



Bass Coast Rating Strategy Discussion Paper

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1. Rating Strategy

1.1 Rating Strategy Review

Bass Coast Shire Council is undertaking a rating strategy review and is seeking community feedback on the proposed options.

The Rating Strategy determines how Bass Coast Shire Council will raise rate revenue from properties within the municipality.

A rating strategy does not influence the total amount of money to be raised, instead it establishes a framework by which rates and charges will be shared by the community. This means that if there is a change in the rate applied and therefore the amount contributed by one property type, then all property types will be effected.

2. Bass Coast Shire Council's current Rating System

2.1 Overview

The total value of rate revenue collected by Bass Coast Shire Council is determined through the long term financial plan. This is confirmed annually as part of the Budget process.

Bass Coast Shire Council's rating system establishes a framework by which rates and charges will be shared by the community.

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, which reflect capacity to pay and form the central basis of rating under the *Local Government Act 1989*;
- Differential Rates to reflect policy and principles of Council as to which sector of the rate base should pay a differing proportion of the rate burden;
- A "user pays" component to reflect usage of services provided by Council.

Striking a proper balance between these elements hopes to provide equity in the distribution of the rate burden across property owners in the municipality. Further detail on these concepts is provided below

2.2 Valuations

Valuations are carried out using Valuation Best Practice Principles as set down by the State Government Valuer General. Valuations are conducted under the provisions of the Valuation of Land Act (1960) every year with each separate occupancy on rateable land computed at its net annual value (NAV), capital improved value (CIV), and site value (SV).

A general valuation (revaluation) establishes the value of a property relative to all other properties, that is, its market relativity.

As a result of the revaluation, the contribution property owners make towards rates may change depending on their new property valuation, relative to other properties.

Supplementary valuations are made during the financial year when a significant change to the valuation occurs. The most common causes for supplementary valuations are:

- construction of a new dwelling or building;
- subdivision of a property; or
- consolidation of properties

As a result of a supplementary valuation, a rate notice is issued to reflect any change in rates.

2.3 Differential Rates

Council makes a further distinction in the calculation of rates contributions based on the purpose for which a property is used, that is, whether the property is developed, undeveloped, used for farming or for a social purpose such as recreation.

The distinction is based on the concept that properties should pay a fair and equitable contribution to rates, taking into account the benefits those properties serve to the local community and Council.

Council's current rating structure is comprised of three differential rates (developed, vacant and farming) and it provides a rate concession for recreational land.

These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Act and in line with Ministerial Guidelines for differential rating.

Under the *Cultural and Recreational Lands Act 1963*, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the benefit to the community derived from such recreational lands."

2.4 User Fees and Rebates

Council charges a garbage collection charge under Section 162 of the Act. This charge is applied to properties which receive garbage collection services and covers the cost of service.

In addition, Council offers a *Land Management Rebate* from their rates charges for those landholders that adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment.

3. Bass Coast Shire Council's current Rating Strategy

3.1 Current Rating Strategy

The following table provides detail on the current rating strategy, broken down by differential group. It includes the rate applied to a property's CIV and the total rate contributions collected per differential group during the 2018/19 financial year.

Differential Rate Type	Rating Strategy	Cents/\$ CIV	Total Contribution (\$)
Residential Properties	100%	0.3450	37,105,969
Farm Properties	80%	0.2760	3,104,174
Commercial Properties	100%	0.3450	2,337,327
Industrial Properties	100%	0.3450	477,861
Vacant Land	150%	0.5175	3,817,677
Recreational Properties	60%	0.2070	40,697
Waste Service Charges	100% upon use	N/A	10,827,000
Land Management Rebate	100% upon application	N/A	(616,000)
Total Rate Revenue			46,883,705

Differential Rates

The current rating strategy provides a general rate of 100% or, for 2018/19, 0.3450cents/\$ CIV to residential, commercial and industrial properties. A higher rate of 150% or 0.51757 cents/\$ CIV is applied to undeveloped land. A lower farm rate of 80% or 0.27604 cents/\$ CIV value is applied to properties which perform farming activities in order to support a viable farming sector. A further reduced rate of 60% or 0.20703 cents/\$ CIV is available for recreational properties.

