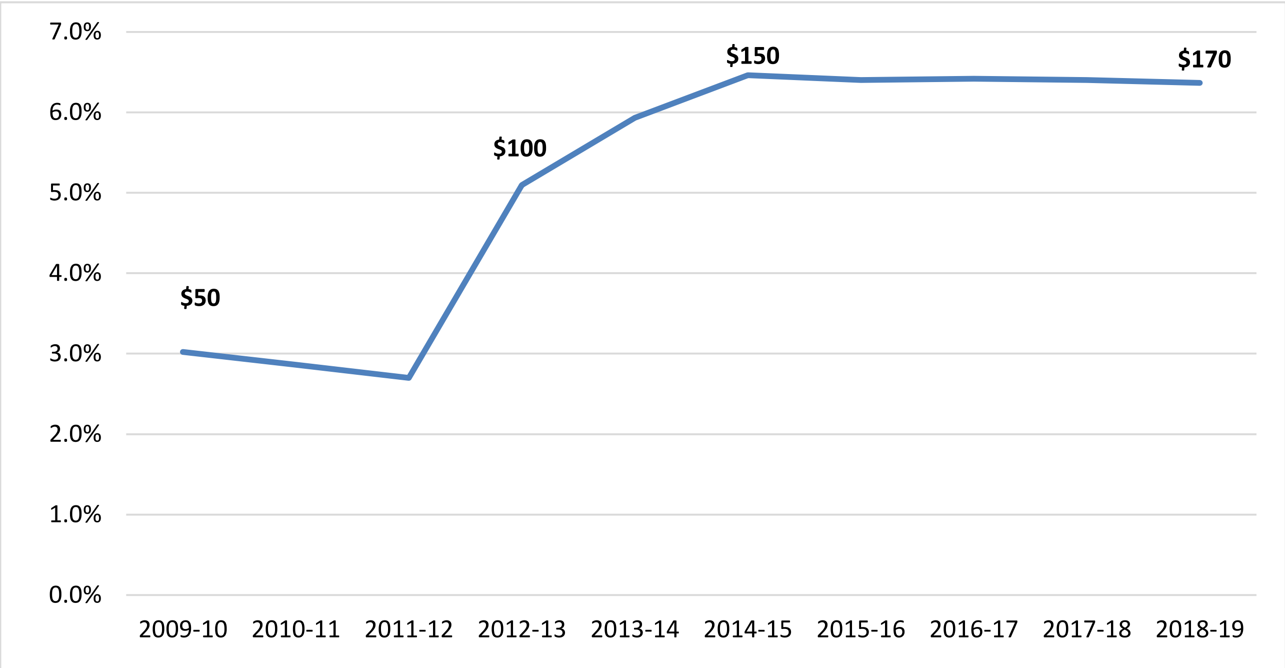
The above graph shows the general rates that each category of land (residential, commercial/industrial, farm) has paid over the past 10 years. This shows the general rate burden in absolute dollar terms. Over the past 10 years the farm general rate burden has increased from $5.2 million to $8.0 million. Over the same period the residential general rate burden has increased from $1.8 million to $2.4 million and commercial/industrial has increased from $0.5 million to $0.6 million.

Rate Assessments



The above graph shows that the number of residential assessments has increased by 2.0% over the 10 year period from 2,868 in 2009-10 to 2,926 in 2018-19. This is compared with farm assessments which has declined by 1.6% or 47 assessments and business assessments which has increased by 1.1% or 5 assessments over the same period. Since 2013-14 the number of farming entities has decreased from 1,113 to 1,046.

Municipal Charge



The above graph shows the proportion of revenue from general rates and municipal charge represented by the municipal charge over the past 10 years. The municipal charge has increased from 3.0% of total revenue from general rates and the municipal charge in 2009-10 to 6.4% in 2018-19. Over that time the municipal charge has increased from $50 to $170 per property.

4. STAKEHOLDER ENGAGEMENT

Stakeholder engagement was undertaken as part of the review and consisted of an on-line survey, written submissions and listening posts. The feedback has been provided by type of engagement and where possible, aligned to the good taxation principles. The comments are ratepayer verbatim.

4.1 Summary

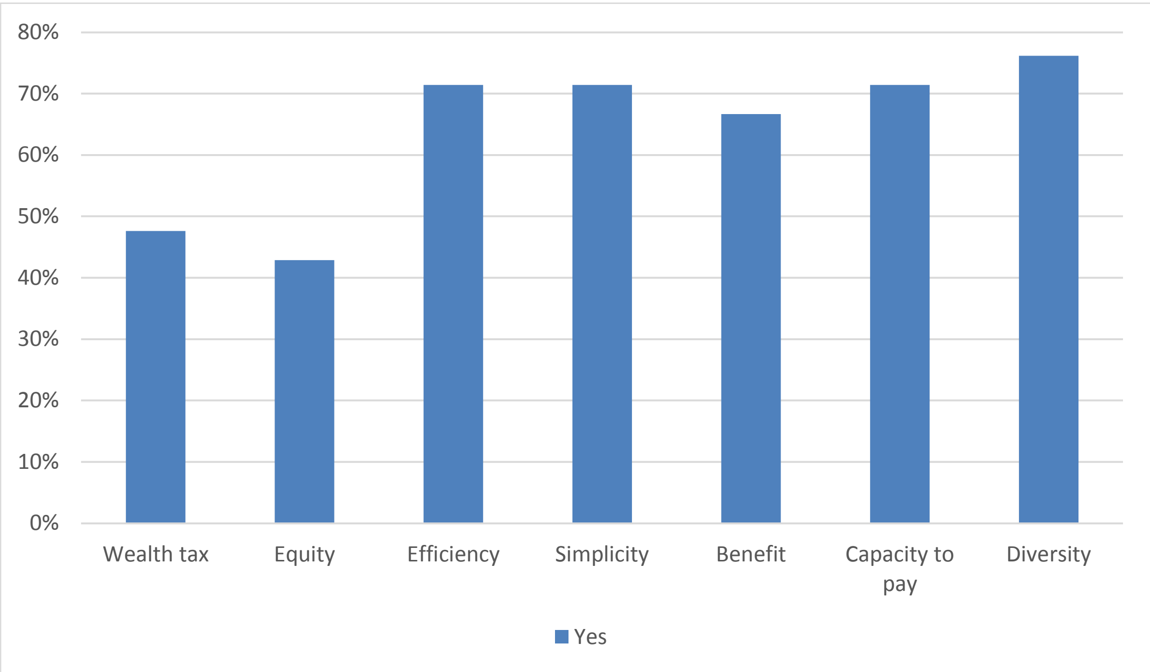
The table below provides a summary of stakeholder engagement undertaken as part of the review.

Source	Type	Total
Survey	Completed surveys	21
Submissions	Received submissions	0
Listening posts	Copies of proposition paper	261

