

SPECIAL MEETING OF COUNCIL

Notice is hereby given of a
Special Meeting of Council
to be held in the Council Chamber,
15 Stead Street, Ballan on
Wednesday 19 February 2014,
commencing at 5:00 p.m.

Members:

Cr. Paul Tatchell (Mayor)	Central Ward
Cr. Allan Comrie	East Moorabool Ward
Cr. David Edwards	East Moorabool Ward
Cr. John Spain	East Moorabool Ward
Cr. Tonia Dudzik	East Moorabool Ward
Cr. Tom Sullivan	West Moorabool Ward
Cr. Pat Toohey	Woodlands Ward

Officers:

Mr. Rob Croxford	Chief Executive Officer
Mr. Shane Marr	General Manager Corporate Services
Mr. Phil Jeffrey	General Manager Infrastructure
Mr. Satwinder Sandhu	General Manager Growth and Development
Mr. Danny Colgan	General Manager Community Services

Rob Croxford
Chief Executive Officer

AGENDA

1.	OPENING OF MEETING.....	3
2.	PRESENT	3
3.	APOLOGIES	3
4.	DISCLOSURE OF INTERESTS OR CONFLICTS OF INTEREST	4
5.	PRESENTATIONS/DEPUTATIONS	6
6.	BUSINESS	7
6.1	<i>Draft Rate Strategy and Proposed Consultation Plan</i>	<i>7</i>
7.	FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL	58
8.	CLOSED SESSION OF THE MEETING TO THE PUBLIC	59
9.	MEETING CLOSURE	60

1. OPENING OF MEETING

2. PRESENT

3. APOLOGIES

4. DISCLOSURE OF INTERESTS OR CONFLICTS OF INTEREST

Under the Local Government Act (1989), the classification of the type of interest giving rise to a conflict is; a direct interest; or an indirect interest (section 77A and 77B). The type of indirect interest specified under Section 78, 78A, 78B, 78C or 78D of the Local Government Act 1989 set out the requirements of a Councillor or member of a Special Committee to disclose any conflicts of interest that the Councillor or member of a Special Committee may have in a matter being or likely to be considered at a meeting of the Council or Committee.

Definitions of the class of the interest are:

- a direct interest
 - (section 77A, 77B)
- an indirect interest (see below)
 - indirect interest by close association (section 78)
 - indirect financial interest (section 78A)
 - indirect interest because of conflicting duty (section 78B)
 - indirect interest because of receipt of gift(s) (section 78C)
 - indirect interest through civil proceedings (section 78D)

Time for Disclosure of Conflicts of Interest

In addition to the Council protocol relating to disclosure at the beginning of the meeting, section 79 of the Local Government Act 1989 (the Act) requires a Councillor to disclose the details, classification and the nature of the conflict of interest immediately at the beginning of the meeting and/or before consideration or discussion of the Item.

Section 79(6) of the Act states:

While the matter is being considered or any vote is taken in relation to the matter, the Councillor or member of a special committee must:

- (a) leave the room and notify the Mayor or the Chairperson of the special committee that he or she is doing so; and
- (b) remain outside the room and any gallery or other area in view of hearing of the room.

The Councillor is to be notified by the Mayor or Chairperson of the special committee that he or she may return to the room after consideration of the matter and all votes on the matter.

There are important reasons for requiring this disclosure immediately before the relevant matter is considered.

- Firstly, members of the public might only be in attendance for part of a meeting and should be able to see that all matters are considered in an appropriately transparent manner.
- Secondly, if conflicts of interest are not disclosed immediately before an item there is a risk that a Councillor who arrives late to a meeting may fail to disclose their conflict of interest and be in breach of the Act.

5. PRESENTATIONS/DEPUTATIONS

The Council has made provision in the business of the Special Meeting of the Council for the making of presentations or deputations to Council in relation to matters presented on the agenda for Council consideration.

Presentations or deputations are required to be conducted in accordance with the requirements contained within the **Presentation/Deputations Protocols and Procedural Guidelines**.

Persons wishing to make a presentation or deputation to the Council on a matter included in the agenda shall inform Council by 1pm on the Friday prior to the meeting by contacting the Chief Executive Officer's Office and registering their name and agenda item being spoken to.

At the meeting the Mayor will invite the persons wishing to make a presentation or delegation to address the Council on the agenda item.

The person making the presentation or deputation is to stand and address the Council on the item. No debate on the item is permitted between the person making the presentation or delegation and the Council.

A maximum of three minutes per presentation or delegation will be allocated. An extension of time may be granted at the discretion of the Mayor.

Councillors, through the Mayor, may ask the person making the presentation or delegation for clarification of matters presented.

The Mayor may direct that a member of the gallery ceases speaking if the above procedure is not followed.

List of Persons making Presentations/Deputations other than in relation to a planning item listed on the agenda:

As listed.

6. BUSINESS

6.1 Draft Rate Strategy and Proposed Consultation Plan

Introduction

Council last formally adopted a Rate Strategy on 6 April 2011. Although this strategy was not formally due to expire until 5 April 2015 it was agreed that as a result of the Ministerial Differential Rate Guidelines being introduced, in addition to the need to ensure fairness and equity across the municipality in the application of rate allocation decisions, Council decided to bring the review of the strategy forward and ensure that it was completed for incorporation into the 2014/15 annual budget.

Background

The proposed review of the strategy has resulted in a number of workshops with Councillors, covering a broad spectrum of rate issues encompassing legislative requirements through to the specifics of the Moorabool rate structure.

Through the workshops with Council, the established rating categories have undergone a thorough review. Additionally, a range of models with varying charges and changes in level of rates has been considered, an analysis on utilizing a valuation base other than the CIV was considered in addition to the potential for the introduction of a municipal charge.

As a result of these deliberations at a Council level, the Council has prepared a number of rating strategy proposals. Following on from this, the community will now be provided with the opportunity to provide input into the future structure and level of rates levied by Council.

Proposal

As part of the Rating Strategy review conducted thus far, Council have discussed the option of implementing a Municipal Charge. As part of the comprehensive benchmarking exercise conducted to support the Rating Strategy, it has been identified that most benchmarked councils (11 out of the 15 or 73%) have employed a municipal charge to assist with the distribution of the rates burden. (in Victoria, 45 out of 79 councils i.e. 57% of councils have a municipal charge). The average municipal charge for the benchmarked councils was \$204.

In addition to the proposal of implementing a municipal charge, Council have also carefully considered the various rating categories and the current rating differentials as they are currently applied and have considered whether the imposition of the current rating differentials are equitable and justified in light of current circumstances. As part of the review of Councils Rating structure, Council have considered a number of rate model proposal as part of the Rating Strategy. A high level summary of the 5 rate model proposals are presented in the following table;

Rate Model proposals	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
Is a Municipal Charge proposed?	No	Yes	Yes	Yes	No
Municipal Charge Amount	\$0.00	\$77.00	\$153.97	\$307.94	\$0.00
Are rate differentials proposed to be altered?	No	No	No	No	Yes
Rating differentials proposed to be altered					
- Farm Rate					from 0.8 to 0.6
- Extractive Industry Rate					from 3.2 to 2.4
- Vacant land Commercial / Industrial					from 2.6 to 2.4
- Vacant land RZ1 / RZ2					from 2.5 to 2.4

Financial Impact of the Rate Model Proposals

The following table shows the average rates and charges by rate category that will be incurred under each of the rate model proposals as compared to the current level of rates. The table demonstrates the financial trade off that occurs either by way of progressively implementing a municipal charge (proposals 2, 3 and 4) or by lowering the rating differentials for certain categories (proposal 5). **The information as presented does not include any provision for rate increases that will occur as part of the 2014/15 budget. These are yet to be decided by Council.**

Average Rates analysis for different rates proposals						
Rate Category	Number of Properties	Current Level of Rates	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	1,333.59	1,343.88	1,354.20	1,374.81	1,387.75
Residential Retirement Village	106	723.78	764.66	805.46	887.04	753.28
Commercial/Industrial	512	3,039.53	2,964.50	2,889.55	2,739.57	3,162.99
Vacant Land Commercial/Industrial	71	2,493.79	2,446.06	2,398.38	2,302.98	2,395.46
Extractive Industry	14	20,313.93	19,374.97	18,436.51	16,559.09	15,854.26
Farm	1,507	1,990.28	1,936.21	1,882.19	1,774.09	1,553.35
Vacant Land General	587	1,391.63	1,399.09	1,406.51	1,421.31	1,448.24
Vacant Land FZ or RCZ	647	892.23	924.59	956.98	1,021.73	928.46
Vacant Land R1Z or R2Z	641	1,806.39	1,793.12	1,779.81	1,753.13	1,804.66

As an example, residential properties in Moorabool currently pay on average \$1,333.59 in rates. Under each of the alternative proposals presented for consultation, the following outcomes will occur under each of the alternative rate model proposals;

Proposal 1 - Average residential rates will not change from their current levels (i.e. \$1,333.59)

Proposal 2 - Average residential rates will increase to \$1,343.88 on average per property

Proposal 3 - Average residential rates will increase to \$1,354.20 on average per property

Proposal 4 - Average residential rates will increase to \$1,374.81 on average per property

Proposal 5 - Average residential rates will increase to \$1,387.75 on average per property

When presented in percentage terms, the relevant percentage increase proposed for each category is show below;

Rate Category	Number of Properties	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	0.00%	0.77%	1.55%	3.09%	4.06%
Residential Retirement	106	0.00%	5.65%	11.29%	22.56%	4.08%
Commercial/Industrial	512	0.00%	-2.47%	-4.93%	-9.87%	4.06%
Vacant Land Commercial/Industrial	71	0.00%	-1.91%	-3.83%	-7.65%	-3.94%
Extractive Industry	14	0.00%	-4.62%	-9.24%	-18.48%	-21.95%
Farm	1,507	0.00%	-2.72%	-5.43%	-10.86%	-21.95%
Vacant Land General	587	0.00%	0.54%	1.07%	2.13%	4.07%
Vacant Land FZ or RCZ	647	0.00%	3.63%	7.26%	14.51%	4.06%
Vacant Land R1Z or R2Z	641	0.00%	-0.73%	-1.47%	-2.95%	-0.10%

The following table provides a summary of the rating differential assumptions for each of the prepared rating proposals;

Rate Category	Number of Properties	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	100%	100%	100%	100%	100%
Residential Retirement	106	90%	90%	90%	90%	90%
Commercial/Industrial	512	160%	160%	160%	160%	160%
Vacant Land Commercial/Industrial	71	260%	260%	260%	260%	240%
Extractive Industry	14	320%	320%	320%	320%	240%
Farm	1,507	80%	80%	80%	80%	60%
Vacant Land General	587	210%	210%	210%	210%	210%
Vacant Land FZ or RCZ	647	100%	100%	100%	100%	100%
Vacant Land R1Z or R2Z	641	250%	250%	250%	250%	240%

It is proposed that Council will undertake community consultation based on rate model proposals as presented above.

