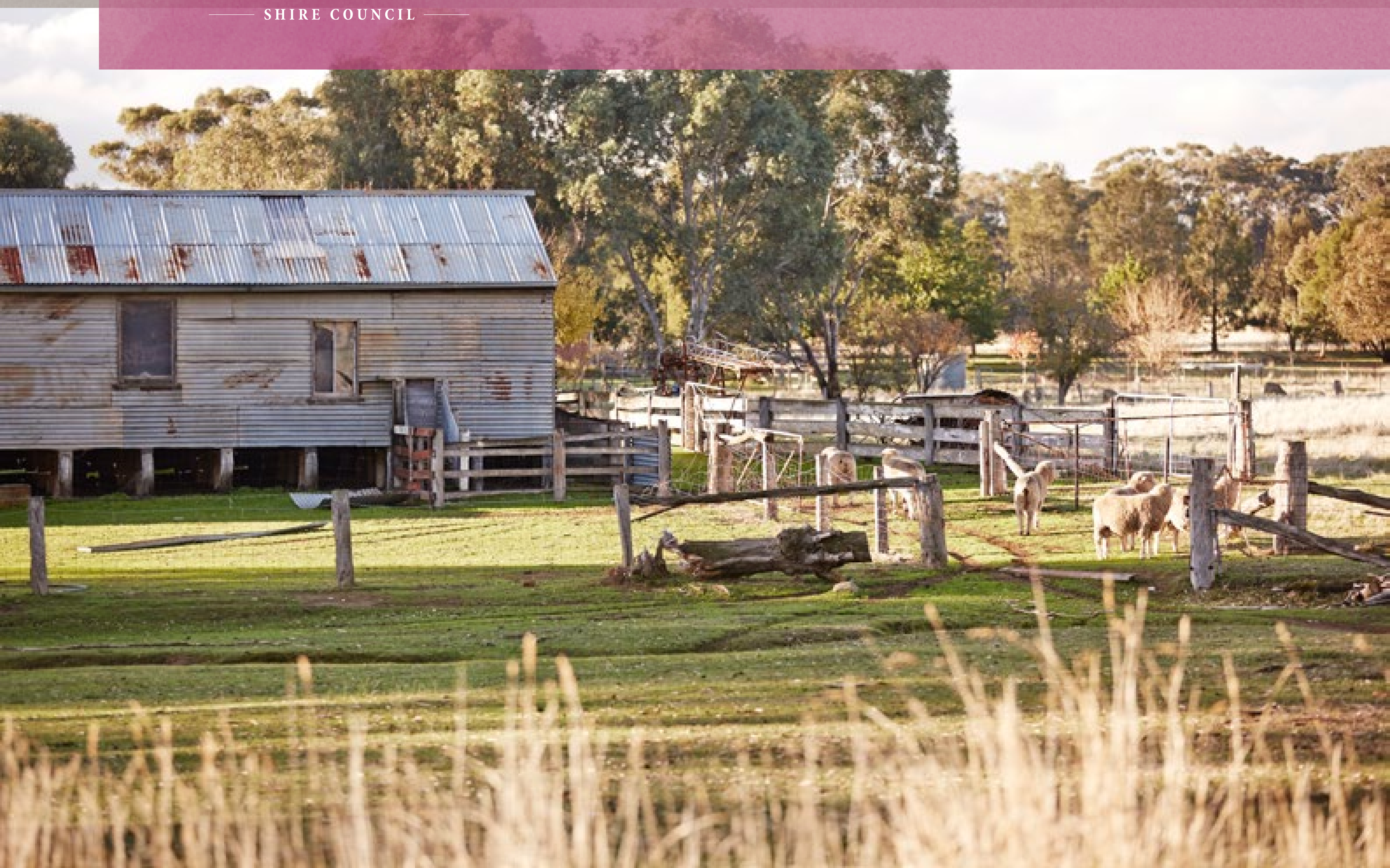
Mount Alexander Shire Council

RATING STRATEGY

2016-2021

MOUNT ALEXANDER
SHIRE COUNCIL



Contents

Executive Summary

Council's current rating strategy was developed in 2010. A review of the rating strategy has been undertaken to ensure the equitable distribution of rates in accordance with the Local Government Act and the Ministerial Guidelines.

