GOLDEN PLAINS SHIRE COUNCIL

RATING STRATEGY
2017 – 2021

Adopted: 28 March 2017

Effective: 1 July 2017

4.5.2 Rating Strategy 2017-2021

Department	Corporate Services
Unit	Corporate Services
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File References	EDMS file: 36-02-011
Council Plan Link	Council Plan 2013-2017
Relevant Council Strategies	Rating Strategy
Relevant Policies & Legislative Frameworks	
Attachments	12. Golden Plains Rating Strategy Options Paper (14 March 2017) 13. Letter from MacroPlanDimasi

Declarations of Interest: Councillors & Officers

Richard Trigg: In providing this advice as the senior manager and author, I have no disclosable interests in this report.
Diane Quigley: In providing this advice as the responsible manager, I have no disclosable interests in this report.

Purpose

The purpose of this report is to adopt the Rating Strategy 2017-2021.

Background

Council has had the benefit of a Rating Strategy since the 2005-06 year and it is due for review following the Council election. MacroPlan Dimasi has been engaged by Council to undertake the review. The key objectives of the study are to:

- Make recommendations in relation to Council's rating system such that rate revenue provides financial sustainability for the Council and achieves a equitable distribution across residents;
- Make recommendations in relation to implementation of levies associated with the *Cultural and Recreational Lands Act* 1963; and

- Prepare guidelines for implementation of the Rating Strategy.

Council conducted two workshops at which Brian Haratsis presented an options paper and developed concepts with the Councillors including financial and demographic modelling.

Discussion

Current Position

The current Rating Strategy incorporates:
1. A municipal charge on all properties fixed at $225;
2. 90% differential for farms over 40 hectares and smaller intensive farms;
3. No discount for farms 2 – 40 hectares (unless intensive farming);
4. Vacant land rate of 200% of residential rate;
5. Non-developable vacant land rate equivalent to the residential rate;
6. Business rate of 100% of residential rate; and
7. Residential rate applicable to all other properties.

The rating system is developed in the context of the Council Plan, Strategic Resource Plan and Long Term Financial Plan to ensure that an equitable distribution of rates is achieved across the community and to ensure that rate revenue be used to:

- Ensure that resources are used efficiently and effectively, and that services are provided in accordance with the Local Government Best Value Principles to best meet the needs of the local community;
- Improve the overall quality of life of people in the local community;
- Promote appropriate business and employment opportunities; and
- Ensure that services and facilities provided by the Council are accessible and equitable.

In the options paper dated 8 February 2017, MacroPlan describe a number of important factors which impact on the Rating Strategy including:

- The influences of larger municipalities to the north and south and the impact of regional growth plans;
- Population growth of around 2.7%pa over the past 10 years;
- The mix of farming and residential communities;
- The spatial distribution of population and its impact on infrastructure demand; and
- The management of the urban-rural interface as residential pressure extends beyond the township boundaries.

First Workshop

At the first workshop on 8 February, Brian Haratsis led Councillors through the discussion paper which provided worthwhile background and comparisons to other Councils. It highlighted that:

- Population has grown significantly during the past decade and well above the state average;
- Golden Plains has grown faster than its neighbours (Surf Coast, Colac Otway, Moorabool and Ballarat);
- The number of new residents in Bannockburn during the past five years exceeded areas such as Curlewis, Ocean Grove, Sebastapol;
- The growth will likely generate increased demand for infrastructure and community services and will require appropriate actions to manage community needs in the future.
- Council is still approx. 39th (out of 79) lowest rating Council in Victoria;
- Council does not use Special Charges to raise rates;
- While the Municipal Charge is higher than a number of neighbouring Councils, it has proved to be an effective means of equitably distributing the rate revenue to ensure all residents pay a fair share; and
- Council has a limited number of Differential Rating categories which are effective and appropriate to the geographic and demographic needs of the Shire. These are generally consistent with comparison councils.

As a result of the discussions in the first workshop, MacroPlan was asked to provide modelling for the following options:

- The level of additional revenue that may be achieved if a rate cap variation was successfully applied for;
- Recommend any changes to the township growth boundaries;
- A municipal charge to remain at $225;
- Analyse the value of separate differentials of farming land based on less than 100ha, 100-200ha and over 200ha;
- Analyse the impact of the overall farm differential being 80% or 85% rather than the current 90%;
- Analyse the benefit of a separate differential for new housing in defined new subdivisions; and
- No new Special Charge Schemes.

Second Workshop

The second workshop held on 14 March, concentrated on reporting back on the analysis requested from the first workshop.

