

ANew URBANFRINGE LOCATION

Golden Plains Shire Rating Strategy

ADDENDUM TO THE EXECUTIVE REPORT

14 March 2017



Study Context

The following Addendum to the Executive Report was prepared by MacroPlan Dimasi for Golden Plains Shire Council (Council).

The addendum presents the findings of further scenario testing and high level commentary addressing a number of discussion themes arising from the Councillor briefing on 15 February 2017.

Contents

- 1_Recap Council meeting 15.02.17
 - 2_Current rating method
 - 3_Variation to the rate-cap
 - 4_Rural land value benchmarking
 - 5_Differential rates for new subdivisions
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1_Recap Council Meeting 15.02.17

The following items were highlighted for further investigation at the Council briefing on 15 February 2017

Test the following scenarios for FY17-18 within an ESC rate cap of between 2.0% and 3.5% with the municipal charge remaining unchanged at \$225:

- **Farm differential** – investigate if there is any merit in applying a variation in the differential rate applicable to larger rural land holdings (i.e. >200 hectares) reflecting evidence (if appropriate) of a higher marginal land value associated with these properties relative to neighbouring municipalities.
- **New subdivisions** – investigate whether there is merit in applying a differential rate to dwellings in new subdivisions of 150% for the first 5 years, with a reduction to say 130% or 100% after 5 years.

Provide a high level analysis of capacity to pay among rural land users vis a vis other groups.

2_Current rating system

Council's current municipal rating framework

1. Total Council income from rates and charges was **\$19.586m** in FY15-16 or approx. **50% of total income**.
2. In FY15-16, Golden Plains Shire ranked **39th most affordable** Council on a per assessment basis – when comparing average rates and charges and waste management fees relative to other Victorian municipalities.
3. Municipal rates and charges are currently estimated using the following methodology, with differential rates applicable to residential improved (growth areas), business/industrial and commercial (growth areas), non-farm vacant land, vacant non-developable land (growth areas) and farm land including farm land in growth areas.

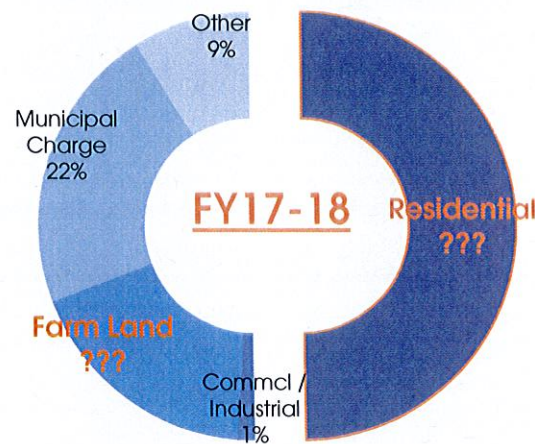
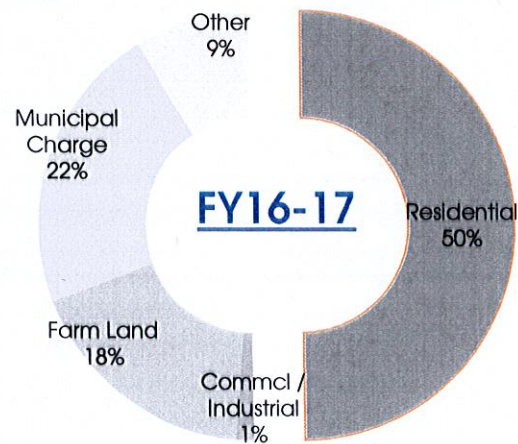
Rate Type	Rate in the \$ (2015-16)	Rate in the \$ (2016-17)	No. of Assessments (2015-16)	Valuations (2015-16)	Revenue (2015-16)	Rate Differential	No. of Assessments (2016-17)	Valuations (2016-17)	Revenue (2016-17)
Residential Improved	0.3686	0.3636	1,185	410,483,500	1,512,920	100%	1,202	441,188,636	1,604,279
Residential Improved (Growth Area)	0.3895	0.3843	5,959	2,072,531,500	8,073,379	106%	6,267	2,303,996,352	8,854,645
Business, Industrial & Commercial	0.3686	0.3636	32	9,056,290	33,379	100%	31	11,737,727	42,681
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Municipal Charge	225	225			2,249,550				2,279,925
Annual Service (Garbage) Charge	238	246.5			1,944,936				2,127,295

Source: Golden Plains Shire Council 2017

3_Variation to the rate-cap

What a variation to the ESC rate cap from 2.0% to 3.5% might mean

4. All of Victoria's 79 councils will be operating under rate caps from 1 July 2016.
5. Six councils were given Essential Services Commission (ESC) approval to adopt rate caps higher than 2.5% in FY16-17. An ESC rate cap of 2.0% will apply in FY17-18.
6. A variation from the 2.0% cap to 3.5% could result in additional rates revenue totalling **+\$279,332 in FY17-18**.
7. The distribution of rates revenue collected from the various categories may vary depending on the focus of the municipal rating strategy.



