

<b>ADOPTED</b>		<b>VERSION NO</b>	<b>VERSION 5.1</b>
COUNCIL MEETING MIN	19/25	REVIEW DATE	DECEMBER 2028
DATE:	19/2/2025	FILE NUMBER	A0340007, GOV400047

## Objective

The objective of this policy is to provide clear guidelines and procedures in relation to the assessment of rateable land parcels for the categorisation as Farmland for rating purposes; and to ensure that all farmland assessments are determined using consistent measures. It also aims to:

- Ensure that guidelines and procedures are implemented efficiently and effectively;
- Provide staff with authority to assess rateable land parcels for the categorisation as Farmland for rating purposes;
- Afford efficient assessment of farmland rating entitlement for land which is readily to be accepted as farmland and to make transparent the criteria for assessment;
- Where a parcel of land is not initially accepted as qualifying for farmland rating further assessment criteria and methods are identified.

## Legislative Requirements

- Chapter 15, Part 3 and Part 3A of the Local Government Act, 1993
- Local Government (General) Regulation 2021
- Legislative Compliance Policy
- Office of Local Government Rating and Revenue Raising Manual

## Related policies and plans

- Legislative Compliance Policy
- Office of Local Government Rating and Revenue Raising Manual

## Policy

Guidelines for Assessment of Rateable Land Parcels for Categorisation as Farmland for Rating Purposes;-

In relation to the determination of rateable land parcels for categorisation as farmland for rating purposes, Chapter 15, Part 3 and Part 3A of the Local Government Act, 1993, as amended, must apply.

For land to be categorised as farmland in terms of Section 515(1) of the Local Government Act, 1993, as amended, it must be:

*Land is to be categorised as "farmland" if it is a parcel of rateable land valued as one assessment and its dominant use is for farming (that is, the business or industry of grazing, animal feedlots, dairying, pig-farming, poultry farming, viticulture, orcharding, bee-keeping, horticulture, vegetable growing, the growing of crops of any kind, forestry or aquaculture within the meaning of the [Fisheries Management Act 1994](#), or any combination of those businesses or industries) which:*

- a) Has a significant and substantial commercial purpose or character; and*
- b) Is engaged in for the purpose of profit on a continuous or repetitive basis (whether or not a profit is actually made)*

It is recommended by the Office of Local Government that councils have an internal set of guidelines as to what factors will be used in determining categorisation as farmland for rating purposes. This Policy has been produced in response to such recommendation.

Many parcels of land will readily be identifiable as farming land and will qualify for categorisation as farmland. The criteria for assessment of those lands is identified by:-

- Land Use
- Assessed Land Capacity; and
- Area

Additional information indicating productivity by income derived from the parcel may allow other parcels to qualify for inclusion in the category of farmland.

For other properties which have not qualified there is a process identified for additional information to be supplied which may establish farmland categorisation with the opportunity for a review.

Where an applicant chooses to appeal to the Land and Environment Court against the categorisation, Council will obtain an independent review of the application.

For certainty in considering applications Council has adopted and grouped the Land Capability Classification Scheme published by Department Lands, Soil Conservation Service dated 1986 as identified on the map which is available upon request at Council's office in Market Street Mudgee.

Guidelines specific to the Mid-Western Regional Council in relation to the determination of rateable land parcels for categorisation as farmland for rating purposes, are as follows:-

1. An assessment is deemed to comply with the definition of farmland in terms of Section 515(1) of the Local Government Act, 1993, as amended, and subsequently may be declared as Farmland category if the dominant use is for farming and:-
  - a) The area is equal to or greater than 55 Ha where the assessment is designated to be within Land Capability Classification Group 1 to 3 - Extensive; or
  - b) The area is equal to or greater than 5 Ha where the assessment is designated to be within Land Capability Classification Group 1 to 3 – Intensive; or
  - c) The area is equal to or greater than 120 Ha where the assessment is designated to be within Land Capability Classification Group 4 & above; or
2. Where an assessment does not meet the area requirements in 1 above, it may still be deemed to comply with the definition of farmland where the land owner establishes that the assessment produces an annual Gross Margin performance level (before depreciation, loan payment and tax) equal to or greater than \$26,738.40, being 26% of the May 2024 National average annual

wage ("the assessed Gross Margin performance level"), (source ABS average Weekly Earnings, Australia, Trend, Full-time adult average weekly total earnings, annualised).