1. **A Rate Cap Variation**
   The report shows that approximately $279,000 in additional rate revenue could be achieved if a variation to the rate cap was set at 3.5% (2017-18 data). This was noted as an option that could be explored in 2018-19 or later years depending on the need for additional income and following community consultation. It was noted that significant consulting fees and Officer time is involved in submitting documentation for a rate cap variation, which is often a disincentive.

2. **Any proposed changes to township growth boundaries.**
   Following on from the workshop, officers reviewed the differential growth boundaries and concluded there was no justification in any changes this year.

   It was reported that Officers are currently investigating this matter and any proposals will be introduced to Council during the budget process. Any changes can be accommodated within the rating strategy.

3. **Separate differentials for different farm sizes or increasing the farm discount.**
   The report showed that there is little evidence that Golden Plains is significantly different from its neighbours in terms of the cost of rate per hectare. It was recommended that there was little advantage in pursuing these options and in fact it would create a disincentive to smaller and intensive farming in the Shire.

4. **Separate differential in new housing subdivisions.**
   The report showed various scenarios of the impact of this proposal. It was reported that a rate cap variation would be required to be able to benefit from the additional income that could be generated which would approximately equate to a 1.5% increase in the rate cap after three years. MacroPlan suggested that:

   - It is not a simple process
   - Reminding Council that these properties already have a differential of 106%
   - The additional funds generated compared to the cost of applying for a variation and the cost of ongoing administration may make it unviable
   - A similar result could be achieved financially with an overall increase in the growth rate, currently 106%, however this would be unpopular in the community
   - The concept is one that could not be implemented in 2017-18 but may be applicable at the time of applying for a rate cap variation if that was done in the future.

Community Engagement

Feedback from the community has been gathered over the past two years and is reflected in the options paper.

Financial & Risk Management Implications

The Rating Strategy will inform future budgets.

It is considered that there are no risk management implications.

Economic, Social & Environmental Implications

It is considered that there are no economic, social or environmental implications.

Communications

A detailed communication plan will be developed as part of the budget process with particular emphasis on areas of the strategy that have been misunderstood by the community previously.

Conclusion

MacroPlan concluded by stating that the rating process of Council had been developed over a number of years and generally suited the demographic structure of the Shire.
Council must raise rate revenue each year sufficient for the purpose of good governance, administration, maintenance of physical infrastructure, and to provide for appropriate goods and services for the community.

Rates constitute a system of taxation on the local community and is, in essence, a tax on property without consideration of the income position of the resident. This system is prescribed in the *Local Government Act* 1989. For that reason, the individual benefit a ratepayer receives will not necessarily equate to the level of rates paid, but Council has a duty to ensure the aggregate of all rates collected is expended for the overall good of ratepayers across the Shire. The Rating Strategy assists in this regard by determining how the aggregate of all rates is collected from different categories within the community.

The workshop discussions and options paper assisted in responding to some ratepayer concern relating to the current rate levels and recognises that high value rateable properties are under stress as are the low income generating larger rural properties. The modelling confirmed that the current level of municipal charge assisted these properties more equitably.

The analysis confirmed that while the current strategy is appropriate to the immediate needs of Council, it should be regularly reviewed to ensure it continues to meet the needs of a municipality that is developing into a "New Urban Fringe Location".

Moved Crs Kirby/Rowe

That Council adopt the report by MacroPlan Dimasi and confirm the following Rating Strategy principles:

1. ***A municipal charge on all properties fixed at $225;***
1. ***90% differential for farms over 40 hectares and smaller intensive farms;***
2. ***No discount for farms 2 – 40 hectares (unless intensive farming);***
3. ***Vacant land rate of 200% of residential rate;***
4. ***Non-developable vacant land rate equivalent to the residential rate;***
5. ***A growth area differential of 106% on properties in defined geographic growth areas;***
6. ***Business rate of 100% of residential rate; and***
7. ***Residential rate applicable to all other properties.***

Carried

A NEW URBAN FRINGE LOCATION

Golden Plains Shire Rating Strategy

ADDENDUM TO THE EXECUTIVE REPORT

14 March 2017

GOLDEN PLAINS SHIRE

MacroPlanDimasi

_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
6_Capacity to pay assessment
7_Interpretation