Further justification of the differential rate categories is as follows:

Summarised Rate Category	Purpose of level
General	Base rate . the majority of property owners across the municipality
Residential Retirement Rate	Recognising that ratepayers living within these designated residential facilities are generally living with very restricted income and capacity to pay their rates

Commercial/Industrial	Recognising a higher capacity to pay
Extractive Industry	Recognising significant environmental impact and damage that may be caused to surrounding roads and infrastructure
Farm	Recognising the benefit, culture and environment that genuine farm properties bring to the municipality
Vacant Land Categories	Higher level than equivalent developed property rate in order to encourage development. Although not currently developed, Council still needs to prepare for service levels to cover these properties. Various levels based on development opportunities.

Policy Implications

The 2013. 2017 Council Plan provides as follows:

Key Result Area	Continuous improvement in Council Services
Objective	Effective strategic and business planning for a growing community
Strategy	Develop, implement and maintain relevant strategic and business plans.

The proposal to undertake Community Consultation on Council's Rate Structure is consistent with the 2013-2017 Council Plan.

Financial Implications

To effectively undertake the recommended consultation there will be the following costs involved:

- Officer time to prepare required consultation documents;
- Officer time to collate returned consultation documents;
- Printing of postcards for issue with the 3rd Instalment Notice; and
- Advertising of opportunity for public consultation within Moorabool Matters, Moorabool News and the Ballarat Courier.

The above costs are able to be covered within current budget allocation.

Risk & Occupational Health & Safety Issues

There are no identified risks or occupational health and safety issues identified with this initiative.

Community Engagement Strategy

As part of the Rating strategy review, the following consultation has either already taken place or is scheduled to take place pending the adoption of the recommendations to this report.

Level of Engagement	Stakeholder	Activities	Date	Outcome
Collaborate	Councillors	Attending workshops and providing feedback and suggestions from the community and their own experiences	Various	Councillors provided feedback and direct guidance in formulating proposal
	Revenue Services	Maintaining project plan, preparing workshop presentations, providing input from ratepayer feedback and knowledge of legislative constraints	Throughout project	A draft rate strategy that is in accordance with legislative and guideline constraints that can be administered within rating system
Consult	Councillors	Via Workshops	Various	A draft rate strategy that is understood and explainable to the community
	Community	Postcard with 3 rd instalment notice advising of Rate Strategy and encouraging feedback from community	Between mid-February 2014 to mid-March 2014	A rate strategy which has sought as much community feedback as possible
		Online Budget Allocator . to provide the community with the opportunity to provide input into the Rating Strategy and recommend preferred rating proposals		
		Media . public notice within Ballarat Courier, Moorabool News and information within Moorabool Matters		
		Have your say and Moorabool website		

		Direct communications via correspondence with Ballan Chamber of Commerce and Rural Advisory Committee		
Involve	Community	Have your say website	Between February 25 th 2014 to 25 th March 2014	A rate strategy which has reviewed and considered feedback from stakeholders
		Online Budget allocator survey / feedback tool		
	Rural Advisory Committee	Direct communication encouraging feedback via Budget allocator		
	Ballan Chamber of Commerce	Direct communication encouraging feedback via Budget allocator		
Involve	All ratepayers	Budget submissions concerning the Draft Budget and Rating Strategy	13 th May . 10 th June	A rate strategy which provides the community with an opportunity to make a formal written submission and the opportunity to present before a special meeting of the council in support of that submission.

As part of the community consultation, Council will also be seeking feedback from the community at the following community events;

- Bacchus Marsh Harvest Festival - March 16th
- Myrniong Music in the Park - March 22nd
- Ballan Autumn Festival - March 23rd

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

Manager – Steve Ivelja – Finance Manager

In providing this advice to Council as the Manager, I have no interests to disclose in this report.

Author – Jacinta Erdody – Revenue Services and Procurement Co-ordinator

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

After reviewing the detail within this report and the proposed draft rate strategy and consultation plan, officers recommend that Council adopt the recommendations so that appropriate community consultation can commence the week commencing the 24th February.

Recommendation:

That Council resolve to proceed with Community Consultation based on the following rate model proposals (inclusive of all related information) as shown below;

Rate Model proposals	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
Is a Municipal Charge proposed?	No	Yes	Yes	Yes	No
Municipal Charge Amount	\$0.00	\$77.00	\$153.97	\$307.94	\$0.00
Are rate differentials proposed to be altered?	No	No	No	No	Yes
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- Vacant land RZ1 / RZ2					from 2.5 to 2.4

That Council endorse the proposed Community Consultation plan as described within this report.

Report Authorisation

Authorised by:



Name: Shane Marr
Title: General Manager Corporate Services
Date: Friday, 14 February 2014

Attachment 6.1



Municipal Rate Strategy

Adopted by Council:

Expiry:

Contents

Section	Description	Page
1	Introduction	4
	1.1 Purpose of Rating Strategy	4
2	The Rating Framework in accordance with Local Government Act 1989	5
	2.1 General Rates (Section 158)	5
	2.2 Municipal Charge (Section 159)	5
	2.3 Service Rates and Charges (Section 162)	5
	2.4 Special Rates and Charges (Section 163)	6
3	Rating Options and Considerations	7
	3.1 Rating	7
	3.2 The Rate Calculation	7
	3.3 Uniform Rates or Differential Rates? (Section 160 & 161)	7
	3.4 Rebates and Concessions (Section 169)	8
	3.5 Special Rates and Charges (Section 163)	8
	3.6 Cultural and Recreational Lands Consideration	8
4	Current Composition of Revenue	9
5	The Future Rate Structure Proposals	10
	5.1 Proposals for the imposition of a Municipal Charge	10
	5.2 Rating Strategy Proposals	11/12
	5.3 Financial Impact of the Rate Model Proposals	13/14
6	Benchmarking Analysis	15
7	Rate Definitions	16
	7.1 General Developed Land	16
	7.2 Residential Retirement Village Land	17
	7.3 Commercial and Industrial Land	18
	7.4 Vacant Commercial and Industrial Land	19
	7.5 Extractive Industry Land	20
	7.6 Farm Land	21
	7.7 Vacant General Land	22
	7.8 Vacant FZ or RCZ Land	23
	7.9 Vacant R1Z or R2Z Land	24
8	Resolutions and Policy Statement Outcomes	25

Contents

Section	Description	Page
9	Appendix A . Benchmark Assessment	26/27
9.1	Benchmarks Summary and Comparison	28-34
9.2	Municipal Charge	35
9.3	Average Valuations Versus Average Rates	36-42

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1. Introduction

Council last formally adopted a Rate Strategy on 6 April 2011. Although this strategy was not formally due to expire until 5 April 2015 it was agreed that as a result of the Ministerial Differential Rate Guidelines being introduced, in addition to the need to ensure fairness and equity across the municipality in the application of rate allocation decisions, Council decided to bring the review of the strategy forward and ensure that it was completed for incorporation into the 2014/15 annual budget.

The proposed review of the strategy has resulted in a number of workshops with Councilors, which covered everything from what could occur within legislation through to the specifics of the Moorabool rate structure.

Through the workshops with Council, the established rating categories have undergone a thorough review. Additionally, a range of models with varying charges and changes in level of rates has been considered, an analysis on utilizing a valuation base other than the CIV was considered in addition to the potential for the introduction of a municipal charge.

As a result of these deliberations at a Council level, the Council have prepared a number of rating strategy proposals. Following on from this, the community will now be provided with the opportunity to provide input into the future structure and level of rates levied by Council.

1.1 Purpose of Rating Strategy

A Rating Strategy is the method by which Council can systematically consider the factors of importance that inform its decisions about the rating system and structure. The rating system determines how Council will raise money from properties within the municipality.

A Rating Strategy comprises a number of components including:

- Related research and benchmarking;
- The development of definitions;
- Annual Rate modeling against current property data;
- The development of required documentation; and
- Opportunity for public review/consultation.

By undertaking this Rating Strategy it provides the opportunity to:

- Consider whether current differential rate structures facilitate a fair and equitable distribution of rates and charges;
- Review and consider the various charges available to Council to levy under the Local Government Act 1989;
- Ensure consideration of the Differential Rate Guidelines; and
- Review Moorabool's rating comparability to similar type municipalities within Victoria.

2. The Rating Framework in accordance with the LGA 1989

The legislative framework set down in the Local Government Act determines Council's ability to develop a rating system. This framework provides Council with significant flexibility to tailor a system to suit its requirements. Various sections of the Local Government Act provide guidelines to the types of charges that can be levied which are summarized in Section 155 of the Act, as follows:

- General Rates (Section 158);
- Municipal Charges (Section 159);
- Service Rates and Charges (Section 162); and
- Special Rates and Charges (Section 163).

2.1 General Rates (Section 158)

At least once within each financial year (by 31 August) a Council must declare:

- The amount which the Council intends to raise by general rates, municipal charges, service rates and charges;
- Whether the general rates will be raised by the application of:
 - i. A uniform rate (Section 160); or
 - ii. Differential rates (Section 161); or
 - iii. Urban farm rates, farm rates or residential use rates (Section 161A)

2.2 Municipal charge (Section 159)

A municipal charge may be levied on all rateable properties within a municipality to cover some of the administrative costs of the Council.

The municipal charge in any one financial year must not exceed 20% of the total revenue raised from the combination of municipal charge and general rates.

As with the Waste Management Charge levied by Council, when considering the application of a municipal charge, Council needs to be aware that Farm Land properties that form one Farming Enterprise can apply for an exemption of the municipal charge on more than one assessment.

2.3 Service Rates and Charges (Section 162)

Enables the Council to declare a service rate or an annual service charge for the following services:

- The provision of a water supply;
- The collection and disposal of refuse;
- The provision of sewage services;
- Any other prescribed service.

The charge may be declared on the basis of any criteria specified by the Council in the rate or charge but should be relative to the total cost of the service.

Currently, Council levies the Waste Management Service Charge and State Landfill Levy under this section of the Act.

2.4 Special Rates and Charges (Section 163)

A Council can declare a special rate or charge for the purpose of:

- Defraying any expenses; or
- Repaying (with interest) any advance made to or debt incurred or loan raised by the Council

In relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.

Council cannot impose a special rate or charge without meeting certain public notice requirements as described within the Act which provides opportunity for the affected person(s) to object to the special rate or charge.

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3. RATING OPTIONS AND CONSIDERATIONS

3.1 Rating

Section 3C of the *Local Government Act 1989* sets out the objectives of a Council, which include objectives to ensure:

- That resources are used efficiently and effectively (sub section 2(b)); and
- The equitable imposition of rates and charges (sub section 2(f))

In addition, under Principles of sound financial management in Section 136 (sub section 2(b)), Council must pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.

The Act provides Council with a number of choices in how rates are spread across the community.

