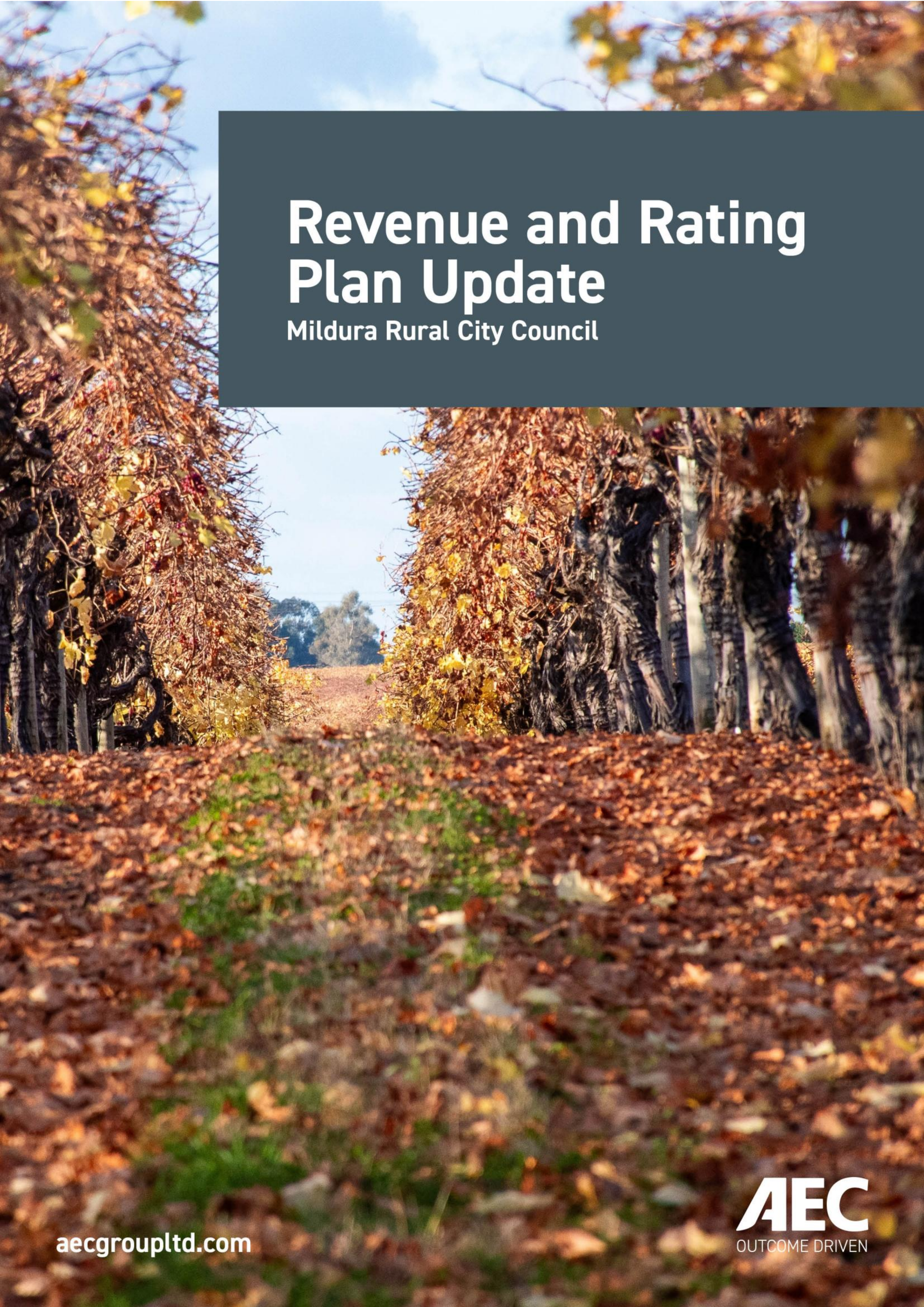
Revenue and Rating Plan Update

Mildura Rural City Council



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EXECUTIVE SUMMARY

Mildura Rural City Council (MRCC) engaged the AEC Group to review its Revenue and Rating Plan (2021-2025) and provide recommendations for the 2025-2029 plan. This report assesses MRCC's current rating system, explores economic factors influencing revenue generation, benchmarks MRCC's rating structure against similar councils, and provides options for a fair and sustainable revenue framework.

KEY FINDINGS

Current Revenue and Rating System:

- In 2024-25, MRCC plans to collect $90.23 million from rates and charges, with $73.32 million from general rates.
- No municipal charge is levied.
- Residential properties contribute 60.83% of general rates, while farmland contributes 20.3%, and business properties 18.86% (excluding the Mildura City Heart special rate).
- MRCC continues to use Capital Improved Value (CIV) as the rating base, aligning with state best practices.

Economic and Population Trends:

- Mildura's population is expected to grow at an average annual rate of 0.7%, lower than the 1.5% state average.
- Land valuations have increased significantly over the last five years, particularly for farmland (66%) compared to residential (54%) and business properties (28%).
- The local economy is driven by agriculture, retail, and trade services, with farmland sectors showing the highest growth in valuation and wealth.

Benchmarking Against Other Councils:

- MRCC's residential rating effort (2.24%) is the highest among peer councils, indicating a higher than average rate burden on median household incomes.
- The farmland differentiation (at 90% of the general rate) is at the higher end of comparable councils.

RECOMMENDATIONS

The following recommendations are provided to achieve a more equitable, transparent, and financially sustainable rating system that supports community growth while ensuring fair contributions from all ratepayers.

- Acknowledge that in setting the proportionate burden of the general rate, Council is seeking a broad equitable share from each category of ratepayers as a fair contribution to the cost of providing public services and infrastructure. Council should consider the impact the general rate burden has upon capacity to pay across all ratepayers within the category – not individual assessments. The burden of an individual assessment within a category is determined by the annual valuations conducted by the Valuer-General Victoria that determines the fair market value for each property – Council is not responsible for the valuation placed upon individual properties and should refer property owners to the Valuer-General Victoria if there is a dispute regarding the fair market value of the property.
- Maintain CIV as the valuation base provided by the Valuer-General Victoria as this provides a fairer basis upon which to determine capacity to pay across categories and provides flexibility necessary to differentiate properties into categories.
- Continue with the current definitions for each rating category as each is suitable for current and foreseeable land uses within the Mildura local government area and is compliant with legislative restrictions on differentiating the rate burden.

- Continue not to set a Municipal Charge, noting that a such a charge is regressive in nature by establishing a minimum contribution and requiring those with less wealth to contribute a higher proportion of disposable income towards rates.
- Continue with the differentiate between dryland and irrigated farmland to enable future differentiation, if deemed necessary in future – noting that recent valuations have resulted in different movement in valuations for dryland and irrigated farmland and that there is a large range in the valuations in both dryland and irrigated farmland making it difficult to differentiate the burden between dryland and irrigated farmland.
- Note that the residential rate burden (measured as a percentage of median household income) is higher in comparison to other similar councils, whereas the rate burden on productive industries (business and farmland) is lower in comparison to other similar councils (measured as a percentage of gross operating surplus).
- Council to increase the business category differential (ad velarium) from 130% of the general rate to 140%, acknowledging that the business category has greater capacity to pay and contribute to the rate burden.
- Ensure full cost recovery for waste management to avoid cross-subsidisation from general rates – Council will need to consider the appropriateness of the Waste Management Charge to be compliant with the Ministers Best Practice Guidelines for Rates and Charges. It should be noted there is a range of responses being considered by the sector, including seeking further clarification before making changes to waste charges through to applying to Essential Services Commission for an increase in rates above the rate cap. Council should further engage within the sector to determine the most appropriate response for the Mildura community.
- Cease to offer the optional lump sum payment for rates and charges given that the option for lump sum payment is provided to all categories (which was not the initial intent) and is a major contributor to deterioration in the rate payments in arrears. Removing the option for lump sum payment will likely avoid rate payments falling into arrears, and enable Council to take earlier action to recover rates in arrears. There is also a material cost to providing the lump sum payment which can be avoided.

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INTRODUCTION

1.1 BACKGROUND

AEC Group (AEC) was engaged by Mildura Rural City Council (MRCC) to review the current Rating Strategy 2023-2027 and Revenue and Rating Plan 2021-2025 and to present scenarios for consideration.

The objective of this project is to produce the Revenue and Rating Plan 2025-2029 for the next term of Council.

The Revenue and Rating Plan will outline the strategic approach to establishing the rating systems, as well as ensuring MRCC meets the requirements of the Local Government Act 2020 (the Act), the Ministerial Guidelines for Differential Rating (the Guidelines), Tax Design Principles and the needs of MRCC and ratepayers.

In accordance with the 2020 Local Government Act reform in Victoria and the Integrated Strategic Planning and Reporting Framework (ISPRF), Victorian Councils are required to prepare and adopt a Revenue and Rating Plan (s. 93.). The Revenue and Rating Plan has a four-year planning horizon starting on 30 June in the year after each general election. The plan provides a medium-term plan for how MRCC will generate income to deliver on the Council Plan, program and services and capital works commitments over a four-year period. It defines the revenue and rating 'envelope' within which MRCC proposes to operate.

1.2 PURPOSE OF THIS REPORT

The scope of this report is to inform MRCC's consideration of the following components of the Revenue and Rating Plan 2021-2025 – as outlined in the Local Government Better Practice Guide:

- The role of rates as a form of taxation and consideration of common taxation principles.
- How revenue will be generated through rates on properties (including differential rates [if any] on different property classes) and consideration against taxation principles.

The purpose of this report is to develop a forward-looking plan that will hold MRCC in good stead for the foreseeable future, meeting the statutory requirements, the Local Government Rating Principles and the needs of MRCC and ratepayers.

The purpose is not to determine how much general rate revenue is required, but rather to review the rating system by which MRCC generates the required revenue and provide recommendations for future rating systems and settings. The rating system comprises of the valuation base (or tax base) for rateable properties and decisions the Council makes to establish rate settings and instruments, as allowed under the Act, to calculate each property owners' rates liability.

MRCC is seeking the following deliverables from the review:

- Clear philosophical approach to a fair and equitable rating system.
- Various options backed up by consultation and other data.
- Modelling of impacts for different classes of ratepayers.

1.3 APPROACH

AEC's approach to delivering upon the Terms of Reference was undertaken in the following stages:

1. Inception meeting with the Project Team to confirm objectives and deliverables.
2. Background research and engagement, including:
    - A review of literature and related documentation, including applicable legislation and Guidelines, and previous rating reviews undertaken by MRCC.
    - Engagement with key stakeholders within MRCC to inform and document a review of the current rating strategy and approach to differentiating the rate burden.

