

Wyndham City Rating Strategy

June 2016

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1 Introduction

Under the Local Government Act 1989, one of the objectives of a Council is to ensure an equitable imposition of rates and charges (Section 3C (2) (f)). The Local Government Act 1989 provides the framework for councils to develop a rating strategy which is consistent with this objective.

This Rating strategy will consider the rating options available to Council under the Local Government Act 1989. These options include the following:

- What valuation base is to be used (Section 157)
- The application of a uniform rate across all properties (Section 160)
- The application of differential rating across property classes (Section 161)
- The application of fixed service charges for waste management and municipal administration (Section 162)
- The application of any special rates and charges (Section 163)
- Rate Payment Option dates (Section 167)
- Rebates and Concessions (Section 169)
- Hardship Relief and deferral of rates and charges (Section 170, 171 & 171A)

2 Application of Legislative Requirements within Wyndham City's Rating Strategy

Under Section 3C of the Local Government Act 1989, a Council must ensure the equitable imposition of rates and charges. Wyndham City therefore must apply this principle of equity when developing its Rating Strategy.

Valuation Methodology

Section 157 of the Local Government Act 1989 provides Wyndham City with three options in terms of which valuation method it will adopt in determining the distribution of the rating burden across all property classes. These valuation options consist of the following:

- Site Valuation (SV)
- Capital Improved Valuation (CIV)
- Net Annual Value (NAV)

In determining which valuation method to adopt, Wyndham City must take into account the legislative restrictions imposed in using each method.

If Wyndham City adopts the Site Valuation or Net Annual Value to determine the distribution of the rating burden, limitations are placed on the degree of differential rating which can be achieved (Section 161A).

In adopting the Capital Improved Valuation method for the distribution of the rating burden, Wyndham City needs to ensure any differential rate will contribute to the equitable and efficient carrying out of its functions (Section 161).

Wyndham City Council convened a Rating Strategy Advisory Group (RSAG) in September 2013 to assist in the review and development of its Rating Strategy. As part of this review, all 3 valuation methodologies were discussed with the recommendation that Council adopt the CIV method of valuation.

This Rating Strategy Advisory Group was also reconvened as part of the 2016 review. The RSAG has recommended that the Capital Improved Valuation method be maintained for the 2016/2017 financial year.

Declaration of General Rates, Service Rates, Service Charges and Municipal Charge

Under Section 158 of the Local Government Act 1989, Wyndham City must declare by 30 June each financial year the following:

- The amount Council intends to raise by way of general rates, special rates, municipal charges, other service charges; and
- The methodology adopted in the raising of the general rate:
 - Uniform rate;
 - Differential rate; or
 - Urban farm rate, farm rates or residential use rates

Application of Differential Rates

Wyndham City may raise general rates by adopting multiple differential rates if it uses the capital improved value system of valuing land and considers that the differential rates being applied contributes to the equitable and efficient carrying out of its functions. (Section 161)

When a Council declares differential rates for the distribution of the rating burden across properties, the Council must also specify the objective as to why it believes the differential rate is consistent with the equitable and efficient carrying out of its functions.

Each differential rate must also have:

- A definition of the types or classes of land which are subject to the rate
- A statement of the reasons for the use and level of that rate
- An identification of the types or classes of land which are subject to the rate in respect of use, geographical location and planning zoning schemes

When setting a differential rate, councils must also ensure the highest differential rate is no more than 4 times the lowest differential rate.

In determining their recommendations regarding differential rates for 2016/2017, the Rating Strategy Advisory Group ensured legislative requirements were addressed and adhered to.

Municipal Charge

Wyndham City applies a Municipal Charge against all assessments (excluding government land). The Municipal Charge is levied under Section 159. The Municipal Charge is a levy to cover some of the administrative costs of Wyndham City. This Municipal Charge must not exceed, in total, 20% of the sum of the total of general rates and the Municipal Charge combined.

In the 2015/16 financial year, a municipal charge of \$55.65 was applied.