3.2 The Rate Calculation

Part 8 of the *Local Government Act 1989* outlines and describes the options of Council to determine, declare, levy and collect rates and charges.

The formula for determining a Council's rate revenue is:

- The identification of rateable land (Section 154);
- What rates and charges may be declared (Section 155);
- Determining the valuation to be used for the levying of rates (Section 157);
- Multiplied by the rate declared by Council (Sections 158-163).

Council can use one of three valuations for the purpose of levying their declared rates and charges;

- Site Value;
- Capital Improved Value (CIV)
- Net Annual Value (NAV)

Currently 72 of the 79 Victorian Municipalities levy their rates and charges from the CIV.

Any decision of Council to alter the valuation under which they levy their rates and charges must be published via a public notice of its decision to review the valuation under which they levy their rates, with the opportunity for the community to make a submission about the decision.

3.3 Uniform Rates or Differential Rates? (Section 160 & 161)

Council can declare that general rates will be raised by the application of a uniform rate by specifying the percentage as the uniform rate and applying that to any rateable land by multiplying the percentage against the valuation of the land.

On the other hand, differential rates allow Council to apply different rates in the dollar for different types of property as long as Council considers that the differential rate will contribute to the equitable and efficient carrying out of its functions.

By declaring differential rates, Council must specify the objectives of each rate which must remain consistent with equitable and efficient carrying out of Council's functions. When declaring differential rates, Council must ensure that the highest differential rate is no more than 4 times higher than the lowest differential rate in the municipal district.

3.4 Rebates and Concessions (Section 169)

Council may offer rebates or concessions for a number of reasons as described in Section 169, primarily ~~to~~ assist the proper development of the municipal district ~~or~~ to assist in the ~~the~~ preservation and/or restoration of places of historical or environmental interest ~~+~~.

Additional to Council declared rebates, Section 171 provides for concessions applicable under the State Concessions Act 1986. Concessions under this provision are for the primary place of residence for eligible pensioners. This rebate is determined and funded by the State Government, with the administration and application of the rebate administered by the Council.

3.5 Special Rates and Charges (Section 163)

The purposes for which a special rate and charge may be used are not limited and can include:

- Kerb and channeling;
- Footpath provision;
- Construction of private streets;
- Shopping Centre promotion and marketing;
- Security services;
- Group advertising; or
- Other matters desired by specific groups within the community.

The difference between **special** rates and charges and **service** rates and charges is that the former category is not limited to specified services but revenue collected must be spent on that specific function. Service rates and charges on the other hand can be simply included as general revenue.

3.6 Cultural and Recreational Lands Consideration

Council has adopted a formal Cultural and Recreational Lands Policy on 7 July 2010 which provides for eligible properties within the definition of ~~recreational land~~ ~~per~~ the Cultural and Recreational Lands Act 1963 a partial waiver of their general rate component.

For further information and specifics of the available waiver, please refer to the adopted Policy document.

4. CURRENT COMPOSITION OF REVENUE

The Moorabool Shire Council levies rates on the Capital Improved Value of property and currently has the following differential rate categories with varying levels of application:

Rate Category	Current Level of Rate	Number of Properties	% of Total Rate Revenue 13/14*
General	1.00	11,184	66.1%
Residential Retirement	0.90	106	0.3%
Commercial/Industrial	1.60	508	6.8%
Commercial/Industrial Vacant Land	2.60	71	0.8%
Extractive Industry	3.20	14	1.3%
Farm	0.80	1,506	13.3%
Vacant Land General	2.10	587	3.7%
Vacant Land FZ or RCZ	1.00	647	2.6%
Vacant Land R1Z & R2Z	2.50	619	5.2%

* Revenue and property numbers as at 20 January 2014

When considering the level of rates for each of the categories, the only restriction under the Local Government Act is that the highest level differential rate must not be more than 4 times higher than the lowest level differential rate.

Based on the above table, the lowest level rate is the Farm rate with a level of 0.80 whilst the highest rate is the Extractive Industry rate with a level of 3.20. This means that the rate for Extractive Industries is currently at the highest level allowed under Section 161 of the Local Government Act 1989.

In relation to current rating levels, the levels have historically been higher on the vacant land categories to try and encourage development of the assessments within these categories, whilst the higher levels for the commercial and industrial type categories have been based on an assumption that these type of properties are making an income from the properties which would result in a higher capacity to pay.

5. The future Rate Structure proposals

5.1 Proposal for the imposition of a Municipal Charge

As part of the Rating Strategy review conducted thus far, Council have discussed the option of implementing a Municipal Charge. As part of the comprehensive benchmarking exercise conducted to support the Rating Strategy, it has been identified that most benchmarked councils (11 out of the 15 or 73%) have employed a municipal charge to assist with the distribution of the rates burden. (In Victoria, 45 out of 79 councils i.e. 57% of councils have a municipal charge). The average municipal charge for the benchmarked councils was \$204.

Raising the Municipal Charge

By definition, the municipal charge is a contribution to the fixed costs of governance (LGA Section 159). The adoption of a municipal charge could be justified on the basis of the common benefit principle, i.e. that all ratepayers benefit from Council services and should contribute a similar amount. A 20% of total revenue ceiling is imposed by legislation, but in this context the municipal charge could be up to \$307.94 (Rate proposal 4). Where rates are a variable charge levied on CIV at a rate in the dollar, the municipal charge is a fixed contribution on all ratepayers.

The effect of increasing the municipal charge would be to decrease the rate in the dollar value used to calculate rates. In general terms, the imposition of a municipal charge has the impact of lowering the rate increase on high value properties and increasing rates on lower value properties. Additionally, due to the fixed nature of the charge (i.e. a standard charge on all rateable properties irrespective of property values) it has an overall effect of reducing (but not eliminating) sharp fluctuations in rate outcomes that are caused by changes in property valuations as part of municipal revaluations.

As part of the review into Councils future rating structure, community feedback will be sought to gauge the level of support if any for the application of a municipal charge. Additionally, feedback will be sought to gauge the level of support for the progressive implementation of a municipal charge. Under a progressive implementation of the municipal charge, it is envisaged that the scheme would initially commence at a lower rate and eventually increase to a maximum of 20% of total rate revenue over a fixed period (over 1 . 3 years).

5.2 Rating Strategy proposals

In addition to the proposal of implementing a municipal charge, Council have also carefully considered the various rating categories and the current rating differentials as they are currently applied and have considered whether the imposition of the current rating differentials are equitable and justified in light of current circumstances. As part of the review of Councils Rating structure, Council have considered a number of rate model proposal as part of the Rating Strategy. A high level summary of the 5 rate model proposals are presented in the following table;

Rate Model proposals	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
Is a Municipal Charge proposed?	No	Yes	Yes	Yes	No
Municipal Charge Amount	\$0.00	\$77.00	\$153.97	\$307.94	\$0.00
Are rate differentials proposed to be altered?	No	No	No	No	Yes
Rating differentials proposed to be altered					
- Farm Rate					from 0.8 to 0.6
- Extractive Industry Rate					from 3.2 to 2.4
- Vacant land Commercial / Industrial					from 2.6 to 2.4
- Vacant land RZ1 / RZ2					from 2.5 to 2.4

Current rate strategy proposal: The current rate strategy (as shown above) has been considered in the context of the review. The major elements of this proposal are;

Is a Municipal Charge proposed: No
Municipal Charge amount: \$0
Are Rate differentials to be altered: No
Rating proposed to be altered not applicable

This rate proposal essentially represents a 'status quo' position i.e. no change to Moorabool's rating strategy.

Rating Proposal 2 : Rating proposal 2 sees the implementation of a municipal charge at a lower rate (5% of total rate revenue). The major elements of this proposal are;

Is a Municipal Charge proposed: Yes
Municipal Charge amount: \$77.00 (or 5% of total rate revenue)
Are Rate differentials to be altered: No
Rating proposed to be altered not applicable

Rating Proposal 3 : Rating proposal 3 sees the implementation of a municipal charge at a mid-level rate (10% of total rate revenue). The major elements of this proposal are;

Is a Municipal Charge proposed:	Yes
Municipal Charge amount:	\$153.97 (or 10% of total rate revenue)
Are Rate differentials to be altered:	No
Rating proposed to be altered	not applicable

Rating Proposal 4 : Rating proposal 4 sees the implementation of a municipal charge at the highest possible rate (20% of total rate revenue). The major elements of this proposal are;

Is a Municipal Charge proposed:	Yes
Municipal Charge amount:	\$307.94 (or 20% of total rate revenue)
Are Rate differentials to be altered:	No
Rating proposed to be altered	not applicable

Rating Proposal 5 : Rating proposal 5 is premised on the basis of no municipal charge. This rate proposal has been prepared primarily on the basis of reducing the rate differentials for Farm properties from 0.8 to 0.6. Additionally, as a consequence of this proposed change a number of other rate differentials have also been altered to ensure that the highest differential rate is no more than 4 times higher than the lowest differential rate in the municipal district as required by the Local Government Act. The major elements of this proposal are;

Is a Municipal Charge proposed:	No
Municipal Charge amount:	\$0
Are Rate differentials to be altered:	Yes
Rating proposed to be altered	Farm Rate 0.8 to 0.6 Extractive Industry rate from 3.2 to 2.4 Vacant Land RZ1 and RZ 2 from 2.5 to 2.4 Vacant Land Commercial / Industrial from 2.6 to 2.4

Community feedback will be sought on the rate model proposals prior to Council adopting the Rating Strategy as part of the 2014/15 Annual Plan and Budget.