4_Rural Land Value Benchmarking

8. In FY15-16 there were 307 rural assessments with land areas greater than 200 hectares and over 300 rural assessments between 100-200 hectares. There were around 750 rural assessments with a land area less than 100 hectares.
 - The table overleaf presents average site values and CIV for all farms smaller than 100ha, between 100-200ha and greater than 200 ha.
 - Larger properties typically have **lower average property values** (i.e. site value and CIV on \$/ha basis) across all rural land use types.
 - When compared with Colac Otway Shire (for example), the trend in land values is the same for larger properties and there are some broad similarities between farming use types and sizes when it comes to land values (\$/ha).
9. There is **little evidence** based on a preliminary benchmarking analysis that larger farms in Golden Plains have higher average relative property values or CIV when compared with neighbouring municipalities.
10. During the past 5 years, the median sales value of rural lifestyle / vacant rural residential land increased significantly, whilst the median sales value of rural farm land used for primary production has remained relatively stable.
11. Modelling of variations in the differential rate applicable to larger properties (i.e. >200 hectares) shows the net gains from this are modest and may be largely offset by small variations to the differential rate applicable to smaller rural properties, meaning **no net change** in total revenue from rates applicable to rural properties within either a 2.0% or 3.5% rate cap.

4 Rural Land Value Benchmarking

Summary

Land Use (Golden Plains)	Notes	<100		100-200		>200	
		SV	CIV	SV	CIV	SV	CIV
Bulk Grain Storage		\$5,388	\$6,670	-	-	-	-
General Cropping		\$4,382	\$4,487	-	-	-	-
Gravel/Stone		\$6,486	\$6,568	-	-	-	-
Livestock Production		\$6,486	\$6,568	-	-	-	-
Miscellaneous Building on		\$11,662	\$11,907	-	-	-	-
Mixed farming and grazing	1	\$6,210	\$7,511	\$4,316	\$4,316	\$3,768	\$4,145
Native Vegetation / Bushland		\$1,297	\$1,371	-	-	-	-
Piggery	2	\$8,184	\$39,247	\$6,121	\$6,121	-	-
Poultry - Open Range		\$22,489	\$23,315	-	-	-	-
Poultry (broiler production)	3	\$14,743	\$45,076	\$6,479	\$6,479	\$4,878	\$10,018
Residential Rural / Rural		\$14,875	\$23,184	-	-	-	-
Refuse Recycling		-	-	\$2,545	\$3,094	-	-
Softwood Plantation	4	\$4,276	\$4,323	\$3,434	\$3,434	\$3,410	\$3,483
Subdivisional Land (Englobo)	5	\$14,910	\$15,861	\$12,339	\$12,494	-	-
Subdivisional Land (Multiple)		-	-	-	-	\$10,434	\$11,414
Vacant Residential Rural		\$11,449	\$11,449	-	-	-	-
Vineyard	6	\$13,440	\$20,716	\$6,983	\$8,287	\$5,114	\$7,456

Notes:

1. Mixed farming and grazing - SV and CIV significantly higher for <100 than 100-200 and >200
2. Piggery - SV and CIV higher for <100 than 100-200
3. Poultry (broiler production) - significant decline in SV and CIV between <100 and 100-200 category some decline SV >200 but CIV higher
4. Not much difference in average SV or CIV for softwood plantations
5. Subdivisional land - SV and CIV higher for <100 than for 100-200
6. Vineyard - SV and CIV higher for <100 than for 100-200 and >200

Source: Golden Plains Shire Council 2017

5 Differentials for new subdivisions

12. Historically Golden Plains has generated on average around 100 building approvals p.a. with the majority of new development occurring in/around Bannockburn.
13. Building approvals include new dwellings, alterations and additions to existing buildings, approved non-structural renovation and refurbishment work and approved installation of building fixtures.
14. In the future, Golden Plains may require up to 200 dwellings p.a. to meet forecast population growth projections, almost double historic building approvals.
15. Assuming 50% of all building approvals are for new dwellings (this assumption may vary year on year) this may equate to between 50-100 new dwellings (under both historic and forecast growth scenarios respectively).
16. In the future this requirement may be closer to 150-200 new dwellings p.a. to meet forecast requirements.
17. Assuming a median CIV of around \$400,000 per property and applying the FY16/17 rate in the dollar allowing for a 150% differential to 100 new properties, the net revenue gain may be equivalent to approx. \$65,000 in the first year.
18. This amount may vary significantly year on year, resulting in changes to the relative shares from other rates revenue sources.

5 Differentials for new subdivisions

Scenario 1 – No change to total revenue. 150% Subdivisional rate is offset by reduction to other rate categories.

- 100 newly constructed properties within a new subdivision are rated at 150% of the 'General Rate'
- Average CIV of the new properties is \$400,000

	Ad Valorem per assessment		
	Current Strategy	Proposed Strategy	Difference
Rates & Charges Revenue	\$	\$	\$
Residential Improved	1,335	1,329	(5.38)
Residential Improved (Growth Area)	1,411	1,405	(5.69)
Residential Subdivisional Growth (150%)	1,537	2,173	635.70
Business, Industrial & Commercial	1,377	1,371	(5.55)
Business, Industrial & Commercial (Growth Area)	1,393	1,388	(5.62)
Farm Land	2,550	2,540	(10.28)
Farm Land (Growth Area)	2,080	2,071	(8.38)
Non Farm Vacant Land	1,224	1,219	(4.93)
Non Farm Vacant land (Growth Area)	1,169	1,164	(4.71)
Vacant land Non-Developable	453	451	(1.83)
Vacant Land Non-Developable (Growth Area)	547	544	(2.20)

5 Differentials for new subdivisions

Scenario 2 – An increase of \$64,400 in total revenue as a result of the new differential

- 100 newly constructed properties within a new subdivision are rated at 150% of the 'General Rate'
- Average CIV of the new properties is \$400,000