3 Analysis of the current rating approach:

- Performance of the current rating system to achieve the intended objectives as outlined in the current Rating Strategy.
- Alignment of the current rating strategy with rating principles.
- Appropriateness of the current rating burden on residential, business and farmland ratepayers based on land value, household income and gross operating surplus (for productive industries) as applicable.
- Analysis of various land uses within MRCC's rating database based on the Australian Valuation Property Classification Code (AVPCC).
- Update for current valuation.
- Exploration of potential objectives for the development of the revised Revenue and Rating Plan.
- Identification of options compliant with the Guidelines to achieve the objectives.
- Modelling and assessment of the rating system options against the general rating principles.

4 Recommendations, Presentation and Report

- Recommendation informed by AEC's review of the MRCC's current rating structure.
- Scenarios presented to Council's management team for consideration.
- Assess impacts of proposed change.
- Present to Council onsite, including an introduction to rating principles, guidelines and statutory requirements.

1.4 PREVIOUS REVIEWS OF COUNCIL'S RATING SYSTEM

1.4.1 DEVELOPMENT OF THE REVIEW OF RATING STRATEGY 2014-2019

MRCC engaged MacroPlan Dimasi in 2013 to undertake a review of the Rating Strategy, following the introduction of the Ministerial Guidelines for Differential Rating (April 2013). MRCC resolved from 1 July 2013 to remove the Drainage Contribution rate category, which resulted in the residential and rural/farming properties being subject to the same general rate. The Business rate category applied only to rateable properties located outside the defined Mildura City Heart or Langtree Mall, with business properties within the Mildura City Heart subject to the Mildura City Heart rate category and businesses located in the Langtree Mall subject to the Langtree Mall rate category.

MacroPlan Dimasi recommended to MRCC the following:

- That a municipal charge be introduced at a similar amount to those of surrounding councils – being $100 per property.
- That MRCC considers an increase in the Business rate category up to 120% of the general rate to be in line with larger regional councils.
- That MRCC considers removal of the City Heart and Langtree Mall rate categories and introduces a special rate designed for the purposes required for the City Traders.

That MRCC removes the "no service" waste management charge where no service exists and apply the charge against vacant land where the service exists (a partial levied service charge may be considered until the land has been developed).

In response to the recommendations provided by MacroPlan Dimasi, the Council adopted the Rating Strategy 2014-2019 including the following highlights:

- MRCC continue to use Capital Improved Value as the basis of valuation for rating purposes.
- A municipal charge of $100 per assessment be introduced.
- Farmland differential rate is introduced at 95% of the residential rate.

- Business rate is increased from 116% of the residential rate to 120%.
- That the Langtree Mall and City Heart Differentials are removed and a special rate introduced in 2015-16.
- That the annual waste management charge upon rural properties where no service is available is abandoned and an annual waste management charge be applied in future to vacant land were both a kerbside collection is available, and street sweeping exists.

The impact of the changes compared to the 2013-2014 Budget was projected to increase the revenue generated from residential properties with a decrease of a similar amount from farmland properties.

1.4.2 DEVELOPMENT OF THE REVIEW OF RATING STRATEGY 2019-2023

The development of the Rating Strategy 2019-2023 occurred following a significant increase in the land valuations in 2018-19 for farmland properties. Total general rates increased by 4% in the 2018-19 year comprised of farmland rates increasing by 23%, business rates increasing by 1% and residential rates not increasing. The largest increase in the land valuations, and therefore also general rates paid, was for irrigated farms.

The Rating Strategy 2019-2023 acknowledged that:

- The residential general rate burden increased from 58% in 2009-10 to 60% in 2018-19 despite a 22% increase in the number assessments over the same period.
- The farmland general rate burden reduced steadily over the 10 year period from 19% in 2009-10 to 15% in 2017-18. However, in 2018-19, following the general revaluation of land as at 1 January 2018, the burden increased to 18%.
- The business general rate burden remained relatively steady at around 22% over the 10 year period with a slight increase to 24% in 2014-15 when the differential was increased to 120%.
- The municipal charge of $100 per property commenced in 2014-15.

The changes made in the adopted Rating Strategy 2019-2023 are as follows:

- To separate farmland properties into dryland and irrigated land in recognition of the distinct characteristics of each type of farmland.
- Reduction in Farm (dryland) rates from 95% to 76% of the residential rate due to significant change in relative property values.
- Reduction in Farm (irrigated land) rates from 95% to 76% of the residential rate due to significant change in relative property values.
- Removal of the Municipal Charge as it was considered regressive in nature and had an adverse impact on lower valued properties.
- Service rates and charges levied for municipal waste, kerbside and recycling for eligible properties on the basis of full cost recovery.

The impact of the changes compared to the 2018-2019 Budget was to increase the average residential rate by $68, reduce the average farmland (dryland) rate by $326, reduce the average farmland (irrigated) rate by $279 and increase the average business rate by $146.

1.4.3 DEVELOPMENT OF THE REVIEW OF RATING STRATEGY 2023-2024

AEC Group (AEC) was engaged by Mildura Rural City Council (MRCC) to review its current Rating Strategy 2019-2023 and Revenue and Rating Plan 2021-2025. The intention was to develop one document – the Revenue and Rating Plan – that outlines the strategic approach to establishing the rating systems, as well as ensuring MRCC meets the requirements of the Local Government Act 2020 (the Act), the Ministerial Guidelines for Differential Rating (the Guidelines), the Tax Design Principles and the needs of MRCC and ratepayers.

AEC recommended that:

- MRCC continues to use the CIV as the most suitable basis for valuation and for setting the base for levying the general rate into the foreseeable future.
- MRCC continues with the current definitions for each rating category.
- MRCC continues not to set a municipal charge into the foreseeable future as a municipal charge is regressive in nature by establishing a minimum contribution and requiring those with less wealth to contribute a higher proportion of disposable income towards rates.
- MRCC continues to establish two rate categories for dryland and irrigated land with the purpose of achieving equitable share from properties in each of the rate categories.
- Council should seek to reduce the residential rate burden by increasing the rate burden on other rate categories where capacity to pay and wealth has increased comparably higher than residential properties.
- MRCC should seek to increase the rate burden on the farmland rate category which has over the last five years experienced a significantly higher increase in total property valuation.
- MRCC increases the differentiation of the dryland and irrigated land rate categories to 90% of the base rate (residential rate) and business category to 130% of the base rate.
- That MRCC seeks to set service rates and charges levied for municipal waste, kerbside and recycling for eligible properties on the basis of full cost recovery to ensure cross subsidisation from the general rate is avoided.

2. COUNCIL'S CURRENT RATING SYSTEM

2.1 SUMMARY OF RATES AND CHARGES – 2024-25 BUDGET

The 2024-25 budget adopted by MRCC plans to yield $90.23 million from rates and charges, including $73.32 million from general rates – as outlined in Table 2.1 below. No revenue is received through the application of a municipal charge.

Other charges include waste management charges ($14.8 million), supplementary rates and charges ($1.13 million), and special rates and charges ($685,000).

Table 2.1. Summary Rates and Charges – 2024-25 Budget

Rates and Charges	Amount $'000
General Rates	73,315
Municipal Charge	-
Total	**73,315**
% Municipal Charge	-%
Municipal Charge per Assessment	-
Waste Management Charge	14,801
Supplementary Rates and Charges	1,130
Special Rates and Charges	685
Cultural land	12
Abandonments	(10)
Payments in lieu of rates	300
Total Rates and Charges	**90,233**

Source: MRCC Council Budget 2024-25

2.2 DIFFERENTIATION OF THE GENERAL RATE

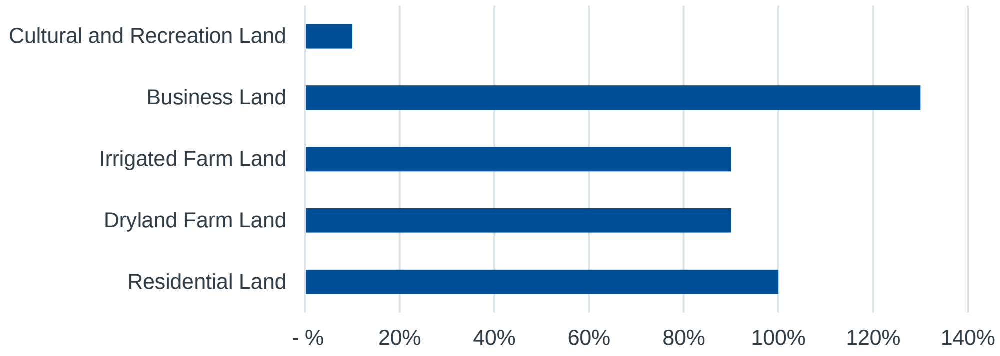
The 2024-25 budget differentiates the general rate for each type or class of land as outlined in Table 2.2 below. The current definitions for each to the rating categories is outlined in Appendix D.

Table 2.2. Differential Rate Category and Rate in the Dollar (2024-25)

Differential Rate Category	c/$CIV	Multiplier	Municipal Charge
Residential Land	0.451937	100%	$0
Dryland Farm Land	0.406743	90%	$0
Irrigated Farm Land	0.406743	90%	$0
Business Land	0.587518	130%	$0
Cultural and Recreation Land	0.045195	10%	$0
Mildura City Heart special rate	0.277446		

Source: MRCC Council Budget 2024-25

Figure 2.1. General Rate Multiplier by Differential Rate Category (2024-25)



Source: AEC

The total yield from general rates and the average rate for each category is outlined in Table 2.3 below. The residential land category provides a majority (60.27%) of the total general rate, with dryland and irrigated farmland providing 9.82% and 10.28%, respectively (20.10% combined), business land providing 18.69% and cultural and recreation land providing less than 1%. The Mildura City Heart Special Rate collects $685,000 from properties located within the boundary of the defined Mildura City Heart precinct and classified within the Business rate category. The full amount received goes to Mildura City Heart Inc. and is not used by MRCC to fund any other services.

Table 2.3. Total Yield, Contribution and Average Rate by Rate Category – 2024-25 Budget

Category	Number of Assessments	Revenue $'000	Contribution	Average Rate
Residential Land	25,158	44,605	60.27%	$1,773
Dryland Farmland	1,549	7,271	9.82%	$4,694
Irrigated Farmland	1,777	7,606	10.28%	$4,280
Business Land	2,540	13,833	18.69%	$5,446
Cultural and Recreation Land	82	12	0.02%	$146
Sub-Total	**31,106**	**73,327**		
Mildura City Heart Special Rate	369	685	0.93%	$1,856
Total	**31,475**	**74,012**		

Notes: The average rate is calculated by dividing the total general rate projected by the number of assessments for each category
Source: MRCC Council Budget 2024-25

In the 2024-25 budget, the number of residential land assessments increased by 348 (or 1.4%), compared with an increase for dryland farmland properties (5, or 0.3%), and a reduction for irrigated farmland properties (-5, or -0.3%) and an increase for business properties (34, or 1.4%).