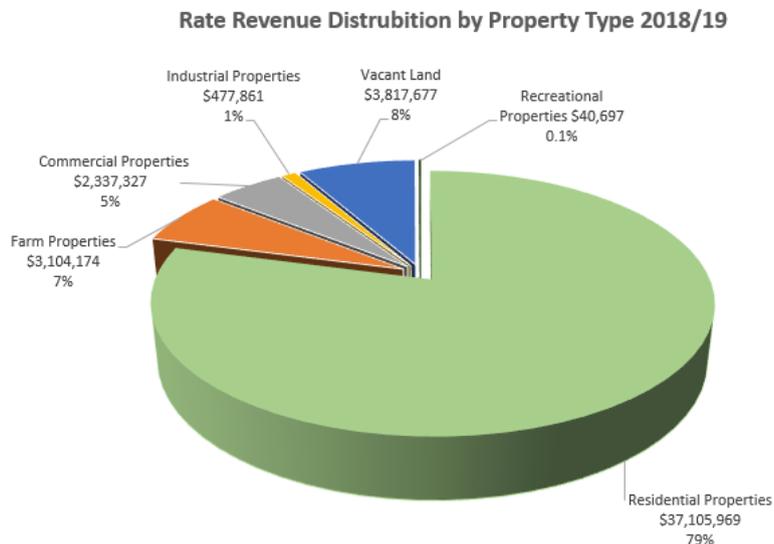
User Fees

A waste service charge is applied to properties which are in a garbage serviced area.

Rebates

In addition to this, a Land Management Rebate is available to those with property sizes exceeding 4Ha, who adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment. The value of this rebate varies year on year, with the value in 2018/19 being \$13.95 per Ha.

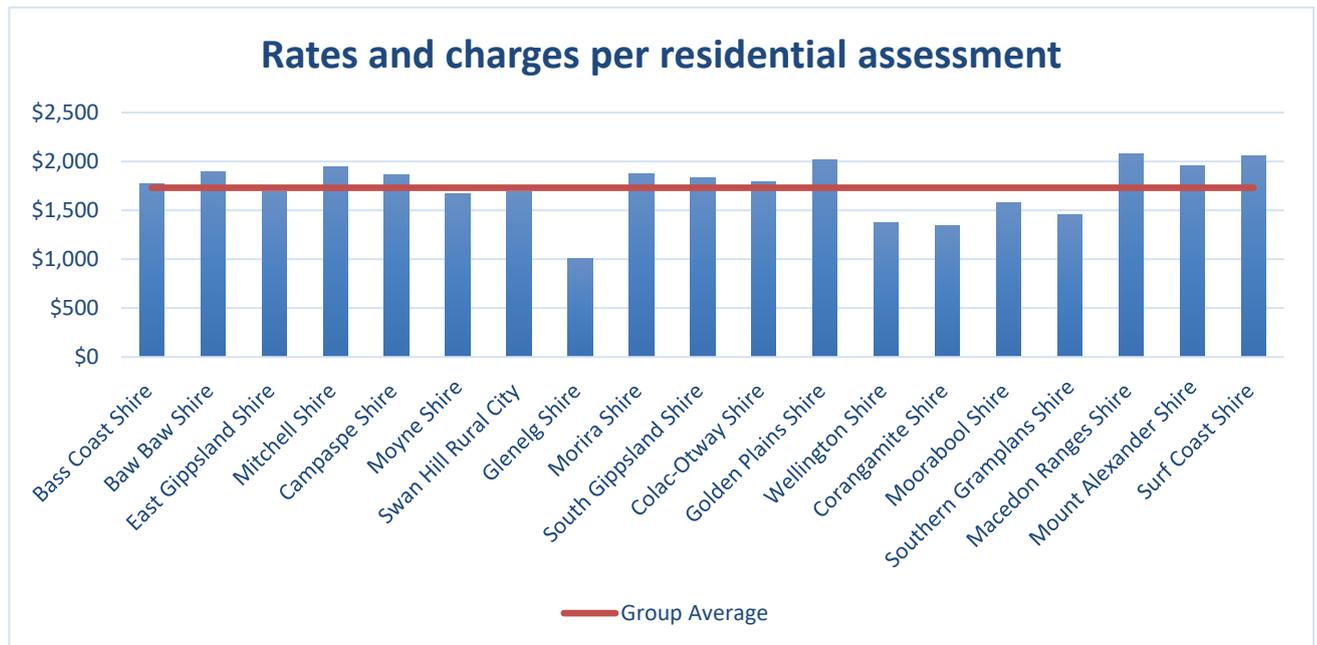
Visually, the current revenue distribution by property type is detailed in the below chart.



3.2 How does Bass Coast Shire Council compare to like Councils?

We have provided the below comparison for Bass Coast Shire Council, against both large rural councils and neighbouring Councils in Gippsland.

Rates and Charges/Residential Assessment 2018/19



Residential properties are the largest property group and therefore contribute the largest share of rating revenue to council each year. The above rates and charges per residential assessment table shows that on average, the amount which Residential home owners in Bass Coast pay is in line with the average of the displayed large rural and neighbouring shires.

4. Rating Strategy Review Options

Council's Rating Strategy Review seeks to establish the framework by which rate revenue will be contributed by the community over the 2020/21 financial year and beyond.