## Procedures for Assessment of Rateable Land Parcels for Categorisation as Farmland for Rating Purposes

Relevant sections of Chapter 15, Part 3 and Part 3A of the Local Government Act, 1993, as amended, must apply with qualifications in relation to procedures specific to Mid-Western Regional Council as follows:-

1. Assessment of dominant land use being for farming as defined,
2. Assessment of Rateable Land Parcels for Categorisation as Farmland for Rating Purposes:-

Refer to Guidelines for Assessment of Rateable Land Parcels for Categorisation as Farmland for *Rating Purposes*:-

- a) If an assessment's area is equal to or greater than the specified minimum area within its designated land capability classification group, then categorisation as Farmland for rating purposes may be declared.
  - b) If an assessment's area is less than the specified minimum area within its designated land capability classification group, then categorisation as farmland for rating purposes may not to be declared.
3. The rateable person (or the agent or lessee) in the situation at 2(b) above, is to be notified of the declaration in accordance with Local Government Act, 1993, as amended, and is to be forwarded a Request For Further Information In Support For Change Of Category Of Land To Farmland For Rating Purposes, which may be completed at the discretion of the owner, (or the agent or lessee) and returned to Council for further assessment ("Application for Declaration as Farmland").
  4. Assessment of Properties For Categorisation as Farmland For Rating Purposes upon Application for Declaration as Farmland:-  
  
Upon return to Council of the completed Application for Declaration as Farmland refer to *Guidelines For Assessment of Properties For Categorisation as Farmland For Rating Purposes* to determine eligibility:-  
  
    - a) If an assessment's calculated Gross Margin performance level per annum is equal to or greater than the assessed Gross Margin performance level at A(2), then categorisation as Farmland for rating purposes may be recommended for approval.
    - b) If an assessment's calculated Gross Margin performance level per annum is less than the assessed Gross Margin performance level at A(2), then categorisation as Farmland for rating purposes is not to be recommended for approval.
  5. If clarification of information supplied to Council is required, then the rateable person (or the agent or lessee) is to be requested to supply additional information or may attend Council's Office for this purpose.
  6. Determination of an application for Change Of Category Of Land To Farmland For Rating Purposes is to be made by appropriately delegated Council officers after assessment at 4(a) or (b) above.

7. The rateable person (or the agent or lessee) may seek a review of the declaration recommended at 2(b) above at any time. Such a review will be made by an independent person with expertise in the relevant provisions of the Local Government Act, 1993, as amended.
8. If an appeal to the Land and Environment Court is lodged by the rateable person (or the agent or lessee), a review must be made by an independent person with expertise in the relevant provisions of the Local Government Act, 1993, as amended, to ensure that any declaration and/or subsequent assessment were correct. If this is confirmed, Council will proceed to Court.

## Review of Categorisation as Farmland Upon Sale of Property

Upon the sale or transfer of a property that has been previously categorised as Farmland for rating purposes, a review of the category will take place. Categorisation as Farmland can continue where the property satisfies the criteria in parts A or B above.

## Methodology underlying the guidelines and procedures for assessment of Rateable Land Parcels for Categorisation as Farmland for Rating Purposes.

1. Determination of “dominant use”, “business or industry”, “significant and substantial commercial purpose or character” and “purpose of profit on a continuous or repetitive basis”, where limited information is available:-

The Gross Margin performance level required is \$26,738.40, being 26% of the May 24 National average annual wage of \$103,813.00 (source of National average annual wage – ABS average Weekly Earnings, Australia, Trend, Full-time adult average weekly total earnings, annualised).

- a) Gross Margin performance level is defined as gross income less variable costs (not including fixed or overhead costs i.e. Depreciation, loan payments and tax).
- b) Rateable land parcels grouped by land capability as determined by Department Lands, Soil Conservation Service dated 1986. Three Land Capability Classification Groups have been determined by Council, being:-
  - Land Capability Classification Group 1 to 3 – Extensive
  - Land Capability Classification Group 1 to 3 – Intensive
  - Land Capability Classification Group 4 and above

Maps identifying the Land Capability Classification Groups have been produced.

Where a rateable land parcel is situated within different Land Capability Classification Groups, it will be determined to be within the particular Land Capability Classification Group where it exceeds 50% of its total land area.

- c) Land Capability Classification Groups average carrying capacity in relation to Dry Sheep Equivalents (source NSW Department Primary Industries publication Using DSE's and Carrying Capacities To Compare Beef Enterprises, 15/6/2004 and reviewed 8/4/2005), have been determined by Council, being:-
  - Land Capability Classification Group 1 to 3 – Extensive – 12 DSE/Ha
  - Land Capability Classification Group 1 to 3 – Intensive – 12 DSE/Ha
  - Land Capability Classification Group 4 and above – 5 DSE/Ha

- d) Gross margin per DSE (source NSW – Department of Primary Industries ([www.dpi.nsw.gov.au/agriculture/budgets](http://www.dpi.nsw.gov.au/agriculture/budgets)) and Land Capability Classification Groups minimum areas determined by minimum area of land required to produce the Gross Margin performance level of \$26,738.40, as determined by Council, as per table below:-