Table 2.4. Number of Assessments Compared with the Five Most Recent Financial Years

Category	2020-21 Count	2021-22 Count	2022-23 Count	2023-24 Count	2024-25 Count	Five Year Change	Five Year Change %
Residential Land	23,813	24,140	24,573	24,810	25,158	1,345	6%
Dryland Farmland	1547	1,561	1,541	1,544	1,549	2	0%
Irrigated Farmland	1782	1,779	1,787	1,782	1,777	(5)	(0%)
Farmland Combined	*3,329*	*3,340*	*3,328*	*3,326*	*3,326*	*(3)*	*(0%)*
Business Land	2,408	2,406	2,479	2,506	2,540	132	5%
Cultural and Recreation Land	85	85	85	83	82	(3)	(4%)
Sub-Total	**29,635**	**29,971**	**30,465**	**30,725**	**31,106**	**1,471**	**5%**
Mildura City Heart Special Rate	369	367	367	366	369	-	-%
Total	**30,004**	**30,338**	**30,832**	**31,091**	**31,475**	**1,471**	**5%**

Source: MRCC Council Budget 2024-25, 2023-24, 2022-23, 2021-22

2.3 HISTORICAL DIFFERENTIATED SHARE OF GENERAL RATE BURDEN

The share of rate burden for each of the rating categories has varied significantly across the last ten financial years and has fluctuated due to:

- Movement in land valuations.
- Movement in the number of assessments in each rate category.
- Rate in the dollar set for each category in the Annual Budget.
- Introduction and removal of the municipal charge.
- Introduction and removal of other special rate charges.

Table 2.5 below outlines the movement in the property valuations from 2020-21. Valuation for farmland properties has increased the highest between 2020-21 and 2024-25, with an increase in total property valuation of 66% (dryland 102% and irrigated 42%), this compares with 54% for residential properties and 28% for business properties. Applying the use of property valuations as an indicator in wealth, there has been a greater increase in the wealth for farmland properties compared to residential and business properties over the most recent period.

Table 2.5. Property Valuations Compared with the Five Most Recent Financial Years

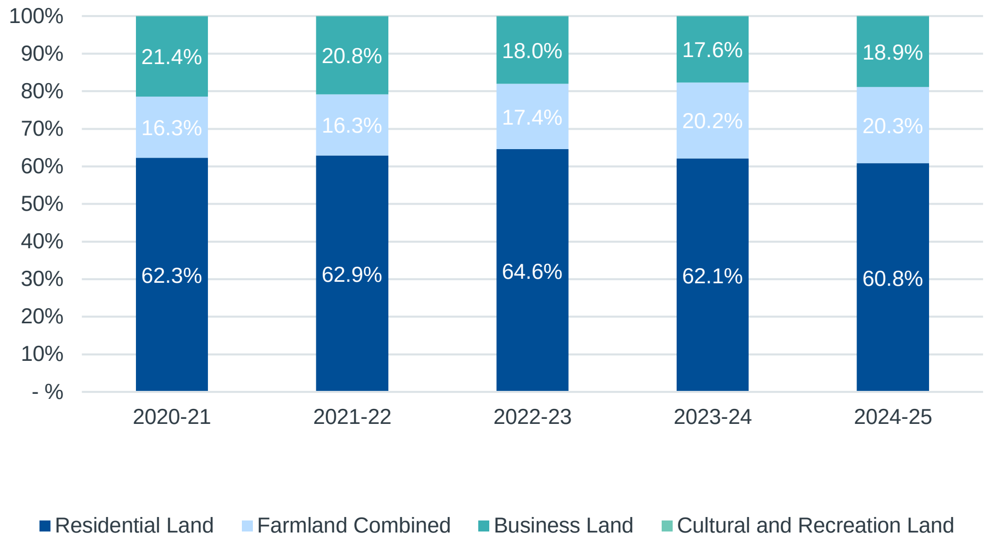
Category	2020-21 $'000	2021-22 $'000	2022-23 $'000	2023-24 $'000	2024-25 $'000	Five Year Change	Five Year Change %
Residential Land	6,423,854	6,975,007	8,564,839	9,358,781	9,869,693	3,445,839	54%
Dryland Farmland	885,082	1,013,865	1,332,646	1,536,891	1,787,724	902,642	102%
Irrigated Farmland	1,319,485	1,462,313	1,704,945	1,892,459	1,869,988	550,503	42%
Farmland Combined	*2,204,567*	*2,476,178*	*3,037,591*	*3,429,350*	*3,657,712*	*1,453,145*	*66%*
Business Land	1,837,820	1,814,845	1,985,860	2,066,235	2,354,487	516,667	28%
Cultural and Recreation Land	26,552	26,565	25,791	25,540	25,496	(1,056)	(4%)
Total	**10,492,793**	**11,292,595**	**13,614,081**	**14,879,906**	**15,907,388**	**5,414,595**	**52%**

Source: MRCC Council Budget 2024-25, 2023-24, 2022-23, 2021-22

Between 2009-10 and 2018-19, the residential general rate burden (i.e., the proportion of total rates paid) increased from 58% to 60%. The farmland general rate burden reduced steadily from 19% in 2009-10 to 15% in 2017-18, but increased to 18% in 2018-19 following the general revaluation of land (as at 1 January 2018). The business general rate burden remained relatively steady at around 22% over the 10 year period with a slight increase to 24% in 2014-15 when the differential was increased to 120%.

Figure 2.2 below outlines the changes in the rate burden contributed by each rate category from 2020-21 to 2024-25. During this period, the rate burden has reduced from 62.3% to 60.8% in the residential rate category and the business category also decreased, from 21.4% to 18.9%, while farmland increase from 16.3% to 20.3%.

Figure 2.2. Share of the General Rate Burden by Rating Category – 2020-21 to 2024-25 – excluding Mildura City Heart Special Rate



Source: MRCC Council Budget 2024-25, 2023-24, 2022-23, 2021-22

2.4 EVALUATION OF CONTRIBUTIONS BY PROPERTY TYPE

Within each rating category, the Australian Valuation Property Classification Code (AVPCC) can be used to assess how the rate burden is shared by property type in addition to comparing the average rate by AVPCC code. The 2024 Valuation Best Practice Specifications Guidelines is a document made under Section 5AA of the Act, which sets out the requirements in respect to the classification of property using the AVPCC and the requirement for annual assessment. The AVPCC is therefore a reliable identifier to assess the horizontal equity of the rate burden within rate categories. The tables below are also useful to inform the types of properties that will be most impacted by an increase or decrease in the burden on the rate category (properties with a higher average rate will be impacted more than those with a lower average rate).

The following observations can be made for the residential land category:

- Detached dwellings (code 110) and residential/ rural lifestyle (code 117) contribute the significant majority (86.5%) of residential rates.
- The average general rate for detached dwellings is $1,847, which is lower than the average general rate for residential/ rural lifestyle of $2,394 – changes to the rate in dollar for the residential rating category will therefore impact residential rural/ rural lifestyle the greatest (3,978 properties).
- Vacant residential site (code 100) contributes an average of $667 in general rates. As noted later in benchmarking against other councils, the use of a differential rating category for vacant land is a common rating tool used – some councils differentiate to increase the general rate yielded from vacant land to return a similar amount to developed land, others apply an increased rate on vacant land to encourage development by increasing the holding costs, and others consider a lower general rate on vacant land as appropriate to encourage greenfield development by reducing the development cost.

Table 2.6. Residential Land Rate Burden Share by AVPCC (top 10 only)

APVCC Code	Properties	Total Rates $	Total CIV $	Average Rate $
110:Detached Dwelling	15,745	29,074,697	6,433,351,700	1,847
117:Residential Rural/Rural Lifestyle	3,978	9,521,872	2,106,902,500	2,394
120:Single Unit/ Villa Unit/ Townhouse	1,955	2,432,736	538,291,000	1,244
100:Vacant Residential Site/Surveyed Lot	926	617,634	136,663,800	667
131:Residential Investment Flats	820	537,780	118,994,500	656
102:Vacant In globo Residential Subdivisional Land	62	383,640	84,888,000	6,188
140:Retirement Village Unit	345	368,270	81,487,000	1,067
125:Strata Unit or Flat	181	188,223	41,648,000	1,040
103:Vacant Residential Rural/Rural Lifestyle	213	185,330	41,008,000	870
118:Residential Land (w/ buildings that add no val)	107	133,141	29,460,000	1,244

Source: AEC

The following observations are made for the business land category:

- The business land category is a very diverse category with a large range of land valuations and rating contributions.
- The largest contribution is from general purpose warehouse (code 320) which contributes 19.2% of the general rate with an average general rate of $5,522.
- The second largest contribution by AVPCC classification is from single-occupancy retail premises (code 210) which contributes 18.83% of the general rate with an average general rate of $3,291.
- Changes to the rate in dollar for the business rating category will impact major industrial complex-special purpose improvements (only 5 properties) and processing plant properties (2 properties) the greatest, followed by National Company Retail (11 properties)

Table 2.7. Business Land (Industrial) Rate Burden Share by AVPCC (top 10 only)

APVCC Code	Properties	Total Rates $	Total CIV $	Average Rate $
320:General Purpose Warehouse	349	1,927,209	328,025,500	5,522
210:Retail Premises (single occupancy)	574	1,889,270	321,568,000	3,291
312:Major Industrial Complex-Special Purpose Imp.	5	816,480	138,971,000	163,296
310:General Purpose Factory	188	786,628	133,890,000	4,184
626:Solar Electricity Generation	3	751,671	127,940,000	250,557
220:Office Premises	201	707,286	120,385,500	3,519
214:National Company Retail	11	484,779	82,513,000	44,071
213.5:Sub Regional	71	475,578	80,947,000	6,698
230:Residential Hotel/Motel/Apartment Hotel Complex	30	356,186	60,625,500	11,873
311.2:Processing Plant	2	318,494	54,210,000	159,247

Source: AEC

The following observations are made for the farmland (dryland) category:

- General cropping (code 510) is the largest contributor to the total general rate, contributing 90.34% at an average rate of $4,803.
- Mixed farming and grazing (code 530) provides the second largest contribution of 4.5% at an average general rate of $3,786.
- Changes to the rate in dollar used to calculate the general rate for the farmland (dryland) category will impact livestock production (beef cattle) properties the greatest.

Table 2.8. Farmland (Dryland) Rate Burden Share by AVPCC (top 10 only)

APVCC Code	Properties	Total Rates $	Total CIV $	Average Rate $
510:General Cropping	1,366	6,561,546	1,613,192,000	4,803
530:Mixed Farming and Grazing	86	325,573	80,044,000	3,786
520:Domestic Livestock Grazing	15	83,525	20,535,000	5,568
524:Livestock Production – Beef Cattle	5	80,389	19,764,000	16,078
523:Livestock Production – Sheep	14	48,939	12,032,000	3,496
561:Vineyard	1	31,868	7,835,000	31,868
550:Market Garden – Vegetables	3	21,883	5,380,000	7,294
510:Residential Rural/Rural Lifestyle	4	20,817	5,118,000	5,204
510:Detached Dwelling	6	20,610	5,067,000	3,435
510.1:Unspecified	8	19,324	4,751,000	2,416

Source: AEC

The following observations are made for the farmland (irrigated) category:

- The two APVCC codes that contribute the majority of the general rate for this category include vineyard (code 561) at 56.12% and an average general rate of $3,483, and orchards, groves and plantations (code 551) at 32.64% and an average rate of $9,274.
- Changes to the rate in dollar used to calculate the general rate for the farmland (irrigated) category will impact glasshouse plant/vegetable production (3 properties) the most, followed by orchards, groves and plantations properties the greatest.