	Ad Valorem per assessment		
	Current Strategy	Proposed Strategy	Difference
Rates & Charges Revenue	\$	\$	\$
Residential Improved	1,335	1,335	-
Residential Improved (Growth Area)	1,411	1,411	-
Residential Subdivisional Growth (150%)	1,537	2,182	644
Business, Industrial & Commercial	1,377	1,377	-
Business, Industrial & Commercial (Growth Area)	1,393	1,393	-
Farm Land	2,550	2,550	-
Farm Land (Growth Area)	2,080	2,080	-
Non Farm Vacant Land	1,224	1,224	-
Non Farm Vacant land (Growth Area)	1,169	1,169	-
Vacant land Non-Developable	453	453	-
Vacant Land Non-Developable (Growth Area)	547	547	-

6_Capacity to pay

19. Household consumption remains the **largest single contributor** to regional expenditure in Golden Plains, accounting for \$893.7 million, significantly higher than Government consumption. Private investment is a significant contributor to regional expenditure.
20. In terms of output, agriculture, forestry and fishing is the largest industry, accounting for \$183 million or around 22% of total regional output in Golden Plains. This was **almost eight times** the output of retail trade at \$24 million. Information for all other sectors is presented in the charts below.
21. In terms of gross value add, agriculture, forestry and fishing accounted for \$80.7 million, **5.5 times** that of retail trade at around \$14.8 million.
22. The number of people employed in agriculture, forestry and fishing (704 or around 25% of total employed persons) was **3.2 times** the number of employed persons in retail trade (220 employed persons). The number of jobs in agriculture, forestry and fishing and retail trade fell between 2006 and 2011.
23. Across Golden Plains there is a relatively large share of workers employed as managers and labourers (1,020 or 12%) and (1,227 or 14%) respectively. In agriculture, forestry and fishing, the vast majority of employed persons indicated they were managers 505 (70%) or labourers 126 (17%).
24. Wages and salaries paid in agriculture, forestry and fishing were \$15.068 million or around 9.5% of total wages and salaries paid. This compares with retail trade at \$9.456 million during the same time.
25. Average wages and salaries per worker in agriculture, forestry and fishing were estimated at \$21,400 per person, **less than half** average wages and salaries per worker in retail, estimated at \$42,980 per person. Around 42 per cent of all employed persons in agriculture, forestry and fishing earn less than \$600 (gross) per week.

7 Interpretation

26. There is little evidence that larger farms in Golden Plains have higher average land values or CIV when compared with neighbouring municipalities, meaning there is unlikely to be a case for reducing the current discounted differential rate applicable to larger properties.

- Reducing the differential rate discount applicable to smaller rural properties with higher marginal land values may serve as a disincentive to some farmers.
- Further, given the importance of household expenditure and private fixed capital investment as a share of total regional expenditure, there may be constrained capacity to pay higher rates among some rate payers, particularly farmers with lower average incomes.

27. A differential rate of 150% on new sub-divisions for the first 5 years may generate an increased overall share of rates revenue within a 2.0% or 3.5% rate cap.

- However, revenue from a differential rate applicable to new subdivisions may vary significantly each year depending on the level of new subdivision activity and could be difficult for Council to administer and plan for year-on-year.
- It may also serve as a disincentive for some people wishing to build a new house in the area.
- It may not allow Council to generate additional revenue due to the rate cap and would then result in lower rates for the other differential groups.

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Golden Plains Shire Rating Strategy

Presentation by Brian Haratsis, Chairman MacroPlan Dimasi

15 February 2017



Discussion themes

- 1_Current state – what do we know today?
 - 2_Future state – what will happen in the future?
 - 3_Current rating system – how does it work?
 - 4_Benchmarks – comparisons with other municipalities
 - 5_Opportunities – alternative rating scenarios and options
-

1_Current State

What we know today...

- **Past 10 years** – pop growth across the Shire increased on average by 2.7% p.a. – well above the Victorian average of 1.8% p.a. and well above all surrounding Council areas.
- **Past 5 years** – pop growth in **Bannockburn** (6.5% p.a.) was more than **3.5 times** the Victorian average.
 - The number of new residents in Bannockburn (+1,335) was higher than areas such Ocean Grove (+1,164), Torquay North (+1,140), Sebastapol (+1,063), Delacombe (+1,208), Bunkers Hill (+1,061).
 - The dwelling stock in Golden Plains Shire has risen by 15% during the past 5 years, compared with Geelong (10%), Surf Coast (10%), Colac Otway (4%), Moorabool (13%), Ballarat (10%), Mornington Peninsula Shire Council (6%) and Yarra Ranges (4%).
- **Incomes & Wealth** – above average / faster growth in median household incomes (\$/week) in Golden Plains Shire.



Household Incomes

	Golden Plains (\$)			Rest of Vic.		
	2001	2006	2011	2001	2006	2011
Golden Plains Shire						
Median Household Income (\$/week)	779	1,037	1,217	650	807	945
Variation from Vic.	19.8%	28.5%	28.8%			
Avg. Annual Growth Rate		5.9%	3.3%		4.4%	3.2%