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
Business, Industrial & Commercial (Growth Area)	0.3895	0.3843	172	57,914,500	225,601	**106%**	183	66,353,346	255,007
Farm Land	0.3317	0.3273	1,298	999,375,000	3,315,059	**90%**	1,296	1,009,719,673	3,304,447
Farm Land (Growth Area)	0.3527	0.3479	78	45,596,500	160,824	**96%**	75	45,030,983	156,684
Non Farm Vacant Land	0.7371	0.7273	231	38,641,500	284,842	**200%**	275	46,336,160	336,981
Non Farm Vacant land (Growth Area)	0.7581	0.7479	1,286	172,476,500	1,307,502	**206%**	1,067	166,786,586	1,247,469
Vacant Land Non-Developable	0.3686	0.3636	259	31,487,500	116,054	100%	237	29,493,437	107,246
Vacant Land Non-Developable (Growth Area)	0.3895	0.3843	30	4,203,000	16,374	**106%**	32	4,552,000	17,494
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

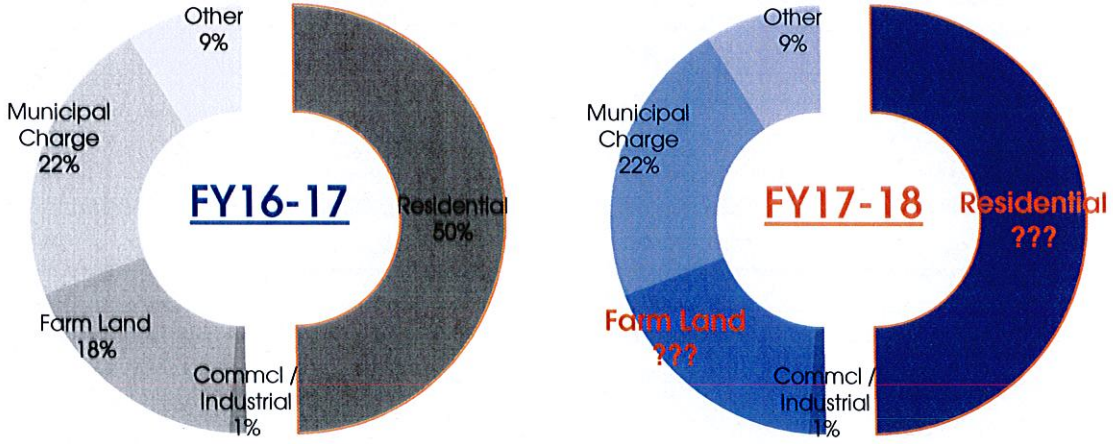
What a variation to the ESC rate cap from 2.0% to 3.5% might mean

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.



Source: Golden Plains Shire Council 2017

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 Plans 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

		<100		100-200		>200	
Land Use (Golden Plains)	**Notes**	**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

Source: Golder Plains Shire Council 2017

Notes:

1. *Mixed farming and grazing - SV and CIV significantly higher for <100 than 100-200 and >200*
2. *Piggery - SIV 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*

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)

Source: Golden Plains Shire Council 2017

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	-

Source: Golden Plains Shire Council 2017

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 Plans 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

MacroPlanDimasi

A NEW URBAN FRINGE LOCATION

Golden Plains Shire Rating Strategy

Presentation by Brian Haratsis, Chairman MacroPlan Dimasi

15 February 2017

GOLDEN PLAINS SHIRE

MacroPlanDimasi

_Discussion themes

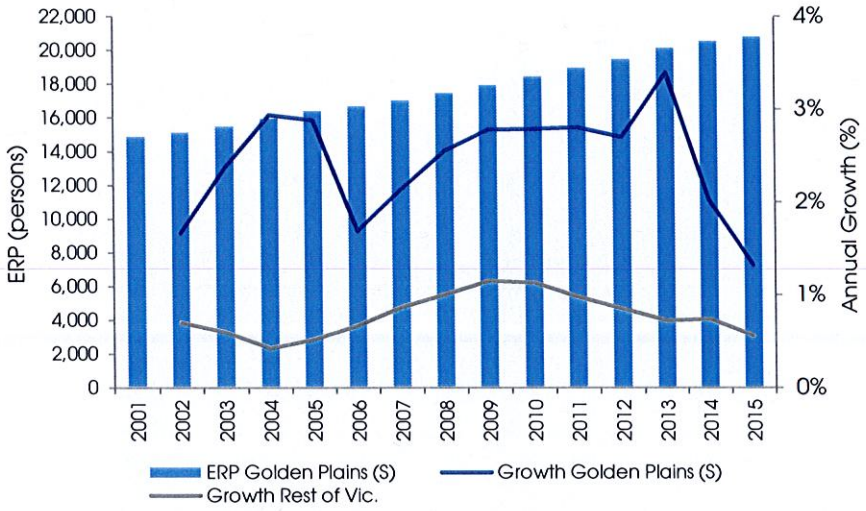
1_Current state – what do we know today?
2_Future state – what will happen in the future?
3_Current rating system – how does it work?
4_Benchmarks – comparisons with other municipalities
5_Opportunities – alternative rating scenarios and options

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.