The Rating Strategy Advisory Group reviewed the retention of a Municipal Charge for the 2016/17 financial year. The arguments for and against a municipal charge that were raised by the Rating Strategy Advisory Group in considering this rating tool were:

For

- Everyone shares administrative costs equally
- Useful rating tool that can be used in conjunction with Differential rates to adjust the rating burden.

Against

- Regressive tax which impacts on shifting the rating burden to lower valued properties.

It was recommended by the Rating Strategy Advisory Group that the municipal charge be maintained for the 2016/17 financial year as a rating tool used in conjunction with differentials.

Service Charges

Wyndham City has utilised service charges for the cost of waste services provided to residential properties. These services include a waste management service charge for the provision of household waste collection and household recycling.

Waste services are not provided to commercial, industrial or vacant land. As a result these properties do not pay for this service.

The Rating Strategy Advisory Group reviewed the Waste Management charge and recommended that Council continue to have a separate charge which reflects the cost of the services for the 2016/2017 financial year.

3 Characteristics and Objectives of Wyndham City’s Differentials in 2016/2017.

The Rating Strategy Advisory Group recommended the following structure be maintained for differentials in the 2016/2017 financial year.

Differential	2016/2017 Differential
Developed land (Residential)	1.000
Commercial developed land	1.500
Industrial developed land	1.600
Residential development land	1.700
Commercial vacant land	1.700
Industrial vacant land	1.800
Residential vacant land	1.600
Rural lifestyle land	0.900
Farm land	0.800
Rural vacant land	1.000
Recreational land	0.500
Government land	0.500

An explanation of each rating differential is provided in Attachment 1 of this document.

The differentials have been developed through consultation with the Rating Strategy Advisory Group. The primary objective has been to ensure that the rating system is underpinned by principles of equity/fairness, simplicity, efficiency, sustainability, incentive and legislative compliance. Each differential has therefore been assessed against these principles.

The rating system also takes into account the demographics, land types and classes, council plan and strategies and user benefit when considering the equitable sharing of the rates burden.

These underlying principles have assisted in the review of the 2016/2017 rating differentials.

Sanctuary Lakes public works and service rebate (2016/2017)

The Body Corporate that has been established for the Sanctuary Lakes Estate undertake a range of public works and services on behalf of residents of that development.

Council has agreed to contribute an amount equal to that which would normally be spent by Council in providing public works and services within the estate to the standard that Council applies across the municipality. Payments towards the public works and services will be paid to the ratepayer via an annual rate rebate.

The amount of the rate rebate for 2016/17 is \$197.40 per rateable property within Sanctuary Lakes.

The rebate provided is consistent with the costs that Council would otherwise incur and is cost neutral from the viewpoint of Council and other ratepayers.

4 Fire Services Property Levy

Introduction of the Fire Services Property Levy

Up until 30 June 2013 Victoria, fire services provided by the Country Fire Authority (CFA) and the Metropolitan Fire Brigade (MFB) were funded by financial contributions from insurance companies, the State Government and Metropolitan Councils.

Services which the CFA and MFB provide consist of the following:

- Suppression of all types of fires
- Search and rescue, including road accidents
- Emergency Medical Response
- Emergencies on waters in Port Phillip Bay and other river systems
- Industrial accidents and hazardous material handling and storage incidents
- Supporting other agencies in emergencies
- Chemical, biological and radiological emergencies

The Victorian Bushfires Royal Commission reviewed the structure of funding for the CFA and MFB and recommended the replacement of the insurance-based Fire Services Levy with a property based levy. This recommendation was introduced by the State Government in the form of the Fire Services Property Levy collected by Local Council's effective 1 July 2013.

