



Victorian
Farmers
Federation

FACT SHEET

Glenelg Shire Council

Differential Rate Proposal

February 2022



Following Glenelg Shire's attempt to increase farm rates in 2021, the Council is now proposing to introduce a farm differential rate at the request of the VFF and the farming community. Preliminary analysis undertaken by the VFF suggests the proposal would result in a 20% increase to rates for all ratepayers across the shire. This fact sheet has been prepared to help the local community to understand the implications of the proposal and to help farmers respond to Council's consultation process.

Background

In April 2021 Glenelg Shire Council proposed to reduce its primary produce rebate offered to farmers on their local government rates from 30% to 10% over a term of four years. The VFF estimated this change would have seen the rates paid by an average farm business increase by at least \$10,000.

Since 2011, Glenelg Shire has used a rebate method to help offset high rates on farm land rather than using a differential rate. Glenelg is one of very few Councils in Victoria that use this strategy.

The local farming community supported by the VFF rejected the proposal to remove the rebate and proposed an alternative strategy seeking

Council look at replacing the rebate with a farm differential rate. Council ultimately abandoned its plan to remove the rebate in its 2021/22 Budget whilst also committing to investigate the use of differential rating.

Despite warding off the threat of removing the rebate, average farm rates still increased by 4.5% in 2021/22 on the back of a 15.4% increase to average farmland values.

Average general rates decreased 0.95% despite a 9.49% average land value increase. The disparity in rate increases between sectors highlights the inequity of Glenelg Shire's current rating strategy.

Council's differential rate proposal

Glenelg Shire has released a discussion paper for a differential rating strategy which is undergoing community consultation in February 2022.

The discussion paper proposes a differential farm rate at either 70% or 80% of the general rate.

The proposal is based on Council receiving gross, rather than net rate payments from farmers. Therefore, it wrongly assumes farmers contribute \$11,431,588 to the budget when in reality, farmers only contribute \$8,002,112 due to the application of the primary producer rebate.

The differential rate proposal is effectively being used as a smoke screen in Council's attempt to capture what it believes to be foregone revenue.

It is proposed the burden of the consequential rate increase would be shared equally among the community with the average rates for all sectors (general, commercial and farming) increasing by 19%. This would negatively impact the whole community, not just farmers.

The VFF views this strategy as an attempt to circumvent the Victorian Government's Fair Go Rate Cap which for 2022/23 is set at 1.75%.



This table models the impact of the current 70% differential proposal on Council's 2022/23 Budget. It assumes farmland values increasing by 20% compared to a 10% valuation increase for other sectors. Compliance with the rate cap at 1.75% has also been factored in. It highlights how valuation asymmetries have a disproportionate impact on the farm sector.

	General	Commercial	Farm	Recreational	Cultural	Total
Average rate per assessment	\$1,192	\$1,665	\$3,615	\$440	\$1,163	\$1,712
Difference	15.17%	15.18%	25.64%	4.70%	4.70%	1.75%
Revenue	\$11,947,627	\$1,711,608	\$10,053,576	\$6,595	\$18,610	\$23,738,017
\$/CIV	0.004385	0.004385	0.003070	0.002193	0.002193	

VFF's recommendation

The VFF can not support the Council's differential rating proposal as it currently stands as the 20% increase will impact all ratepayers in the community.

Council has failed to justify the need to increase rates, and the proposal does not appear to be linked to any guaranteed increase in Council's service delivery.

The VFF supports the need for Council to move towards a differential rating strategy for farmers rather than the existing rebate model with the farm differential rate set at 70% of the General Rate.

The VFF also recommends that Council implement a Dynamic Rating Strategy as has been adopted in the Ararat and Mansfield local government areas. This would ensure the differential rate can be actively used to offset against the impact of valuation asymmetries between separate classes of land each year.

The VFF also supports Council changing its definition of farmland to bring it in line with the definition contained in the Valuation of Land Act 1960. This definition ensure only commercial farm businesses can receive the differential rate, whilst also being less administratively burdensome for Council.

Have your say

The VFF is strongly encouraging Glenelg Shire farmers to have their say as part of Council's community consultation process. The full discussion draft document and an online survey can be accessed by visiting www.yoursay.glenelg.vic.gov.au/differential-rate-proposal

Survey submitters will be given the opportunity to present their submission in person at a date to be determined. The VFF encourages farmers to take up this opportunity to help present the strongest case possible.

In addition, you should also consider writing a short written submission which can be emailed to Council's Chief Financial Officer Lauren Eason - leasson@glenelg.vic.gov.au
You should describe to Council the amount of rates you pay and how this and the variability of rates each year impacts your business.

Consultation closes at 5pm on Friday 25 February 2022.

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