Estimated Resident Population



Household Incomes

	Golden Plains (S)			Rest of Vic.		
Golden Plains Shire	**2001**	**2006**	**2011**	2001	2006	2011
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%

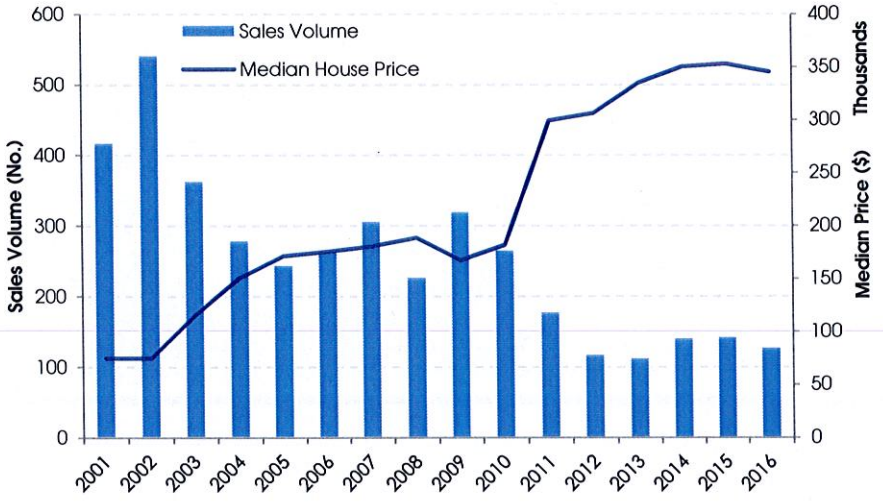
Source: Australian Bureau of Statistics

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

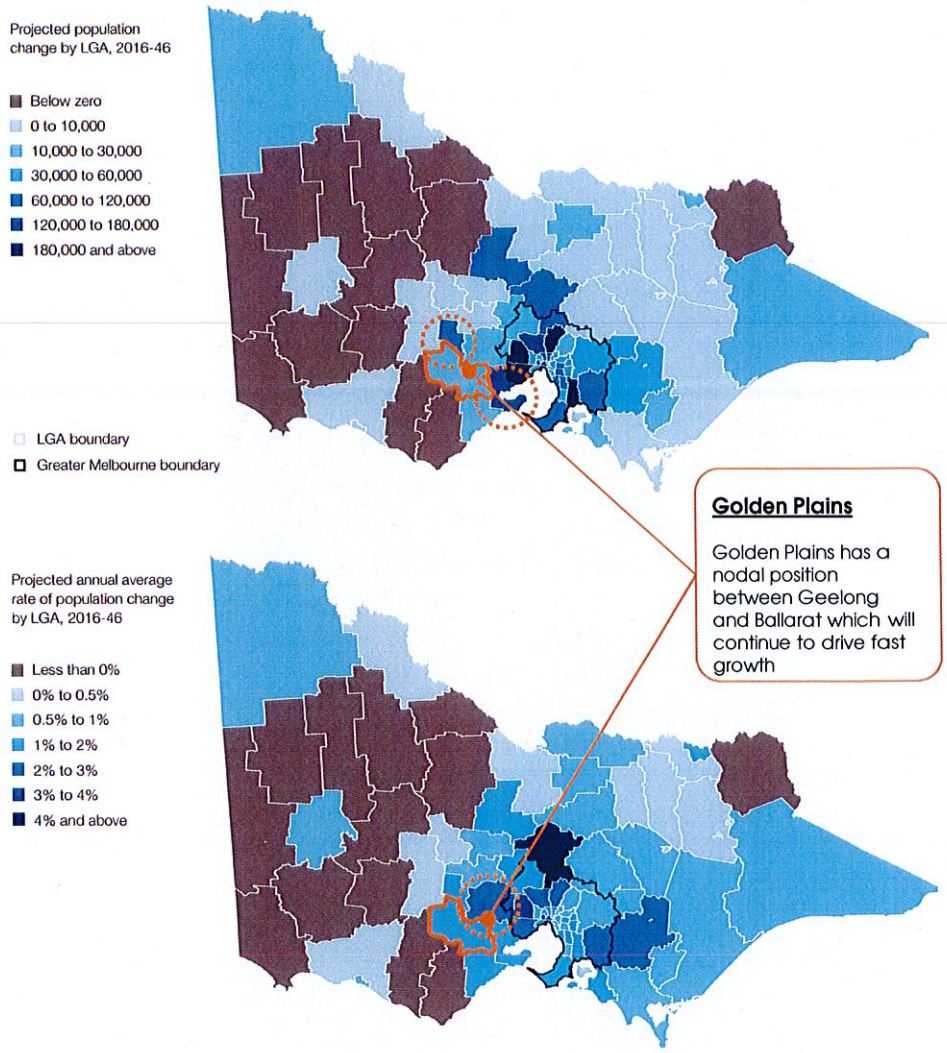
Geelong is the state's second biggest city and the largest and fastest growing region outside Melbourne. Geelong is home to major gateways including Avalon Airport and the Port of Geelong.