4.2 Survey

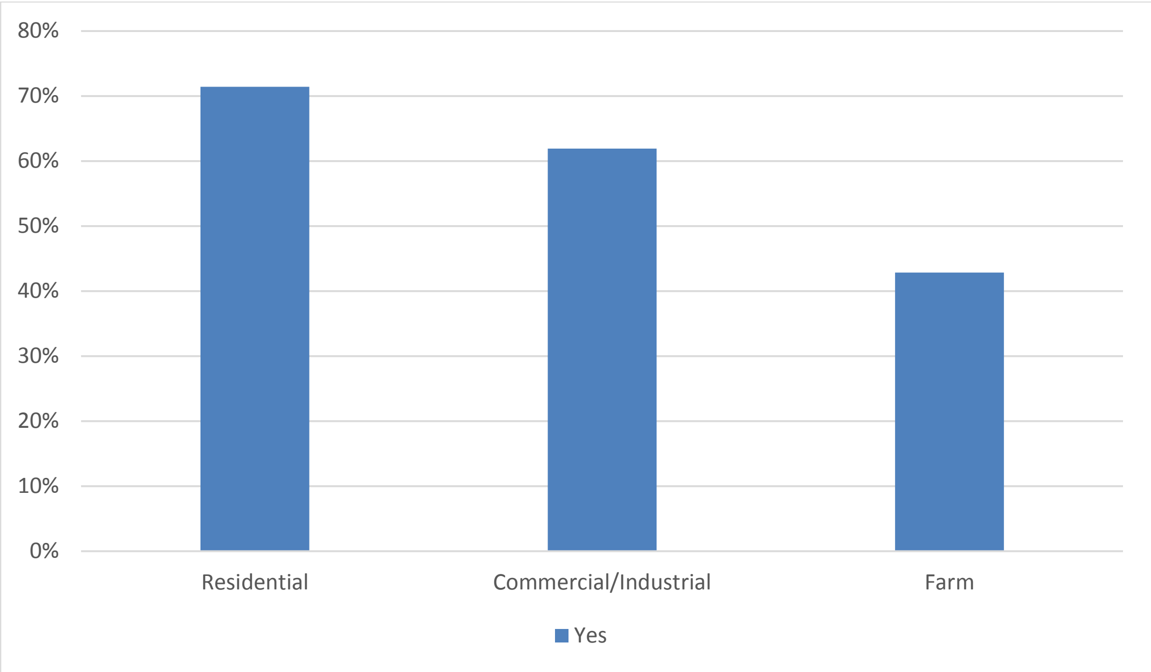
The on-line survey consisted of multiple-choice questions and free text. The results for each question are shown in the graphs below.

Appropriateness of the taxation principles when setting rates and charges



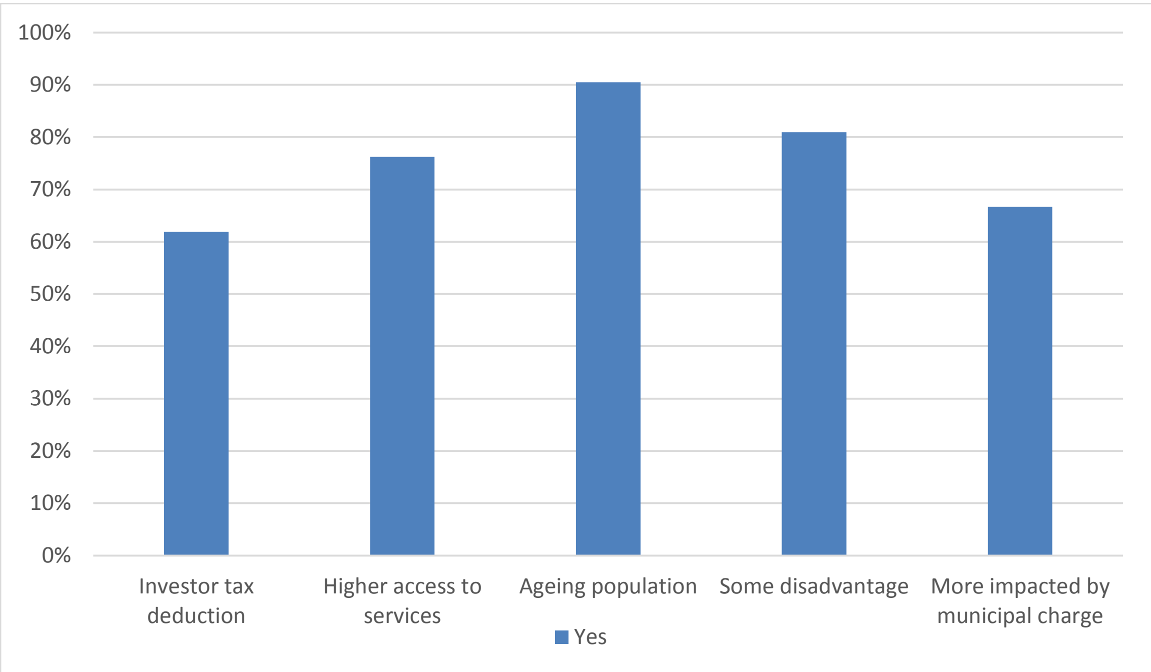
The above results indicate that most people agreed that the taxation principles of diversity, efficiency, simplicity and capacity to pay were the most appropriate.

Appropriateness of the current differential rates



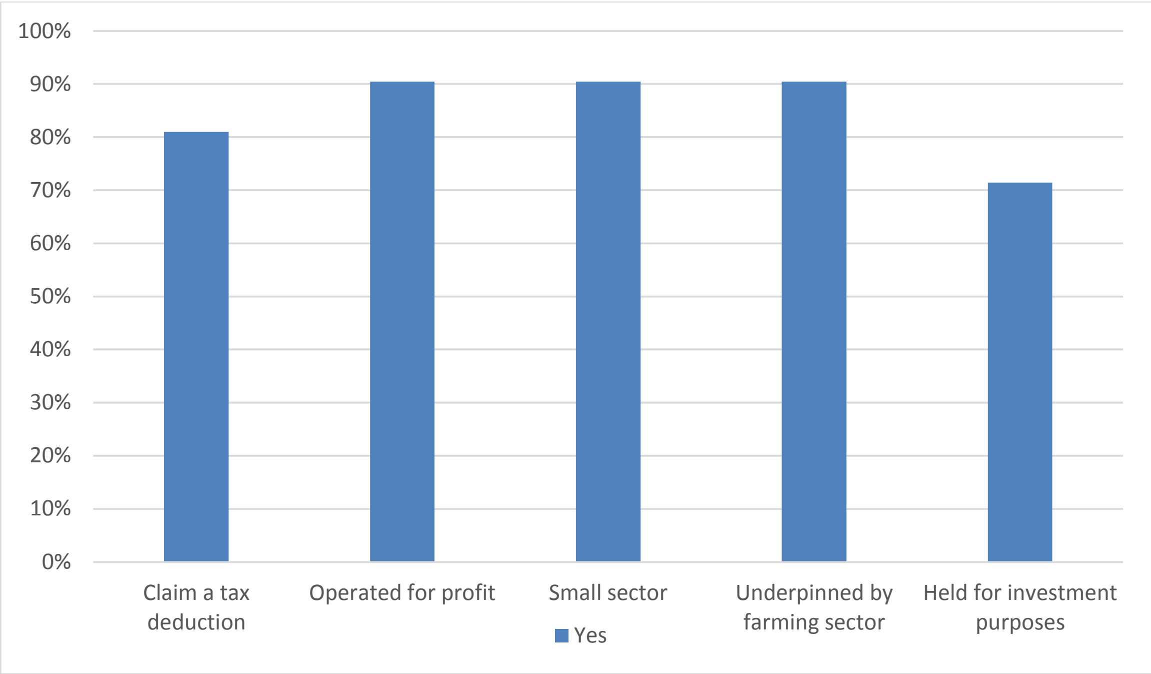
The above results indicate that most people agreed that the differential rate level for residential properties is appropriate but the differential rate for farm properties was not appropriate.