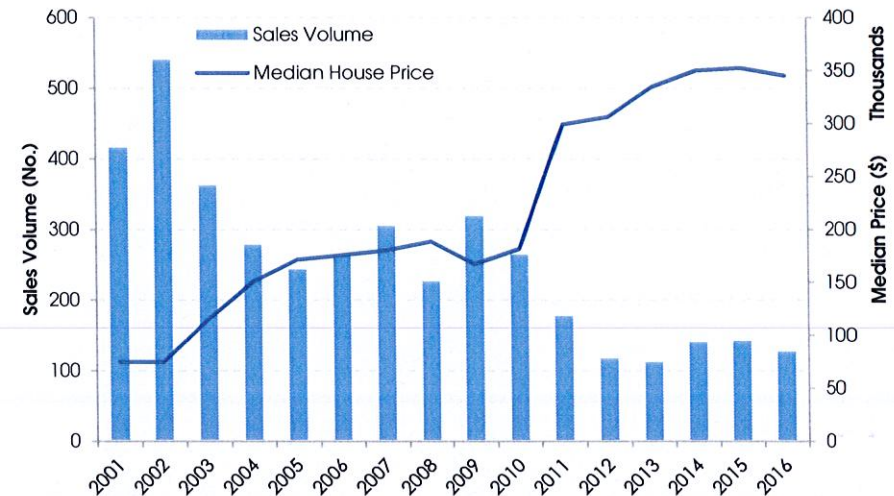
Source: Australian Bureau of Statistics

1_Current State

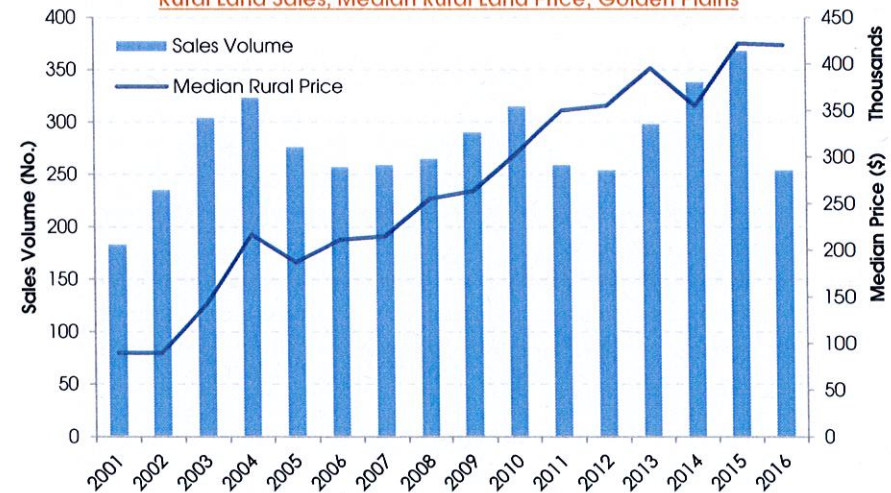
What we know today...

- **House/Land Prices** – population growth has increased demand for dwellings, leading to rising sales values and land prices during the past 5-10 years.
 - Median sales price for residential dwellings – Golden Plains Shire – **grew by +20%** during the past 5 years above Geelong (16%), Surf Coast (15%) and Ballarat (10%).
 - Median sale prices for rural land Golden Plains Shire **has doubled** during the past 10 years compared with Geelong (54%), Surf Coast (70%) and Ballarat (80%).
- **Implications** – this growth will likely generate **increased demand for infrastructure and community services** and require appropriate actions to manage community needs in the future.

Dwelling Sales, Median House Price, Golden Plains



Rural Land Sales, Median Rural Land Price, Golden Plains



Source: Australian Bureau of Statistics; RP Data

2_Future State

In the future...

- **Population** – the Shire’s population is projected to **increase by 50%** to reach 32,375 by 2036.
 - Long term average population growth rate of 2.0% p.a. in line with Surf Coast (2.0%), Moorabool (2.1%) and ahead of Geelong (1.6%) and Ballarat (1.7%).
 - Growth in Bannockburn (3.5% p.a.) broadly comparable with Lovely Banks (3.8%), Torquay North (3.7%), Torquay (3.1%) and above Bacchus Marsh (2.8%) and Ballan (2.7%).
- **Dwellings** – the Shire’s total dwellings will reach 12,696 in 2036 with Bannockburn expected to add an extra 2,391 dwellings while the North West region abutting Ballarat is expected to add an extra 1,020 dwellings by 2036.
- **Major infrastructure projects** – such as the Outer Metropolitan Ring Road (OMR) and improved regional road / rail networks all expected to facilitate greater connectivity to Geelong and Ballarat.
- **Regional growth** – these and other proposed investments are likely to **bring more people and investment** into Geelong and Ballarat regions and stimulate increased requirements for infrastructure and a range of services within these regional areas
- **‘Knock-on’ effect** – for Golden Plains, especially within growing population centres and urban fringe locations across the municipality.

2 Future State

In the future...

Victoria in future 2016 population projections show population growth in Victoria over the next 30 years is not projected to be evenly distributed across the state.

Victoria's shift in economic activity from distributed manufacturing to more centralised service and knowledge-based industries, will put increasing pressure on demand for travel to and from central Melbourne for work, leisure and specialist services, particularly during peak periods.

Better access will be required from all parts of Melbourne and across regional Victoria, particularly Geelong, Ballarat, Bendigo and Latrobe City.

Regional areas such as Geelong, Ballarat, Bendigo and peri-urban areas such as Moorabool are expected to grow significantly. This will have implications for Golden Plains Shire Council and surrounding areas such as Surf Coast Shire.

Geelong

Geelong is the state's second biggest city and the largest and fastest growing region outside Melbourne. Geelong is home to major gateways including Avalon Airport and the Port of Geelong.

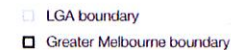
Geelong has a significant Melbourne commuter population and an economy that is in transition, with a changing manufacturing sector and growing services industry supported by larger urban workforce catchments.