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.



Source: Infrastructure Victoria 30 Year Strategy

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 (not in priority order)	New and upgraded transport links	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	Wallan 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, Latrobe, Monash and Dandenong South.

Key new and upgraded transport links in Melbourne

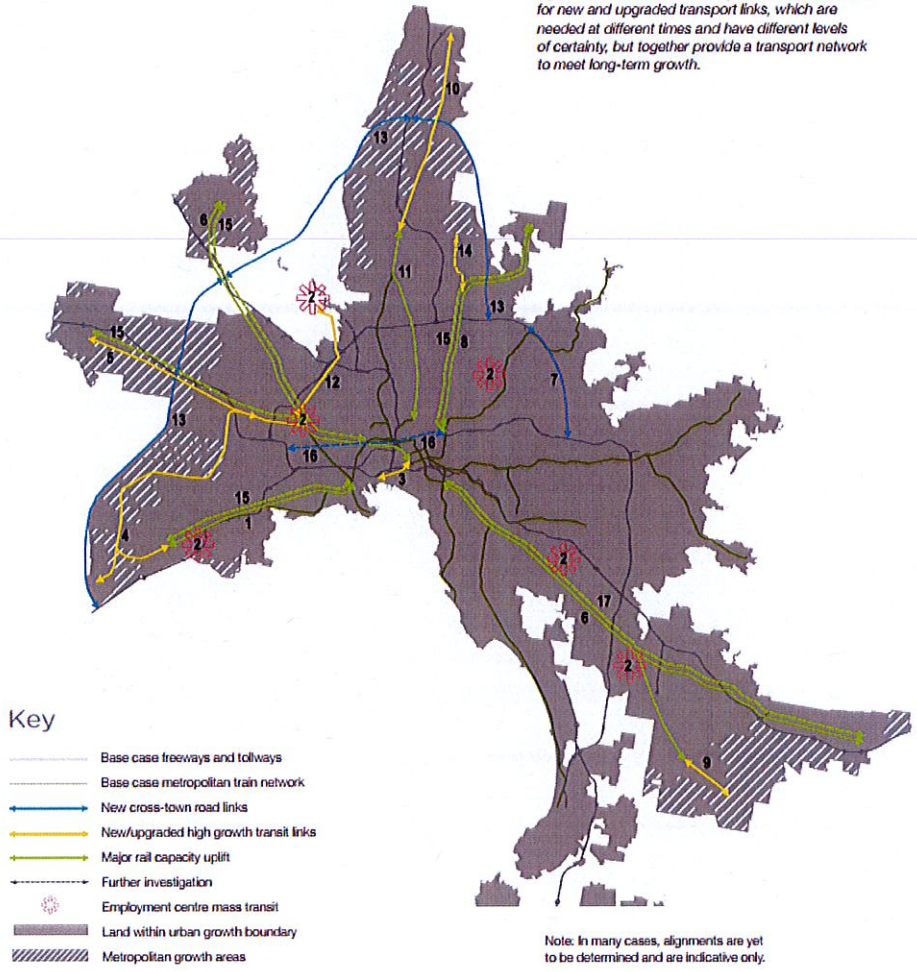


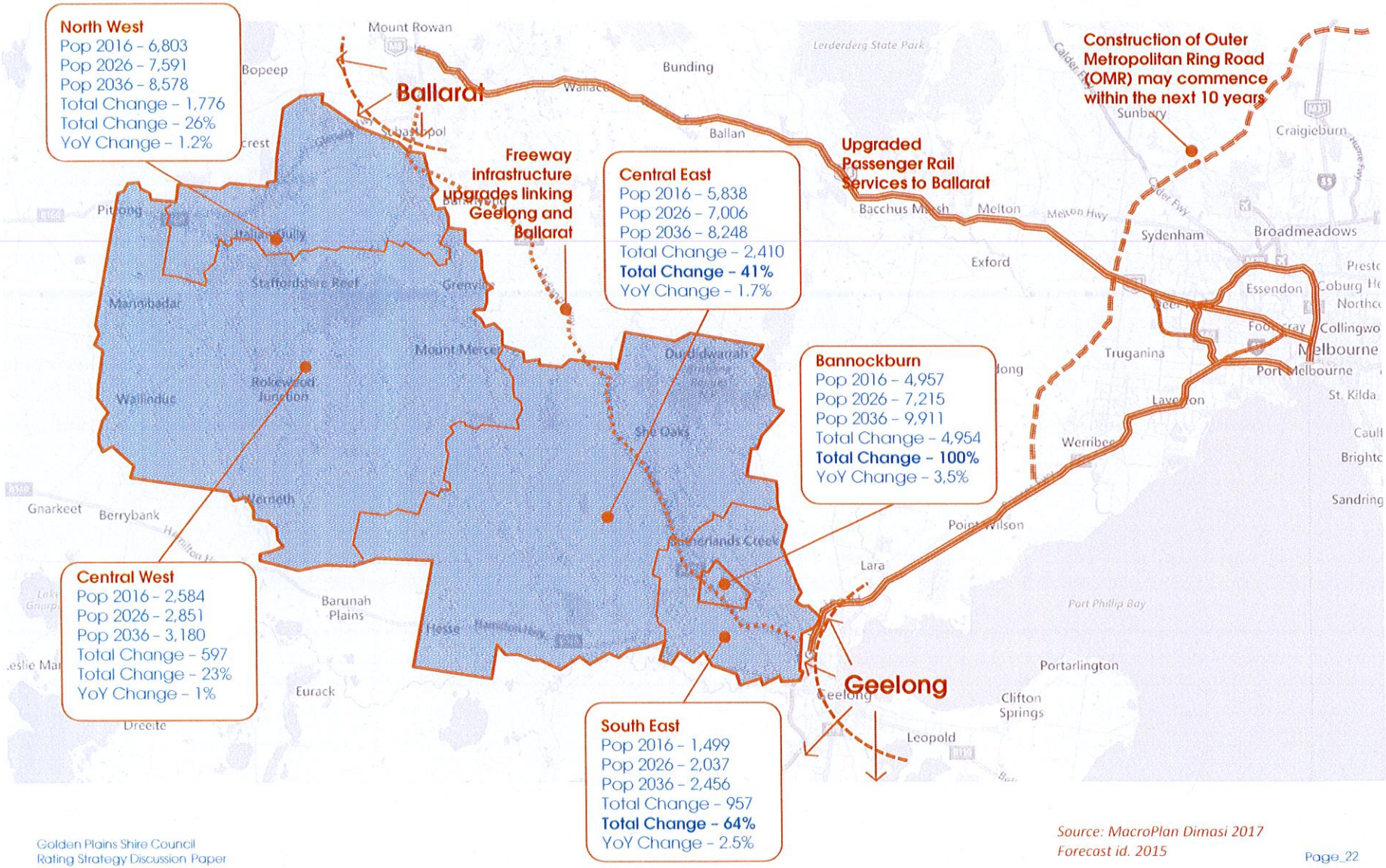
Figure 9: We have made a range of recommendations for new and upgraded transport links, which are needed at different times and have different levels of certainty, but together provide a transport network to meet long-term growth.

Note: In many cases, alignments are yet to be determined and are indicative only.