Appropriateness of the residential rate factors



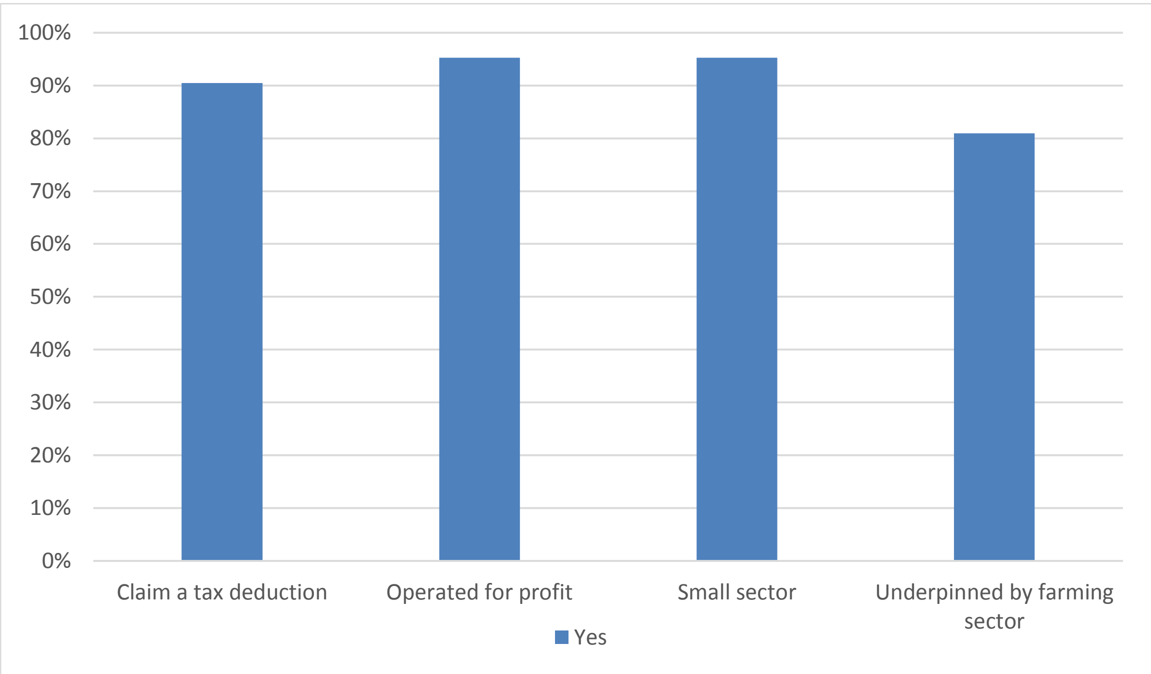
The above results indicate that most people agreed that the residential category has an ageing population, a high level of disadvantage and higher access to services.

Appropriateness of the commercial rate factors



The above results indicate that most people agreed that the commercial rate factors were appropriate.

Appropriateness of the industrial rate factors

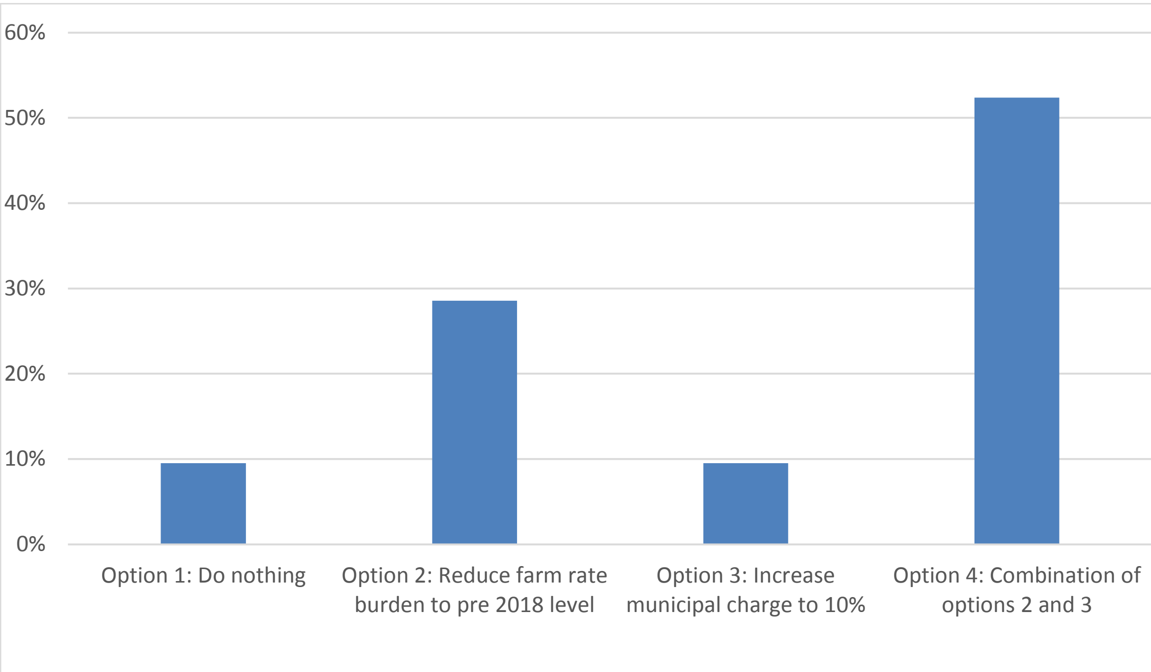


The above results indicate that most people agreed that the industrial rate factors were appropriate.

Appropriateness of the farm rate factors

The above results indicate that most people agreed that the farm rate factors were appropriate.

Most equitable option for sharing the rate burden



The above results indicate that most people agreed that option 4 provided the most equitable sharing of the rates burden (refer Section 9. Rate Modelling).

Other comments by survey participants

- Farmers need to be looked after to the best ability of council.
- We believe that the farming differential should be much lower than 82%. Farmers are carrying way too much of the rate burden whilst receiving the lowest access to services and also having a low capacity to pay compared to their land value.
- Separate rates from land value as the value of land has nothing to do with productivity and ability to pay
- Most farmers will agree the only services they see from council is roads and they are far from adequate

- The rates need to be fair both for farmers but also for a lot of the towns that have lost access to council services, be they shire offices, proper tips, etc.
- Rates in the Buloke Shire are a too high for the amount the shire actually does for the town. They have done nothing to upgrade facilities in regard to sewage etc. They make building in the towns almost impossible because they won't condemn places that shouldn't be lived in and are leaving the value of the properties at a low level that the banks don't see viable to lend in these small towns.
- Buloke Shire rates for residential properties are too high for the value of the property. Farmers get government help whereas wage earners can't
- The current rating system is inequitable. Farmers are paying 72.5% of the rates but are way less than 50% of the rate payers. For that rate burden we might get our road graded once every 1 or 2 years. No other services are provided to rural rate payers. It is absurd you can have a situation that a town-based business can turn over a million dollars but pay rates on the property value of say $250,000 and a farmer turns over say $250,000 and pays rates on a property value of say a million dollars
- In the period 2009-10 to 2018-19 the farm rate revenue has risen by 53%. This is in comparison to Residential rate increasing by 33%, and commercial/industrial by 20%. As the farm rate per enterprise is huge in comparison to individual residences or commercial properties, this excess increase is multiplied in dollar terms by a factor of 5 or more.

4.3 Listening Posts

Listening posts were held at the following locations:

- Birchip (34 papers distributed)
- Wycheproof (65 papers distributed)
- Donald (70 papers distributed)
- Sea Lake (44 papers distributed)
- Charlton (48 papers distributed).

5. CAPACITY TO PAY

An analysis was undertaken of the capacity of different categories of Buloke ratepayers to pay rates and charges. The analysis included review of ABS census data, ABARES (Australian Bureau of Agricultural Research Economics) data and other relevant sources.

5.1 Differential Rates

The *Ministerial Guidelines for Differential Rating (Guidelines) 2013* state that differential rates are a useful tool to address equity issues that may arise from the setting of council rates derived from property valuations. Circumstances whereby common types and classes of land consistently demonstrate significant relative rate disparities, including access to services arising from the use of a uniform rate, may be addressed by use of differential rates. The *Local Government Better Practice Guide: Revenue and Rating Strategy 2014* (the Guide) also suggests that capacity to pay is another ground for considering differential rates.

A council may decide that capacity to pay is fundamentally reflected by property value or that the application of the wealth tax and benefit principles should be moderated for groups of ratepayers because of capacity to pay considerations. As rates are levied on unrealised wealth in the form of property, their nexus with ratepayers' capacity to pay may be tenuous (ratepayers may be asset rich but cash poor or vice versa).

The Guide suggests that on equity and good public policy grounds, it is appropriate that the meaning and assessment of capacity to pay is agreed, at least from a practical point of view, and that decisions are influenced by a strong understanding of the factors relevant to particular property classes in order to make informed, albeit, generalised observations about their capacity to pay rates.

