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# Farm Land Rate Differential Policy

*Council Policy*



March, 2014

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# Farm Land Rate Differential Policy



## Council Policy

**Responsible director**

**Responsible officer**

**Functional area**

**Date adopted by Council**

**Review date**

Director Corporate Services

Manager Financial Services

Financial Services

March 2014

May 2022

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## Purpose

The purpose of this policy is to set a Farm Land Rate differential and to provide a framework to assist officers in determining eligibility for rating purposes. The framework will ensure that the rate is applied appropriately and consistently in order to achieve Council's objective in setting a differential rate.

## Background

The objective of a differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services
- Provision of general support services

The purpose of the Farm Land Rate is to assist farmers who, unlike any other businesses, require a large amount of land to generate their income. Farm profitability is affected by the vagaries of weather and international markets and agricultural producers are unable to pass on increased costs like other businesses. In this sense farms are seen to be more susceptible or fragile than other commercial and industrial operations.

The current guidelines for Farm Land Rate Differentials taken directly from the *Valuation of Land Act 1960* are as follows:-

"Farm land" means any rateable land –

- a) that is not less than 2 hectares in area; *and*
- b) 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*
- c) that is used by a business –
  - (i) that has **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.”

## Policy

Council has set a Farm Land Rate differential which is 35% lower than the General Rate.

In order to determine **significant and substantial** commercial purpose for applications for the Farm Land Rate differential, a minimum total area of 150 hectares will be applied.

If the property is larger than 150 hectares and is used for cropping and grazing activities the application will automatically be allowed.

For properties below 150 hectares in size, determination will be based on the following criteria:

- Is the property owner farming the land?
- Is the property farmed as part of a larger farming enterprise?
- Is the total area being farmed in the farm enterprise more than 150 Hectares?

If the property is less than 150 hectares in size and is used for purposes other than cropping and grazing the application will be assessed on its individual merits to determine **significant and substantial** commercial purpose.

If the property owner has requested that rate & valuation notices be sent directly to the occupier or tenant and that occupier or tenant farms the land as part of a larger farming enterprise that meets the above criteria, the application will be allowed.

A [Farm Differential Flow Chart](#) is attached to this policy which maps the steps involved in determination of an application.

Applications for reclassification to Farm Land Rate will be effective in the year in which they are lodged and cannot be obtained retrospectively.

## Council Plan Objective/Strategy

1. Boost economic Growth - Provide support to existing businesses to ensure long term sustainability

## Legislation and Standards

*Valuation of Land Act 1960*

*Local Government Legislation Amendment (Miscellaneous) Act 2012*

## Responsibilities

The Manager Financial Services is responsible for review of this policy. Council is responsible for determining differential rates and the Coordinator Property and Revenue and Rates Officer are responsible for applying the policy to applications received.

## Stakeholders

Councillors, Council staff and ratepayers.

## Review

Assessment of the policy will be undertaken every four years to align with the Council term to ensure it remains current with the Council's goals, processes, aims and requirements and as a means by which to reduce Council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures.

### Communication and implementation

This policy will be available in Council's EDRMS and will be distributed to Council via the Councillor Bulletin when there are no major changes.

### References

*Ministerial Guidelines for Differential Rating April 2013*

[Farm Differential Flow Chart](#)

### Charter of Human Rights compliance

It is considered that this policy does not impact on any human rights identified in the *Charter of Human Rights & Responsibilities Act 2006*.

### Definitions

#### Differential rate

A rate that deviates from the standard rate structure and is applied only in special situations.

### Review history

Date	Review details	Action
1 October, 2013	Aligned to new format and Council Plan	N/A
3 March, 2014	Adoption by Council	Policy communicated to stakeholders
4 May, 2018	Aligned to new format	Policy communicated to Councillors via Council Bulletin

## Farm Rate Differential Flow Chart

