

## Rates Submission October 2019. Prepared by [REDACTED]

- For the financial year 2019-2020 the rates bill for our farming business is increasing by 24 %.
- I have looked back through our records to find that I wrote to the Wellington Shire council in October 2009 objecting to a 25% increase in our Shire rates.
- I find from examining our records that since 2009/2010 our rates bill has doubled.
- That is an average annual increase of 10%. *We have not added any land area to our farm since 1983.*

I see the current rating system as **Legalised Leveraged Ponzi Rip Off Scheme.**

- It is used to discriminate against us. It appears to us that this is a deliberate act. I have also provided a spread sheet which sets out the figures.
- The Shire rates is our biggest overhead cost. 8% of budgeted income for Fin Yr 2019/20.
- How can a business plan for such unexpected massive increases in its biggest overhead cost?
- This makes us feel very threatened. How long before it forces us out of business?
- We have been forced to reduce our sheep numbers by 50% since 2016 due to the current drought and we are expecting to have to go lower. Our income and the budget for the business reflects that reality.
- When is it going to stop?
- How much is it going to get to if it continues to increase at 10% PA?
- If it continues to increase at this rate it will be in the order of \$32,000 in 10 years' time and something in the order of 16% of our gross farm income if we are unable to increase our earnings. We have no control over the seasons and the markets for our products. This makes it imperative for us to control our costs. *See spread sheet attached.*
- We cannot increase our productivity by 10% PA. During adverse seasonal conditions we are forced to reduce our production.

This makes us feel very threatened. There is nothing we can do to manage or reduce this cost. We cannot shift to a cheaper farm down the road.

I have taken this issue up with the shire and objected to the valuations on more than one occasion in the past. It is like talking to a vacuum.

The shire points the finger at the State Government or the Valuer and the Valuer tells me that the act stipulates that they have to find a sale in the vicinity and value all similar blocks to that level. I do not know what sale results are being used for this. I doubt that the sales they are using to arrive at these values have been bought by full time commercial farmers.

- The underlying message is always the same. Tough you sucker PAY UP!
- We feel like we are being singled out and picked on!
- Why is our contribution to our local economy not valued?
- It would seem that the message is that the community does not want farmers.
- No one is prepared to recognize the massive inequity and do something about fixing it.
- I learnt from addressing the council one day that the brutal reality was that while they were prepared to admit that the system was stacked against us, they would not do anything about it because if they did, they would have to shift the burden from the minority to the majority.

The valuer told me that the sales he is using as a reference have been bought by genuine farmers. I doubt that because blocks as big as 300 acres are bought for house blocks these days. Even if the blocks the valuer is referring to are going to run some stock very few of these are full time farmers with out off-farm income. I was told that if I am unhappy with the result, I need to find other land sale evidence and take it to VACAT. I am on a hiding to nothing.

The ever-increasing burden of shire rates is one of the many factors that are driving commercial farmers out of business.

**It makes us feel very threatened, it makes us angry and we feel like we are being singled out for special attention because the chips are down.**

**What is wrong with the system.**

- The current property-based rating system places an un fair burden on one section of the community that being the farming community.
- The methodology used to fix the rates does not represent the earning capacity of the business.
- The use of market-based valuations is flawed because the market for land is not a liquid market and the price paid for land does not represent its capacity to earn income from agricultural practice.
- In a lot of cases prices paid for blocks that will not be used for commercial agriculture are placed on land used for commercial agricultural practice. This is a distortion.
- The inequity of the system shows up very clearly with an analysis of the Wellington Shire. Farm rate assessments represent 10 % of the rate assessments yet they are paying 18% of the total rate revenue.

The average amount paid for all rate assessments (32,478 total assessments) is \$1730 and the average paid for a farm rate assessment is \$3053. Individual farm rate notices are paying 1.76 times more than the average rate assessment in the Wellington Shire. When you take into account that farmers have many land titles this burden is greatly increased.

- Why should we be forced to pay nearly \$16,000 when some one living in town earning substantially more than we are with an average house is paying \$1730.
- My spread sheet shows a comparison of rates paid by farmers versus business in the town of Bairnsdale. These figures were provided by a local accountant. You will note the much higher % of gross income being paid by the farming community in this table.

**Proposed Solutions.**

Local Government should be partly funded by way of a % of the GST revenue and or income tax.

Local Government should be restricted to the provision of basic services. If Local Government wants to provide services over and above the defined basic services (that would be local roads and rubbish) then it should be their responsibility to raise the money from a source other than rates.

A special farm rate should be available to those enterprises who qualify as Primary Producers.

- Valuation methodology needs to be reviewed.
  - The valuation currently does not represent realistic returns from agricultural practice.

- Land should be valued according to land use and its productive capacity. Commercial farms should not be valued at the same value as the blocks sold for non-commercial recreational purposes or blocks bought by people who have off farm income to support them.

Shires should be required to make maximum use of the ability to have different classes of rateable properties.

Shires should be required to make maximum use of the municipal charge.

The rate cap should apply to individual properties and the rates on farms should not be allowed to increase. In fact, if you are going to get some equity into the system, we should see our rates go down by 40 to 50 %.

More State government funding should be allocated for capital and infrastructure works in rural councils.

Public land should pay rates because people use services provided by local Government to access that public land.

Why is it that other forms of property are not taxed also? E.g. Brand names Woolworths, Bunnings, John Deere and Intellectual Property.

I thank the panel for considering my paper and I would be happy to talk to you about it if you want.