Calculation of the Fire Services Property Levy

Effective 1 July 2013, under the new Fire Services Property Levy model:

- Councils collect the levy through rates notices
- The levy is calculated based on the capital improved value of a property plus a fixed component based on property type.
- All leviable properties will be classified as one of the following property types:
 - Residential
 - Industrial
 - Commercial
 - Primary Production

- Public Benefit
- Vacant
- The fixed component in 2015/2016 was \$104 for residential properties and \$210 for non-residential properties
- A different rate in the dollar is also applied against the Capital Improved value for MFB and CFA areas. This is in recognition of the different costs associated with funding requirements of the CFA and MFB.

In 2016/17, the Fire Services Property Levy will continue to be collected by Local Councils. To date, the new rates have not been provided by the State Revenue Office.

Council-Owned Properties to Pay the Fire Services Property Levy

Under Section 20 of the Fire Services Property Levy Act 2012, the majority of Council-owned land is charged a fixed fee of \$210 (no variable capital improved value fee will apply). This flat fee applies to land such as parks and reserves. Council land which is subject to lease/occupation is however subject to a property type classification in line with all other rateable properties

5 Rates Assistance Package

Payment Arrangements and Payment Plans

Wyndham City encourages all ratepayers who are experiencing difficulties with paying their rates to contact our Rating Services unit. A Rating Services Officer can assess ratepayers' circumstances and work with them to come up with a mutually acceptable payment plan.

Hardship Consideration

Wyndham City has had a process in place for considering hardship since 1988. Ratepayers facing difficult personal or financial circumstances can be considered for hardship relief. If a ratepayer is deemed to be experiencing hardship, Council will provide the following assistance:

- Accept a payment plan which might otherwise not be agreed upon
- Provide an interest waiver for the entire hardship consideration period

The initial period of hardship consideration is 12 months. This period may be extended when reviewed at the conclusion of the 12 month period.

6 Payment Options

There are two options available under the Local Government Act 1989 for Wyndham City to set payment dates.

- A lump sum payment option (this is a non-mandatory payment option which Wyndham City does not offer)
- Payment by instalments (a mandatory payment option, which Wyndham City uses)

Under the paying by instalments option, a ratepayer can elect to make advance payments on these instalments at any point.

7 Factors Impacting on Rating Strategy Direction

In developing the Strategic Resource Plan and the 10 year long term financial plan, rates and charges were identified as an important source of revenue, In addition, Council has in place a hardship policy (already explained within this strategy) to assist residents who may be suffering financial hardship due to a range of personal circumstances.

As stated earlier in this strategy, Council has considered all aspects of the Ministerial Differential Rating Guidelines in developing its rating strategy. The Rating Strategy Advisory Group and Council have also carefully considered the introduction of a Retirement Village differential, for the 2016/17 financial year. The recommendations from the Rating Strategy Advisory Group did not support the introduction of a separate differential for retirement villages and Council's rating strategy for 2016/17 has been kept consistent with this recommendation.

Attachment 1.

Developed Land (2016/2017)

Definition:

Developed land is identified as any rateable land which is not:

- Commercial Developed Land
- Industrial Developed Land
- Residential Development Land
- Farm Land
- Vacant Residential Land
- Vacant Commercial Land
- Vacant Industrial Land
- Vacant Rural Land

Objective:

The objective of this rate is to ensure owners of land having the characteristics of Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

Characteristics:

Developed Land is Residential Land on which a building is erected and the site is approved for occupation by the issue of an occupancy certificate from Council and the site is available or used for residential purposes.

The building types included within Developed Residential Land are:

- Detached houses;
- Attached houses;
- Strata title flats; and
- Strata title apartments

Land which does not have the characteristics of Commercial Developed Land, Industrial Developed Land, Residential Development Land, Commercial Vacant Land, Industrial Vacant Land, Rural Lifestyle Land, Rural Vacant Land or Farm Land will also be identified as Residential Land for differential rating purposes.

Impact:

The Act requires there to be a residential rate for the purposes of establishing differential rates.

Quantum:

Quantum is set as 1.0 in accordance with legislation.