Council engaged the University of Technology Sydney (UTS) Centre for Local Government to assist in the review including analysis of the effectiveness of the current strategy, and the development of scenarios to test the impact on all ratepayers of any proposed changes.

The objectives of the review were to:

1 Identify and recommend principles Council should consider when striking general rates and using rating differentials;

2 Equitable sharing of the rate burden between categories of property;

3 General rates versus levies and charges; and

4 Identify any other special rates that Council should consider.

The report from UTS provides a review of Council's current rating structure; sets out the differential rates across the land use categories; examines the relevance of the current rating mix with a view to government reforms and the objectives of Council over the next five years.

The report considers a number of options for adjusting rating differentials across land uses and provided a number of recommendations for consideration.

This Rating Strategy has considered the findings of the UTS Rating Strategy review and recommends the following:

1 Continue the use of the CIV model of valuations;

2 Continue with the current differential rating categories;

3 Continue with the 130% differential for commercial properties;

4 Continue with the 200% differential for vacant land properties;

5 Continue with the 100% differential for general-farm properties;

6 Continue with the 0% differential for recreational and cultural properties;

7 To further encourage sustainable land management practices, it is recommended that the Land Management Rate (LMR) be decreased to 80% of the general rate, and phased in to reduce the impact on other ratepayers

2016/2017	**90% of the general rate – work with and encourage eligible rate payers to complete application.**
2017/2018	**80% of the general rate;**

8 Phase out the Municipal Charge over 3 years

2015/2016	**$188.00**
2016/2017	**$188.00**
2017/2018	**$94.00**
2018/2019	**$0.00**

9 Retain the Trust for Nature Covenant rebate at 100% of the general rate, for the relevant site portion.

The Rating Strategy provides information on the current rating framework, the legislative framework and an analysis of the proposed changes. The impact for individual ratepayers will be determined based on their land use and valuation, however in general there will be a reduction in rates payable by lower value properties offset by increases to higher valued properties, and lower rates payable by properties eligible for the Land Management Rate.

Introduction

The purpose of this document is to communicate a strategy for the future rating of properties in the Mount Alexander Shire. The strategy considers issues that exist within the current rating system, studies the options available under existing legislation and determines a plan to implement changes, where necessary, to achieve a fair and equitable outcome, for all ratepayers.

Council's current rating strategy was developed in 2010, and it is recommended that Councils review and update the rating strategy on a regular basis. Council engaged the services of the University of Technology Sydney (UTS) Centre for Local Government to provide evidence based data to assist Council in the review of the rating strategy. The full UTS Rating Strategy study report is available on Council's website, and has been used as the basis for the recommendations and comments contained within this report.

The review of the rating strategy enables Council to consider:

- The effectiveness of the current rating strategy;
- The impacts of the recently introduced Ministerial Guidelines;
- Benchmarking data against other neighbouring and similar size Councils; and
- Feedback from the community

STATUTORY REQUIREMENTS

The objectives of local government in Victoria are set out in the *Local Government Act 1989* (The Act) and includes the statutory requirement *'to ensure the equitable imposition of rates and charges'* as follows:

A council may declare the following rates and charges on rateable land—

a) general rates under section 158;
b) municipal charges under section 159;
c) service rates under section 162;
d) service charges under section 162;
e) special rates under section 163;
f) special charges under section 163.

The systems of valuing land a council

1) May use the site value, net annual value or capital improved value system of valuation.

2) Must publish public notice of its decision to change its system of valuation.

Municipal charge

1) A Council may declare a municipal charge to cover some of the administrative costs of the Council.

2) A Council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the sum total of the Council's—
a) total revenue from a municipal charge; and
b) total revenue from general rates

Rating Framework

This section outlines the regulatory framework for rating in Victoria.

What are rates?

Councils collect rates (which are a form of property tax) from property owners to fund community infrastructure and services that benefit the whole community.

In Victoria property values are used as the basis for calculating how much each property owner pays.

A rating strategy doesn't consider how much Council needs to raise from rates, this is calculated in the annual budget.

A rating strategy considers the fair and equitable share of rates to be paid by each type of property owner (residential, farms, commercial properties etc.)

The purpose and allowable use of differential rates

Council employs a simple differential rating strategy across the land uses which meet the objectives of the Ministerial Guidelines.