The Rating Strategy Review does not influence the total amount of money raised by Council, instead it establishes a contribution framework by which rates and charges will be shared by different properties across the community.

Below are the proposed options for which we are seeking feedback. Bass Coast Shire Council acknowledges that there are numerous combinations of these options that could be considered. While Council has identified four core options to focus discussion, it is open to considering other variations to each of these options.

Please note that the below values used are an indication only. The purpose of the following tables is to illustrate the general increases or decreases in rates payable per property group per rating review option. Actual rate revenue for future years will be dependent on the most up to date CIV and property assessment data.

4.1 Option 1: Continue with current Rating Strategy

Option one proposes to continue with our current rating strategy. This allows for a General Rate of 100%, a Vacant Land rate of 150%, a reduced in Farm Rate (80%) and Recreational rate (60%). In addition, it retains the Waste Service Charge and the Land Management Rebate.

The below table shows the impact this strategy review option would have on the different property types. This data is based on the property CIV as at 1 January 2018.

Differential Rate Type	Rating Strategy	Cents/\$ CIV	Total Contribution (\$)
Residential Properties	100%	0.3450	37,105,969
Farm Properties	80%	0.2760	3,104,174
Commercial Properties	100%	0.3450	2,337,327
Industrial Properties	100%	0.3450	477,861
Vacant Land	150%	0.5175	3,817,677
Recreational Properties	60%	0.2070	40,697
Waste Service Charges	100% upon use		
Land Management Rebate*	100% upon application		
Total Rate Revenue			46,883,705

*Rebate available to Farm Properties

4.2 Option 2: Reduce Farm Rate, remove Land Management Rebate and Increase Vacant Land Rate

Option 2 proposes a reduction in the farm rate to 65%, while the Land Management Rebate (available to properties over 4Ha in size who adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment) is removed. The rate for Vacant Land would increase to 200%.

The General Rate will remain at 100%, Recreational rates will remain at 60% and Waste Service Charges will continue to apply to those properties which are in a garbage serviced area.

The below table shows the impact this strategy review option would have on the different property types. This data is based on the property CIV as at 1 January 2018.

Differential Rate Type	Rating Strategy	Cents/\$ CIV	Total Contribution (\$)	Increase/(Decrease) vs Option 1
Residential Properties	100%	0.3400	36,567,387	(538,582)
Farm Properties	65%	0.2210	2,485,533	(618,641)
Commercial Properties	100%	0.3400	2,303,401	(33,926)
Industrial Properties	100%	0.3400	470,925	(6,936)
Vacant Land	200%	0.6800	5,016,352	1,198,676
Recreational Properties	60%	0.2040	40,106	(591)
Waste Service Charges	100% upon use	N/A		
Land Management Rebate*	N/A	N/A		
Total Rate Revenue			46,883,705	-

*Rebate available to Farm Properties

4.3 Option 3: Reduce Farm Rate, Increase Vacant Land Rate and replace Land Management Rebate with a Farming for Climate Incentive

Option 3 proposes a reduction in the farm rate to 75% and an increase in the rate for Vacant Land up to 200%. In addition, it proposes to remove the Land Management Rebate and instead provide an incentive to those who perform Farming for Climate activities.

The General Rate will remain at 100%, Recreational rates will remain at 60% and Waste Service Charges will continue to apply to those properties which are in a garbage serviced area.

Farming for Climate Incentive

A rebate available to farming properties who complete a Climate Adaptation Plan (CAP) and associated Carbon Farming activities. The plans would be registered and approved by Bass Coast Landcare Network.

The focus of the environmental incentive will broaden the existing rural rebate from revegetation and pest plant and animal control, to a whole of farm approach.

Bass Coast Landcare Networks Growing Southern Gippsland web portal provides information on changes in Southern Gippsland's weather and environmental conditions and includes changes agriculture enterprises are making now to mitigate these effects.

To assist farmers identify what they can do to on their properties, the web portal includes a decision-making tool which guides landholders through the development of a Climate Adaptation Plan (CAP). A CAP allows farmers to define key farming threats, prioritise the risks and develop strategies and actions to ensure their farms remain sustainably productive into the future. Educational workshops will be held to assist farmers through the process. Participants will then have the option to extend the CAP into a Whole of Farm Carbon Plan (WFCP), which will enable landholders to investigate potential carbon sequestration opportunities into the future.

The below table shows the impact this strategy review option would have on the different property types. This data is based on the property CIV as at 1 January 2018.