Rating Principles:

Equity/Fairness	Yes – Takes into account capacity to pay and user benefit
Simplicity	Yes – Transparent and simple to understand
Efficiency	Yes – Practical and efficient to administer
Sustainability	Yes – Provides reliable revenues
Incentive	No – Does not provide any incentives
Legislative Compliance	Yes– Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2016/17 financial year.

Commercial Developed Land (2016/2017)

Definition:

Commercial Land is identified as land on which a building designed or adapted for occupation is erected which is used for commercial purposes.

Objective:

The objective of the rate is to encourage commerce and ensure that the owners of the land having the characteristics of Commercial Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Commercial Developed Land differential is higher than the Developed Land Differential for a number of reasons including;

- Council's financial commitment to economic development initiatives;
- Commerce attracts non-residents and consequently additional demands on public infrastructure;
- Council rates and charges may be claimed as a tax deduction; and
- Commercial precincts demands on the environment are higher than residential areas.

Characteristics:

Commercial Developed Land is land on which a building is erected or the site is adapted for occupation and the site is used for commercial purposes including:

- Retail shops;
- Offices;
- Services businesses, car parks, garden centres, car yards, boat yards, entertainment centres (theme parks), hotel and motels; and
- Land which has improvements and/or buildings used for commercial purposes.

Impact:

The current rating differential is 1.5, or 50% higher than the residential developed rate differential. Thus a commercial developed property currently pays 50% more in rates than a residential developed property assuming both have the same valuation.

Quantum:

A 0.1 differential between commercial and industrial developed land is deemed appropriate given the ‘scale’ of industrial activity is generally much higher than commercial. It is recognised that these two rate groups underpin the financial and employment aspirations of Wyndham – if they are not strong and successful, it will be much harder for Wyndham to thrive.

Rating Principles:

Equity/Fairness	Arguable – residential rentals are being subsidised by commercial differential, though commercial often has higher capacity to pay and has taxation benefits
Simplicity	Yes – transparent and simple to understand
Efficiency	No – based on equity, the differential is not practical and cost effective
Sustainability	Yes – when compared to other Councils with differentials
Incentive	No – one reason is the tax deduction which applies mainly to commercial
Legislative Compliance	Yes – Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2016/17 financial year.

Industrial Developed Land (2016/2017)

Definition:

Industrial Land is identified as land on which a building designed or adapted for occupation is erected which is used for industrial purposes.

Objective:

The objective of the rate is to encourage industry and ensure that the owners of the land having the characteristics of Industrial Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Industrial Developed Land differential is higher than the Developed Land Differential for a number of reasons, including;

- Council's financial commitment to economic development initiatives;
- Council rates and charges may be claimed as a tax deduction;
- Industry attracts non-residents and consequently additional demands on public infrastructure; and
- Industrial demands on the environment are higher than other businesses

Characteristics:

Industrial Land is land on which a building is erected or the site is adapted for occupation and is used for industrial purposes including:

- Manufacturing industries
- Quarrying

and the land is located in an industrial zone or other area in the Municipality.

Impact:

This rating differential currently is 1.6, thus 60% higher than the residential developed rate differential. Thus an industrial developed property currently pays 60% more in rates than a residential developed property assuming they have the same valuation.

Quantum:

A 0.1 differential between commercial and industrial is appropriate based on scale and capacity to pay. These two rate groups underpin the financial and employment aspirations of Wyndham – if they are not strong and successful, it will be much harder for Wyndham to thrive. At the moment, there is evidence that both commercial and industrial sectors are finding it harder financially.

The multiplier effect of manufacturing supporting 3 jobs in the community for every one directly employed is a strong argument for Wyndham to encourage industry – as a key employment base for a rapidly increasing residential population.

Rating Principles:

Equity/Fairness	Variable – The data does not exist to make a firm assessment.
Simplicity	Yes – The rating principle is simple, especially when measured against other tax forms such as personal income tax. For business, processing annual rates would be considered simple when compared to many other aspects of business administration
Efficiency	Yes – An understanding of Council's administration process identifies how efficient this currently is.