5.3 Financial Impact of the Rate Model Proposals

The following table shows the average rates and charges by rate category that will be incurred under each of the rate model proposals as compared to the current level of rates. The table demonstrates the financial trade off that occurs either by way of progressively implementing a municipal charge (proposals 2, 3 and 4) or by lowering the rating differentials for certain categories (proposal 5). **The information as presented does not include any provision for rate increases that will occur as part of the 2014/15 budget. These are yet to be decided by Council.**

Average Rates analysis for different rates proposals						
Rate Category	Number of Properties	Current Level of Rates	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	1,333.59	1,343.88	1,354.20	1,374.81	1,387.75
Residential Retirement Village	106	723.78	764.66	805.46	887.04	753.28
Commercial/Industrial	512	3,039.53	2,964.50	2,889.55	2,739.57	3,162.99
Vacant Land Commercial/Industrial	71	2,493.79	2,446.06	2,398.38	2,302.98	2,395.46
Extractive Industry	14	20,313.93	19,374.97	18,436.51	16,559.09	15,854.26
Farm	1,507	1,990.28	1,936.21	1,882.19	1,774.09	1,553.35
Vacant Land General	587	1,391.63	1,399.09	1,406.51	1,421.31	1,448.24
Vacant Land FZ or RCZ	647	892.23	924.59	956.98	1,021.73	928.46
Vacant Land R1Z or R2Z	641	1,806.39	1,793.12	1,779.81	1,753.13	1,804.66

As an example, residential properties in Moorabool currently pay on average \$1,333.59 in rates. Under each of the alternative proposals presented for consultation, the following outcomes will occur under each of the alternative rate model proposals;

Proposal 1 - Average residential rates will not change from their current levels (i.e. \$1,333.59)

Proposal 2 - Average residential rates will increase to \$1,343.88 on average per property

Proposal 3 - Average residential rates will increase to \$1,354.20 on average per property

Proposal 4 - Average residential rates will increase to \$1,374.81 on average per property

Proposal 5 - Average residential rates will increase to \$1,387.75 on average per property

When presented in percentage terms, the relevant percentage increase proposed for each category is show below;

Rate Category	Number of Properties	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	0.00%	0.77%	1.55%	3.09%	4.06%
Residential Retirement	106	0.00%	5.65%	11.29%	22.56%	4.08%
Commercial/Industrial	512	0.00%	-2.47%	-4.93%	-9.87%	4.06%
Vacant Land Commercial/Industrial	71	0.00%	-1.91%	-3.83%	-7.65%	-3.94%
Extractive Industry	14	0.00%	-4.62%	-9.24%	-18.48%	-21.95%
Farm	1,507	0.00%	-2.72%	-5.43%	-10.86%	-21.95%
Vacant Land General	587	0.00%	0.54%	1.07%	2.13%	4.07%
Vacant Land FZ or RCZ	647	0.00%	3.63%	7.26%	14.51%	4.06%
Vacant Land R1Z or R2Z	641	0.00%	-0.73%	-1.47%	-2.95%	-0.10%

The following table provides a summary of the rating differential assumptions for each of the prepared rating proposals;

Rate Category	Number of Properties	Current Rates Strategy	Proposal 2	Proposal 3	Proposal 4	Proposal 5
General	11,187	100%	100%	100%	100%	100%
Residential Retirement	106	90%	90%	90%	90%	90%
Commercial/Industrial	512	160%	160%	160%	160%	160%
Vacant Land Commercial/Industrial	71	260%	260%	260%	260%	240%
Extractive Industry	14	320%	320%	320%	320%	240%
Farm	1,507	80%	80%	80%	80%	60%
Vacant Land General	587	210%	210%	210%	210%	210%
Vacant Land FZ or RCZ	647	100%	100%	100%	100%	100%
Vacant Land R1Z or R2Z	641	250%	250%	250%	250%	240%

6. BENCHMARKING ANALYSIS

In undertaking this strategy the following Councils which are either part of the Super 11 Group or directly bordering Moorabool Shire Council were considered.

Council	Council	Council
Ararat	Hepburn	South Gippsland
Campaspe	Macedon	Surf Coast
Colac Otway	Mitchell	Swan Hill
Corrangamite	Moirra	Wellington
Golden Plains	Moyne	

The analysis of 2013/14 budgets of the above Councils obtained the following information:

- What the average valuation and rates in each category was (excluding all garbage charges);
- Whether the Council levied a Municipal Charge as part of their rate structure; and
- What level each Council levied the differential rates at.

Although there are a range of differential rates levied across the analysis group of Councils, the key areas that the benchmarking has been focused is as follows:

- General/Residential;
- Residential Retirement Village;
- Commercial/Industrial;
- Commercial/Industrial Vacant Land
- Farm;
- Vacant Land General/R1Z/R2Z; and
- Vacant Land Other.

The benchmarking document has been reviewed by Council and has been used to provide an evidence base for the 5 rate models that have been prepared for public consultation.

The detailed benchmarking analysis has been appended as an attachment and can be found in Section 9 of this document Appendix A . Benchmarking Assessment+

7. RATE DEFINITIONS

Below are the current rate definitions for each of Council's 9 differential rate categories.

7.1 General Developed Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the end of the Financial Year.

Definition:

Any land:

- on which a dwelling is lawfully erected and occupied for the principal purpose of physically accommodating persons; and
- which does not have the characteristics of:
 - o Commercial and Industrial Land;
 - o Vacant Commercial and Industrial Land;
 - o Extractive Industry Land;
 - o Farm Land

- Residential Retirement Villages Land;
- Vacant General Land;
- Vacant FZ and RCZ Land; or
- Vacant R1Z and R2Z Land.

7.2 Residential Retirement Village Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the end of the Financial Year.

Definition:

Any land:

- Which is defined as a Retirement Village land under the *Retirement Villages Act 1986*.

7.3 Commercial and Industrial Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the end of the Financial Year.

Definition:

Any land which is lawfully used:

- for the principal purpose of carrying out the manufacturing or productions of goods; or
- for the principal purpose of carrying out trade in goods or services.

7.4 Vacant Commercial and Industrial Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Definition:

Any land:

- located within an Industrial or Business zone under the Moorabool Planning scheme; and
- which is vacant; or
- not lawfully developed for the principal purpose of carrying out the manufacturing or production of goods or trade in goods or services; and
- which does not have the characteristics of General Developed Land.

7.5 Extractive Industry Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the end of the Financial Year.

Definition:

Any land;

- which is used primarily for the extraction or removal of minerals, earth or stone including the treatment of minerals, earth or stone; or
- on which activities for the extraction or removal of minerals, earth or stone including the treatment of minerals earth or stone have been discontinued but which has not yet been rehabilitated to environmental standards as required by law.

7.6 Farm Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the end of the Financial Year.

Definition:

Any land;

- which is farm land+within the meaning of section 2(1) of the Valuation of Land Act 1960.

7.7 Vacant General Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Definition:

Any land;

- on which no building is lawfully erected; and
- which does not have the characteristics of;
 - o Vacant commercial and Industrial Land; or
 - o Vacant FZ and RCZ Land; or
 - o Vacant R1Z and R2Z Land.

7.8 Vacant FZ and RCZ Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Definition:

Any land;

- on which no building is lawfully erected; and
- which is located within the Farm Zone (FZ) or Rural Conservation Zone (RCZ) under the Moorabool Planning Scheme; and
- which does not have the characteristics of Farm Land.

7.9 Vacant R1Z and R2Z Land

Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including the .

1. Construction and maintenance of public infrastructure; and
2. Development and provision of health and community services; and
3. Provision of general support services.

Types and Classes:

Rateable land having the relevant characteristics described in the below definition.

Use and Level of Differential Rate:

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

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

Geographic Location:

Wherever located within the municipal district.

Use of Land:

Any use permitted under the Moorabool Planning Scheme.

Planning Scheme Zoning:

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

Definition:

Any land;

- on which no dwelling is lawfully erected; and
- which is located within the Residential 1 Zone (R1Z) or Residential 2 Zone (R2Z) under the Moorabool Planning Scheme.

8. RESOLUTIONS AND POLICY STATEMENT OUTCOMES

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9. Appendix A – Benchmarks Assessment

Summary:

Moorabool Shire Council (MSC) does not have a municipal charge on the properties in contrast to most of the benchmarked councils. The average Municipal Charge of benchmarked councils for 2013-14 is \$204. This has resulted in generally higher differential rates for Moorabool in comparison to the benchmarked councils.

Snapshot of key observations from tables 1-6 is as follows:

- The general rate in the CIV dollar is slightly lower (-0.37%) in MSC in comparison to the benchmarked Councils. However, the average amount raised per general assessment (\$1,333) is higher than the average rate per general/residential assessments across the benchmarked cases (\$1,167), sitting at the 3rd highest in the benchmarked councils. This is due in large part to most councils having a Municipal Charge. When the impact of Municipal Charge is incorporated into the analysis, MSC average amount raised per general assessment is higher (1%) than the benchmarked average (\$1,316).
- The commercial/industrial rate of MSC is 12.80% higher than the benchmarked average sitting at 4th highest in the benchmarked councils. Additionally, the amount raised per assessment (\$3,050) is 25% higher than the benchmarked average (\$2,443) sitting at the 2nd highest of the benchmarked councils. These factors have resulted in low share of rates revenue from commercial/industrial properties (6.93%) making it the 4th lowest across the benchmarked councils.
- MSC has applied a discount on Farm differential rate generally consistent with the benchmarked cases. The average amount raised per assessment (\$2,010) is approximately 4% lower than the benchmarked rates (\$2,101). However, when the impact of the Municipal Charge is incorporated in the average amount raised per assessment, MSC average amount raised is significantly lower (-11%) than the benchmark average (\$2,256) ranking at 9th highest in the benchmarked councils.
- There are different types of vacant land differential rates in MSC defined by land use and geographic location. As an average, the amount raised per vacant residential land assessment in MSC (\$1,625) is approximately 35% higher than the benchmarked average (\$1,208).
- The share of rates revenue by land use category shows that MSC relies mainly on general/residential (65.41% of total revenue) and farm land (13.47% of total revenue) rates revenue. Though the general/residential revenue is almost the same as the benchmarked average, however, the dependency on farm revenue (13.47%) and commercial revenue (6.93%) is lower than the benchmarked average of 24.18% and 9.37% respectively.

Conclusions / Observations:

- Most benchmarked Councils (11 out of the 15 councils or 73%) have employed a municipal charge to assist with the distribution of the rate burden (In Victoria, 45 out of 79 city councils i.e. 57% of the Councils have a Municipal Charge). The level of the municipal charge from the benchmark survey varies from \$50 to \$344 with an average municipal charge of \$204. Modelling of a municipal charge at a rate of 5%, 10% and 20% is recommended as part of the Rating Strategy review.
- General Rates (i.e. residential rates) levels are generally consistent with the outcomes of the benchmarking. The benchmarking indicates that average rates and average valuations are consistent with the benchmarked averages of the 14 other councils.
- An analysis of Farm Rates as compared to the benchmarked averages indicates that:
 - on average Farms in Moorabool Shire pay lower average rates (11%) on lower average valuations (9%); and
 - the current rating differential as set at 80% of the general rate is 4% lower than the benchmark average of 84%.
- The benchmark indicates that the current rate level for vacant land being;
 - Vacant Residential Land
 - Vacant Other Land (vacant land within Farm zone or rural conservation zone)
 - Vacant land Commercial / Industrialis generally high when compared to the benchmarked councils indicating that it would be imprudent to further increase these rate differentials in light of the benchmark survey. It may be reasonable for Council to further assess the rating differentials for some vacant land categories.
- It may be reasonable for Council to assess the feasibility of lowering the rating differential for vacant commercial / industrial land from the current rating level of 2.6 times the general rate to 1.6 times the general rate. This category only makes up 0.79% of the overall rate base resulting in a small revenue re-distribution but conversely may lessen the initial cost barriers of setting up business in Moorabool Shire.