5.2 Data Analysis

ABS Data

The following key indicators are based on the 2016 ABS census data:

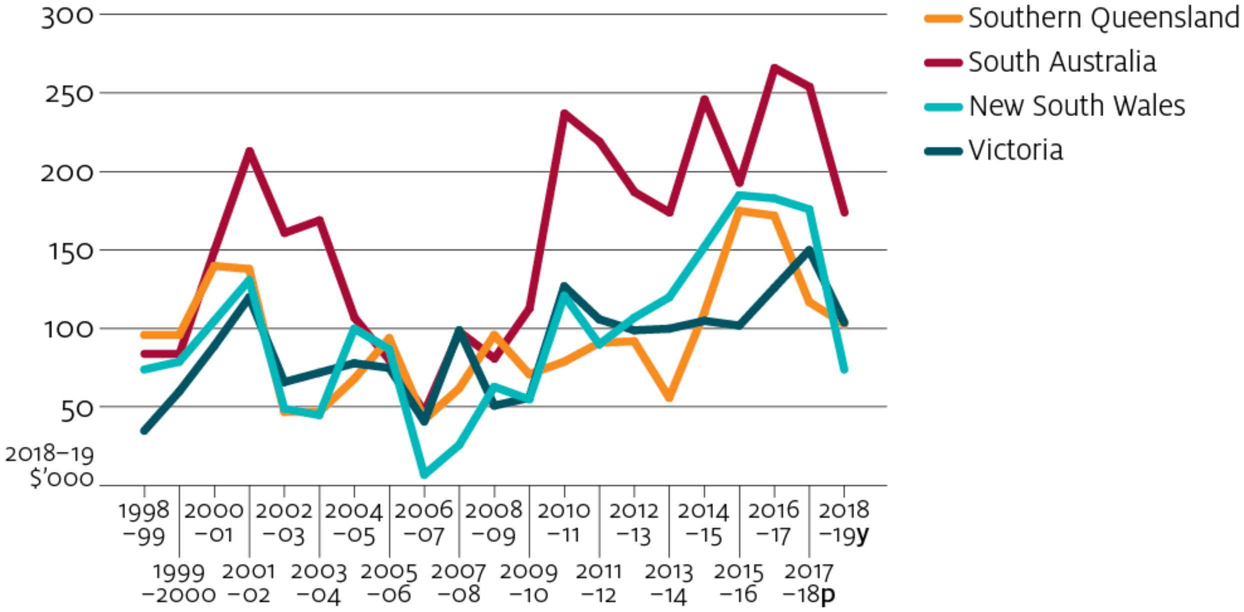
- Median total household income in Buloke was $839 per week compared to Victoria at $1,419 per week
- Buloke ranked 5th out of 79 Victorian councils for the percentage of individuals with an income less than $400 per week
- Median age in Buloke was 51 years compared to Victoria at 37 years
- 28.2% of Buloke residents were aged 65 or over compared to Victoria at 15.6%
- 5.4% of Buloke residents were aged 85 or over compared to Victoria at 2.2%
- 4.1% of Buloke residents had attended a university or tertiary institution compared to Victoria at 17.8%
- 10.6% of Buloke residents had completed year 12 compared to Victoria at 15.9%
- Buloke was ranked 24th most disadvantaged out of 79 Victorian councils in terms of the level of relative socio-economic disadvantage.

The above indicators show that the Buloke generally had worse statistical results over a broad range of key indicators than Victoria as a whole, particularly in regard to the level of household incomes

Farm Incomes

ABARES regularly publishes research and reports on business performance outcomes in the farming sector. Farming is broad term and there are many different factors that come into play in its various segments and sub-segments that impact of profitability. Notably, these include international commodity prices and local climatic conditions. It is noted, in this respect, the current severe drought conditions that are impacting on Australian agriculture in general and the Wimmera in particular. Drought conditions directly impact on market prices, quality of produce and cost of production and therefore have a direct and significant impact of farm profitability.

The following chart shows farm cash incomes (broad acre and dairy) for Victoria and three other states over the past 20 years. It is based on a Report on Drought Impacts released by ABARES in December 2018.



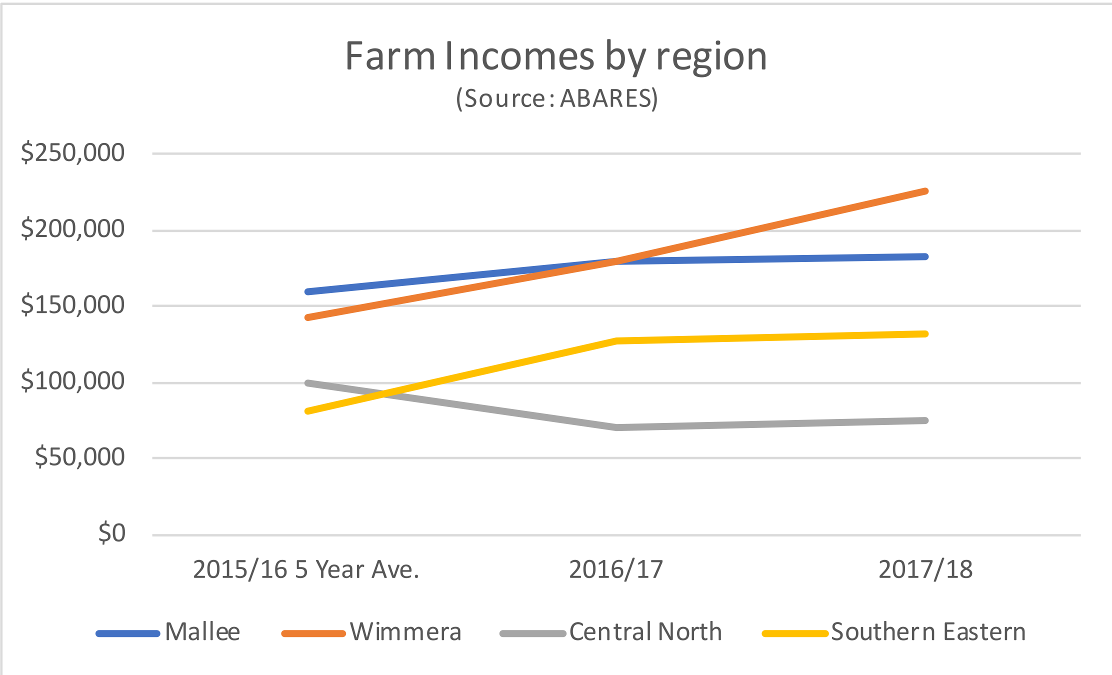
Source: ABARES, Drought Impacts on Broadacre and Dairy Farms in South-Eastern Australia, Dept of Agriculture and Water Resources, 2018

In aggregate, broadacre farms accounted for 65 per cent of Australian farm businesses and an estimated 60 per cent of the total gross value of Australian agricultural production in 2016–17.

The ABARES Report notes that the impacts of the 2018 drought on farm incomes may not be as severe as experienced in previous droughts, but that aggregate and average trends would likely mask significant variation in performance across different industries and regions.

It states that across South-Eastern Australia, average farm cash income on broadacre farms will decline by nearly $70,000 per farm in 2018-19 (from $169,700 to $102,000) and that farm profit will be the lowest it has been in a decade.