Sustainability	Yes – The rating process and provision of income to Council is sustainable within the current economic climate. Any shift in the makeup of industrial presence within Wyndham could lead to a need to reassess.
Incentive	Yes – Neighbouring Councils vary with their rates in comparison to Wyndham. On balance of this benchmarking, Wyndham would be assessed as competitive.
Legislative Compliance	Yes – Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of 2016/17 financial year.

Residential Development Land (2016/2017)

Definition:

Residential Development Land is identified as land located within an urban growth zone where:

- a planning permit authorising the subdivision of the land has been issued; and
- no principle place of residence exists on the subdivided land.

Objective:

The objective of the rate is to encourage development for residential purposes and ensure that the owners of the land having the characteristics of residential development land make an equitable financial contribution to the cost of carrying out Council's functions.

The Residential Development Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne; and
- Encourage residential subdivisions at a sustainable level ensuring sufficient supply.

Characteristics:

Land located within an urban growth zone where:

- a planning permit authorising the subdivision of the land has been issued; and
- no principal place of residence exists on the subdivided land.

Impact:

This rating differential currently is 1.7 multiplier thus 70% higher than residential developed rate differential. Thus a Residential Development property currently pays 70% more in rates than a residential developed property assuming they both have the same valuation.

Quantum:

The 1.7 differential is deemed appropriate as owners of this land are generally large corporations who purchase this land to derive their profit from the long term capital gain, and control its release to maximise price / capital gain. This profit generation is not contributing to the Wyndham community.

Rating Principles:

Equity/Fairness	Yes – The differential meets some of the disadvantages experienced by Council due to other authorities having funds tied up in providing infrastructure needed to progress development.
Simplicity	Yes – The rating principle is simple in comparison with other forms of taxes and business administration.
Efficiency	Yes - The process does not impact on the efficiency of the current practice
Sustainability	Yes - Wyndham has a significant challenge in dealing with residential development land. It must balance the cost of development and providing services and infrastructure. Ratepayers cannot fund further development infrastructure with inadequate contribution from those driving the development.
Incentive	Yes - the continuing activity of developers securing land in Wyndham would confirm that current practices are competitive.
Legislative Compliance	Yes - Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Vacant Residential Land (2016/2017)

Definition:

Vacant Residential Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a Residential or Township Zone.

Objective:

The objective of the rate is to encourage development for residential purposes and ensure that the owners of the land having the characteristics of Residential Developed Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Residential Vacant Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne; and
- Promote housing development in residential zoned area.

Characteristics:

Residential Vacant Land is land on which no building designed or adapted for occupation is erected and the land is located within a residential or township zone.

Impact:

This rating differential currently is 1.6, i.e. 60% higher than the residential developed land differential. Thus a Residential Vacant property currently pays 60% more in rates than a residential developed property assuming equal valuations.

Such residential land is located within Residential or Township Zones. The residential vacant land differential is the lowest of vacant land differentials. This is consistent with developed land where the residential developed land differential is lower than commercial and industrial developed land differentials. The reason for the lower rate burden is that ratepayers generally purchase such land to build on. However, some ratepayers are investing in vacant land for use in the long term, or for investment as demand drives up process, and thus it can be argued that increasing the differential is appropriate.

Quantum:

The differential rate has been increased by 0.2 to 1.6 from the 2013/2014 financial year. For people and businesses who have purchased land with the intent to develop, a short term increase in rates is considered a small factor when compared to the costs they will incur during development, and the higher rate value (not differential) which will apply post development.

For those investing in vacant land to hold for use in the long term, or for investment returns as demand drives prices up, the differential of 1.6 was considered appropriate

Rating Principles:

Equity/Fairness	Yes – New releases need to be developed
Simplicity	Yes – transparent and simple to understand
Efficiency	Yes – accepted that vacant land has a higher differential
Sustainability	Yes – differential is based on CIV hence amount is lower than developed land
Incentive	Maybe – no evidence that differential rating promotes or achieves development but it certainly doesn't hinder it
Legislative Compliance	Yes– Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Vacant Commercial Land (2016/2017)

Definition:

Vacant Commercial Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a:

- Business 1, 4 or 5 Zone;
- Priority Development Zone with an approved precinct plan for commercial use;
- Special Use Zone with an approved development plan for commercial use; or
- Urban Growth Zone with an approved precinct structure plan for commercial use.