Table 1 sets out the six differential rating categories used in the current Rating Strategy.

TABLE 1 – RATING DIFFERENTIALS

RATING CATEGORY	CURRENT PERCENT OF THE GENERAL RATE
General (residential)	100%
Commercial	130%
Farm	100%
Land management rate	90%
Vacant land	200%
Cultural and recreational land	0%

BIANNUAL REVALUATIONS

Under section 13DC of the Valuation of Land Act 1960, council is required, for rating purposes, to undertake a general revaluation of all properties within the municipality every two years.

Revaluations result in varying levels of valuation movements across the municipality, which sometimes results in major shifts in the rate burden and large movement in rates for individual properties.

There is a common misconception that as property values increase, council receives a 'windfall gain' of additional revenue. This is not so as the revaluation process may result in a redistribution of the rate burden across all properties in the municipality.

Total income from rates is determined by the council, during the budget process. In order to generate the same amount of rate revenue, in simple terms, as property values increase, the rate in the dollar is reduced.

The 2016/2017 rating differentials will be based on the 1 January 2016 valuations for the 2016/2017 budget.

Revenue and Rating Principles

The review of tax systems, and in particular individual taxes, requires benchmarking against criteria, more commonly referred to as principles of 'Good Tax Design.' A good tax structure should:

1. Distribute the tax burden equitably. Everyone should contribute their 'fair share' towards the overall rates required. (Equity)
2. Minimise interference with economic decisions in otherwise efficient markets. (Efficiency)
3. At the same time, taxes may be used to correct inefficiencies in the private sector, provided they are a suitable instrument for doing so. (Efficiency)
4. Facilitate the use of fiscal policy for stabilisation and growth objectives. (Stabilisation and growth)
5. Permit efficient and non-arbitrary administration and it should be understandable to the taxpayer. (Transparency and simplicity).

EFFICIENCY

Economic efficiency is an important principle in the levying of rates.

Neutrality: The primary strength of taxing land over other bases of value is that it cannot be distorted by improvements of varying scale, types, age or structures that exist across locations of similarly zoned land, which are not highest and best use or maximally productive. The University of Technology Sydney undertook a review of this principle in Mount Alexander and determined that the values used to support the determination of rates reflect highest and best use.

Immovability: The immovability of property makes it impossible to hide and removes any potential inconsistencies as the assessment of value is undertaken by independent and qualified property valuers.

SIMPLICITY, TRANSPARENCY AND ROBUSTNESS

Simplicity may be applied from either a taxpayer or government perspective, or both. Council rates are simple for taxpayers to comply with and difficult to avoid. Accurate property ownership details and land descriptions result in land being a simple base on which to assess rates. In contrast, valuations which underpin the ad valorem (according to value) component of rates impact on the transparency of this tax, particularly from a ratepayer perspective.

EQUITY

Equity has two broad sub-categories in its application to rates:

1. Horizontal equity: in which ratepayers with similar property values should pay similar rates; and
2. Vertical equity: embraces the view that those with more or who are better off pay more tax than those who are worse off. This primarily applies to income tax assessment in distributing the tax burden.

There is frequent debate surrounding the characteristics of property owners that may impinge on the application of an equity principle. The three main ways in which positions can vary are:

- the benefit or user pays principle – some ratepayers have more access to, make more use of, and benefit more from the council services paid for by rates
- the capacity to pay principle – some ratepayers have more ability to pay rates than do others with similarly valued properties
- the incentive or encouragement principle – some ratepayers may be doing more towards achieving council goals than others in areas such as environmental or heritage protection.

BENEFITS RECEIVED

The benefits received principle applies to most tax systems however, it is difficult to rationalise a relationship between rates paid and services provided by local government. It is even more tenuous when attempting to draw a relationship with rates against services actually used by ratepayers, of which there is little research to support a proportional connection.

CAPACITY TO PAY

The capacity to pay principle stands in contrast to the benefits received principle. Its measurability may be either determined by wealth or income. In the case of local government rating, it is determined on the value of property which reflects wealth, rather than the actual income of the ratepayer. It is highlighted that over the lifetime of a taxpayer, the relativity between income and wealth may vary significantly

Council's Rating System

General and Differential Rates

Council currently uses the Capital Improved Valuation (CIV) system for rating purposes. CIV represents the market value of a property as at a specific date, including the value of the land and any improvements on that land. Utilising CIV as the basis for rates allows council to adopt differential rating, which may better reflect capacity to pay rather than the alternatives and provides council with the flexibility to levy differential rates. The vast majority of Victorian Councils use CIV as the basis for levying rates and charges.