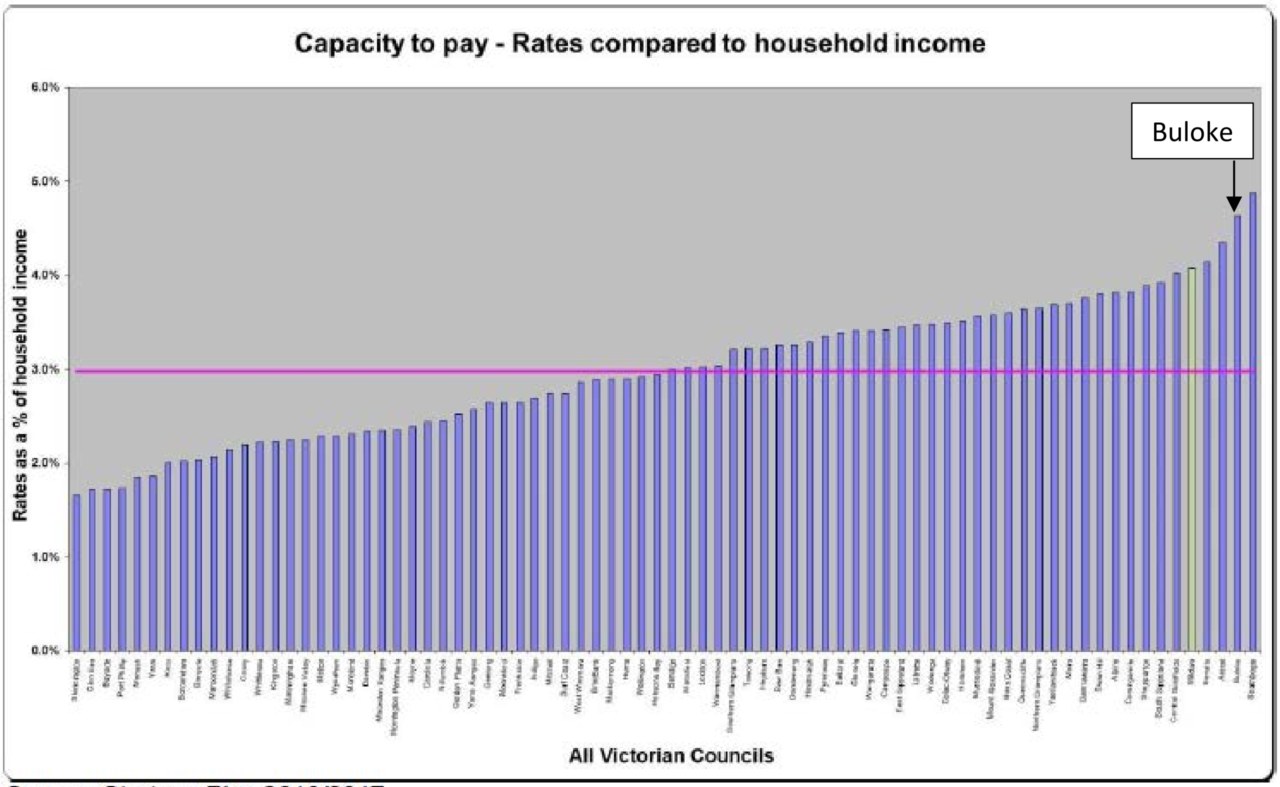
The following chart shows the trend in cash farm incomes by region in Victoria over the past 3 years.



Source: ABARES

This data shows that farm incomes generally have increased nationally and in Victoria, as well as in the Wimmera region over the past 3 years. This is expected to decline in 2018-19 as shown in the previous graph.

Rates Compared to Household Data



Source: Strategy Plus 2016/2017

The above chart indicates that in 2016-17 Buloke was the second highest Victorian council at more than 4% when comparing the proportion of household income represented by rates.

6. PROPOSED RATING STRUCTURE

6.1 Rating System

Based on the analysis in the previous sections, Council believes that the current rating system does not provide for an equitable imposition of rates and charges. It therefore proposes the following rating system for the 2019-23 years:

- General Rates levied using differential rates based on Capital Improved Valuations multiplied by specified rates in the dollar, being:
  - Residential rates at 100% of the General rate
  - Farm rates at 82% of the General rate
  - Commercial rates at 100% of the General rate
  - Industrial rates at 100% of the General rate.
- Municipal Charge levied on all rateable properties, representing approximately 6% of total revenue from the municipal charge and general rates, with exemptions for properties making up single farm enterprises
- Service Rates and Charges levied for kerbside garbage and recycling for eligible properties on the basis of full cost recovery
- Deferments and/or waivers of rates and charges in specific hardship cases
- Rebates and Concessions offered in some circumstances as set out in legislation such as for the State funded Pensioner Rebate Scheme and as per Council policy and other agreements
- Rates may be paid by quarterly instalment or as a yearly lump sum payment in February.

6.2 General Rates

The Council introduced a farm differential in recognition of the high value of land as an input to farm operations, the contribution that the farm sector makes to the economic activity of the Shire and the lower level of service usage associated with their rural isolation. Over the past 10 years the farm differential rate has increased from 95% to 98% of the residential rate in 2013-14 and then was decreased to 88% in 2018-19 in recognition of the significant increase in farm property values relative to other property categories following the 2018 general revaluation of properties.

For the 2019-23 years, Council proposes to reduce the farm differential rate by a further 6% to 82% of the general rate in recognition of the significant change to relative property values expected from the 2019 general revaluation of properties. Council proposes to maintain the differential rate of 100% of the general rate for all other property categories. A definition of each type of land is included in Appendix A.

6.3 Municipal Charge

The municipal charge is intended to cover some of the “administrative costs” of a Council. Over the past 10 years, the municipal charge has increased from 3.0% of total revenue from general rates and the municipal charge budgeted in 2009-10 to 6.4% in 2018-19. Over that time the municipal charge has increased from $50 to $170 per property.

For the 2019-23 years, Council proposes to maintain the municipal charge at $170 on the grounds that while it is regressive in nature and it has an adverse impact on lower valued properties, all properties should contribute to its administrative costs.

6.4 Service Rates and Charges

Council has service rates and charges for kerbside garbage and recycling. The Council’s policy in regard to setting the charges is full cost recovery for the waste collection services.

For the 2019-23 years, Council proposes no change to its policy on service rates and charges.

6.5 Rebates and Concessions

The Municipal Rates Pension Concession is set at half the rates and charges levied on eligible pensioners up to a maximum of $218.30 for the 2018-19 year and is fully funded by the State Government. Eligible pensioners are also entitled to receive a concession on the Fire Services Property Levy. Ratepayers may also apply for a rate rebate to protect remnant native vegetation. This rebate is administered in accordance with the Rate Rebate Scheme for Protection of Indigenous Vegetation Guidelines.

For the 2019-23 years, Council proposes no change to its policy on rebates and concessions.

6.6 Deferments, Discounts and Waivers

Council has a separate and specific policy, "Rates and Charges Financial Hardship Policy" for the handling of hardship cases which allows deferment of all or part of rates for varying times depending on circumstances. Interest may also be waived in hardship cases.

For the 2019-23 years, Council proposes no change to its policy on deferments, discounts or waivers.

6.7 Payment of Rates

Rates may be paid by quarterly instalment or as a yearly lump sum payment in February. The Council also widely publicises the opportunity it allows for paying rates by arrangement throughout the year and encourages ratepayers who may be having difficulty to discuss payment arrangements with rates staff.

For the 2019-23 years, Council proposes no change to its policy on payment of rates.

5. FINANCIAL IMPACT OF PROPOSED CHANGES

5.1 Modelling

For the purposes of determining the financial impact of the proposed Revenue and Rating Strategy on each category or class of ratepayer, the current and proposed rating structures have been modelled over the next five years based on the assumptions below.

5.2 Assumptions

The following assumptions have been made in regard to future rating years for the purposes of modelling the financial impact of the proposed rating structure:

- Future rate cap increases have been set at 2.5%
- Future property valuation increases have been based on the average growth over the past two general revaluations (i.e. 2016 and 2018) period and applied annually
- The growth in the number of assessments has been based on the average growth over the past two general revaluations period and applied annually.