Objective:

The objective of the rate is to encourage development for commercial purposes and ensure that the owners of the land having the characteristics of Vacant Commercial Land make an equitable financial contribution to the cost of carrying out Council's functions.

The Vacant Commercial Land differential is higher than the Developed Land Differential for a number of reasons, including;

- To assist in the management of sustainable growth across metropolitan Melbourne;
- Council's financial commitment to economic development initiatives; and
- Promote commercial development within the appropriate zone municipal areas

Characteristics:

Land on which no building designed or adapted for occupation is erected and the land is located within a:

- Business zone 1, 4 or 5;
- Priority development zone with an approved precinct plan for commercial use;
- Special use zone with an approved development plan for commercial use;
- Urban growth zone with an approved precinct structure plan, for commercial use.

Impact:

This rating differential is 1.7 multiplier, thus 70% higher than the residential developed rates differential. Thus a vacant commercial currently pays 70% more in rates than a residential developed property assuming they have the same valuation. Owners of such land purchase the land to contract and run a business or lease the property which may also result in the long term financial gain from the sale of the business or property.

Quantum:

The Rating Strategy Advisory Group recommended that the 2013/2014 differential be increased by 0.1 to 1.7. For people/ businesses who have purchased land with the intent to develop, a short term increase in rate is a small factor when compared to the costs they will incur with development, and the subsequent higher rate value (not differential) which will apply post development.

Rating Principles:

Equity/Fairness	Yes – 1.37% of all commercial is rated as vacant land. Minimal application.
Simplicity	Yes – transparent and simple to understand
Efficiency	Yes – accepted that vacant land has higher differentials
Sustainability	Yes – minimal effect due to amount of vacant commercial land
Incentive	No – no evidence that differential is sufficient to promote or achieve development though it clearly does not inhibit it
Legislative Compliance	Yes – Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Vacant Industrial Land (2016/2017)

Definition:

Vacant Industrial Land is identified as land on which no building designed or adapted for occupation is erected and the land is located within a:

- Industrial Business 1, 2 or 3 Zone;
- Priority Development Zone with an approved precinct plan for industrial use;
- Special Use Zone with an approved development plan for Industrial use; or
- Urban Growth Zone with an approved precinct structure plan for industrial use.

Objective:

The objective of this rate is to encourage development for industrial purposes and ensure that the owners of the land make an equitable financial contribution to the cost of carrying out Council's functions.

Encouragement includes:

- Promoting land owners to develop their land, to bring about increased community benefits as covered in the 'Developed Industrial Land' discussion.

- Reducing the possibility that land holders not progressing in reasonable time to develop the land may impede the ability of other businesses to access suitable land for their own industrial use.

Characteristics:

Is land on which no building designated or adapted for occupation is erected and the land is located within a:

- Industrial business zone 1,2 or 3; or
- Priority development zone with an approved precinct plan for industrial use; or
- Special use zone with an approved development plan for industrial use; or
- Urban growth zone with an approved precinct structure plan for industrial use.

Impact:

This rating differential currently is 1.8, thus 80% higher than the residential developed rate differential. Thus an Industrial Vacant Land property currently pays 80% more in rates than a residential developed property assuming the same valuation.

Quantum:

This differential rate was increased by 0.1 to 1.8 from 2013/2014. For people / businesses who have purchased land with the intent to develop, a short term increase in rate is a small factor when compared to the costs they will incur during development, and the subsequent higher rate value (not differential) which will apply post development.