Table 2.9. Farmland (Irrigated) Rate Burden Share by AVPCC (top 10 only)

APVCC Code	Properties	Total Rates $	Total CIV $	Average Rate $
561:Vineyard	1,227	4,273,165	1,050,581,000	3,483
551:Orchards, Groves and Plantations	268	2,485,403	611,050,000	9,274
564:Glasshouse Plant/Vegetable Production	3	289,398	71,150,000	96,466
550:Market Garden – Vegetables	70	153,452	37,727,000	2,192
561:Residential Rural/Rural Lifestyle	32	68,418	16,821,000	2,138
520:Domestic Livestock Grazing	26	46,458	11,422,000	1,787
530:Mixed Farming and Grazing	26	35,976	8,845,000	1,384
562:Plant/Tree Nursery	11	31,051	7,634,000	2,823
510:General Cropping	16	22,863	5,621,000	1,429
510.5:Crop Production - Fodder Crops	10	21,346	5,248,000	2,135

Source: AEC

2.5 LAND VALUATIONS

MRCC has the option to use Site Value (SV), Capital Improved Value (CIV) or Net Annual Value (NAV), however the option can limit the ability to differentiate the general rate.

The Valuation of Land Act 1960 is the principal legislation in determining property valuations, with the Victorian Valuer-General conducting property valuations on an annual basis. MRCC currently adopts the use of the CIV method to calculate the general rate for all properties within the municipality.

The Local Government Rating System Review concluded that it would be preferable that the CIV method of valuation is used by all councils to raise rates, noting:

"Advocates of CIV contend that it correlates more closely with a ratepayer's overall wealth and capacity to pay compared to SV and is therefore likely to be more equitable. It was also claimed that CIV is easily understood by the general public as a measure of the value of a property because it is more closely correlated with market value, a concept with which most ratepayers are familiar."

The review also found that in Victoria, the Act allows councils rating on CIV to levy a wider range of differential rates. The appeal of using differential rates has contributed to a shift by almost all councils to using CIV as the approach to valuing properties.

It is therefore deemed appropriate for MRCC to continue to use the CIV valuation methodology for the foreseeable future.

3. REGIONAL ECONOMIC FACTORS

3.1 RELEVANCE TO RATING

An economic profile for Mildura Rural City Council (MRCC) is provided to:

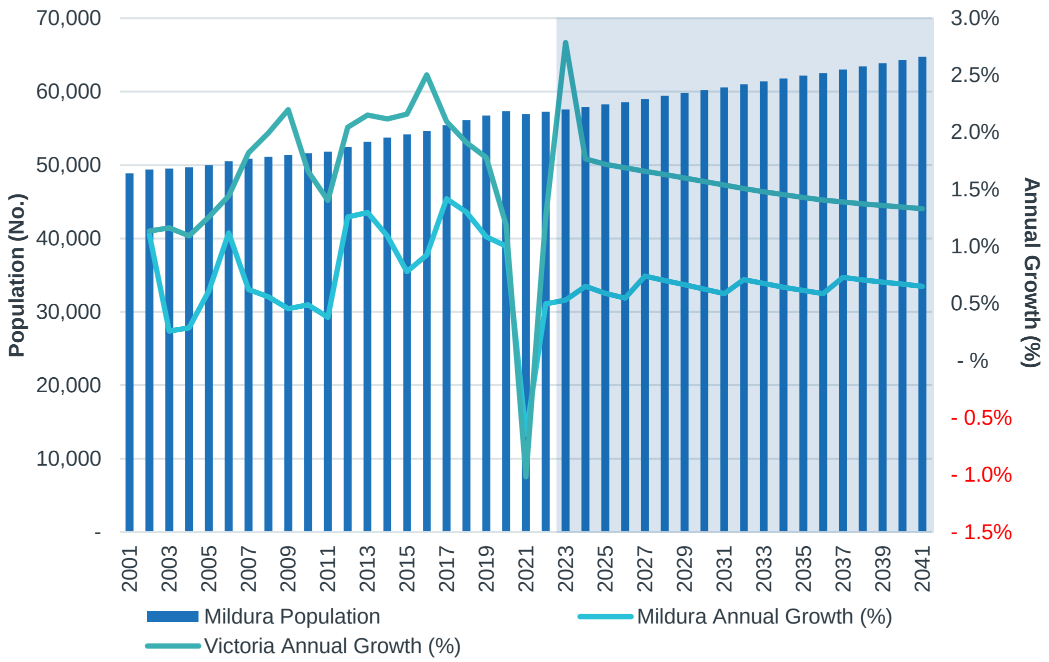
- Identify the comparative contributions of different sectors to the local economy and distribution of wealth.
- Compare and contrast the relative economic activity in the local government area compared to the current share of the rating burden.
- Identify economic evidence to support the current rating differentials.
- Consider the appropriateness and effectiveness of amended and/or additional rating differentials.

Understanding population and demographics and regional economic factors, including historical trends and future forecasts, can help to inform an appropriate basis for the differentiation of the rate burden through the rating system. While valuations are generally considered a close correlation to the wealth of a ratepayer, they may not completely correlate with capacity to pay from available income. Furthermore, local economic factors other than valuations can impact upon the equity of the rate burden, requiring differentiation of the general rate. The information presented in this report has been sourced from DataAU, AEC's own national socio-economic and demographic database.

3.2 POPULATION PROJECTIONS

Over the 22 years to 2023, the population of the Mildura Local Government Area (LGA) increased from approximately 48,860 in 2001 to 57,600 in 2023, at an average growth rate of 0.8% per annum. The population of Mildura is forecast to continue to increase to approximately 64,700 people by 2041, representing an average annual increase of 0.7%. This is lower growth than for Victoria more broadly, with the population of Victoria projected to increase from approximately 6.82 million people in 2023 to 8.93 million people in 2041 at an average growth rate of 1.5% per annum.

Figure 3.1. Historic and Projected Population, 2001 to 2041

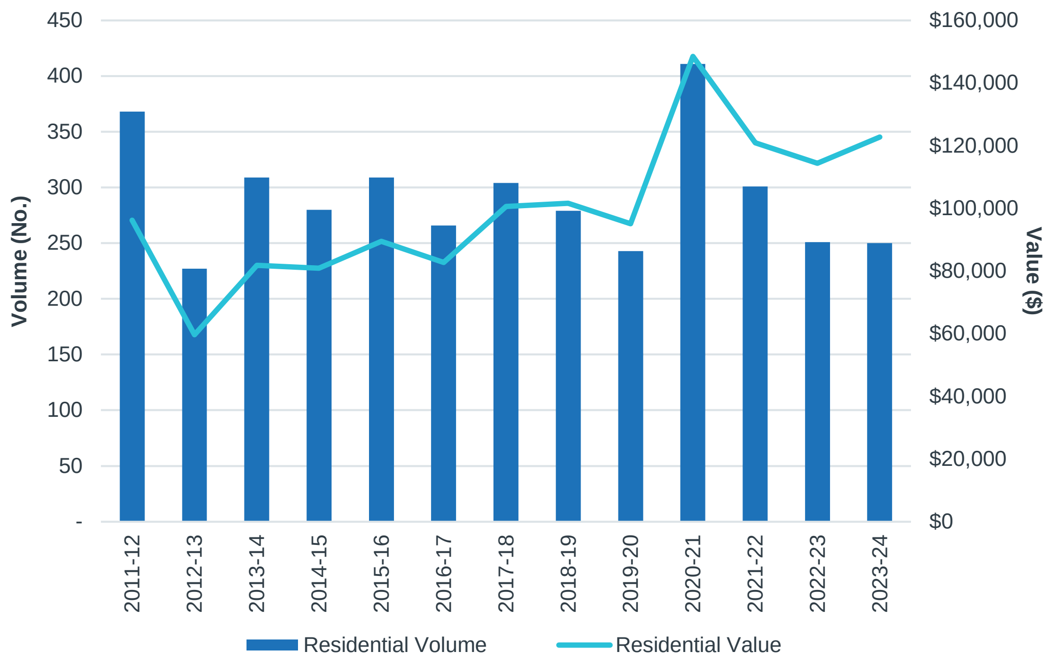


Note: The blue shading indicates the estimates are projections.
Source: ABS (2024a), AEC (unpublished), Victorian Department of Transport and Planning (2019)

3.3 BUILDING APPROVALS

Over the decade to 2023-24, the number of residential building approvals in the Mildura LGA has ranged between approximately 240 (recorded in 2019-20) to approximately 410 (recorded in 2020-21). The peak in the number of residential building approvals recorded in 2020-21 may be as a result of the introduction of the HomeBuilder Grant, a grant for eligible owner-occupiers to build a new home (State Revenue Office, 2021). Between 2013-14 and 2023-24, though the number of building approvals in Mildura was quite volatile, Mildura generally recorded lower annual growth in comparison to Victoria more broadly.

Figure 3.2. Residential Building Approvals, 2011-12 to 2023-24



Source: ABS (2024b)

3.4 DEGREE OF RATING EFFORT

3.4.1 PRODUCTIVE SECTOR RATING EFFORT

An important consideration in differentiating non-residential properties is whether the valuation is well correlated to the capacity to derive wealth or income from the land –the Wealth Tax approach. While the CIV method is broadly considered the valuation method that provides the best correlation to wealth (i.e., assuming that the capital invested in land improvements is akin to wealth), capacity to pay is not only represented by the assets owned but also the income and profits generated by the use of the land and associated assets.

An approach to differentiating further the business and farmland rate categories may be to identify industries that have greater economic activity and are more wealth (profit) producing. As indicated later in this report, productive industries tend to benefit greater from the services and infrastructure of a local government (including transportation of input and output goods).

The Gross Operating Surplus (GOS) and the GOS / Output Ratio are used to assess the rating effort applicable to the Productive Sector (Business Land and Farmland properties) of the economy. GOS is the most suitable measure to adopt as the measure by which capacity to pay is assessed given it is akin to gross company profit. AEC produces proprietary, in-house estimates of economic activity by council area, with estimates based on assigning value where the activity occurs (i.e., where employment occurs) rather than where profits are realised (i.e., corporate head office).

GOS for each productive sector is derived via the following method:

- Apportioning Gross Value Add (GVA) to each of the 115 different sectors based on GVA per employee multipliers for each of the 115 sectors from the Mildura regional transaction table (ABS, 2024c) The regional transaction table provides an indication of the sale and purchase relationships between producers and consumers within the Mildura economy and can assist in estimating GVA activity at a detailed sectoral level.
- Applying GOS to GVA factor estimates to calculate GVA.
- Allocating the GVA for 115 different sectors to the productive rating categories of MRCC in full or in part (i.e., 50% of an industry may be allocated to Business Land whilst the remaining 50% may be allocated to Farmland, depending on the industry).