9.1 Benchmarks Summary and Comparison

Table 1	Benchmark Comparisons - Rate in Dollar by Category, 2013-14										
	1	2	3	4	5	6	7	8	9	10	
2013-14	Rate in \$ by Category, 2013-14										Municipal Charge \$
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land Others (Note-1)	Commercial/Industrial	Commercial/Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/Recreational Land	Others (Note-2)	
Moorabool	0.004055	0.008515 - 0.01037	0.004055	0.006488	0.010543	0.012976	0.003244	0.003649	-	-	-
Swan Hill	0.006310 - 0.006563	0.013126	-	0.008204	-	-	-	-	-	0.005679	-
Moyne Shire	0.001965	-	-	-	-	-	-	-	0.000491	-	220
Golden Shire	0.003527 - 0.003728	0.007054 - 0.007255	0.003527 - 0.003728	0.003527 - 0.003728	-	-	0.003174 - 0.003375	-	-	-	200
Ararat	0.006634	-	-	0.008624 - 0.010614	-	-	0.003980	-	-	-	80
Campaspe	0.004675	-	-	0.005423	-	-	0.004208	-	-	-	50
Colac-Otway	0.003429 - 0.004034	-	-	0.005648 - 0.006656	-	-	0.003187	-	-	-	161
Corrangamite	0.003077	-	-	-	-	-	0.002923	-	0.001539	-	228
Hepburn	0.004254	0.005318	0.004254	0.004935	-	-	0.002765	-	0.002127	0.002127 - 0.004935	-
Macedon	0.002829	-	-	0.003395	-	-	0.002263	0.001414	0.001414	0.002829	185
Mitchell	0.003237	0.006474	-	-	-	-	0.002589 - 0.002913	-	-	0.006474	299
Moira	0.003647	0.007294	-	0.005106	0.007294	-	0.003647	0.001851	0.003535	-	295
Sth Gippsland	0.003797	0.005696	0.003797	0.003797	-	-	0.003418	-	0.001519	-	344
Surf Coast	0.002304	0.004607	-	0.004377	-	-	0.001728	-	-	-	177
Wellington	0.005199	-	-	-	-	-	0.004159	-	-	-	-
AVERAGE	0.004070	0.007571	0.003872	0.005752	0.008919	0.012976	0.003171	0.002305	0.001771	0.005511	204
Moorabool Shire DEVIATION	-0.37%	12.47% - 37%	4.72%	12.80%	18.21%	-	2.29%	58.33%	-	-	-
Moorabool Shire Ranking	<u>6</u>	<u>2</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>			

Key Observations:

- The rate in the dollar for all categories apart from the general rate (i.e. residential rate) is higher than the benchmarked average. This is due in large part to the municipal charge which has the impact of reducing the cents in the dollar for all Councils who current adopt a municipal charge
- For the 3 other Councils who currently do not adopt a municipal charge being Swan Hill, Hepburn and Wellington Shire Council, the rate in the dollar for most categories are higher than the rate in the dollar adopted by MSC
- Apart from residential retirement villages (which make up a very small portion of the rate base), vacant land (both residential vacant land and commercial and industrial vacant land) is on average moderately greater than the rate in the dollar adopted by the benchmark councils. However, it needs to be remembered that the municipal charge has the impact of reducing the cents in the dollar for all Councils who have adopted a municipal charge

Table 2	Benchmark Comparisons - Rate Differential by Category, 2013-14									
	1	2	3	4	5	6	7	8	9	10
2013-14	Rate Differential by Category, 2013-14									
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land - Others (Note-1)	Commercial /Industrial	Commercial/ Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/ Recreational Land	Others (Note-2)
Moorabool	100%	210% - 255%	100%	160%	260%	320%	80%	90%	-	-
Swan Hill	100% - 104%	208%	-	130%	-	-	-	-	-	90%
Moyne Shire	100%	-	-	-	-	-	-	-	25%	-
Golden Shire	100% - 106%	200% - 206%	100% - 106%	106%	-	-	90% - 96%	-	-	-
Ararat	100%	-	-	130% - 173%	-	-	60%	-	-	-
Campaspe	100%	-	-	116%	-	-	90%	-	-	-
Colac-Otway	100% - 117%	-	-	165% - 194%	-	-	93%	-	-	-
Corrangamite	100%	-	-	-	-	-	95%	-	50%	-
Hepburn	100%	125%	100%	116%	-	-	65%	-	50%	50% - 116%
Macedon	100%	-	-	120%	-	-	80%	50%	50%	100%
Mitchell	100%	200%	-	-	-	-	80% - 90%	-	-	200%
Moira	100%	200%	-	140%	200%	-	100%	51%	97%	-
Sth Gippsland	100%	150%	100%	100%	-	-	90%	-	40%	-
Surf Coast	100%	200%	-	190%	-	-	75%	-	-	-
Wellington	100%	-	-	-	-	-	80%	-	-	-
AVERAGE	102%	195%	101%	142%	230%	320%	84%	64%	52%	111%
Moorabool Shire Ranking	<u>4</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>8</u>	<u>1</u>		

Key Observations:

- The average farm rate differential across the benchmarked councils was 84%. MSC's farm rate differential currently sits favorably at 80% in comparison to the average rate. The lowest farm rate differential was 60% (Ararat) and the highest was set at 100% (Moira Shire). Moorabool's farm rate is ranked 8th highest out of 13 Councils that adopted a farm rate
- Moorabool Shire's differential for retirement villages (90%) was significantly greater than the differential set by the 2 other Councils who adopted a rate for residential retirement villages (50% and 51% respectively)
- Out of the 11 Councils who adopted a commercial / industrial rate differential, MSC ranked 4th highest differential. The differential of 160% for commercial/industrial developed properties compared unfavorably to the average rate differential of 142% across the benchmarked councils. The impact of a higher rating differential is even more pronounced for vacant commercial / industrial land with the current rating differential for Moorabool set at 260%. This indicates that vacant commercial / industrial land parcels are rated at significantly higher rates than the benchmarked councils
- Vacant residential land ranked 1st highest differential set as compared to the benchmarked councils. Vacant residential land is currently rated at between 210% - 255% by MSC as compared to an average rate of 195% as indicated by the benchmarking

Table 3	Benchmark Comparisons - Average Amount Raised per Assessment excluding municipal charge, 2013-14										
	1	2	3	4	5	6	7	8	9	10	
2013-14	Average Amount (\$) Raised per Assessment excluding municipal charge, 2013-14										Municipal Charge -\$-
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land - Others (Note-1)	Commercial /Industrial	Commercial /Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/ Recreational Land	Others (Note-2)	
Moorabool	1,333	1,625	886	3,050	2,511	20,314	2,010	656			
Swan Hill	1,550	1,396		3,283						2,615	
Moyne Shire	1,037								59		220
Golden Shire	1,164	881	441	1,127			2,318				200
Ararat	1,179			2,581			2,710				80
Campaspe	1,150			2,946			1,671				50
Colac-Otway	1,063			2,781			2,110				161
Corrangamite	893						3,059		2,144		228
Hepburn	1,273	700	622	2,502			1,573		923	2,336	
Macedon	1,309			1,729			1,853	207	2,138	33	185
Mitchell	1,066	1,180					2,215			23,485	299
Moira	893	1,091		2,305	1,131		1,324	154	1,438		295
Sth Gippsland	1,032	713	248	1,659			2,424		570		344
Surf Coast	1,433	2,080		2,909			1,770				177
Wellington	1,134						2,276		1,280		
AVERAGE	1,167	1,208	549	2,443	1,821	20,314	2,101	339	1,222	7,117	204
Moorabool Shire DEVIATION	14%	35%	61%	25%	38%	0%	-4%	94%			
Moorabool Shire Ranking	3	2	1	2	1	1	8	1			

Key Observations:

- 11 out of 15 Councils have adopted a municipal charge. The impact of the municipal charge results in lower average rates outcome for the Councils who adopt a municipal charge due to this charge being excluded from the average rates numbers as quoted above
- Due to the impact of the municipal charge, the average amount raised in Moorabool per assessment for each of the rate categories was higher than the average across the benchmarked Council with the exclusion of the Farm rate
- The average rates per assessment for Farm properties in Moorabool Shire was \$2,010 or 4% less than the average of the 15 benchmarked Council (\$2,101)

Table 4	Benchmark Comparisons - Average amount raised per assessment including Municipal Charge, 2013-14										
	1	2	3	4	5	6	7	8	9	10	
2013-14	Average amount (\$) raised per assessment including Municipal Charge - in \$										Municipal Charge Included in the rates \$
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land - Others (Note-1)	Commercial /Industrial	Commercial /Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/ Recreationa l Land	Others (Note-2)	
Moorabool	1,333	1,625	886	3,050	2,511	20,314	2,010	656			
Swan Hill	1,550	1,396		3,283						2,615	
Moyné Shire	1,257								279		220
Golden Shire	1,364	1,081	641	1,327			2,518				200
Ararat	1,259			2,661			2,790				80
Campaspe	1,200			2,996			1,721				50
Colac-Otway	1,224			2,942			2,271				161
Corrangamite	1,121						3,287		2,372		228
Hepburn	1,273	700	622	2,502			1,573		923	2,336	
Macedon	1,494			1,914			2,038	392	2,323	218	185
Mitchell	1,365	1,479					2,514			23,784	299
Moirá	1,188	1,386		2,600	1,426		1,619	449	1,733		295
Sth Gippsland	1,375	1,056	592	2,003			2,768		914		344
Surf Coast	1,610	2,257		3,086			1,947				177
Wellington	1,134						2,276		1,280		
AVERAGE	1,316	1,372	685	2,579	1,968	20,314	2,256	499	1,403	7,238	204
Moorabool Shire DEVIATION	1%	18%	29%	18%	28%	0%	-11%	32%			
Moorabool Shire Ranking	7	2	1	3	1	1	9	1			

Key Observations:

- When the impact of the municipal charge is included into the average rates per assessment, MSC general rates (\$1,333) are marginally higher (1%) than the benchmarked average (\$1,316)
- When the impact of the municipal charge is included into the average rates per assessment, MSC farm rates (\$2,010) are 11% lower than the benchmarked average (\$2,256)
- When the impact of the municipal charge is included in the average rates per assessment, vacant residential land average rates (\$1,625) are on average 18% higher than the benchmarked average (\$1,372)
- When the impact of the municipal charge is included in the average rates per assessment, vacant commercial / industrial land average rates (\$2,511) are on average 28% higher than the benchmarked average (\$1,968). Average rates per assessment for Commercial / Industrial developed land is on average 18% higher in Moorabool Shire as compared to the benchmarked councils
- Average rates for commercial / industrial properties (including vacant commercial / industrial land) is amongst the highest across the benchmarked councils
- Vacant Land in Moorabool Shire which is encumbered by being in a farm zone or rural conservation zone (but which does not have the characteristics of farm land) is generally rated on a higher basis in Moorabool Shire as compared to similar type properties in comparable councils (29% higher than the benchmarked average)