For those investing in vacant land to hold for use in the long term, or for investment returns as demand drives prices up, increasing the differential is appropriate

Rating Principles:

Equity/Fairness	Variable – a wide range of equity exists within the individual circumstances of businesses
Simplicity	Yes – transparent and simple to understand
Efficiency	Yes – accepted that vacant land has a higher differential
Sustainability	Yes – Vacant industrial land makes up 0.4% of assessments and 1.7% of total rate income. Any major changes in this category will not have any real impact on Council revenue
Incentive	Maybe – no evidence that differential rating promotes or achieves development but it certainly doesn't hinder it
Legislative Compliance	Yes – Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Farm Land (2016/2017)

Definition:

Under the Valuation of Land Act 1960 farm land is rateable land that has the following characteristics:

- 1) is not less than 2 hectares in area; and
- 2) is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- 3) is used by a business:
 - (i) that has a significant and substantial commercial purpose or character; and
 - (ii) that seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
 - (iii) that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating

Objective:

The objectives of this rate are to:

- Ensure that all ratepayers for agricultural land make a fair and equitable financial contribution to the costs of carrying out Council's functions.
- Provide economic support to encourage ongoing use of the designated zones for production of and value-adding to agricultural products produced on the designated land.
- Encourage further development of designated Agricultural land holdings with extensive privately funded horticultural and viticultural production techniques and equipment to improve the viability of the farming operation.
- Encourage persons in the community engaged in agricultural production to further develop the property and value-add to their products in the local community to create more employment opportunities in the industry.

Characteristics:

Farm Land is land which is not less than 0.2 hectares and is deemed to be a farm under the Valuation of Land Act that:

- Is used primarily for grazing (including agistment), dairying, pig-farming, poultry-farming, fish-farming, tree-farming, bee-keeping, viticulture, horticulture, fruit-growing or the growing of crops of any kind or for any combination of those activities; and
- Is used by a business that:
 - has a significant and substantial commercial purpose or character;
 - seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
 - is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

and is:

- Actively being used by the ratepayer for agricultural, horticulture or viticulture primary production and including related value-adding production facilities for vegetable growing, grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, fruit growing, crop growing or for any combination of these
- In a farm zone, green wedge or rural conservation area outside the Werribee South intensive agricultural area and greater than 10 hectares and used for the carrying on primary production as determined by the Australian Taxation Office
- In a farm zone, green wedge or rural conservation area in the Werribee South intensive agricultural area and greater than 0.6 hectares and used for the carrying on primary production as determined by the Australian Taxation Office

Impact:

Ministerial guidelines state that Council should consider the use of a farm rate. With a farm rate being introduced, its impact on the rates raised will be varied as the properties becoming farm land will be coming out of different existing categories

Quantum:

The differential rate for Farmland is 0.8. As the productive asset base for this sector of the community, a lower differential (than residential) which reflects the relatively high investment in land as a proportion of the business profitability is appropriate

Rating Principles:

Equity/Fairness	Yes – Takes into account capacity to pay and user benefit
Simplicity	Yes – Transparent and simple to understand
Efficiency	Yes – Practical and efficient to administer
Sustainability	Yes – Provides reliable revenues
Incentive	Yes – Provides an incentive to carrying on a farming business
Legislative Compliance	Yes– Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Rural Lifestyle Land (2016/2017)

Definition:

Rural lifestyle land is identified as land with a residential dwelling on larger allotments in rural, semi-rural or bushland settings. Primary production uses and associated improvements are secondary to the value of the residential home site use and associated residential improvements.

Objective:

The objective of this rate is to ensure that all properties within the Wyndham rural areas (non-farming) where services and utilities are restricted make a fair and equitable contribution to the costs of carrying out Council's functions and recognise that ratepayers residing on Rural Lifestyle land do not receive the same level of Council services as residents in residential developed areas.

Characteristics:

Rural Lifestyle Land which is more than 0.4 hectares in area with an approved residence on the land which is not deemed to be farm land under the Valuation of Land Act and is located within:

- A Farm zone, green wedge, rural living or rural conservation area outside the Werribee South Intensive Agricultural Area; or
- A Farm zone, green wedge, rural living or rural conservation area in the Werribee South Intensive Agricultural Area; or
- An Urban Growth Zone.