The GOS/output ratio is an indicator of profitability of the activity – the greater the ratio, the higher the GOS per economic output.

The total 2024-25 gross value added (GVA) for the Mildura LGA is projected to be $4,172 million. This is projected using the growth rate developed by AECs in-house forecasting model and assumes the proportionate composition of GVA by industry is consistent with 2022-23. GVA represents economic output ($8,419 million) less intermediate inputs (goods and services that have already passed through the market once) and is, therefore, a measure of the value added to the regional economy.

Appendix B outlines economic indicators for each Mildura industry sector, grouped by the applicable differentiated land category. Other Agriculture provides the highest contribution to the GVA and economic output of the Mildura LGA with a contribution of $485.0 million and $920.5 million respectively. Other Agriculture also recorded the largest gross operating surplus (GOS) at $128.8 million.

3.4.1.1 BUSINESS LAND CATEGORY

The table below outlines the ten industries producing the highest GOS within the business land rate category. Wholesale trade has a much higher GOS ($75.4 million) than other industries, it is followed by Finance, ($68.0 million), Retail Trade ($66.8 million), Water supply, sewerage and drainage services ($61.7 million) and Construction Services ($33.4 million).

Table 3.1. Economic Indicators by Industries (Top 10 by GOS) for Business Land Rate Category, 2024-25

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Wholesale trade	$229.50	$433.67	$75.43	17.39%
Finance	$94.15	$123.24	$68.01	55.18%
Retail trade	$276.83	$479.78	$66.79	13.92%
Water supply, sewerage and drainage services	$95.11	$178.41	$61.65	34.55%
Construction services	$185.07	$602.97	$33.39	5.54%
Transport support services and storage	$43.26	$97.92	$27.15	27.73%
Residential care and social assistance services	$274.72	$372.35	$20.27	5.44%
Road transport	$91.18	$204.42	$18.57	9.09%
Professional, scientific and technical services	$163.39	$316.09	$16.63	5.26%
Non-residential property operators and real estate services	$77.18	$144.98	$14.41	9.94%

Source: ABS (2024c), AEC (unpublished)

The GOS/Output ratio is a measure of the profitability of the industry. The higher the ratio, the more operating surplus is generated from the economic output and indicates more wealth generating capacity. As listed in Appendix D, Iron Ore Mining has the highest GOS/Output ratio (76.0%), followed by Oil and Gas Extraction (72.2%), Coal Mining (67.7%) and Finance (55.2%).

3.4.1.2 FARMLAND CATEGORIES

The table below outlines all industries within the farmland rate categories, in order of the highest GOS. The Other Agriculture sector has the highest GOS ($128.8 million) followed by Sheep, Grains, Beef and Dairy Cattle ($16.6 million) and Agriculture, Forestry and Fishing Support Services ($15.1 million). The remaining farmland industries produce significantly less GOS. While the Sheep, Grains, Beef and Dairy Cattle industry produced an economic output of $253.21 million it only produced a GOS of $16.64 million, resulting in a GOS/output ratio of 6.57%. Based on the different GOS/output ratios, the general rate burden in the Sheep, Grains, Beef and Dairy Cattle industry would be greater than that of the Agriculture, Forestry and Fishing Support Services (GOS/output ratio of 7.24%) and that of the Poultry and Other Livestock industry (GOS/output ratio of 15.82%). This is a clear example of why GOS (and the GOS/output ratio) is a more appropriate economic measure to compare the wealth generating capacity of rateable land.

Table 3.2. Economic Indicators by Industry for Farmland Rate Categories, 2024-25

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Other agriculture	$485.03	$920.49	$128.84	14.00%
Sheep, grains, beef and dairy cattle	$115.61	$253.21	$16.64	6.57%
Agriculture, forestry and fishing support services	$61.05	$208.70	$15.12	7.24%
Poultry and other livestock	$9.99	$18.09	$2.86	15.82%
Aquaculture	$0.99	$2.48	$0.41	16.43%
Forestry and logging	$0.00	$0.00	$0.00	23.94%
Fishing, hunting and trapping	$0.00	$0.00	$0.00	8.62%

Source: ABS (2024c), AEC (unpublished)

3.4.1.3 CULTURAL AND RECREATION LAND CATEGORIES

The table below provides the economic indicators of both industries within the Cultural and Recreation Land rate categories. The Sports and Recreation industry has the highest GOS ($2.67 million) followed by the Heritage, Creative and Performing Arts industries ($1.56 million). Many organisations within the Sports and Recreation industry pay rates under the Business Land category in accordance with this trend, 10% of this industry has been allocated to the Cultural and Recreation Land rate category while 90% has been allocated Business Land category. The economic indicators below, however, represent the economic performance of the Sports and Recreation industry as a whole.

Table 3.3. Economic Indicators by Industry for Cultural and Recreation Land Rate Category, 2024-25

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Arts, sports, adult and other education services (including community education)	$12.11	$18.77	$2.67	14.23%
Heritage, creative and performing arts	$7.58	$15.82	$1.56	9.86%
Air and space transport	$3.91	$14.53	$0.38	2.65%
Library and other information services	$0.00	$0.00	$0.00	42.09%

Note a: Approximately 10.0% of the outcomes above are allocated to the Cultural and Recreation Land category, the remaining 90.0% is allocated to the Business Land category.
Source: ABS (2024c), AEC (unpublished)

3.4.1.4 PRODUCTIVE SECTOR RATING EFFORT SUMMARY

While the above demonstrates that different industries have different wealth generation (as measured by the GOS/output ratio), it is also important to note the number of properties contributing to industry output. The Ministerial Guidelines advises that while MRCC is not prevented from creating a category for one or a small number of properties, the use of a differential rate applicable to very few assessments in a municipality should be considered with great caution.

An assessment of the rating burden on productive sectors of the economy can also be undertaken by looking at the aggregate rate revenue collected from selected industry sectors as a proportion of aggregate industry sector GOS.

The following table provides a summary of the rating effort assessment relative to GOS for the business, farmland and commercial and recreational sectors. The degree of rating effort for the farmland sector is greatest at 9.1%. The business rate category generates significantly higher GOS than the farmland rating categories (dryland and irrigated), indicating that the business rate category has substantially higher capacity to generate wealth (the tax base for levying the general rate).

Table 3.4. Estimated Degree of Rating Effort by Productive Industry Sector

Industry Sector	GOS ($M)	Rates ($M)	Rating Effort
Business	$668.22	$13.83	2.07%
Farmland	$163.87	$14.88	9.08%
Cultural and Recreation	$0.44	$0.01	2.63%

Source: ABS (2024c), AEC (unpublished)

3.4.2 RESIDENTIAL RATING EFFORT

An assessment of the rating burden on residential properties can be undertaken by looking at the average rate levied on households as a proportion of median household income. Benchmarking undertaken by AEC with a range of LGAs in Victoria suggests a State residential rating effort benchmark of 0.33% to 2.24% of average household income.

The median household income in Mildura is projected to be $79,233 in 2024-25. This was estimated by indexing the 2021 Census estimates of incomes to current (2024) levels (ABS, 2024d). The 2024 estimates were then used to project 2024-25 median incomes by applying the forecast wage price index (WPI) for Victoria (Department of Treasury and Finance, 2024). In combination with MRCC rates for the area which are expected to average $1,773, households in Mildura are expected to record a rating effort of 2.24%, which is higher than the industry benchmark range (see Section 4.3).

The table below lists the estimated 2024-25 median annual household income, average residential general rate and the residential rating effort by suburb for the Mildura LGA for suburbs with greater than 10 rateable residential properties. For suburbs with over 100 residential rateable properties, the range of residential rating effort is between 0.66% (Underbool) and 2.57% (Yelta).

Table 3.5. Residential Rating Effort by Suburb

Suburb	Estimated Median Annual HH Income ($) – 2024-25	Residential Rateable Properties	Average Residential General Rate	Residential Rating Effort
Birdwoodton	$105,408	222	$2,286	2.17%
Cabarita	$131,937	200	$2,555	1.94%
Cardross	$101,449	602	$2,008	1.98%
Carwarp	$88,568	30	$483	0.55%
Colignan	$78,288	110	$1,700	2.17%
Cowangie	$61,507	17	$75	0.12%
Cullulleraine	$48,391	59	$1,649	3.41%
Hattah	$36,160	18	$455	1.26%
Iraak	$76,279	31	$1,304	1.71%
Irymple	$94,891	2,284	$2,094	2.21%
Koorlong	$123,724	168	$2,228	1.80%
Merbein	$67,770	1,216	$1,319	1.95%
Merbein South	$92,823	164	$1,881	2.03%
Merbein West	$77,520	76	$1,721	2.22%
Meringur	$50,163	32	$181	0.36%
Merrinee	$77,520	23	$71	0.09%
Mildura	$76,515	15,875	$1,812	2.37%
Mittyack	$81,183	13	$301	0.37%
Murrayville	$65,112	170	$501	0.77%

Suburb	Estimated Median Annual HH Income ($) – 2024-25	Residential Rateable Properties	Average Residential General Rate	Residential Rating Effort
Nangiloc	$54,595	35	$1,267	2.32%
Nichols Point	$123,310	536	$3,016	2.45%
Ouyen	$64,521	620	$897	1.39%
Red Cliffs	$76,220	2,186	$1,506	1.98%
Torrita	$132,941	11	$452	0.34%
Underbool	$75,215	130	$494	0.66%
Walpeup	$53,176	71	$525	0.99%
Werrimull	$83,074	64	$254	0.31%
Yelta	$84,905	137	$2,180	2.57%

Source: (2022, 2024d), Department of Treasury and Finance (2024), AEC (unpublished)

4. RATING SYSTEM COMPARISONS (LARGE RURAL COUNCILS)

4.1 COUNCIL SAMPLE

To enable comparison and benchmarking with other councils, rating data was collected from all large rural councils and other councils of interest, as nominated by MRCC. In addition to rating data published by councils, AEC produced economic data for each council to compare the degree of rating burden on the productive industries and residential households. In the following tables and figures, data may not be included where comparison is difficult due to differences in definitions, category inclusions or other matters that result in a comparison being inappropriate. The information presented in this report has been sourced from the individual councils' 2024-25 Budget papers, as published on each council's website.