Ballarat

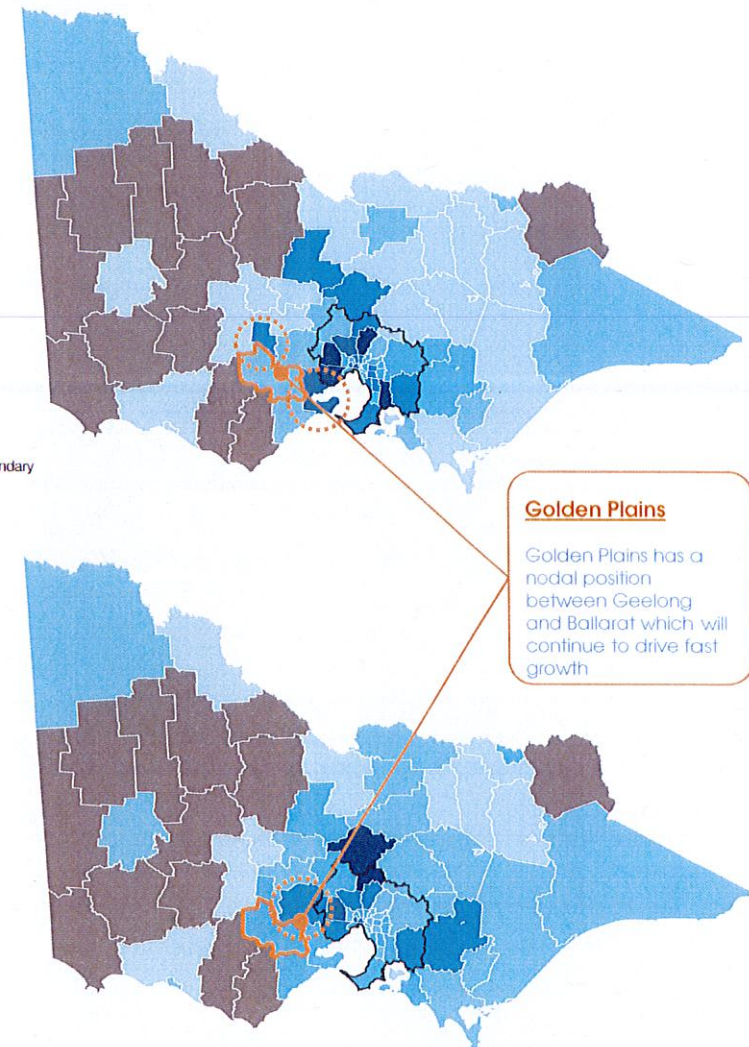
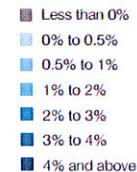
Ballarat is Victoria's third largest city with a more diversified industry structure than most regions, including strong agriculture, manufacturing, heritage-based tourism, services and higher education sectors.

Regional growth plans seek to strategically grow regional centres, particularly those with good existing infrastructure like Geelong, Ballarat, Bendigo and Mildura.

Projected population change by LGA, 2016-46



Projected annual average rate of population change by LGA, 2016-46



2 Future State

In the future...

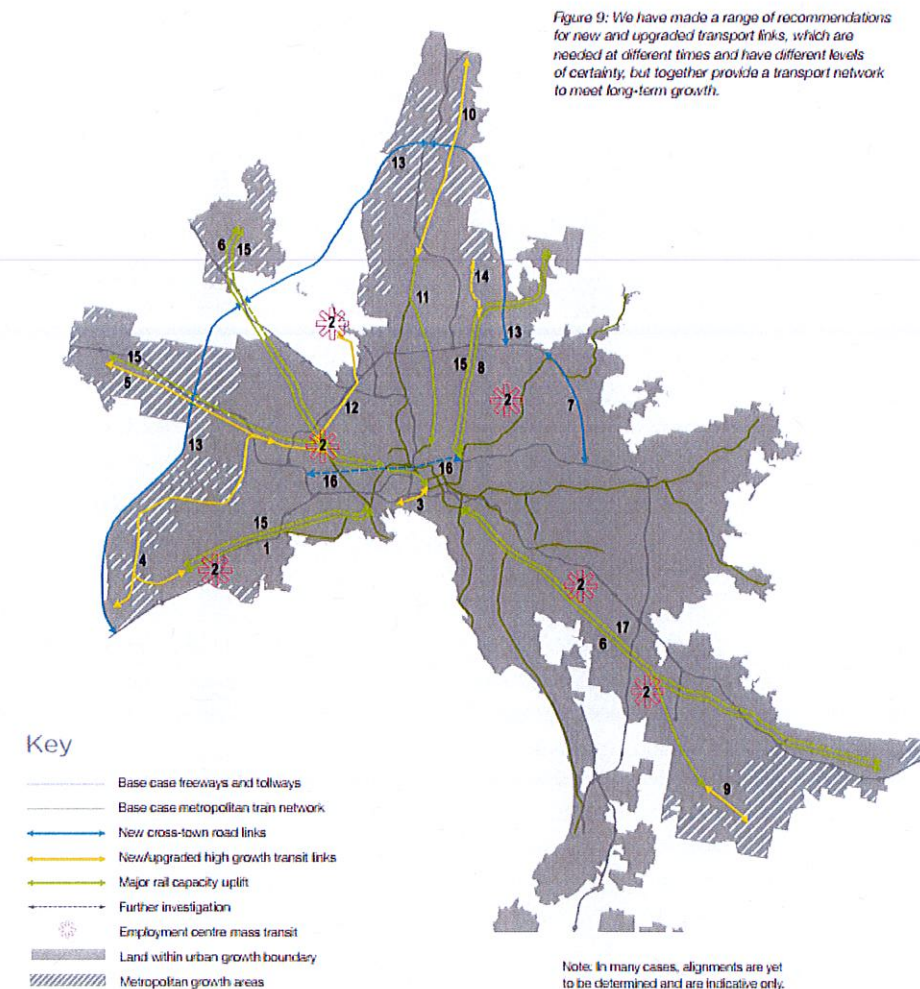
Infrastructure Victoria 30-Year Strategy has made a range of recommendations for new and upgraded transport links, which are needed at different times and have different levels of certainty, but together provide a transport network to meet long-term growth.