It is recommended to continue use of the CIV model of valuations.

The rating strategy was previously reviewed in 2010; Table 2 presents the applied differential ratings of that strategy

TABLE 2 – DIFFERENTIAL RATES SINCE 2011.

PROPERTY TYPE	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
General (residential)	100%	100%	100%	100%	100%
Commercial	114%	120%	125%	130%	130%
Farm land	100%	100%	100%	100%	100%
Land management rate	90%	90%	90%	90%	90%
Vacant land	150%	150%	175%	175%	200%
Cultural and recreational land	0%	0%	0%	0%	0%
Trust for nature	n/a	n/a	n/a	0%	0%
Municipal charge	$150	$160	$170	$180	$188

DIFFERENTIAL RATES

A council may raise any general rates by the application of a differential rate if it uses the capital improved value system of valuing land. If a council declares a differential rate for any land, the council must specify the objectives of the differential rate. A council must have regard to any Ministerial guidelines made under subsection before declaring a differential rate for any land.

Differential rates are a useful tool to address equity issues that may arise from the setting of council rates derived from property valuations.

MINISTERIAL GUIDELINES

The Ministerial Guidelines published in April 2013 were prepared to guide councils in the application of differential rates under section 161 of the Act. Councils must have regard to these guidelines before declaring a differential rate for any land.

The following table details the distribution of revenue across the differential and revenue types in the 2015/2016 budget.

TABLE 3 – NUMBER AND RATES INCOME DERIVED FROM EACH PROPERTY TYPE

PROPERTY TYPE	NUMBER OF ASSESSMENTS	BUDGET INCOME 2015/2016 $	PERCENTAGE RATES INCOME
General (residential)	8,611	10,553,960	61.7%
Farm land	443	848,860	5.0%
Land management rate	488	1,060,020	6.2%
Commercial	447	1,338,870	7.8%
Vacant land	1,192	1,257,850	7.3%
Cultural and recreational land	21	0	0%
Municipal Charge	10,923	2,053,524	12.0%
Total		**17,113,084**	**100.0%**

The median[1] rate payer for 2015/2016 paid $1,349 in rates, and municipal charges (excluding waste service charges). The below graph (figure 1) demonstrates the number of assessments paying rates and municipal charge within bands of $500.

FIGURE 1 – RATES AND MUNICIPAL CHARGES PER ASSESSMENT 2015/2016

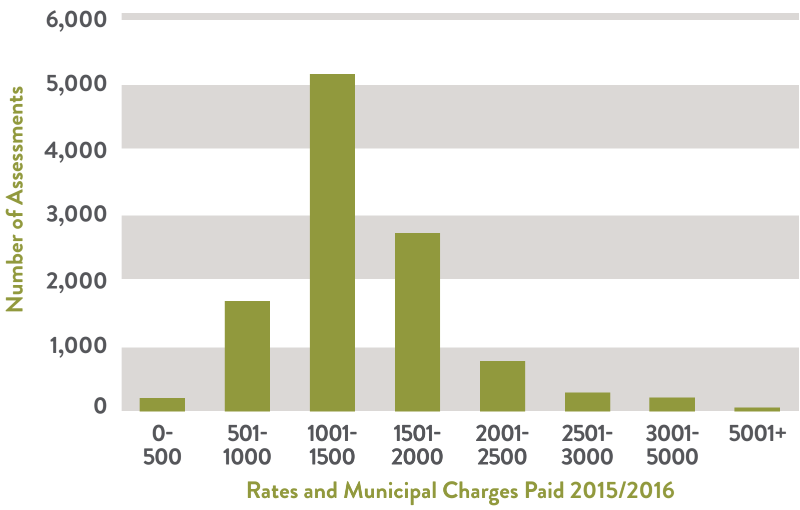


Figure 1 demonstrates that 87% of rate payers are currently paying less than $2,000 per annum (or $38.46 per week). The 13% of properties that are paying higher than $2,000 account for more than 27% of the total revenue, raised by rates and the municipal charge.