The following councils were included in the benchmarking exercise:

Table 4.1. List of Councils Included in Benchmarking Exercise

Regional Councils	Other Councils of Interest	
Mildura	Buloke	Hindmarsh
Greater Bendigo	Campaspe	Moyne
Greater Shepparton	Corangamite	Northern Grampians
Horsham	East Gippsland	Southern Grampians
Latrobe	Gannawarra	Swan Hill
Wangaratta	Glenelg	West Wimmera
		Yarriambiack

Source: MRCC, AEC

4.2 BENCHMARKING SUMMARY

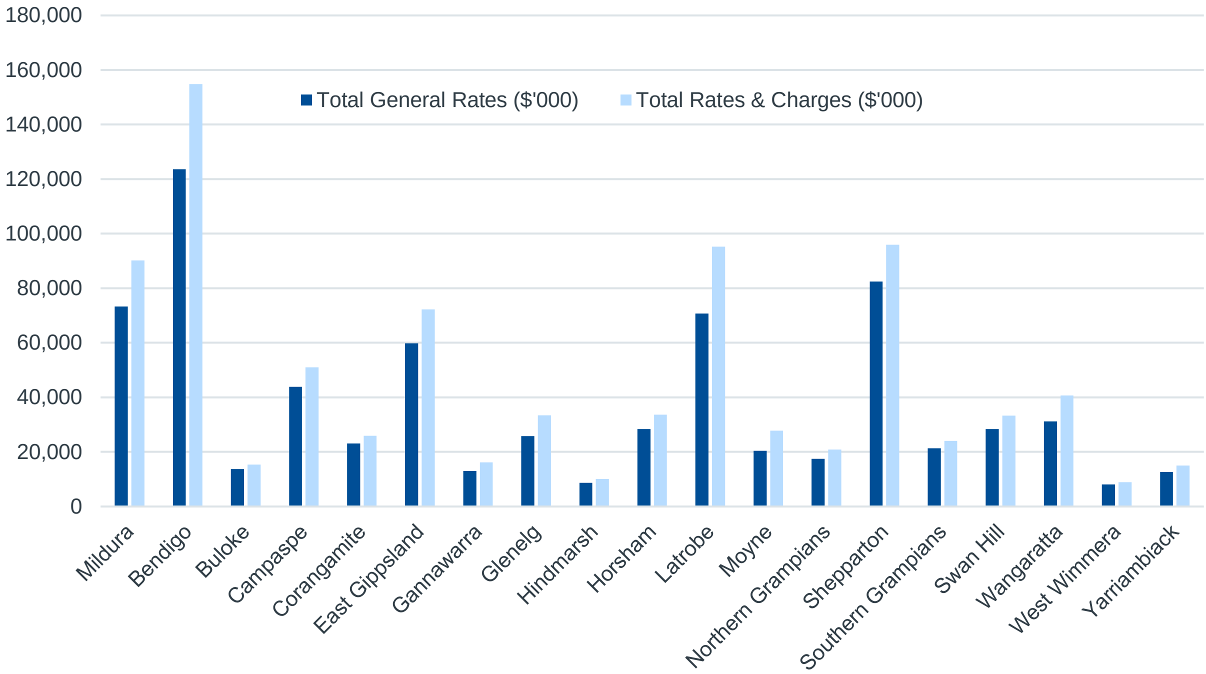
The following summarises the benchmarking results:

- The total rates and charges raised by MRCC rank fourth when compared to similar councils. MRCC total rates are comparable to Shepparton, Latrobe and East Gippsland Councils – see Figure 4.1 and Table 4.2.
- The differentiation of the general rate for MRCC is comparable to other councils (see Table 4.3) with the following notable differences:
  - MRCC does not differentiate between commercial and industrial.
  - The cultural and recreational rate at 10% of the residential rate is significantly lower than other councils that rate cultural and recreational properties.
  - MRCC does not differentially rate vacant land.
- MRCC rates farmland at 90% of residential properties, which is at the higher end of the range of councils – being 43% to 100% - see Table 4.3. All but two councils (Moyne and West Wimmera) have a farmland differential rate that is less than the residential rate.
- Residential properties contribute of 60% of general rates and is amongst the highest proportion of the group of councils – see Table 4.4.
- MRCC has the highest rating effort based on valuation, when compared to similar councils. The rating effort of MRCC is comparable to Gannawarra, Shepparton and Swan Hill Councils – see Figure 4.3 and Table 4.5.
- The rating effort for the residential category of 2.24% based on the average rate levied ($1,773) divided by median household income ($79,233) for MRCC is the highest amongst the councils benchmarked – see Figure 4.4 and Table 4.6. Second highest residential rating effort is Gannawarra and Northern Grampians with both at 2.23% of the estimated median household income for 2024-25.

- The rating effort for productive industries (being business and farmland rating categories combined), based on the total rates collected as a proportion of GOS, is lower than most of the councils benchmarked for MRCC – see Figure 4.5. The productive industries rating effort for MRCC is 2.17% which is the eight lowest of the group of councils – see Table 4.7.
- The MRCC average residential rate is the second highest amongst the councils benchmarked, with average residential rates comparable to Horsham, Shepparton and Latrobe Councils – see Table 4.8 and Figure 4.6.
- The average business rate is amongst the highest business rates within the group of councils benchmarked and is comparable to Bendigo Council – see Table 4.8 and Figure 4.7.
- MRCC's average farmland rate is the second highest at $4,473 amongst the benchmarked councils – see Table 4.8 and Figure 4.8.

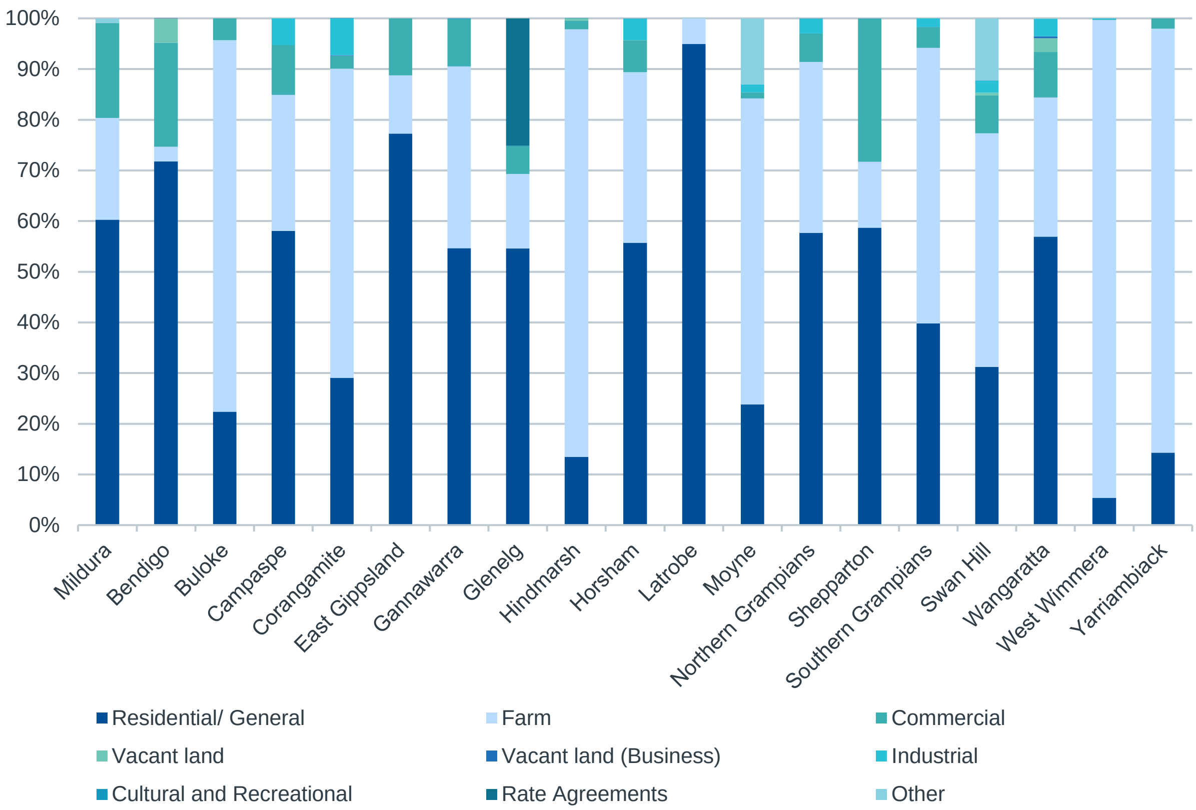
4.3 BENCHMARKING DATA

Figure 4.1. Total Rates and Charges by Local Government Authority ($'000)



Source: Website of Listed Councils, AEC (unpublished)

Figure 4.2. Differentiated Contribution by Sector to Total Rates and Charges (%)



Source: Website of Listed Councils, AEC (unpublished)

Table 4.2. Summary of Rates and Charges Revenues by Local Government Authority

	General Rates ($'000)	Municipal Charge ($'000)	Total General Rates ($'000)	% Municipal Charge of General Rates	Municipal Charge Per Assessment ($)	Waste Management Charge ($'000)	Supplementary rates and charges ($'000)	Revenue in lieu of rates ($'000)	Interest on overdue rates ($'000)	Other ($'000)	Total Rates & Charges ($'000)
Mildura	**73,327**	**0**	**73,327**	**0.00%**	**0**	**14,801**	**1,130**	**300**	**0**	**675**	**90,233**
Bendigo	123,584	0	**123,584**	0.00%	0	30,127	1,200	0	450	-485	**154,876**
Buloke	12,871	807	**13,678**	5.90%	181	1,478	0	138	80	0	**15,374**
Campaspe	39,629	4,283	**43,912**	9.75%	206	6,895	150	0	111	0	**51,068**
Corangamite	21,158	1,925	**23,083**	8.34%	222	2,451	0	400	30	5	**25,969**
East Gippsland	51,642	8,185	**59,827**	13.68%	252	11,664	350	100	280	0	**72,221**
Gannawarra	12,390	657	**13,047**	5.04%	100	2,736	0	244	118	0	**16,145**
Glenelg	25,751	0	**25,751**	0.00%	0	2,748	150	0	0	4,729	**33,378**
Hindmarsh	7,890	749	**8,639**	8.67%	200	1,258	0	145	0	0	**10,042**
Horsham	26,106	2,302	**28,408**	8.10%	200	4,958	0	301	20	0	**33,687**
Latrobe	64,485	6,225	**70,710**	8.80%	153	14,811	415	9,202	0	88	**95,226**
Moyne	17,388	2,971	**20,359**	14.59%	294	4,140	60	3,298	0	0	**27,857**
Northern Grampians	17,130	338	**17,468**	1.93%	41	2,916	0	392	68	15	**20,859**
Shepparton	75,969	6,434	**82,403**	7.81%	195	12,235	824	0	533	0	**95,995**
Southern Grampians	19,236	2,147	**21,383**	10.04%	222	2,641	0	0	0	4	**24,028**
Swan Hill	28,424	0	**28,424**	0.00%	0	4,296	144	97	0	346	**33,307**
Wangaratta	31,211	0	**31,211**	0.00%	0	8,896	388	128	90	0	**40,713**
West Wimmera	7,642	504	**8,146**	6.19%	171	776	0	0	16	0	**8,938**
Yarriambiack	12,266	426	**12,692**	3.36%	84	1,795	0	460	80	0	**15,027**

Source: Website of Listed Councils, AEC (unpublished)

