

Rating Submission

We live in the Shire of Campaspe where we own three small rural dryland farming properties. Our rates for these three properties come to a total of \$4,874.35 which we believe is totally unacceptable. The farmland values in our area are impacted by purchasers who have nonfarming purposes in mind such as a holiday houses in a rural area. Another factor that needs to be taken into account where dry land farming is carried out is the impact by greater climatic variability which reduces the carrying capacity of the land. In our case our land which is comprised of 350 acres in total previously had the capability of carrying two sheep to the acre currently the carrying capacity after three years of low rainfall is only one sheep to the acre.

In Box 2., page 12 Principles of Taxation, Equity, it states that the tax burden should fall appropriately across different types of ratepayers. A key factor in this section is the benefit principle, which states "Where the distribution of benefit is not uniform, those who benefit more should contribute more." We live almost an hour from the main urban area in our municipality which is Echuca, which we visit about once a year. However, we are paying substantially more in rates, (approximately \$3,000) than the average ratepayer in Echuca who pays \$1,740.72. The ratepayers in Echuca are getting the benefit of the streetscape work, the large library, the town hall, the large indoor swimming pool etc., and should, therefore, be paying substantially more than the rural farmland ratepayer who can not easily access these benefits.

The current approach for general land rates is 100% in the dollar and for farmland it is 90%, whereas we feel a fairer rate would be between 40% and 50% because as already noted the benefit factor is very much in the urban ratepayers favour and therefore they should be paying for that extensive benefit which because of distance we are not able to access and appreciate the benefit. Our only direct benefit has been road grading but that has been reduced, some roads not graded over a three year period.

The main service that we do use is the council office in Rushworth which is only open for restricted hours with a poor link with the main office in Echuca because documents taken to that office often are delayed up to four days before being taken to the main office, the service is therefore of limited use.

Another principle of taxation is "the capacity to pay". Dryland farmers in our region for the last three years have had to reduce stock dramatically which means their income has been reduced and over the next few years will continue to remain dramatically reduced therefore they do not have the capacity to pay such excessive amounts in rates especially given that they gain so little benefit. The amount we pay in rates is destroying our viability to continue farming because we do not have a greater economic means to pay rates that are almost three times the average rate paid by other ratepayers in our rating area of Campaspe Shire.

Sustainability, where "Rates should be durable and flexible in changing conditions." As already stated our region has had three years of low rainfall which has meant that farmers have been forced to offload a large proportion of their stock which means that they will have a lower on farm income until the weather improves. The rating system has not taken this into account and there has been no flexibility at all taking into account the changing climatic situation.

We believe that the municipal charge in rural Victoria should be doubled or tripled because the number of ratepayers in a rural municipality is far lower than in urban areas which means that the current municipal charge in rural municipalities is too low. By doubling or tripling the Municipal Charge the rural municipality would be able to cover the cost of the general services and be able to decrease rates charged on farmland to 40% - 50% of the general rate. Currently the principle

“Where distribution of benefit is not uniform, those who benefit more should pay more” - is not being applied by rural councils such as Campaspe Shire – with farm land rate payers paying far more than they receive benefit of, and the urban rate payers in these rural municipalities who are the beneficiaries of the benefit not paying their fair share for that benefit, it therefore should be legislated to provide a fairer more equitable rating system which follows the “Principles of Taxation” set out under this review.