1 Median is the middle value of all the numbers sorted from smallest to the largest.

Differential Rates

A council may raise any general rates by the application of a differential rate if it uses the CIV system of valuing land. When declaring general rates, a council must consider how the use of differential rating contributes to the equitable and efficient carrying out of its functions compared to the use of uniform rates.

General Rate — applies to residential properties and home based businesses that are conducted at residential premises. Vacant land that is not farm land and cannot be developed for residential purposes is also classified as general.

There are no recommended changes to the general rate. Consideration was given to a differential for residential land use within and outside the township of Castlemaine, however this was not deemed necessary as the CIV continues to be the best arbiter for distinguishing between the same land uses within a local government area.

Commercial Land — is any land which is occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services. The commercial rate is set at 130% of the general rate.

There was no evidence found in the UTS Rating Strategy Study to warrant any further increase in the commercial land differential, and no need for separate differentials for commercial and industrial land.

Farm Rate — applies to land with an area greater than 2 hectares that undertakes a farming activity. Properties on the farm rate are able to apply for a single farm enterprise concession where only one municipal charge is paid though there is more than one assessment.

The UTS Rating Strategy study concluded that there was no compelling economic or rating rational for a reduction in the farm rate due to:

- Businesses included in the farm land use encompass a variety of units of production (such as agriculture or horticulture);
- Farmland is currently rated the same as residential properties while commercial properties are rated 30 per cent higher than the general rate. Therefore a farming business pays rates that are 30% lower than other businesses; and
- Although surrounding councils give concessions to farmland of between 5 to 20 per cent lower than the general rate, the primary emerging rationale for a reduction below the general rate is environmental risk and changes in carrying capacities and crop yields and contribution to Victoria's food bowl. The current Land Management Rate is designed to encourage improved environmental practices, and therefore a Farm Rate is not required in addition to the Land Management Rate.

Land Management Rate

— is a concession available to all properties with an area greater than 20 hectares or land defined as farm land that undertake a range of land management activities. It is applied to properties that submit an annual application. The rate is currently set at 90% of the general rate (residential). For the 2015/2016 budget 488 assessments with a value of $318,611,000 claimed the Land Management Rate (LMR).

Council is committed to increasing native vegetation cover on public and private land, and as set out in the Environment Strategy also committed to supporting landowners understand and appreciate their obligations and responsibilities for land and biodiversity. The Land Management Rate enables Council to support landowners who undertake land management activities that protect biodiversity and native vegetation.

To further encourage sustainable land management practices, it is recommended that the LMR rate be decreased to 80% of the general rate, and phased in to reduce the impact on other ratepayers

- ***2016/2017 – 90% of the General Rate – work with and encourage eligible rate payers to complete application.***
- ***2017/2018 – 80% of the General Rate.***

Table 4 presents the estimated impact on the median[1] property valuation and quartile 1 (lower valued property) and quartile 3 (higher valued property). The table shows that there will be reduction in rates payable on all farm and land management rate properties, and small increases for all other ratepayers.

The data is prepared on the assumption all farm rated properties move to the land management rate, however it is likely that not all properties will move to the LMR, and consequently the impact on other ratepayers will be less than estimated. The median residential property owner will incur an additional $23 per annum ($0.44 per week) as a result of the increased discount of the LMR to 80% of the general rate in 2017/2018.

TABLE 4 – IMPACT OF INCREASE OF LAND MANAGEMENT RATE

	QUARTILE 1 $	MEDIAN $	QUARTILE 3 $
Current Valuation			
Commercial	196,000	308,000	475,000
General	253,000	315,000	389,000
General – Farm	257,000	416,000	625,000
Land Management Rate	301,750	497,000	759,500
Vacant Land	91,000	126,000	171,000
Current Rates			
Commercial	1,130	1,668	2,471
General	1,123	1,353	1,626
General – Farm	1,138	1,726	2,499
Land Management Rate	1,192	1,842	2,715
Vacant Land	861	1,120	1,452
Proposed Rates			
Commercial	1,149	1,698	2,517
General	1,142	1,376	1,655
General – Farm	963	1,443	2,074
Land Management Rate	1,098	1,687	2,479
Vacant Land	874	1,138	1,478
Change in Annual Rates			
Commercial	19	30	46
General	19	23	29
General – Farm	(175)	(283)	(425)
Land Management Rate	(94)	(155)	(236)
Vacant Land	13	19	26

1 Median is the middle value of all the numbers sorted from smallest to the largest.

Municipal Charge

The municipal charge as provided under Section 159 of the LGA allows councils to raise up to 20 per cent of rates and charges from a flat base amount per assessment across the local government area. The purpose of the municipal charge is defined by Local Government Victoria to:

"Cover some of the administrative costs of the council, including property valuations, rates administration and cashiering, councillor support and office of the chief executive".