Significant investment in the Geelong / Wyndham / Melbourne rail corridor and major new employment nodes such as East Werribee and the Western Intermodal Freight Terminal will significantly enhance the attractiveness of locations such as Bannockburn.

Number	New and upgraded transport links (not in priority order)	Recommendation number(s)
Short to medium term (complete within 15 years)		
1	Train timetabling	10.4.2
2	Employment centre mass transit*	11.5.4
3	Fishermans Bend tram link	1.2.1, 10.8.1
4	Geelong/Werribee/Wyndham rail	1.3.4, 10.8.2, 12.3.1
5	Melton rail electrification	1.3.6, 10.8.3
6	10-car metropolitan trains	10.5.2
7	North East Link	11.5.6, 13.5.2
8	High-capacity signalling (priority line, eg Clifton Hill)	10.4.7
9	Clyde rail extension	1.3.7, 10.8.4
Longer term (complete within 15-30 years)		
10	Waltan rail electrification	1.3.8, 10.8.5
11	City Loop reconfiguration	10.10.1
12	Melbourne Airport rail link	10.9.2, 11.4.2
13	Outer Metropolitan Ring Road	11.5.7, 13.5.3
Longer term (further investigation)		
14	Wollert transport links	1.3.9, 10.8.6
15	Melbourne Metro – future stages	10.10.2
16	Eastern Freeway-CityLink-Western Ring Road	11.5.8, 13.5.4
17	Regional rail eastern corridor	12.3.3, 13.5.5

*The middle and outer employment centres covered by Recommendation 11.5.4 include East Werribee, Sunshine, Melbourne Airport, Lúrobe, Monash and Dandenong South.

Key new and upgraded transport links in Melbourne

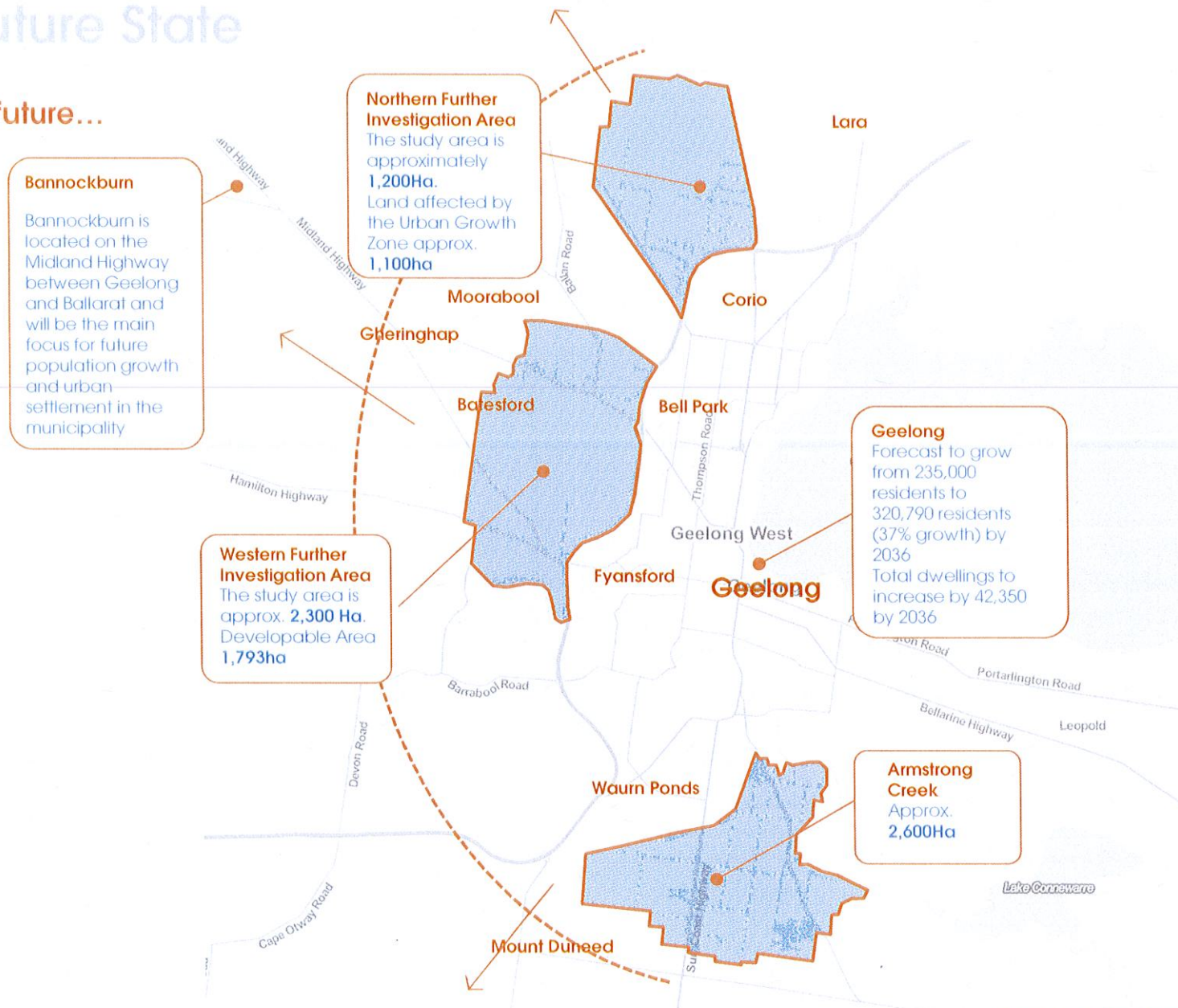


In the future...