5.3 Financial Impact

Summary

Measure	Residential	Farm	Commercial	Industrial
Rate burden: Current 2018-19	24.8%	69.4%	2.0%	3.8%
Rate burden: Proposed 2019-20	26.4%	67.9%	2.0%	3.8%
Change	**+1.6%**	**-1.5%**	**0%**	**0%**

Note: The rate burden includes the general rate and municipal charge

Measure	Residential	Farm	Commercial	Industrial
Average rate: Current 2018-19	$1,001	$2,851	$1,098	$1,864
Average rate: Proposed 2019-20	$1,062	$2,852	$1,120	$1,917
Change ($)	**+$61**	**+$1**	**+$22**	**+$53**
Change (%)	**+6.1%**	**0%**	**+2.0%**	**+2.8%**
Rate cap (%)	**+2.5%**	**+2.5%**	**+2.5%**	**+2.5%**

Note: The average rate includes the general rate and municipal charge

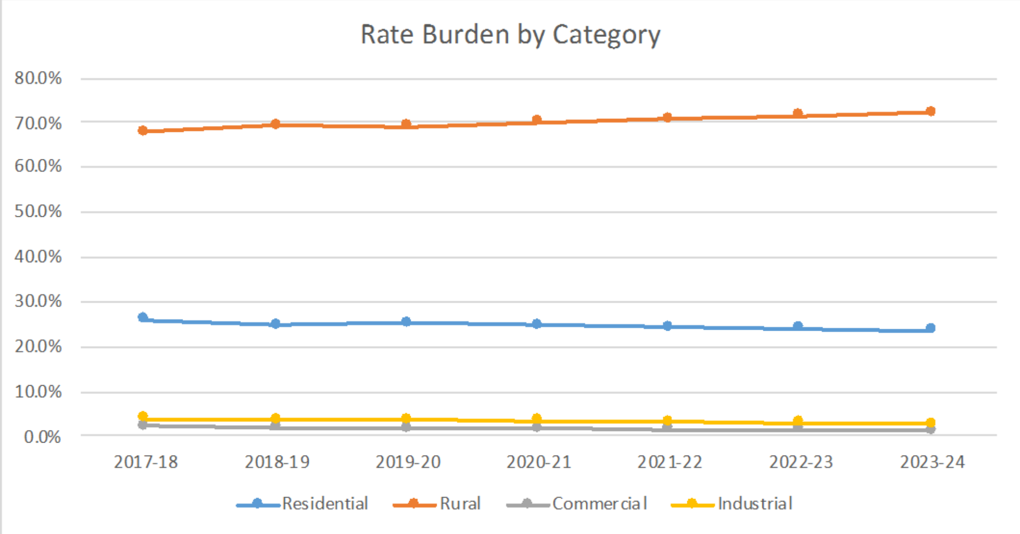
The above table compares the rate burden and average rate (general rate and municipal charge) for the 2018-19 year and that which would exist in the 2019-20 year under the proposed rating structure. It shows that under the proposed rating structure, farm land would experience a decrease in the rate burden of -1.5% to 67.9%, which is the same level that existed prior to the 2018 general revaluation.

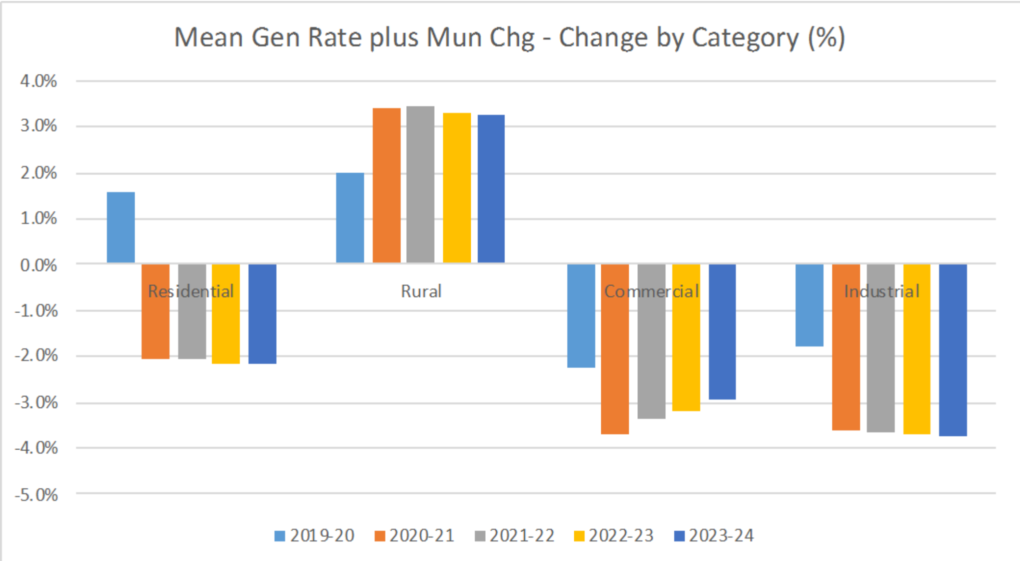
The reduction in the farm rate burden would be transferred to the other rating categories with residential land bearing most of the change. The average rate impact for residential properties would be an increase of +$61 or +6.1% (rate cap 2.5%) compared to commercial properties which would increase by +$22 or +2.0% (rate cap 2.5%) and industrial properties which would increase by +$53 or +2.8% (rate cap 2.5%) on average.

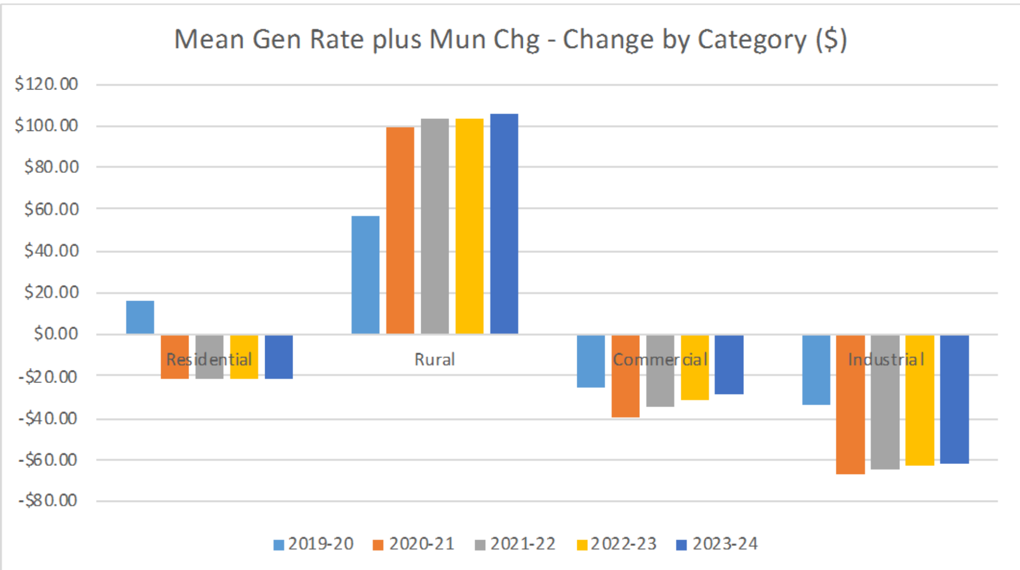
Note: The farm differential of 82% proposed for the 2019-20 year is based on the expected outcome of the 2019 general revaluation of properties. The actual farm differential for the 2019-20 year may differ from this once the final outcomes of the 2019 general revaluation are known and will need to be recalculated to ensure that the farm rate burden (general rate and municipal charge) equals the 2017-18 level.

Current Rating Structure

The following graphs show the impact of the current rating structure on the rate burden and mean (average) general rate and municipal charge over the next five years.







Under the current rating structure, the general rate and municipal charge burden for farm land will increase from 69.4% in 2018-19 to 72.4% by 2023-24. This will result in average rate increases for farm land of between +2.0% and +3.4% per annum over the five year period. This is compared to residential land which will experience average rate changes of +1.6% and -2.2% per annum, commercial land of -2.3% and -3.7% and industrial land of -1.8% and -3.8% over the same period.

The tables below show the impact of the current rating structure including the rate cap increase of 2.5% for 2019-20 on the general rate and municipal charge, for a range of residential, farm, commercial and industrial property valuations.