Table 5	Benchmark Comparisons - Rate Revenue Composition by Category, 2013-14										
	1	2	3	4	5	6	7	8	9	10	
2013-14	Rate Revenue Composition by Category, 2013-14										Total
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land - Others (Note-1)	Commercial /Industrial	Commercial /Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/ Recreational Land	Others (Note-2)	
Moorabool	65.41%	9.27%	2.59%	6.93%	0.79%	1.28%	13.47%	0.26%			100%
Swan Hill	76.20%	0.47%		7.91%						15.42%	100%
Moyne Shire	99.9995%								0.00049%		100%
Golden Shire	61.66%	11%	1%	1.71%			24.74%				100%
Ararat	49.69%			9.54%			40.76%				100%
Campaspe	61.41%			15.77%			22.82%				100%
Colac-Otway	59.07%			13.28%			27.65%				100%
Corrangamite	38.96%						60.99%		0.04%		100%
Hepburn	64.17%	3.53%	4.11%	14.35%			11.70%		0.09%	2.05%	100%
Macedon	86.54%			6.06%			7.20%	0.12%	0.08%	0.02%	100%
Mitchell	75.92%	9.90%					11.84%			2.34%	100%
Moir	50.62%	6.66%		13.14%	0.45%		29.07%	0.06%	0.01%		100%
Sth Gippsland	49.72%	5.17%	0.18%	6.23%			38.66%		0.05%		100%
Surf Coast	77.33%	9.18%		8.17%			5.33%				100%
Wellington	79.75%						20.13%		0.12%		100%
AVERAGE	66.43%	6.86%	2.02%	9.37%	0.62%	1.28%	24.18%	0.15%	0.05%	4.96%	

Key Observations:

- Moorabool Shire relies most heavily on the general rate (i.e. residential properties) as a source of rate revenue. General rates account for 65.4% of Moorabools total rate revenue pool. This is very much consistent with the benchmarked average of 66.4% reliance on general rates
- Moorabool Shire relies on the farm rate to deliver 13.4% of total rate revenue which is lower than the benchmark average of 24.2% reliance on farm rate

Table 6	Benchmark Comparisons - Average CIV, 2013-14										
	1	2	3	4	5	6	7	8	9	10	
2013-14	Average CIV in \$, 2013-14										Municipal Charge \$
	General Rate	Vacant Land General/ R1Z/R2Z	Vacant Land - Others (Note-1)	Commercial/ Industrial	Commercial /Industrial Vacant	Extractive Industry Rate	Farm Rate	Residential Retirement Villages	Cultural/ Recreational Land	Others (Note-2)	
Moorabool	328,840	172,022	218,516	470,024	238,143	1,565,500	619,570	179,845			
Swan Hill	244,457	106,334		400,218						460,484	
Moyne Shire	527,785								120,094		220
Golden Shire	317,394	136,005	129,770	295,323			625,042				200
Ararat	177,653			231,194			680,915				80
Campaspe	245,996			586,536			397,095				50
Colac-Otway	350,724			460,823			662,069				161
Corrangamite	290,093						1,046,391		1,393,329		228
Hepburn	299,223	131,602	146,313	421,690			569,027		433,981	458,929	
Macedon	462,537			509,371			818,789	146,151	1,511,952	11,754	185
Mitchell	329,306	182,224					850,966			3,627,521	299
Moir	257,338	128,943		1,109,367	161,905		321,422	83,010	406,789		295
Sth Gippsland	271,646	125,102	65,333	544,957			709,271		375,227		344
Surf Coast	621,959	451,417		664,576			1,024,380				177
Wellington	218,031						547,223		630,316		
AVERAGE	329,532	179,206	139,983	517,644	200,024	1,565,500	682,474	136,336	695,955	1,139,672	204
Moorabool Shire DEVIATION	0%	-4%	56%	-9%	19%	0%	-9%	32%			
Moorabool Shire Ranking	<u>6</u>	<u>3</u>	<u>1</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>1</u>			

Key Observations:

- Commercial / Industrial properties in Moorabool Shire on average have a lower value (\$470,024 compared to the benchmark average value of \$517,644) but pay 18% higher average rates per assessment (\$3,050 average rates in Moorabool vs \$2,579 for benchmarked councils)
- Residential properties in Moorabool Shire on average have a similar value (\$328,840 compared to the benchmark average value of \$329,532) and pay 1% higher average rates per assessment (\$1,333 average rates in Moorabool vs \$1,316 for benchmarked councils)
- Farm properties in Moorabool Shire on average have a lower value (\$619,570 compared to the benchmark average value of \$682,474) and pay 11% lower average rates per assessment (\$2,010 average rates in Moorabool vs \$2,256 for benchmarked councils)

Explanation of Notes 1 & 2 as referred in tables 1 to 6**Note 1 – Vacant Land – Others**

Vacant Land - Others" category refers to land which is located within the Farm Zone (FZ) or Rural Conservation Zone (RCZ) under the Moorabool Planning Scheme.

- South Gippsland Shire Council . Vacant Land Restricted use - Any vacant land where residential development has been dis-allowed due to planning restrictions.
- Golden Plains Shire Council Vacant Land Non Developable which:
 - is located in the Farming Zone (as zoned within the Golden Plains Planning Scheme); and
 - does not have the characteristics of Farm Land or Farm Land (Growth Area), and
 - cannot be used for residential, commercial or industrial (including extractive industry) purposes due to the constraints of the Golden Plains Planning Scheme.

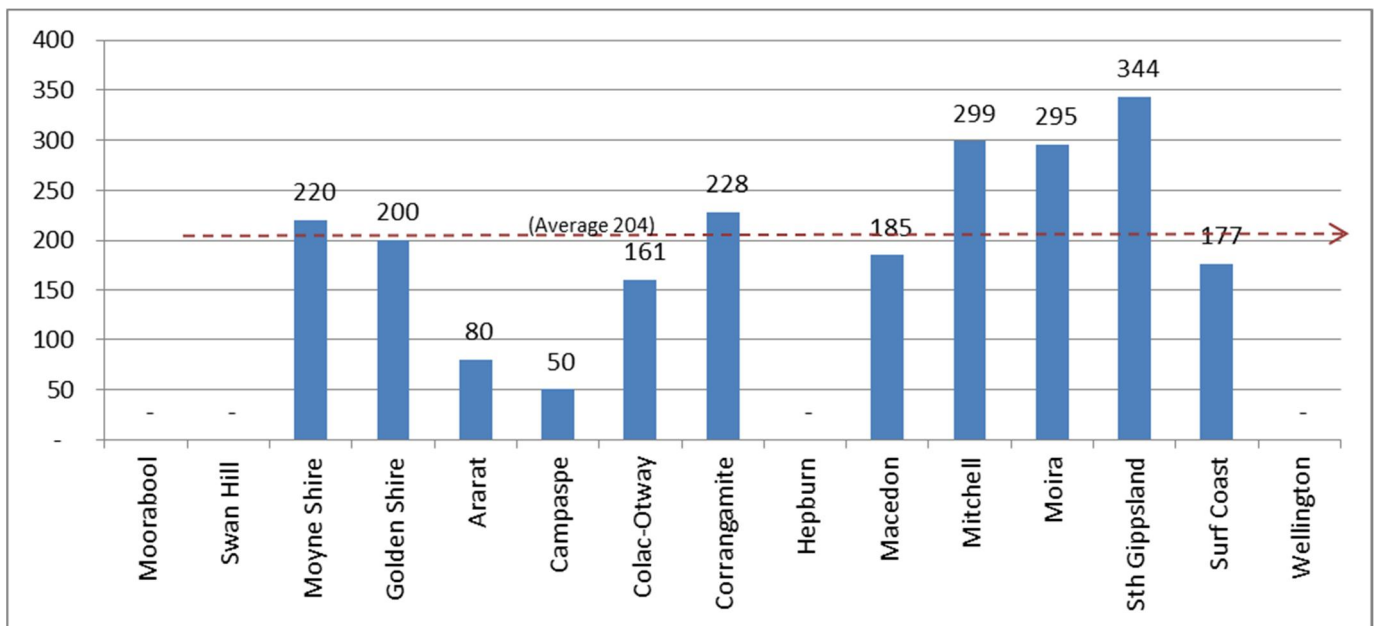
Note 2 - Others

Other rate category refers to some specific differential rates some council have applied and includes following properties:

- Macedon Shire Council - Inappropriate subdivision
- Hepburn Shire Council - Mixed Use Land and trust for nature land
- Mitchell Shire Council - Subdivisional Land - Any Vacant Land for which a planning permit to subdivide the land into three (3) or more lots has been issued and has not lapsed; and a separate certificate of title has not been issued for any of those lots but excludes any land that:
 - is subject to the Rural Agricultural Land (40ha to 100ha) Differential Rate; or
 - is subject to the Rural Agricultural Land (greater than 100ha) Differential Rate

9.2 Municipal Charge

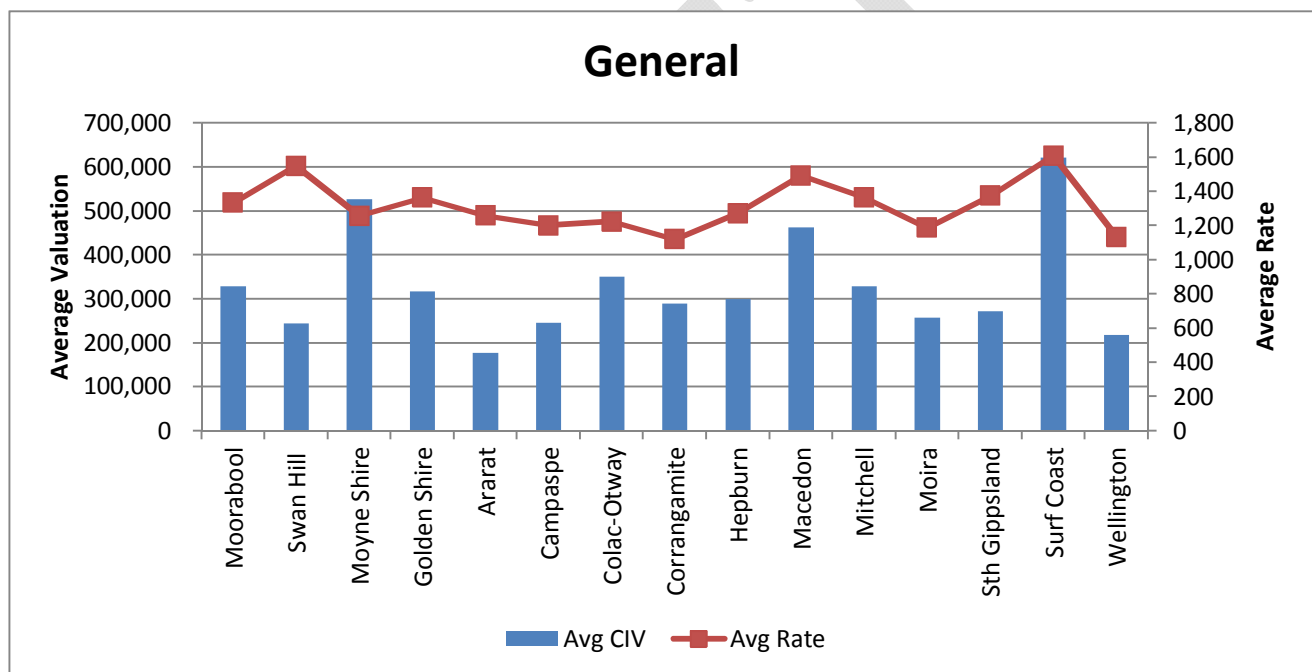
The following graph provides a comparison of the Municipal Charge per rateable assessment adopted by various benchmark councils in 2013-14.