2_Future State

In the future...



3_Current rating system

Council's current municipal rating framework...

- Total Council income from rates and charges was **\$19.586m** in FY15-16 or approx. **50% of total income**.
- Total income from rates and charges in FY15-16 comprised:
 - General rates - \$15.25m (78%).
 - Municipal Charge - \$2.24m (11%).
 - Waste Management Charge - \$1.92m (10%).
 - Special rates and charges - \$38,000.
 - Supplementary rates and adjustments – \$125,000.
- Differential rates are applicable below.

↓

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Source: Golden Plains Shire Council 2017

4 Benchmarks

Municipal comparisons...

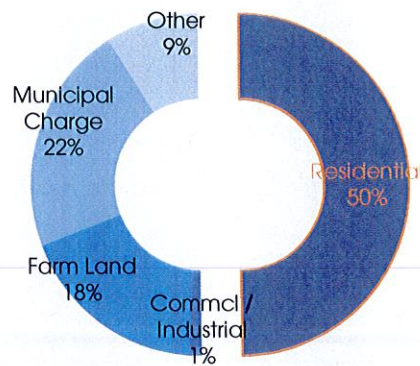
A comparison of Golden Plains Shire rates and charges income during FY15-16 with other municipalities demonstrates the following, noting variations in underlying property and land values and the rate-in-the-dollar applied:

- **General residential rates** represent approx. 50% of total rates and charges income, **well below** surrounding municipalities of Geelong (56%), Ballarat (59%), Moorabool (59%) and Surf Coast (61%).
- **Municipal charges** represent 22% of total rates and charges income, **in line** with Surf Coast but **relatively high** when compared with Geelong (19%), Ballarat (12%), Moorabool (12%) and Colac Otway (9%).
- **Commercial and industrial rates** represent approx. 1% of total rates and charges income, **well below** Moorabool (6%), Surf Coast (7%), Colac Otway (11%), Geelong (18%) and Ballarat (25%).
- **Farm rates** represents 18% of total rates and charges income, **well above** Geelong (1%), Ballarat (2%), Surf Coast (4%) and Moorabool (11%) but in line with Colac Otway (20%).

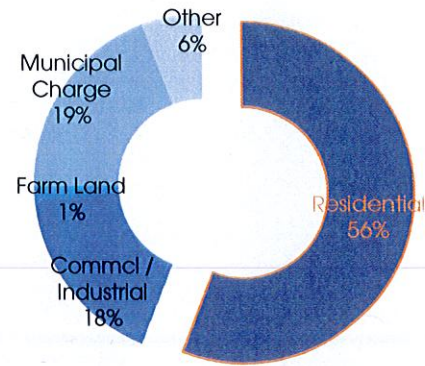
Municipalities with relatively large urban populations tend to generate more revenue from rates applicable to residential and commercial properties with a relatively lower portion of revenue derived from municipal charges and rates applicable to farm land

4 Benchmarks

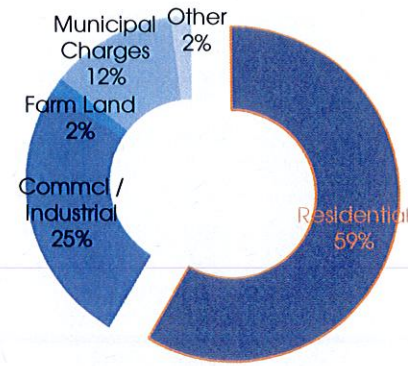
Municipal comparisons...