Differential Rate Type	Rating Strategy	Cents/\$ CIV	Total Contribution (\$)	Increase/(Decrease) vs Option 1
Residential Properties	100%	0.3418	36,759,208	(346,761)
Farm Properties	75%	0.2563	2,882,967	(221,207)
Commercial Properties	100%	0.3418	2,315,484	(21,843)
Industrial Properties	100%	0.3418	473,396	(4,466)
Vacant Land	175%	0.5981	4,412,333	594,657
Recreational Properties	60%	0.2050	40,317	(380)
Waste Service Charges	100% upon use	N/A		
Farming for Climate Incentive	100% upon application	N/A		
Land Management Rebate*	N/A	N/A		
Total Rate Revenue			46,883,705	-

*Rebate available to Farm Properties

4.4 Option 4: Increase Farm Rate

Option 4 proposes to increase the Farm Rate to 100%.

The General Rate will remain at 100%, Recreational rates will remain at 60% and Waste Service Charges will continue to apply to those properties which are in a garbage serviced area. Vacant land will continue to contribute at 150%. The Land Management Rebate will continue to be available to properties over 4Ha in size who adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment.

The below table shows the impact this strategy review option would have on the different property types. This data is based on the property CIV as at 1 January 2018.

Differential Rate Type	Rating Strategy	Cents/\$ CIV	Total Contribution (\$)	Increase/(Decrease) vs Option 1
Residential Properties	100%	0.3394	36,501,773	(604,196)
Farm Properties	100%	0.3394	3,817,036	712,862
Commercial Properties	100%	0.3394	2,299,268	(38,059)
Industrial Properties	100%	0.3394	470,080	(7,781)
Vacant Land	150%	0.5091	3,755,513	(62,163)
Recreational Properties	60%	0.2037	40,034	(663)
Waste Service Charges	100% upon use	N/A		
Land Management Rebate*	N/A	N/A		
Total Rate Revenue			46,883,705	-

*Rebate available to Farm Properties

5. How do the Rating Strategy Review Options effect average annual rate payments?

The Rating Strategy Review does not influence the total amount of money raised by Council, instead it establishes a contribution framework by which rates and charges will be shared by different properties across the community. Total rate revenue is determined by the Rate Cap, Long Term Financial Plan and budget processes. How much each property type contributes to the total rate revenue is dependent on the Rating Strategy.

This means that if there is a change in the rate applied and therefore the amount contributed by one property type, then all property types will be effected.

The following table summarises the effect on the average annual rate payment per property type as a result of the proposed rating strategy review options. This table excludes any impact of possible rebates (Land Management or Farming for Climate) which could be available to farm properties.

Description	Average property CIV (\$)	Option 1 (\$)	Option 2 (\$)	Option 3 (\$)	Option 4 (\$)
Residential Properties	415,134	1,432	1,412	1,419	1,409
Farm Properties	1,147,516	3,168	2,536	2,942	3,895
Commercial Properties	741,955	2,560	2,523	2,536	2,518
Industrial Properties	442,475	1,527	1,505	1,512	1,502
Vacant Land	264,952	1,371	1,802	1,585	1,349
Recreational Properties	982,900	2,035	2,005	2,016	2,002

* This table excludes any impact of rebates (Land Management or Farming for Climate) which are available to farm properties.

Land Management Rebate is available to properties over 4Ha in size who adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment. This rebate provided applicants with an average of \$878 benefit during the 2018/19 financial year.

The Farming for Climate Incentive would provide a similar total monetary benefit and would be available to farming properties who complete a Climate Adaptation Plan and associated Carbon Farming activities. The plans would be registered and approved by Bass Coast Landcare Network.

6. Have your say

What do you think about the options identified in the rating strategy? We want your feedback. Please get in touch with us through one of the following methods before Saturday 15 March to let us know your opinion. Note that any submissions received may be made publically available.

6.1 Community Consultation

Public consultation sessions give the community an opportunity to hear more about the rating strategy review options. Each session provides a group presentation covering detail on the current rating strategy and the proposed review options. It also allows for questions and group discussions. Private consultations sessions are available for booking if you would prefer to share your opinion individually. We will be holding these sessions on:

Tuesday 3 March

4pm – 5pm by appointment only

5pm - 7pm presentation and open forum

Old Wonthaggi Post Office

Corner of McBride Avenue and Watt Street, Wonthaggi

Thursday 5 March

4pm – 5pm by appointment only

5pm - 7pm presentation and open forum

Cowes Cultural Centre

92 – 97 Thompson Avenue, Cowes

For more information or to reserve a private appointment at the forum, please contact Sam Bennett at Sam.Bennett@basscoast.vic.gov.au.

6.2 Mail

Send your submission to:

PO Box 118, Wonthaggi 3995

6.3 Email

Send your submission to:

basscoast@basscoast.vic.gov.au

6.4 Online

Visit our website at www.basscoast.vic.gov.au/ratestrategy