9.3 Average Valuations Versus Average Rates

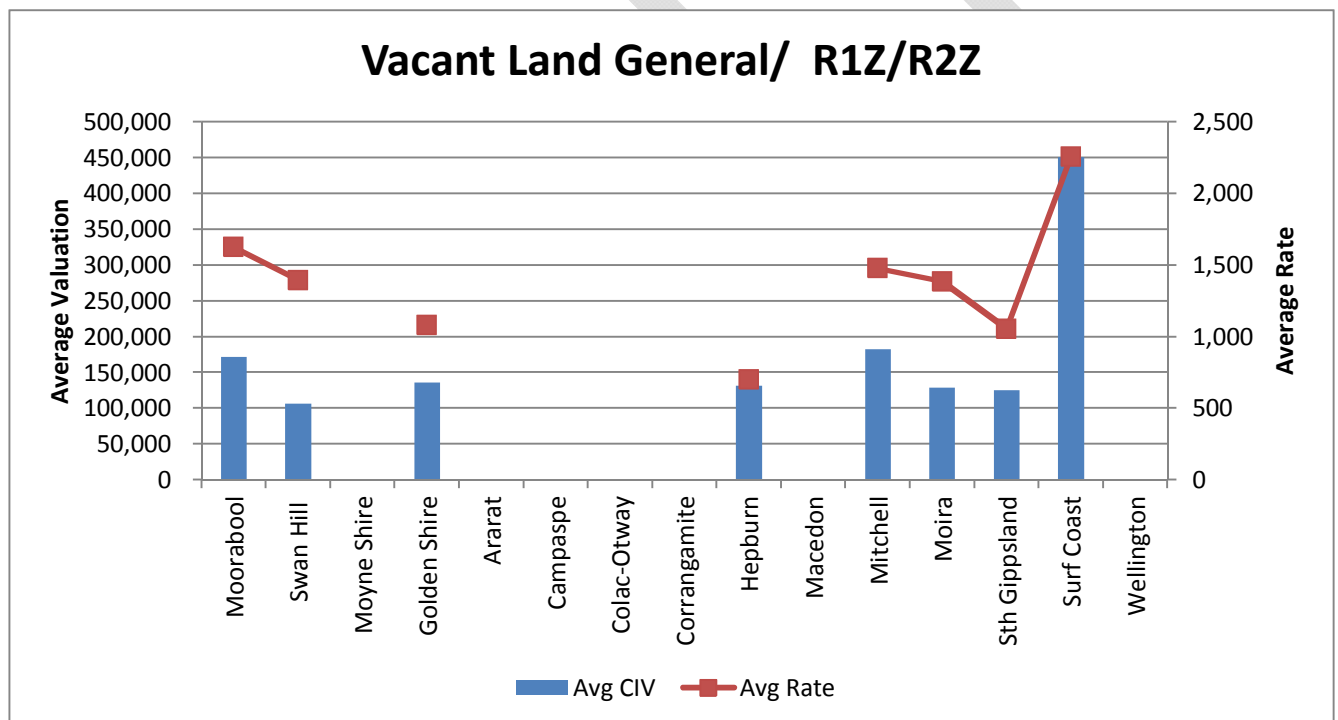
9.3.1 Average Valuations Versus Average Rates - General Properties

General		
Analysis	CIV	Rate
Minimum	177,653	1,121
Maximum	621,959	1,610
Average	329,532	1,316
Moorabool Average	328,840	1,333
MSC Comparison to Avg	-0.21%	1.30%



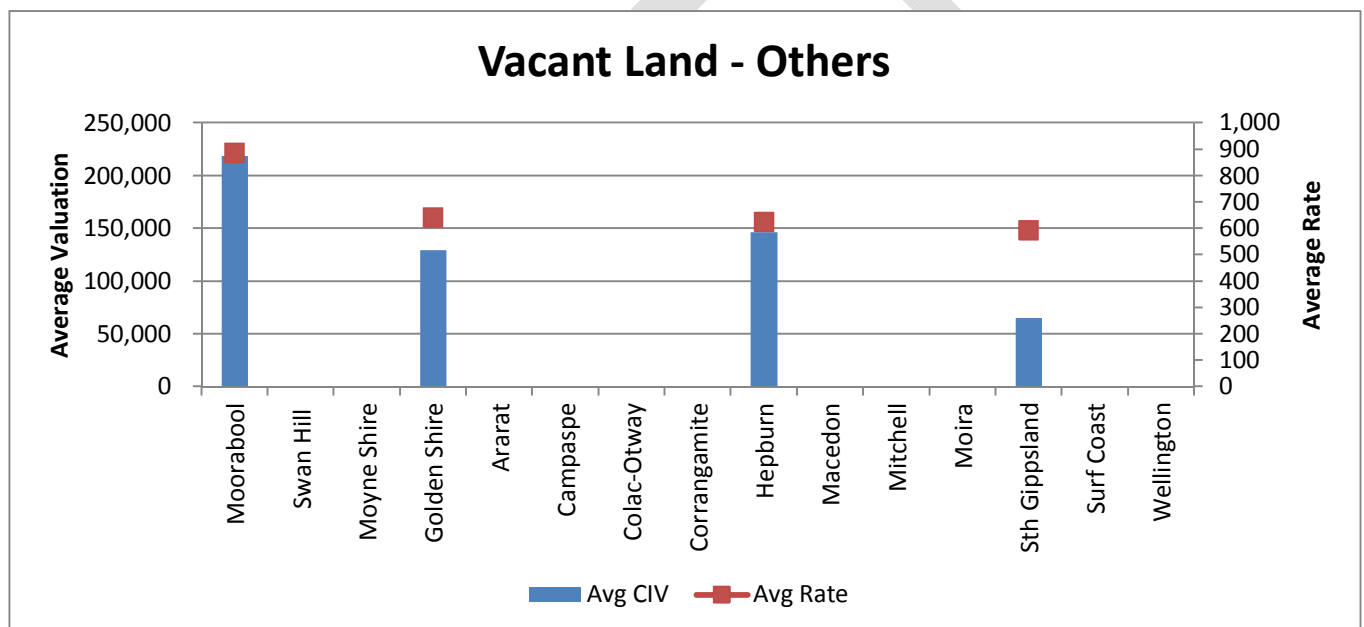
9.3.2 Average Valuations Versus Average Rates - Vacant Land General/ R1Z/R2Z

Vacant Land General/ R1Z/R2Z		
Analysis	CIV	Rate
Minimum	106,334	700
Maximum	451,417	2,257
Average	179,206	1,372
Moorabool Average	172,022	1,625
MSC Comparison to Avg	-4.01%	18.39%



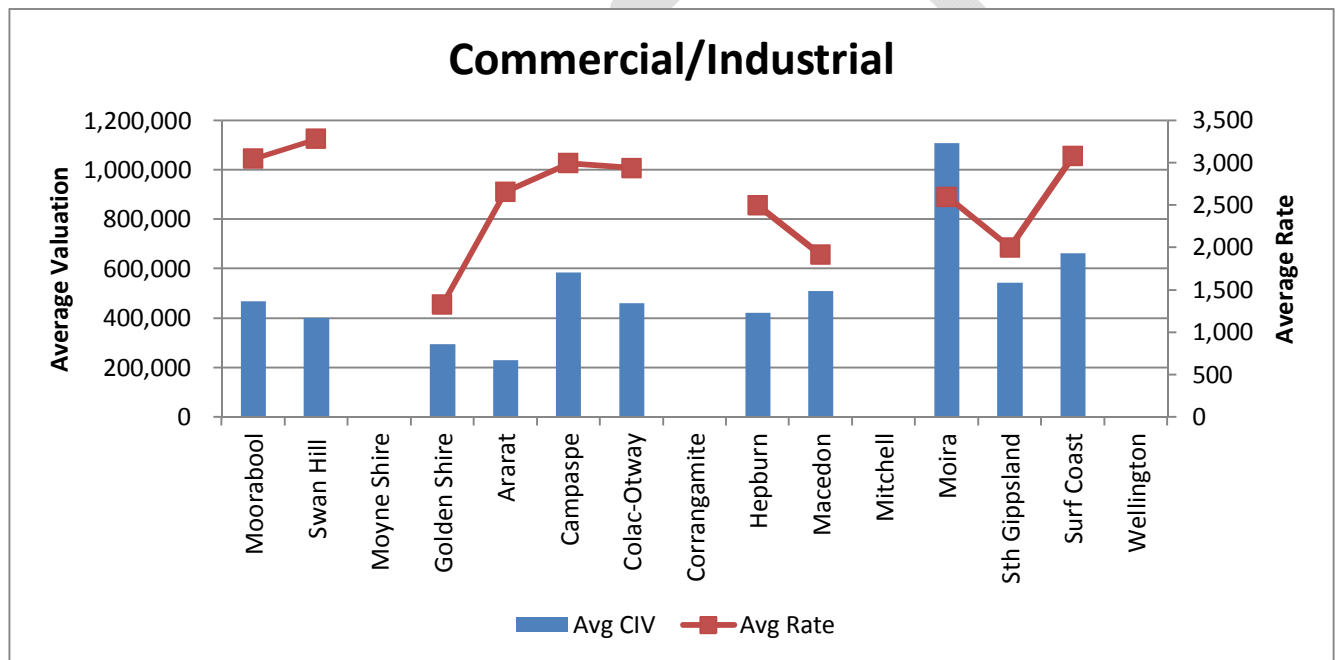
9.3.3 Average Valuations Versus Average Rates - Vacant Land - Others

Vacant Land - Others (Note-1)		
Analysis	CIV	Rate
Minimum	65,333	592
Maximum	218,516	886
Average	139,983	685
Moorabool Average	218,516	886
MSC Comparison to Avg	56.10%	29.29%