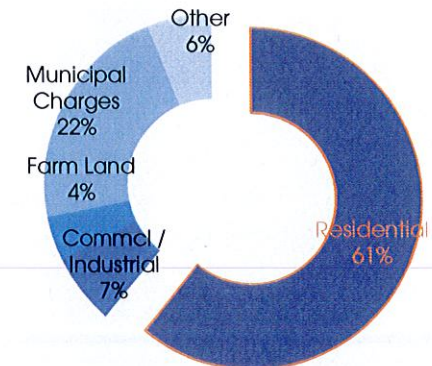
Golden Plains



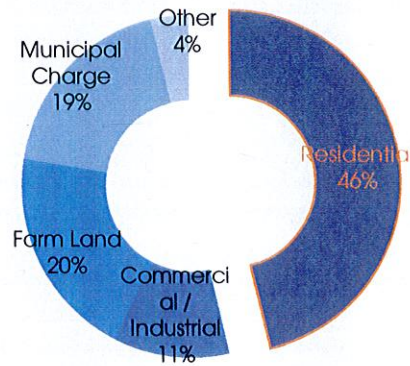
Geelong



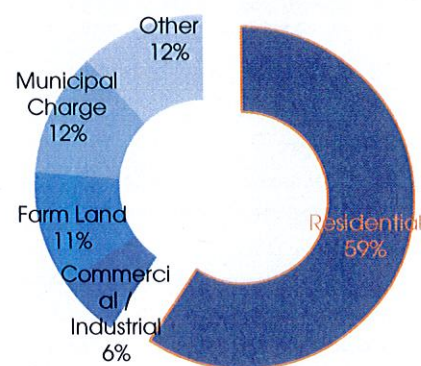
Ballarat



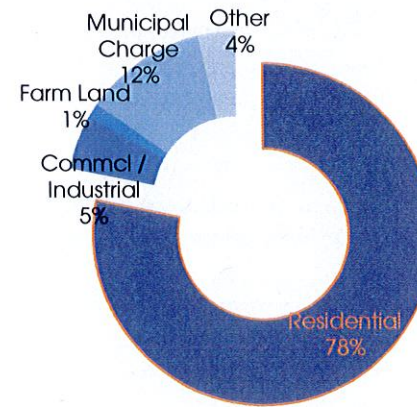
Surf Coast



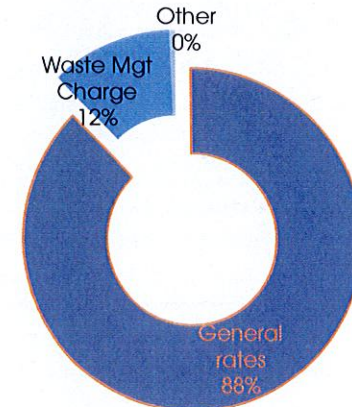
Colac Otway



Moorabool



Mornington Peninsula



Yarra Ranges

Source: Various

4 Benchmarks

Differential Rates Comparison...

The following table compares differential rates currently applying in Golden Plains Shire and benchmark municipalities.

	Golden Plains		Ballarat	Geelong	Colac-Otway	Moorabool	Surf Coast	Mornington Peninsula
Rate (Cents in \$ CIV)	Cents/ \$	Diff	Diff	Diff	Diff	Diff	Diff	Diff
Residential Improved	0.3686	100%	100%	100%	100%	100%	100%	100%
Commercial	0.3686	100%	247%	209%	165%	160%	75%	100%
Industrial	0.3686	100%	257%	278%	165%	160%	190%	100%
Farm Land	0.3317	90%	70%	100%	79%	78%		100%
Non-Farm Vacant Land	0.7371	200%		145%		260%	200%	140%
Vacant Land Non-Developable	0.3686	100%		153%				120%
Residential Improved (Growth Area)	0.3895	106%			85%			
Business, Industrial & Commercial (Growth Area)	0.3895	106%	100%		140%			
Farm Land (Growth Area)	0.3527	96%						
Non-Farm Vacant land (Growth Area)	0.7581	206%				250%		
Vacant Land Non-Developable (Growth Area)	0.3895	106%						

Source: Various

4 Benchmarks

Case Studies...

- **Mornington Peninsula Council** has a large number of regionally dispersed townships as well as emerging urban fringe hot-spots such as Dromana, Hastings and Crib Point. These areas continue to attract new residents and tourism visitation, benefiting local commercial businesses in these areas and increasing demand for community services and infrastructure. Mornington derives 78% rates revenue from residential and 5% from commercial/industrial activities.
- **Yarra Ranges Shire Council** is a large rural municipality with a growing urban fringe in areas such as Lilydale, Chirnside Park, Mooroolbark, Yarra Glen, Healesville and surrounds. Many of these areas, particularly tourism areas such as Healesville continue to attract residents and visitors, placing increased demands on local community infrastructure and services. Yarra Ranges Council derives 88% rates revenue from general rates.
- **Tourism** is potentially less likely to be a major driver for commercial investment within Golden Plains but it is likely that future population growth in Bannockburn and surrounding areas will support increased commercial business activities.

5_Opportunities

Key Principles underlying a reshaped municipal rating strategy to be explored further, may include:

Key Principles

- Expenditure on infrastructure and community services to potentially increase above the ESC 'rate cap' – in line with higher than average population growth across the municipality and surrounding regional areas.
- Emerging 'urban fringe / growth area' locations to be self-funding in terms of any requirement for new community infrastructure and/or services but ensuring long term residents and older residents / pensioners are not paying for urban fringe infrastructure.
- Funding for rural infrastructure projects and small townships to be maintained in the future.
- Agricultural land should remain competitive for agricultural purposes.

5 Opportunities

Golden Plains Shire should to explore the following scenarios, depending on timing and staging considerations:

Scenarios:

1. Do nothing - business as usual (BAU).
2. Staged implementation of a reshaped municipal rating strategy in line with the ESC cap, involving:
 - a. A reduced municipal charge from \$225 to \$200 with an increased commercial differential in urban fringe locations from 106% to 110% and a reduced farm rate – within 2-3 years; or
 - b. A reduced municipal charge from \$225 to \$175 and increased commercial differential in urban fringe locations from 106% to 120% and a reduced farm rate – within 3-5 years.
3. Early adoption of a reshaped municipal rating strategy (as per Option 2b) with a higher reduction in the farm rate in line with Moorabool, Ballarat or Colac Otway.

5 Opportunities

Other potential options or sign-posts considerations similar to other municipalities such as Mornington Peninsula Shire may include:

Sign-Posts/Triggers

- Applying a general residential rate to rural farm houses (curtilage) as in Mornington Peninsula.
- Considering the revenue requirements required to build a strong foundation to fund major infrastructure and services as a fast growing urban fringe municipality.
- Identify infrastructure thresholds that would trigger a requirement for increasing rating income above the 2.5% cap – potentially in line Moorabool (3.5%) or Murrindindi (4.5%) reflecting above forecast growth.
- Explore parameters that would underpin a self-funding model for urban growth areas supporting increased requirement for new community infrastructure and/or services in these locations, whilst minimising costs / impacts for smaller townships, older residents and rural land users.
- Identify minimum service standards for smaller townships and/or 'low growth' areas to ensure infrastructure and services are maintained in these areas.
- Maintain rate affordability for pensioners and ensure the competitiveness of farm land.

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