Source: Infrastructure Victoria 30 Year Strategy

2_Future State

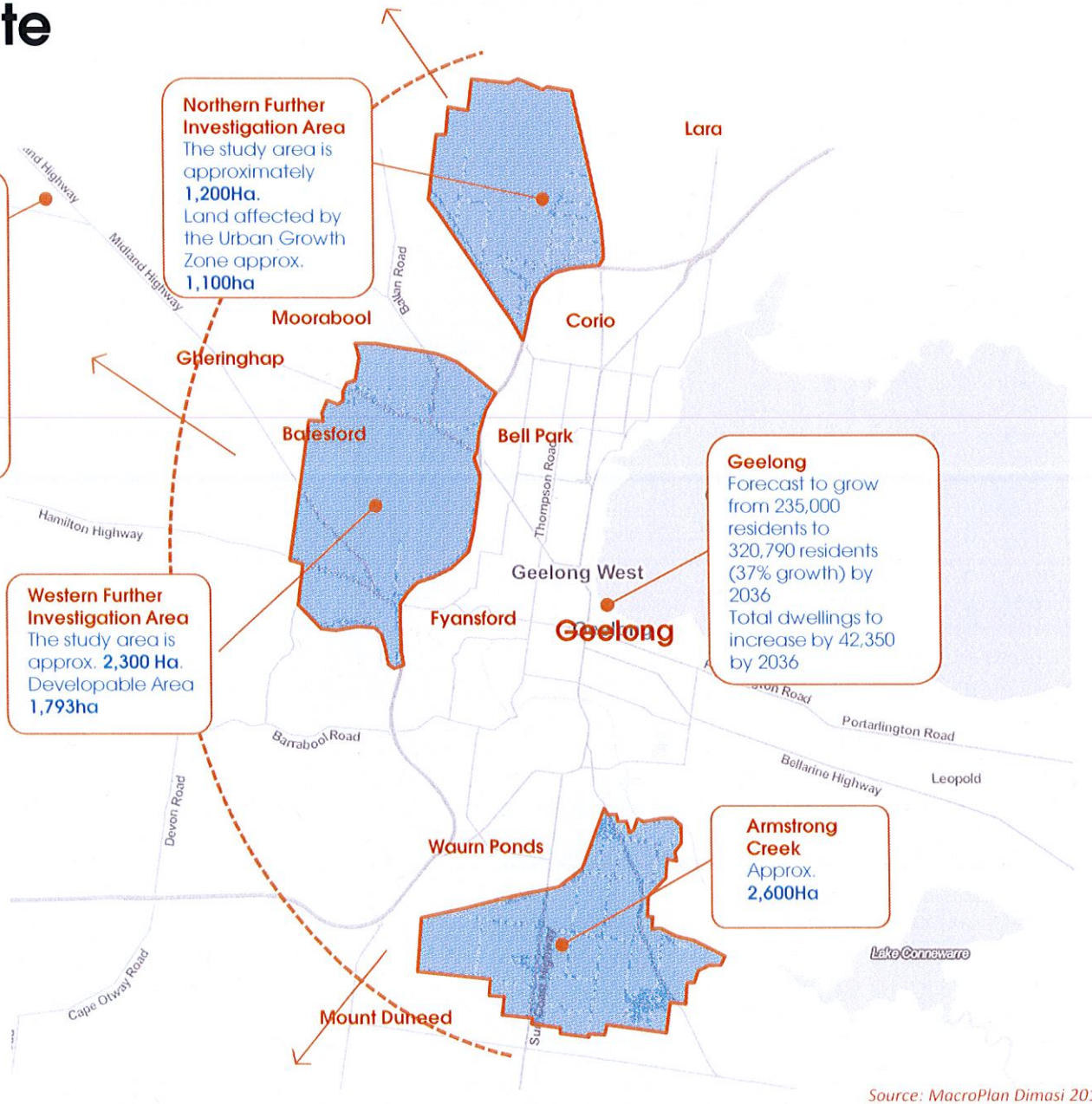
In the future…



Source: MacroPlan Dimasi 2017
Forecast id. 2015

2_Future State

In the future...



Source: MacroPlan Dimasi 2017
Forecast id. 2015; Plan Melbourne

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.

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
Business, Industrial & Commercial (Growth Area)	0.3895	0.3843	172	57,914,500	225,601	**106%**	183	66,353,346	255,007
Farm Land	0.3317	0.3273	1,298	999,375,000	3,315,059	**90%**	1,296	1,009,719,673	3,304,447
Farm Land (Growth Area)	0.3527	0.3479	78	45,596,500	160,824	**96%**	75	45,030,983	156,684
Non Farm Vacant Land	0.7371	0.7273	231	38,641,500	284,842	**200%**	275	46,336,160	336,981
Non Farm Vacant land (Growth Area)	0.7581	0.7479	1,286	172,476,500	1,307,502	**206%**	1,067	166,786,586	1,247,469
Vacant Land Non-Developable	0.3686	0.3636	259	31,487,500	116,054	100%	237	29,493,437	107,246
Vacant Land Non-Developable (Growth Area)	0.3895	0.3843	30	4,203,000	16,374	**106%**	32	4,552,000	17,494
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

4_Benchmarks

Municipal comparisons...