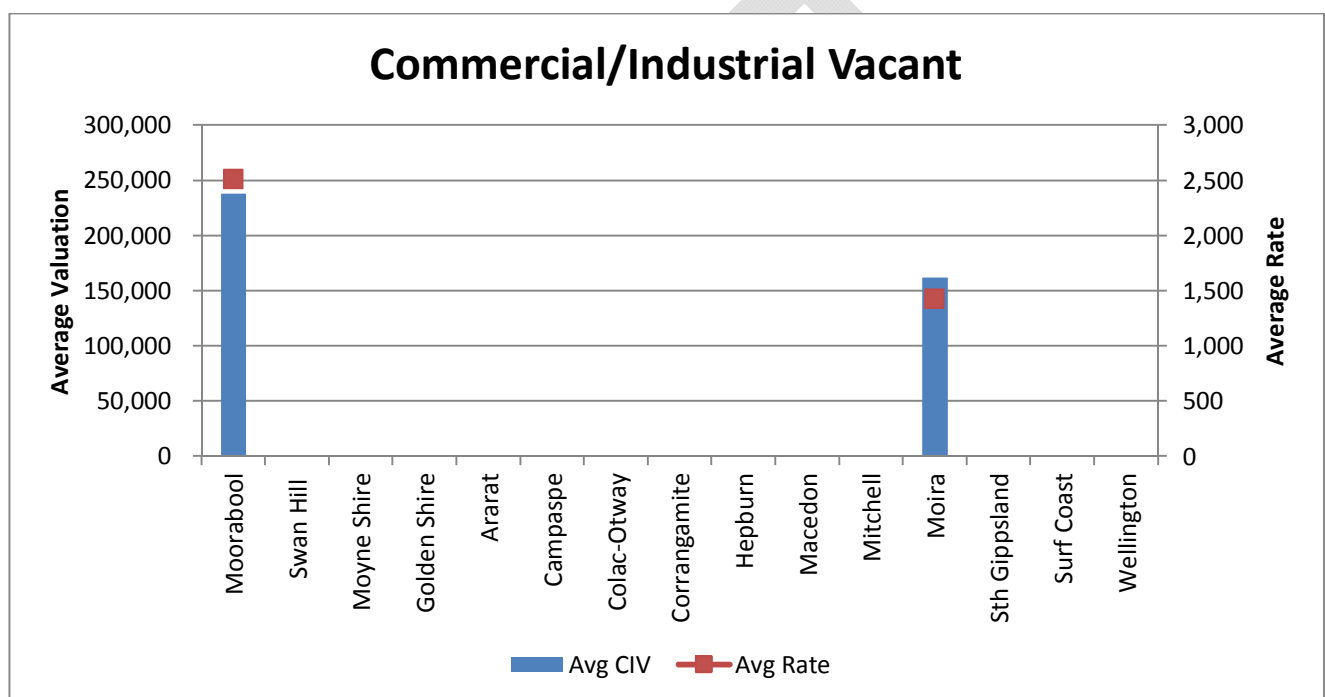
9.3.4 Average Valuations Versus Average Rates - Commercial/Industrial

Commercial/Industrial		
Analysis	CIV	Rate
Minimum	231,194	1,327
Maximum	1,109,367	3,283
Average	517,644	2,579
Moorabool Average	470,024	3,050
MSC Comparison to Avg	-9.20%	18.26%



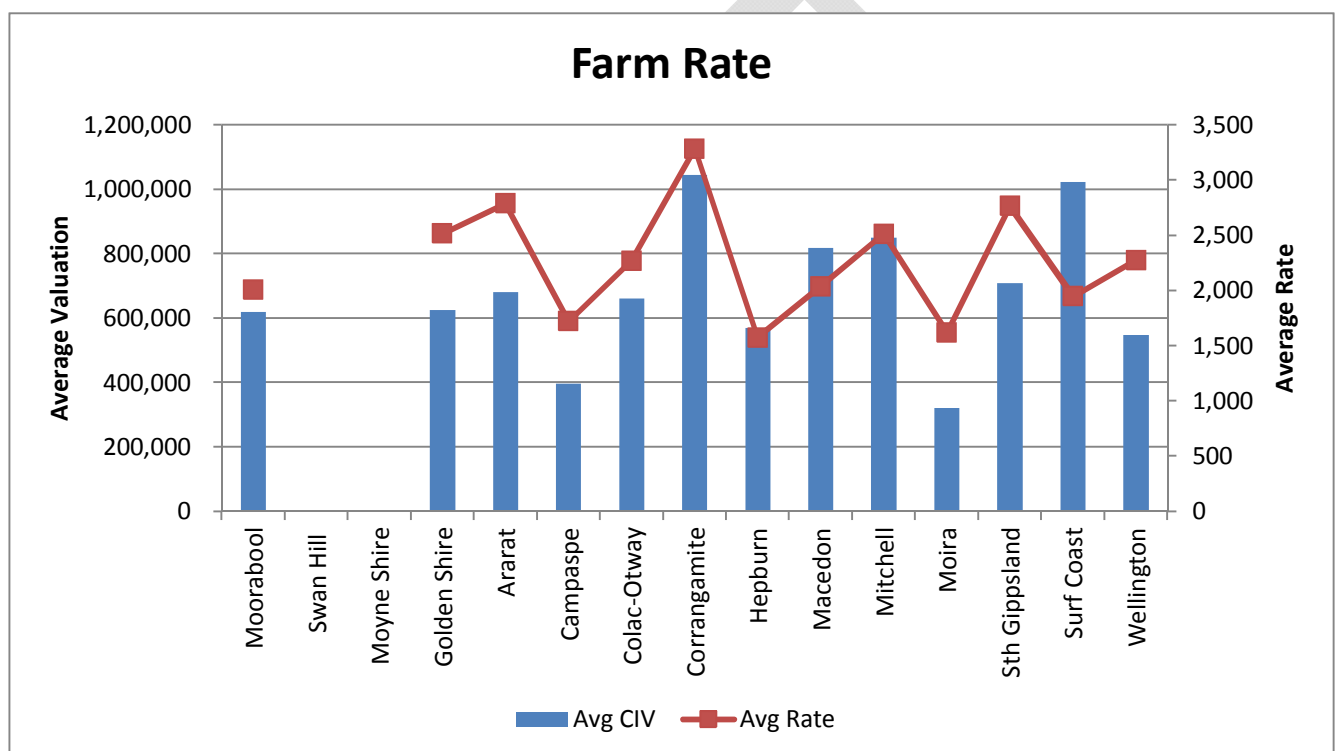
9.3.5 Average Valuations Versus Average Rates - Commercial/Industrial Vacant

Commercial/Industrial Vacant		
Analysis	CIV	Rate
Minimum	161,905	1,426
Maximum	238,143	2,511
Average	200,024	1,968
Moorabool Average	238,143	2,511
MSC Comparison to Avg	19.06%	27.56%



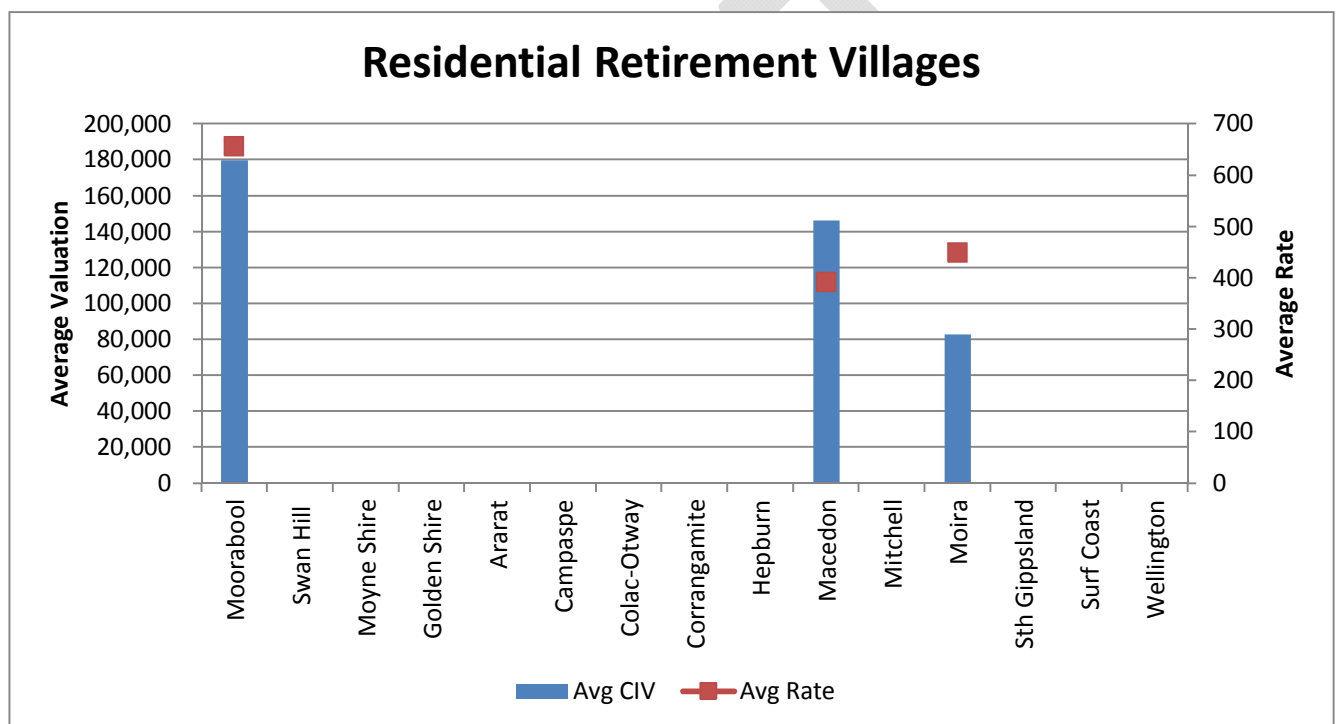
9.3.6 Average Valuations Versus Average Rates - Farm Land

Farm Rate		
Analysis	CIV	Rate
Minimum	321,422	1,573
Maximum	1,046,391	3,287
Average	682,474	2,256
Moorabool Average	619,570	2,010
MSC Comparison to Avg	-9.22%	-10.92%



9.3.7 Average Valuations Versus Average Rates - Residential Retirement Villages

Residential Retirement Villages		
Analysis	CIV	Rate
Minimum	83,010	392
Maximum	179,845	656
Average	136,336	499
Moorabool Average	179,845	656
MSC Comparison to Avg	31.91%	31.53%



7. FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL

8. CLOSED SESSION OF THE MEETING TO THE PUBLIC**Recommendation:**

That pursuant to the provisions of the Local Government Act 1989, the meeting now be closed to members of the public to enable the meeting to discuss matters, which the Council may, pursuant to the provisions of Section 89(2) of the Local Government Act 1989 (the Act) resolve to be considered in Closed Session, being a matter contemplated by Section 89(2) of the Act, as follows:

- (a) personnel matters;**
- (b) the personal hardship of any resident or ratepayer;**
- (c) industrial matters;**
- (d) contractual matters;**
- (e) proposed developments;**
- (f) legal advice;**
- (g) matters affecting the security of Council property;**
- (h) any other matter which the Council or special committee considers would prejudice the Council or any person;**
- (i) a resolution to close the meeting to members of the public.**

9. MEETING CLOSURE