Table 4.3. Differentiation of the General Rate by Local Government Authority

	Residential/ General	Farm	Commercial	Vacant land	Vacant land (Business)	Industrial	Cultural and Recreational	Other
Mildura	**100.00%**	**90.00%**	**130.00%**				**10.00%**	
Bendigo	100.00%	75.00%	185.00%	125.00%			0.00%	185.00%
Buloke	100.00%	42.52%	115.63%					
Campaspe	100.00%	80.00%	116.00%			116.00%	50.00%	
Corangamite	100.00%	87.00%	100.00%		150.00%	100.00%	50.00%	
East Gippsland	100.00%	75.00%	135.00%					
Gannawarra	100.00%	68.54%	105.54%				50.00%	
Glenelg	100.00%	70.01%	100.00%				50.00%	
Hindmarsh	100.00%	90.00%	90.00%	200.01%			50.00%	
Horsham	100.00%	50.00%	100.00%			100.00%	50.00%	
Latrobe	100.00%	75.00%	100.00%			100.00%		300.00%
Moyne	100.00%	100.00%	100.00%			100.00%		100.00%
Northern Grampians	100.00%	31.73%	126.10%			126.10%	88.08%	
Shepparton	100.00%	90.00%	205.00%				73.00%	0.00%
Southern Grampians	100.00%	53.51%	100.00%			100.00%		
Swan Hill	100.00%	96.15%	125.00%	307.69%		100.00%	96.15%	96.15%
Wangaratta	100.00%	70.00%	138.00%	200.00%	200.00%	138.00%		119.00%
West Wimmera	100.00%	100.00%	100.00%			100.00%		
Yarriambiack	100.00%	58.02%	100.00%					

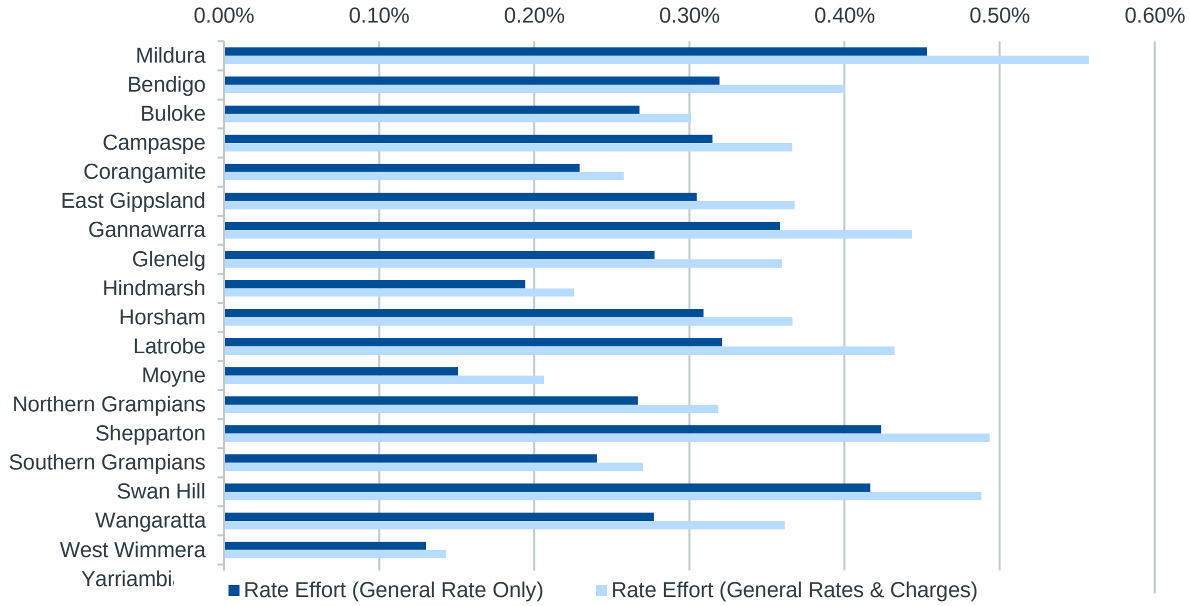
Source: Website of Listed Councils, AEC (unpublished)
Note – The table above is a best-fit presentation for comparison purposes. Councils are excluded in the table above where the differentiation of the general rate is not comparable or could not be appropriately compared to other Councils.

Table 4.4. Contribution to the General Rate by Category

	Residential/ General	Farm	Commercial	Vacant land	Vacant land (Business)	Industrial	Cultural and Recreational	Rate Agreements	Other
Mildura	**60.27%**	**20.10%**	**18.69%**	**0.00%**	**0.00%**	**0.00%**	**0.02%**	**0.00%**	**0.93%**
Bendigo	71.74%	2.90%	20.54%	4.77%	0.00%	0.00%	0.00%	0.04%	0.00%
Buloke	22.35%	73.36%	4.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Campaspe	58.04%	26.86%	9.86%	0.00%	0.00%	5.23%	0.00%	0.00%	0.00%
Corangamite	29.05%	61.00%	2.54%	0.00%	0.13%	7.26%	0.02%	0.00%	0.00%
East Gippsland	77.28%	11.50%	11.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gannawarra	54.64%	35.87%	9.38%	0.00%	0.00%	0.00%	0.11%	0.00%	0.00%
Glenelg	54.56%	14.74%	5.41%	0.00%	0.00%	0.00%	0.15%	25.14%	0.00%
Hindmarsh	13.50%	84.33%	1.62%	0.51%	0.00%	0.00%	0.04%	0.00%	0.00%
Horsham	55.74%	33.64%	6.33%	0.00%	0.00%	4.23%	0.06%	0.00%	0.00%
Latrobe	94.94%	5.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
Moyne	23.85%	60.34%	1.21%	0.00%	0.00%	1.59%	0.00%	0.00%	13.00%
Northern Grampians	57.70%	33.71%	5.58%	0.00%	0.00%	2.92%	0.09%	0.00%	0.00%
Shepparton	58.68%	13.05%	28.22%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%
Southern Grampians	39.81%	54.40%	4.08%	0.00%	0.00%	1.71%	0.00%	0.00%	0.00%
Swan Hill	31.20%	46.09%	7.56%	0.47%	0.00%	2.33%	0.06%	0.00%	12.29%
Wangaratta	56.92%	27.45%	8.96%	2.75%	0.33%	3.53%	0.00%	0.00%	0.04%
West Wimmera	5.38%	94.27%	0.18%	0.00%	0.00%	0.17%	0.00%	0.00%	0.00%
Yarriambiack	14.31%	83.64%	2.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Average	**46.31%**	**41.17%**	**7.78%**	**0.45%**	**0.02%**	**1.53%**	**0.03%**	**1.33%**	**1.38%**

Source: Website of Listed Councils, AEC (unpublished)

Figure 4.3. Rate Effort Measured by Total Rate Burden to Valuation Ratio



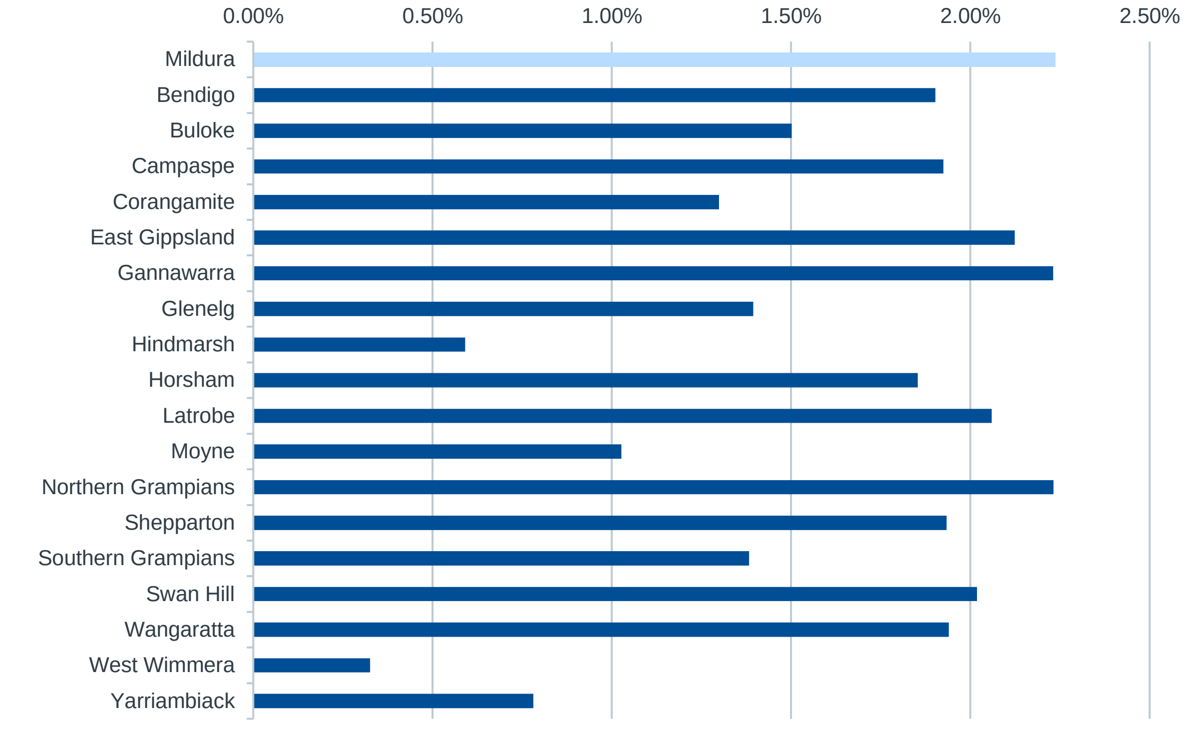
Source: Website of Listed Councils, AEC (unpublished)

Table 4.5. Rate Effort Measured by the Total Rate Burden to Land Valuation Ratio (All Rating Categories)

	Total Valuation	General Rates	General Rates & Charges	Rate Effort (General Rate Only)	Rate Effort (General Rates & Charges)
Mildura	**16,184,219**	**73,327**	**90,233**	**0.45%**	**0.56%**
Bendigo	38,686,341	123,584	154,876	0.32%	0.40%
Buloke	5,107,205	13,678	15,374	0.27%	0.30%
Campaspe	13,945,611	43,912	51,068	0.31%	0.37%
Corangamite	10,072,201	23,083	25,969	0.23%	0.26%
East Gippsland	19,632,847	59,827	72,221	0.30%	0.37%
Gannawarra	3,640,238	13,047	16,145	0.36%	0.44%
Glenelg	9,280,995	25,751	33,378	0.28%	0.36%
Hindmarsh	4,449,554	8,639	10,042	0.19%	0.23%
Horsham	9,193,173	28,408	33,687	0.31%	0.37%
Latrobe	22,028,333	70,710	95,226	0.32%	0.43%
Moyne	13,494,866	20,359	27,857	0.15%	0.21%
Northern Grampians	6,547,606	17,468	20,859	0.27%	0.32%
Shepparton	19,448,344	82,403	95,995	0.42%	0.49%
Southern Grampians	8,897,544	21,383	24,028	0.24%	0.27%
Swan Hill	6,821,856	28,424	33,307	0.42%	0.49%
Wangaratta	11,261,060	31,211	40,713	0.28%	0.36%
West Wimmera	6,253,966	8,146	8,938	0.13%	0.14%
Yarriambiack	6,568,989	12,692	15,027	0.19%	0.23%