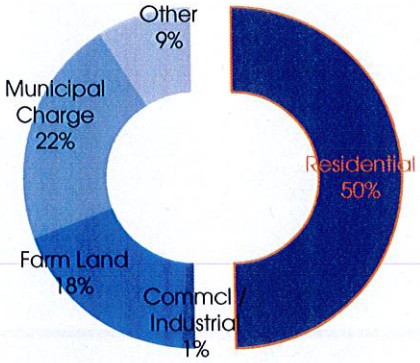
A comparison of Golden Plains Shire rates and charges income during FY15-16 with other municipalities demonstrates the following, noting variations in underlying property and land values and the rate-in-the-dollar applied:

- **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%).

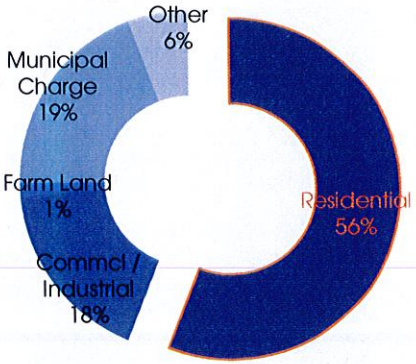
Municipalities with relatively large urban populations tend to generate more revenue from rates applicable to residential and commercial properties with a relatively lower portion of revenue derived from municipal charges and rates applicable to farm land

4_Benchmarks

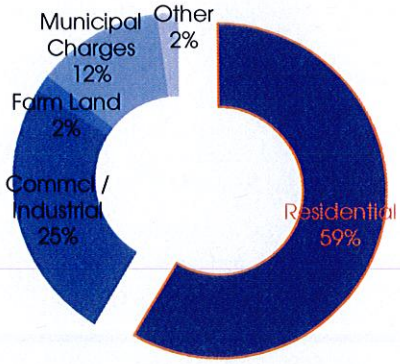
Municipal comparisons...



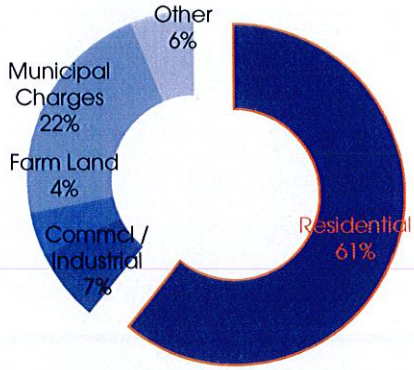
Golden Plains



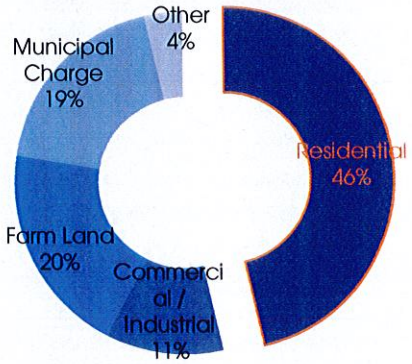
Geelong



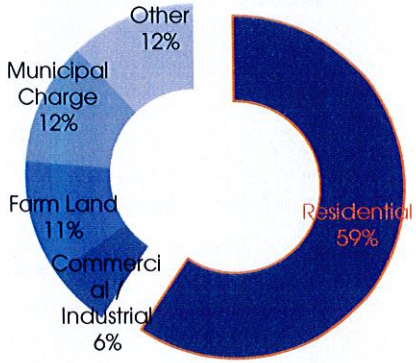
Ballarat



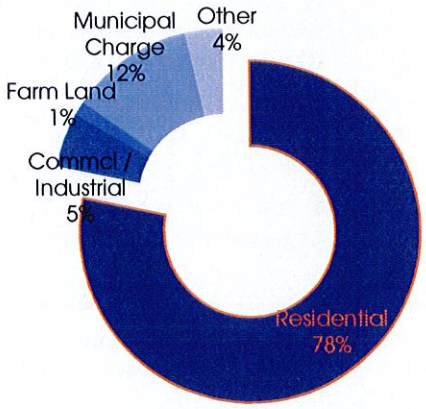
Surf Coast



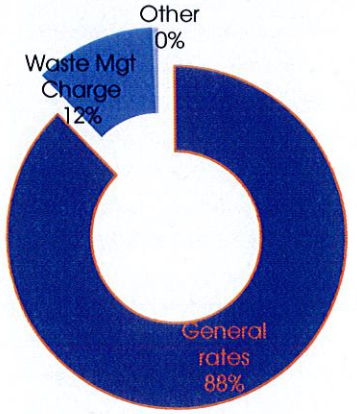
Colac Otway



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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GOLDEN PLAINS SHIRE

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