Residential CIV Range From	To	Assessments	2018-19	2019-20	Change $	Change %
	$99,999	1,367	$595.99	$584.72	-$11.27	-1.9%
$100,000	$199,999	1,290	$1,243.54	$1,217.74	-$25.81	-2.1%
$200,000	$299,999	228	$1,976.60	$1,934.02	-$42.58	-2.2%
$300,000	$399,999	35	$2,709.33	$2,649.72	-$59.61	-2.2%
$400,000	$499,999	3	$3,402.59	$3,316.90	-$85.69	-2.5%
$500,000	$599,999	0	$0.00	$0.00	$0.00	0.0%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	0	$0.00	$0.00	$0.00	0.0%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	0	$0.00	$0.00	$0.00	0.0%
$1,000,000		1	$63,317.28	$61,903.83	-$1,413.44	-2.2%
Total/mean:		2,924	$1,038.96	$1,017.70	-$21.26	-2.0%

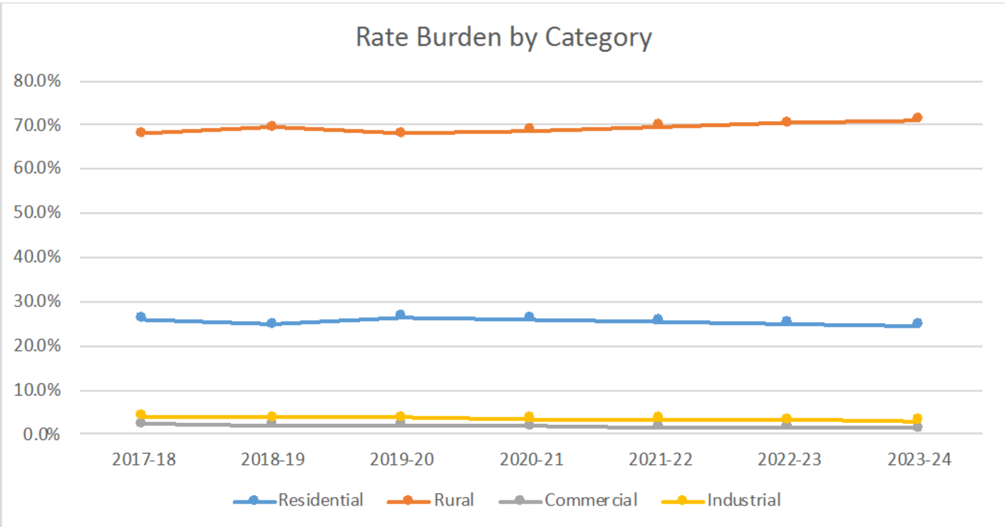
Rural CIV Range From	To	Assessments	2018-19	2019-20	Change $	Change %
	$99,999	228	$433.66	$447.37	+$13.71	+3.2%
$100,000	$199,999	550	$1,071.35	$1,107.45	+$36.09	+3.4%
$200,000	$299,999	543	$1,734.94	$1,794.19	+$59.25	+3.4%
$300,000	$399,999	495	$2,432.86	$2,516.12	+$83.25	+3.4%
$400,000	$499,999	351	$3,089.13	$3,195.52	+$106.38	+3.4%
$500,000	$599,999	217	$3,816.94	$3,946.87	+$129.93	+3.4%
$600,000	$699,999	129	$4,510.58	$4,665.22	+$154.63	+3.4%
$700,000	$799,999	91	$5,160.78	$5,339.08	+$178.30	+3.5%
$800,000	$899,999	62	$5,882.32	$6,083.13	+$200.81	+3.4%
$900,000	$999,999	57	$6,548.95	$6,776.65	+$227.70	+3.5%
$1,000,000		153	$10,124.44	$10,475.27	+$350.83	+3.5%
Total/mean:		2,876	$2,811.39	$2,907.76	+$96.37	+3.4%

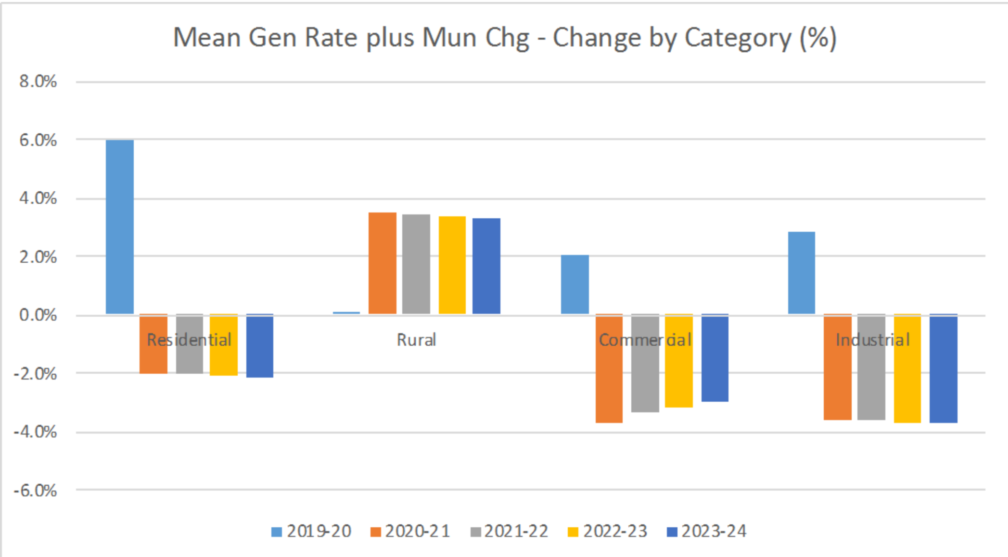
Commercial CIV Range From	To	Assessments	2018-19	2019-20	Change $	Change %
	$99,999	128	$541.10	$523.88	-$17.21	-3.2%
$100,000	$199,999	52	$1,200.69	$1,149.55	-$51.15	-4.3%
$200,000	$299,999	16	$2,047.64	$1,963.75	-$83.89	-4.1%
$300,000	$399,999	13	$2,866.69	$2,756.32	-$110.37	-3.9%
$400,000	$499,999	8	$3,681.29	$3,349.56	-$331.73	-9.0%
$500,000	$599,999	0	$0.00	$0.00	$0.00	0.0%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	1	$5,956.25	$5,942.73	-$13.52	-0.2%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	1	$7,653.55	$7,636.06	-$17.49	-0.2%
$1,000,000		0	$0.00	$0.00	$0.00	0.0%
Total/mean:		219	$1,117.74	$1,070.60	-$47.15	-4.2%

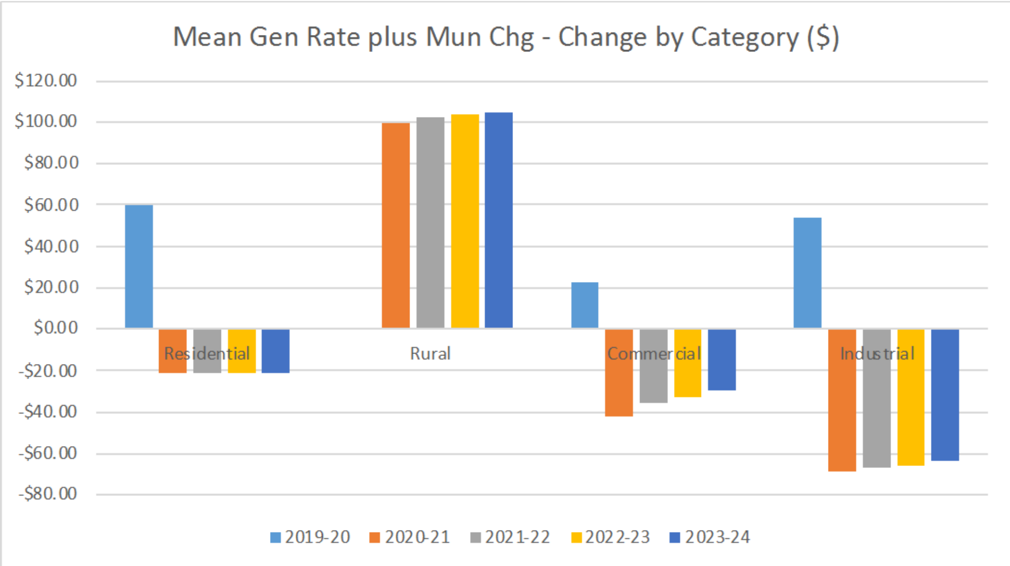
CIV Range From	To	Assessments	Industrial 2018-19	2019-20	Change $	Change %
	$99,999	149	$470.01	$457.99	-$12.02	-2.6%
$100,000	$199,999	41	$1,277.01	$1,232.67	-$44.34	-3.5%
$200,000	$299,999	15	$1,984.57	$1,911.89	-$72.68	-3.7%
$300,000	$399,999	12	$2,716.59	$2,614.60	-$102.00	-3.8%
$400,000	$499,999	2	$3,483.59	$3,350.88	-$132.72	-3.8%
$500,000	$599,999	5	$4,329.93	$4,163.32	-$166.61	-3.8%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	1	$6,303.43	$6,057.77	-$245.65	-3.9%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	3	$7,296.09	$7,010.68	-$285.41	-3.9%
$1,000,000		10	$21,066.08	$20,229.15	-$836.93	-4.0%
Total/mean:		238	$1,900.11	$1,830.81	-$69.29	-3.6%

Proposed Rating Structure

The following graphs show the impact of the proposed rating structure on the rate burden and mean (average) general rate and municipal charge over the next five years.