Any vacant land which is more than 0.4 hectares and not deemed to be farm under the Valuation of Land Act and falls within the above locations is not eligible for the Rural Lifestyle Land differential and is rated as Rural Vacant Land.

Impact:

For properties deemed to be farms under the Valuation of Land Act definition, such properties will remain at a 0.8 differential under the Farm Rate category.

Where properties are classified as being vacant land (no residential, industrial or commercial characteristics) such properties will be rated in the vacant rural land category with a 1.0 differential.

Rural properties with approved residences 10 hectares or under in the Farm, Green Wedge, Rural Lifestyle, or Rural Conservation Zone or within the Werribee South Intensive Agricultural Land less than 0.4 hectares or more will be rated in the rural lifestyle land category with a 0.9 differential.

Quantum:

The differential rate for this category is set at 0.90. The lower differential than for Residential Developed Land reflects a difference in the level of service provided by Council to this group of ratepayers. The average value of rateable properties in this category is higher than that for residential, so when calculated through to rates income, this group will pay a higher ‘per property’ payment than residential, but receive less in term of service provision.

Rating Principles:

Equity/Fairness	Yes – if the rate is reasonable considering the higher burden due to higher CIV
Simplicity	Yes – transparent and simple to understand
Efficiency	Yes- if rated according to proposal
Sustainability	Yes – this was not applied when the rates were increased by 125% in 2012
Incentive	Yes – if rated to proposal
Legislative Compliance	Yes – Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme

Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Wyndham Planning Scheme

Rural Vacant Land (2016/2017)

Definition:

Rural Vacant land is identified as being vacant land which is 0.4 hectares or more and not deemed to be a farm under the Valuation of Land Act.

Objective:

The objective of this rate is to ensure that all properties within the Wyndham rural areas (non-farming) where services and utilities are restricted make a fair and equitable contribution to the costs of carrying out Council’s functions and recognise that ratepayers holding Rural Vacant Land do not receive the same level of Council services that are available to ratepayers in developed areas holding vacant land.

Characteristics:

Rural Vacant Land is vacant land which is 0.4 hectares or more in area and is not deemed to be a farm under the Valuation of Land Act and is located within a:

- Farm zone, green wedge, rural lifestyle, or rural conservation area outside the Werribee South intensive agricultural area; or

- Farm zone, green wedge, rural lifestyle, or rural conservation area in the Werribee South intensive agricultural area; or
- Urban Growth Zone.

Impact:

Where properties are classified as being vacant land (no residential, industrial or commercial characteristics) such properties will be rated in the vacant rural land category with a differential of 1.0 differential.

For vacant rural properties that are not deemed to be farm that are 10 hectares or more in the farm, green wedge, rural lifestyle, or rural conservation zone or within the Werribee South Intensive Agricultural area and greater than 0.6 hectares; this will result in a 25% increase in rate burden compared to their previous classification of a 0.8 differential .

For vacant rural properties that are not deemed to be farm that are less than 10 hectares in the farm, green wedge, rural lifestyle or rural conservation zone, there will be no change in their rate burden.

Quantum:

The Rural Vacant Land differential is set at 1.0. As such vacant land cannot be developed like residential, commercial and industrial land, a differential in line with the residential rate is more appropriate than in comparison to other vacant land differentials.

Rating Principles:

Equity/Fairness	Yes – Takes into account capacity to pay and user benefit
Simplicity	Yes – Transparent and simple to understand
Efficiency	Yes – Practical and efficient to administer
Sustainability	Yes – Provides reliable revenues
Incentive	No – Does not provide any incentives to develop
Legislative Compliance	Yes– Complies with legislation and Ministerial guidelines

Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of expenditure described in the Proposed Budget.

The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above.

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Wyndham Planning Scheme