Where property comprises more than one lot, and those lots are used for the same purpose, and have the same owner, (for example in the case of farms or larger estates), the municipal charge applies once only.

The municipal charge is a flat, identical charge that can be used to offset some of the "administrative costs" of council. The municipal charge is regressive, which means that as the value of properties decrease, the municipal charge increases as a percentage of that value. As a result, the burden is reduced on higher valued properties.

TABLE 5 – IMPACT ON RATEPAYERS BY PROPERTY TYPE FROM REDUCTION OF MUNICIPAL CHARGE

	QUARTILE 1 $	MEDIAN $	QUARTILE 3 $
Current Valuation			
Commercial	196,000	308,000	475,000
General	253,000	315,000	389,000
General – Farm	257,000	416,000	625,000
Land Management Rate	301,750	497,000	759,500
Vacant Land	91,000	126,000	171,000
Current Rates			
Commercial	1,130	1,668	2,471
General	1,123	1,353	1,626
General – Farm	1,138	1,726	2,499
Land Management Rate	1,192	1,842	2,715
Vacant Land	861	1,120	1,452
Proposed Rates			
Commercial	1,058	1,663	2,564
General	1,051	1,308	1,615
General – Farm	1,067	1,727	2,595
Land Management Rate	1,128	1,857	2,838
Vacant Land	756	1,046	1,420
Change in Annual Rates			
Commercial	(72)	(5)	93
General	(72)	(45)	(11)
General – Farm	(71)	1	96
Land Management Rate	(64)	15	123
Vacant Land	(105)	(74)	(32)

A number of other municipalities within Victoria have recently reduced or phased out the municipal charge over recent years as the municipal charge is not a targeted rating instrument like a differential rate. The use of differential rates is considered to be a more transparent and accurate means of achieving rate outcomes for certain classes of property. The removal of the municipal charge will not decrease the overall rates raised as the current charge will be redistributed to all rate payers via the adopted differentials.

It is recommended that the Municipal Charge be phased out over 3 years as follows:

2015/2016	*$188*
2016/2017	*$188*
2017/2018	*$94*
2018/2019	*$0*

The impact for individual ratepayers will be determined via their valuation however Table 5 demonstrates the impact on the median property valuation and quartiles 1 and 3 properties.

The table shows that the lower value properties (quartile 1) will have an annual saving with higher value properties (quartile 3) paying additional charges. The table shows the change in rates effective 2018/2019 after the phase in of changes, and excludes any annual increase or revaluation movements.

The median residential property owner will receive a $45 reduction ($0.87 per week) as a result of the removal of the municipal charge in 2018/2019.

Vacant Land Rate

Vacant Land Rate — applies to rateable land that does not have a dwelling and is set at 200% of the general rate. The UTS Rating Strategy study found that the rate, which is double that of the general rate is currently justified in view of demand for housing and the potential emerging demand for retail and other commercial uses in the Castlemaine Centre.

Retirement Villages

Over the past few years retirement villages across the State have recommended a reduction in the rates levied against retirement village properties on the basis that they maintain the road and drainage network within the village and are also responsible for their own street lighting.

However retirement villages have access to infrastructure up to the village boundary, like all other properties. Their situation is similar to other 'common properties' such as apartment and unit complexes. The residents have equal access to the services provided by the Council. Properties within a retirement village generally have lower values and this is already reflected in the lower amount of rates paid. In addition, all villages have common property including, gardens, roads, footpaths, office and leisure areas. Despite these surrounding amenities being privately owned and used to generate income, they are not rated.

Residents within retirement villages are also charged to use the waste service and most receive a pensioner discount.