**GROSS MARGIN TABLES**

AVERAGE ANNUAL WAGE	\$103,813.00
% required	26.0%
Target GM	\$26,738.40

**LAND CLASSIFICATIONS 1-3**

	DSE/HA	12
<b>A – EXTENSIVE ENTERPRISES</b>		
	Gross Profit Target	\$26,738
	Gross Margin	*Ha required to achieve target GM
Farming Activity	\$ / dse / Annum	(ha)
Cows producing weaners	\$39.79	56.0
Yearling Production	\$52.14	42.7
Growing out steers 160-340kg	\$41.41	53.8
Growing out steers 240-460kg	\$45.69	48.8
Merino Ewes – 18 micron	\$55.88	39.9
Merino Ewes – 20 micron	\$35.41	62.9
Merino Wethers – 18 micron	\$40.21	55.4
Merino Wethers – 20 micron	\$20.35	109.5
1st cross lambs	\$30.60	72.8
2nd cross lambs	\$26.38	84.5
Wheat-Short Fallow	\$39.66	56.2
Barley-Short Fallow (malt)	\$38.92	57.3
Barley-Short Fallow (feed)	\$27.25	81.8
Canola-Short Fallow	\$25.17	88.5
Faba Beans-Short Fallow	\$44.33	50.3
Field Peas-Short Fallow	\$35.00	63.7
Lupins-Short Fallow	\$31.50	70.7
Spray Irrigated Lucerne	\$138.66	16.1
Oats-Grazing/Grain	\$41.75	53.4
Oats - Short Fallow	\$48.00	46.4
Triticale-Short Fallow	\$25.17	88.5

	DSE/HA	12
<b>B – EXTENSIVE ENTERPRISES</b>		
	Gross Profit Target	\$26,738
	Gross Margin	*Ha required to achieve target GM
Farming Activity	\$ / dse / Annum	(ha)
Grapes	\$250	8.9
Olives – Tables	\$252	8.8
Olives - Oil	\$576	3.9
Orchard - Nectarines	\$997	2.2
Orchard - Cherries	\$1,485.67	1.5

Orchard - Apples	\$554	4.0
Orchard - Peaches	\$1,561	1.4
Orchard - Plum	\$1,530	1.5

**LAND CLASSIFICATIONS 4 AND ABOVE**

	DSE/HA	5
FARMING ACTIVITY	Gross Profit Target	\$26,738
	Gross Margin	*Ha required to achieve target GM
	\$ / dse / Annum	(ha)
Cows producing weaners	\$39.79	134.4
Yearling Production	\$52.14	102.6
Growing out steers 160-340kg	\$41.41	129.1
Growing out steers 240-460kg	\$45.69	117.0
Merino Ewes – 19 micron	\$55.88	95.7
Merino Ewes – 20 micron	\$35.41	151.0
Merino Wethers – 19 micron	\$40.21	133.0
Merino Wethers – 20 micron	\$20.35	262.8
1st cross lambs	\$30.60	174.8
2nd cross lambs	\$26.38	202.7
Wheat-Short Fallow	\$39.66	134.8
Barley-Short Fallow (malt)	\$38.92	137.4
Barley-Short Fallow (feed)	\$27.25	196.2
Canola-Short Fallow	\$25.17	212.5
Faba Beans-Short Fallow	\$44.33	120.6
Field Peas-Short Fallow	\$35.00	152.8
Lupins-Short Fallow	\$31.50	169.8
Spray Irrigated Lucerne	\$138.66	38.6
Oats-Grazing/Grain	\$41.75	128.1
Oats - Short Fallow	\$48.00	111.4
Triticale-Short Fallow	\$25.17	212.5
Grapes	\$250.00	21.4
Olives – Tables	\$252.00	21.2
Olives - Oil	\$576.00	9.3
Orchard - Nectarines	\$997.00	5.4
Orchard - Cherries	\$1485.67	3.6
Orchard - Apples	\$554.00	9.7
Orchard - Peaches	\$1,561.00	3.4
Orchard - Plum	\$1,530.00	3.5

*Note: If an enterprise is not listed in the above tables, Council will determine the Gross Margin per DSE using current credible industry data.*

- e) Land Capability Classification Groups minimum areas are determined by dividing the gross profit target (\$26,738.40) by the product of the accepted average carrying capacity in relation to Dry Sheep Equivalents and the Gross margin per DSE. The adopted minimum areas required to produce the Gross Margin performance level of \$26,738.40, are:-

— Land Capability Classification Group 1 to 3 – Extensive – 55 Ha

- Land Capability Classification Group 1 to 3 – Intensive – 5 Ha
- Land Capability Classification Group 4 and above – 120 Ha

2. Determination of “dominant use”, “business or industry”, “significant and substantial commercial purpose or character” and “purpose of profit on a continuous or repetitive basis”, where significant information is available:-

a) The Gross Margin performance level of \$26,738.40 at A(2) above, must be met or exceeded.

- i. The Gross Margin performance level of a parcel of rateable land valued as one assessment will be determined from the information collected from the Request For Further Information In Support For Change Of Category Of Land To Farmland For Rating Purposes, and performing the following calculation:-

Multiply the actual stock numbers and/or area under crop by the actual DSE for the parcel of rateable land valued as one assessment multiplied by the Gross margin per DSE at C(1)(d);  
or

- ii. Regardless of all other criteria, document that the actual gross margin achieved exceeds the required Gross Margin performance level of \$26,738.40.

## Variation

Council reserves the right to vary the terms and conditions of this policy, subject to a report to Council