Under the proposed rating structure, the general rate and municipal charge burden for farm land will decrease from 69.4% in 2018-19 to 67.9% in 2019-20 which is equivalent to the 2017-18 level. It will then continue to increase to 71.1% by 2023-24. This will result in average rate increases for farm land of between +0% and +3.5% per annum over the five year period. This is compared to residential land which will experience average rate changes of +6.0% and -2.1% per annum, commercial land +2.0% and -3.7% and industrial land +2.9% and -3.7% over the same period.

The tables below show the impact of the proposed rating structure including the rate cap increase of 2.5% for 2019-20 on the general rate and municipal charge, for a range of residential, farm, commercial and industrial property valuations.

			Residential			
CIV Range		Assessments	2018-19	2019-20	Change	Change
From	To				$	%
	$99,999	1,367	$595.99	$606.33	+$10.33	+1.7%
$100,000	$199,999	1,290	$1,243.54	$1,272.16	+$28.61	+2.3%
$200,000	$299,999	228	$1,976.60	$2,025.63	+$49.03	+2.5%
$300,000	$399,999	35	$2,709.33	$2,778.75	+$69.42	+2.6%
$400,000	$499,999	3	$3,402.59	$3,480.32	+$77.73	+2.3%
$500,000	$599,999	0	$0.00	$0.00	$0.00	0.0%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	0	$0.00	$0.00	$0.00	0.0%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	0	$0.00	$0.00	$0.00	0.0%
$1,000,000		1	$63,317.28	$65,109.65	+$1,792.37	+2.8%
Total/mean:		2,924	$1,038.96	$1,061.76	+$22.80	+2.2%

			Rural			
CIV Range		Assessments	2018-19	2019-20	Change	Change
From	To				$	%
	$99,999	228	$433.66	$439.21	+$5.55	+1.3%
$100,000	$199,999	550	$1,071.35	$1,086.13	+$14.78	+1.4%
$200,000	$299,999	543	$1,734.94	$1,759.51	+$24.57	+1.4%
$300,000	$399,999	495	$2,432.86	$2,467.50	+$34.64	+1.4%
$400,000	$499,999	351	$3,089.13	$3,133.50	+$44.36	+1.4%
$500,000	$599,999	217	$3,816.94	$3,870.86	+$53.92	+1.4%
$600,000	$699,999	129	$4,510.58	$4,574.84	+$64.26	+1.4%
$700,000	$799,999	91	$5,160.78	$5,235.52	+$74.74	+1.4%
$800,000	$899,999	62	$5,882.32	$5,965.13	+$82.81	+1.4%
$900,000	$999,999	57	$6,548.95	$6,644.77	+$95.82	+1.5%
$1,000,000		153	$10,124.44	$10,270.65	+$146.21	+1.4%
Total/mean:		2,876	$2,811.39	$2,851.45	+$40.06	+1.4%

Commercial						
CIV Range		Assessments	2018-19	2019-20	Change	Change
From	To				$	%
	$99,999	128	$541.10	$542.56	+$1.46	+0.3%
$100,000	$199,999	52	$1,200.69	$1,200.47	-$0.23	-0.0%
$200,000	$299,999	16	$2,047.64	$2,057.00	+$9.36	+0.5%
$300,000	$399,999	13	$2,866.69	$2,890.77	+$24.08	+0.8%
$400,000	$499,999	8	$3,681.29	$3,514.85	-$166.44	-4.5%
$500,000	$599,999	0	$0.00	$0.00	$0.00	0.0%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	1	$5,956.25	$6,242.83	+$286.58	+4.8%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	1	$7,653.55	$8,024.19	+$370.64	+4.8%
$1,000,000		0	$0.00	$0.00	$0.00	0.0%
Total/mean:		219	$1,117.74	$1,117.58	-$0.17	-0.0%

Industrial						
CIV Range		Assessments	2018-19	2019-20	Change	Change
From	To				$	%
	$99,999	149	$470.01	$472.97	+$2.96	+0.6%
$100,000	$199,999	41	$1,277.01	$1,287.91	+$10.91	+0.9%
$200,000	$299,999	15	$1,984.57	$2,002.44	+$17.88	+0.9%
$300,000	$399,999	12	$2,716.59	$2,741.68	+$25.09	+0.9%
$400,000	$499,999	2	$3,483.59	$3,516.23	+$32.64	+0.9%
$500,000	$599,999	5	$4,329.93	$4,370.91	+$40.98	+0.9%
$600,000	$699,999	0	$0.00	$0.00	$0.00	0.0%
$700,000	$799,999	1	$6,303.43	$6,363.85	+$60.42	+1.0%
$800,000	$899,999	0	$0.00	$0.00	$0.00	0.0%
$900,000	$999,999	3	$7,296.09	$7,366.29	+$70.20	+1.0%
$1,000,000		10	$21,066.08	$21,271.92	+$205.85	+1.0%
Total/mean:		238	$1,900.11	$1,917.15	+$17.04	+0.9%

APPENDIX A: Definition of Land

Residential Land

Definition	Residential land is any rateable land which is occupied for the principal purpose of physically accommodating persons; or unoccupied but zoned residential under the Buloke Shire Planning Scheme and which is not commercial or industrial land
Objectives	The objectives of the rate are to: • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services
Characteristics	The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Buloke Shire Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above
Use of rate	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land
Level of rate	100% of the general rate
Use of land	Is any use permitted under the Buloke Shire Planning Scheme
Geographic location	The geographic location of the land is wherever it is located within the municipal district
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Buloke Shire Planning Scheme
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year

Commercial Land

Definition	Commercial land is identified as any rateable land which is occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services; or unoccupied but zoned commercial under the Buloke Shire Planning Scheme
Objectives	The objectives of the rate are to: • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services
Characteristics	The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Buloke Shire planning scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land
Level of rate	100% of the general rate
Use of land	Is any use permitted under the Buloke Shire Planning Scheme
Geographic location	The geographic location of the land is wherever it is located within the municipal district
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Buloke Shire Planning Scheme
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year

Industrial Land

Definition	Commercial land is identified as any rateable land which is occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services; or unoccupied but zoned industrial under the Buloke Shire Planning Scheme
Objectives	The objectives of the rate are to: • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services
Characteristics	The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Buloke Shire planning scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land
Level of rate	100% of the general rate
Use of land	Is any use permitted under the Buloke Shire Planning Scheme
Geographic location	The geographic location of the land is wherever it is located within the municipal district
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Buloke Shire Planning Scheme
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year

Farm Land

Definition	Is farm land that is: not less than 2 hectares in area; used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind or any combination of those activities; used by a business that has significant and substantial commercial purpose or character, seeks to make a profit on a continuous or repetitive basis and is either making a profit or has reasonable prospect of making a profit from its activities
Objectives	The objectives of the rate are to: • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services. • Recognise the changes to property values relative to other categories, the high value of land as an input to farm operations, the contribution that the farm sector makes to the economic activity of the Shire and in recognition of a lower level of service usage associated with their rural isolation.
Characteristics	The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to farm land. The vacant land affected by this rate is that which is zoned farming under the Buloke Shire Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land
Level of rate	82% of the general rate
Use of land	The use of the land within this differential rate, in the case of improved land, is any use of land
Geographic location	The geographic location of the land within this differential rate is wherever it is located within the municipal district
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Buloke Shire Planning Scheme
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year