It is not recommended to introduce a differential rate for retirement villages.

Service Charges

Council levies a waste service charge on properties, in accordance with section 158(1) of the Act, for the collection, disposal and processing of garbage, and recycling.

The level of a service rate or charge should have some correlation to the level of service provided and therefore the funds raised should equate to the cost of the service provided.

Although the waste service charge has been considered as part of the rating strategy review 2016-2021 no changes are proposed at this stage. Possible implementation of a standard waste charge per assessment should be considered in future rating strategies.

Pensioner Rebates

Under section 171 of the Act, Council can apply a pension rebate to ratepayers eligible under the State Concessions Act 2004. Property owners must be the holder of an approved pension card and can only claim a rebate for their principal place of residence.

At the time of developing the Rating Strategy, 2,395 ratepayers claim $208 plus $50 for the State Government Fire Services Property Levy per assessment (both are indexed in line with CPI on an annual basis) and the department of Human Services reimburses council for these amounts claimed each year.

Trust for Nature Covenants (TFNC) Rebate

An annual rebate of 100% on the general rates payable to Council is available for that portion of the site value covered by the Trust for Nature Covenant permanent agreement program.

This program aims to encourage positive environmental practices. Ratepayers are still required to pay the Municipal Charge, Fire Services Property Levy and a waste charge if applicable.

It is recommended to retain the Trust for Nature Covenant rebate at 100% of the general rate.

Non Rateable Properties

Section 154 of the Act provides for properties where the use is exclusively charitable, to be non-rateable. Charitable uses include those providing health services, education, religion and services to the needy. Council adheres to the requirements of this section of the Act.

The Cultural and Recreational Lands Act 1963 provides for a council to grant a rating concession to any "recreational lands" which meet the test of being rateable land under the Act.

A 100% concession is applied to the following entities under the Cultural and Recreational Lands Act 1963:

Castlemaine Bowling Club Inc.
Castlemaine Golf Club
Castlemaine Art Gallery
Castlemaine Lawn Tennis Club
Mount Alexander Golf Club Inc.
Maldon Golf Club
Campbells Creek Bowling Club
Harcourt Bowling Club
Castlemaine Pistol Club
Castlemaine Gun Club Inc.
Maldon Bowling Club Inc
Newstead Bowling Club
Chewton Bowman Club
Castlemaine Gun Club Inc.
Maldon Racecourse Reserve CoM
Harcourt Pony Club
Cairn Curran Sailing Club
Maldon Croquet Club
Small Bore Rifle Club
Croquet Club
Buda Historic House and Garden Inc.

It is recommended that the 100% concession for Cultural and Recreational properties is retained.

Special Rates and Charges

Under section 163 of the Act, Council may declare a special rate, a special charge or a combination of both, 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 is not proposing to levy any special rates or charge on any rateable properties as part of the rating strategy 2016-2021.

Supplementary Rates

Each year the Council receives an additional source of income from supplementary rates, which is derived from property value growth not originally included in the valuation data used to raise rates at the beginning of the rating year. An example is extensions to existing dwellings that increase the value of the property, or a house built on vacant land during the year.

Interest

Under section 172 of the Act, Council may charge interest for any account balance that is overdue. The interest rate used is to be calculated at the rate fixed under section 2 of the Penalty Interest Rates Act 1983. The rate for the year is set as per the rate enforced on the first day of July in any financial year.

Liability to pay Rates and Charges

Under section 156 of the Act, the owner of any rateable land is liable to pay the rates and charges on that land. If the owner cannot be found the occupier is liable to pay. If rates are unpaid they are regarded as the first charge on the land and are recoverable by legal proceedings. Council may sell the land in order to recover any debt as a result of the non-payment of rates and charges, including the costs of the legal action.

Summary of Recommendations and Outcomes

Council has undertaken a review of its rating strategy to consider the factors of importance that inform its decisions about the rating system.' To 'Council's current rating strategy was developed in 2010.

A review of the rating strategy has been undertaken to ensure the equitable distribution of rates in accordance with the Local Government Act and the Ministerial Guidelines.

The rating system comprising the valuation base and actual rating instruments that are used to calculate an individual property owners' liability for rates have been reviewed.

Due to the regressive nature of the current municipal charge, and a desire to continue environmental improvements, it is recommended that the following changes to the rating differentials and the municipal charge be adopted in the Rating Strategy 2016-2021.

1. **Continue the use of the CIV model of valuations;**
2. **Continue with the current differential rating categories;**
3. **Continue with the 130% differential for commercial properties;**
4. **Continue with the 200% differential for vacant land properties;**
5. **Continue with the 100% differential for general-farm properties;**
6. **Continue with the 0% differential for recreational and cultural properties;**
7. **To further encourage sustainable land management practices, it is recommended that the Land Management Rate be decreased to 80% of the general rate, and phased in to reduce the impact on other ratepayers**

2016/2017	90% of the General Rate – work with and encourage eligible rate payers to complete application.
2017/2018	80% of the General Rate;

8. **Phase out the Municipal Charge over 3 years**

2015/2016	$188.00
2016/2017	$188.00
2017/2018	$94.00
2018/2019	$0.00; and

9. **Retain the Trust for Nature Covenant rebate at 100% of the general rate, for the relevant site portion.**

The impact for individual ratepayers will be determined by their valuation however Table 6 demonstrates the impact on the median[1] property valuation and quartiles 1 and 3 properties, after taking into account all of the recommendations above. The table shows that the lower value properties (quartile 1) will have an annual saving with higher value properties (quartile 3) paying additional charges. The impact shows the change in rates effective 2018/2019 after the phase in of changes, and excludes any annual increase in rates or revaluation movements.

1 Median is the middle value of all the numbers sorted from smallest to the largest.

TABLE 6 – IMPACT OF REMOVAL OF MUNICIPAL CHARGE, AND INCREASE IN LAND MANAGEMENT RATE

	QUARTILE 1 $	MEDIAN $	QUARTILE 3 $
General			
Current Charge	1,123	1,353	1,626
Proposed Charge	1,072	1,334	1,648
Change	(51)	(19)	22
Commercial			
Current Charge	1,130	1,668	2,471
Proposed Charge	1,079	1,696	2,616
Change	(51)	28	145
General – Farm			
Current Charge	1,138	1,726	2,499
Proposed Charge	871	1,410	2,118
Change	(267)	(316)	(381)
Land Management Rate			
Current Charge	1,192	1,842	2,715
Proposed Charge	1,023	1,684	2,574
Change	(169)	(158)	(141)
Vacant Land			
Current Charge	861	1,120	1,452
Proposed Charge	771	1,067	1,449
Change	(90)	(53)	(3)

Figure 1 on page 7 shows the number of assessments paying rates and municipal charge within bands of $500 currently. Figure 2 below compares the number of assessments paying rates within bands of $500 under the current rating strategy to the proposed rating strategy in 2018/2019.

FIGURE 2 COMPARISON OF RATES PER ASSESSMENT

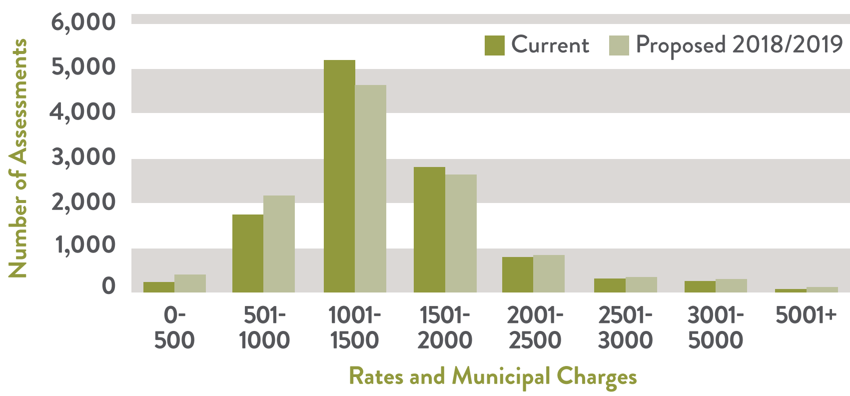


Figure 2 demonstrates that the Rating Strategy recommendations will result in an increase in the number of assessments in the lower bands ($0 to $1,000) due to less assessments in the bands $1,001 to $2,000. However it remains that 87% of rate payers will pay less than $2,000 per annum (or less than $38.46 per week).

MOUNT ALEXANDER
SHIRE COUNCIL

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