Source: Website of Listed Councils, AEC (unpublished)

Figure 4.4. Rate Effort Measured by the Total Rate Burden to Median Household Income (Residential Rate Only)



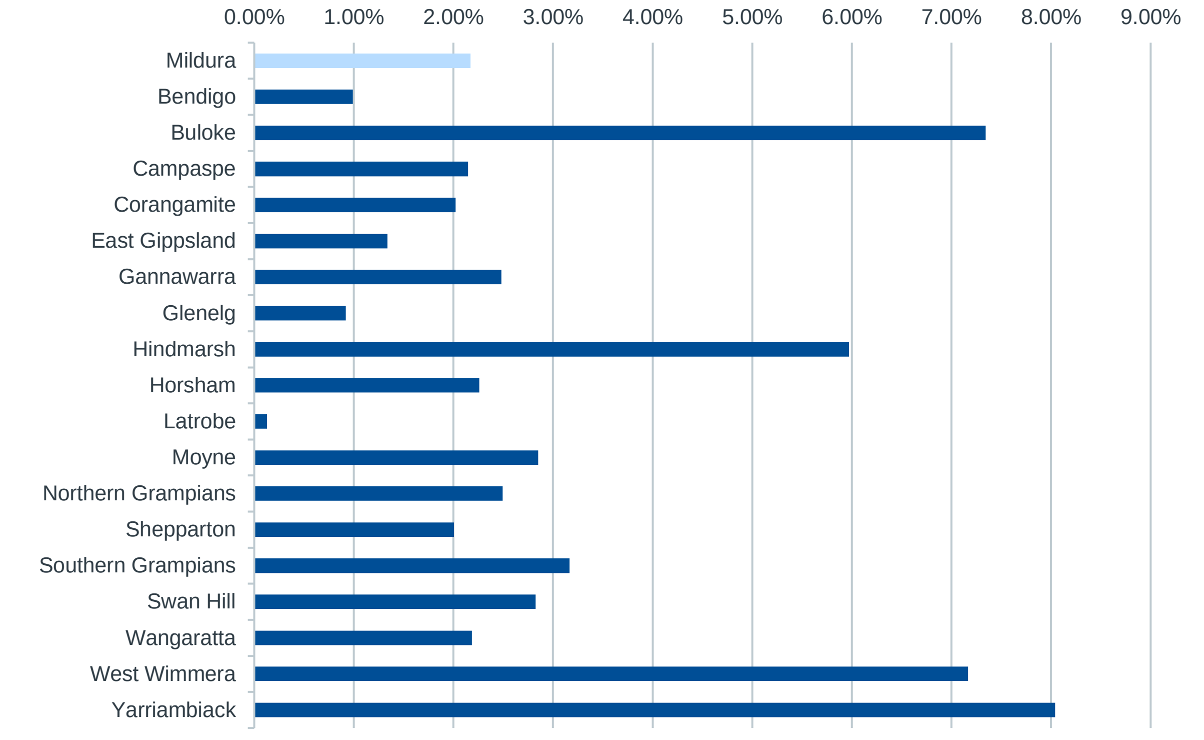
Source: Website of Listed Councils, AEC (unpublished)

Table 4.6. Rate Effort Measured by the Total Rate Burden to Median Household Income (Residential Rate Only)

Council	Average Residential General Rate ($'000)	Estimated Median Household Income (MHI) ($)	Residential Rating Effort (Rate/MHI)
Mildura	**1,773**	**79,233**	**2.24%**
Bendigo	1,628	85,555	1.90%
Buloke	965	64,284	1.50%
Campaspe	1,438	74,683	1.93%
Corangamite	969	74,624	1.30%
East Gippsland	1,393	65,584	2.12%
Gannawarra	1,412	63,280	2.23%
Glenelg	1,000	71,729	1.39%
Hindmarsh	405	68,480	0.59%
Horsham	1,512	81,596	1.85%
Latrobe	1,533	74,447	2.06%
Moyne	928	90,400	1.03%
Northern Grampians	1,482	66,412	2.23%
Shepparton	1,600	82,719	1.93%
Southern Grampians	1,030	74,506	1.38%
Swan Hill	1,645	81,478	2.02%
Wangaratta	1,520	78,347	1.94%
West Wimmera	232	71,316	0.33%
Yarriambiack	508	65,112	0.78%

Source: Website of listed Councils, AEC (unpublished)

Figure 4.5. Rate Effort Measured by the Total Rate Burden to Gross Operating Surplus (Productive Industries Only)



Source: Website of Listed Councils, AEC (Unpublished)

Table 4.7. Rate Effort Measured by the Total Rate Burden to Gross Operating Surplus (Productive Industries Only)

Council	Total Productive Industries General Rate ($'000)	Gross Operating Surplus ($'000)	Productive Industries Rating Effort (Rate/GOS)
Mildura	**28,710**	**1,320,950**	**2.17%**
Bendigo	28,693	2,896,447	0.99%
Buloke	9,995	136,088	7.34%
Campaspe	16,752	779,984	2.15%
Corangamite	14,984	740,658	2.02%
East Gippsland	11,734	878,490	1.34%
Gannawarra	5,606	225,961	2.48%
Glenelg	3,768	410,386	0.92%
Hindmarsh	6,783	113,588	5.97%
Horsham	11,540	510,992	2.26%
Latrobe	3,240	2,494,528	0.13%
Moyne	10,979	385,314	2.85%
Northern Grampians	7,238	290,415	2.49%
Shepparton	31,351	1,562,597	2.01%
Southern Grampians	11,577	365,555	3.17%
Swan Hill	15,913	563,423	2.82%
Wangaratta	12,457	569,896	2.19%
West Wimmera	7,231	100,917	7.17%
Yarriambiack	10,511	130,696	8.04%

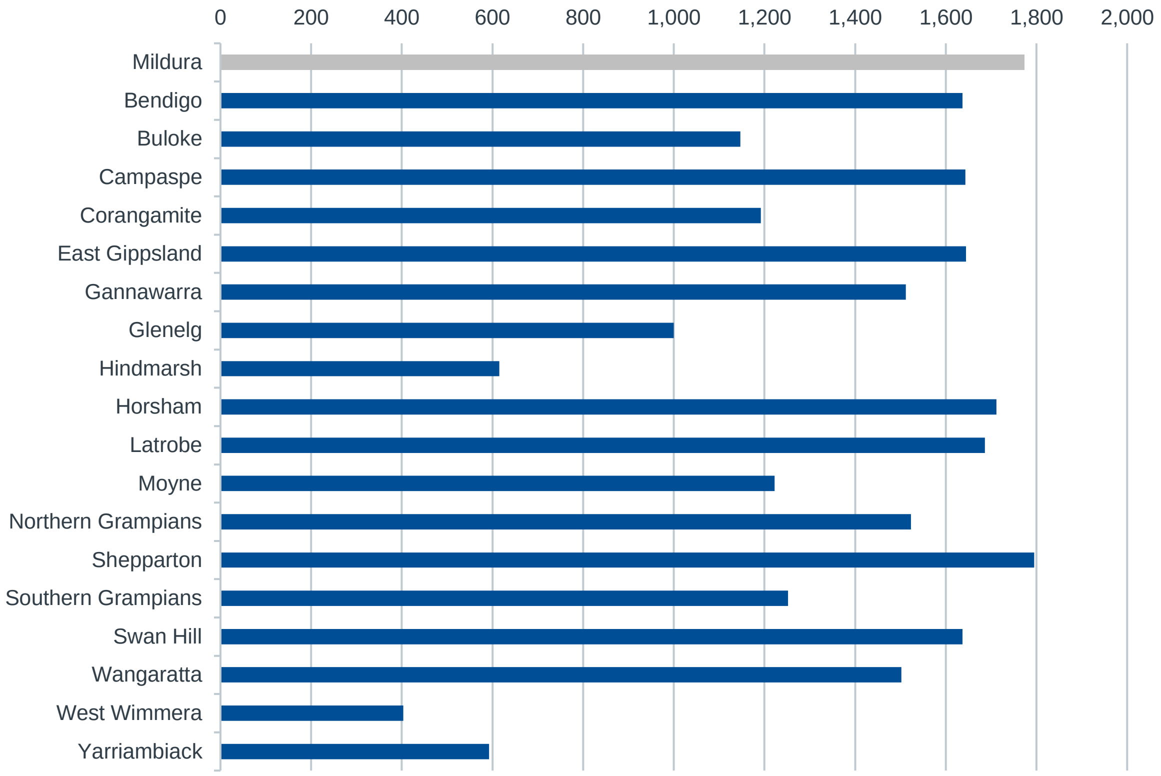
Source: Website of Listed Councils, AEC (unpublished)

Table 4.8. Average General Rate (Including Municipal Charge) by Category by Local Government Authority

	Residential/ General	Farm	Commercial	Vacant land	Vacant land (Business)	Industrial	Cultural and Recreational	Rate Agreements	Other
Mildura	**1,773**	**4,473**	**5,446**	**0**	**0**	**0**	**146**	**0**	**0**
Bendigo	1,636	3,140	6,255	1,508	0	0	0	370	0
Buloke	1,146	3,367	1,402	0	0	0	0	0	0
Campaspe	1,643	3,047	3,677	0	0	3,976	206	0	0
Corangamite	1,192	4,900	1,348	0	1,396	12,222	1,889	0	0
East Gippsland	1,645	2,522	2,895	0	0	0	0	0	0
Gannawarra	1,512	2,713	2,256	0	0	0	1,373	0	0
Glenelg	1,000	1,000	1,000	0	0	0	933	0	0
Hindmarsh	615	3,365	589	442	0	0	411	0	0
Horsham	1,712	4,187	3,391	0	0	2,610	446	0	0
Latrobe	1,686	3,698	0	0	0	0	0	0	3,820
Moyne	1,222	2,445	1,266	0	0	2,316	0	0	1,070
Northern Grampians	1,523	2,629	2,495	0	0	2,210	1,916	0	0
Shepparton	1,795	3,557	8,108	0	0	0	6,195	0	0
Southern Grampians	1,252	3,540	1,925	0	0	1,492	0	0	0
Swan Hill	1,636	4,048	3,558	2,481	0	2,275	2,125	0	1,320
Wangaratta	1,502	2,899	3,913	2,028	2,213	2,701	0	0	2,333
West Wimmera	403	2,712	326	0	0	313	0	0	0
Yarriambiack	592	3,335	648	0	0	0	0	0	0
Average	**1,341**	**3,241**	**2,805**	**1,615**	**1,805**	**3,346**	**1,564**	**370**	**2,136**

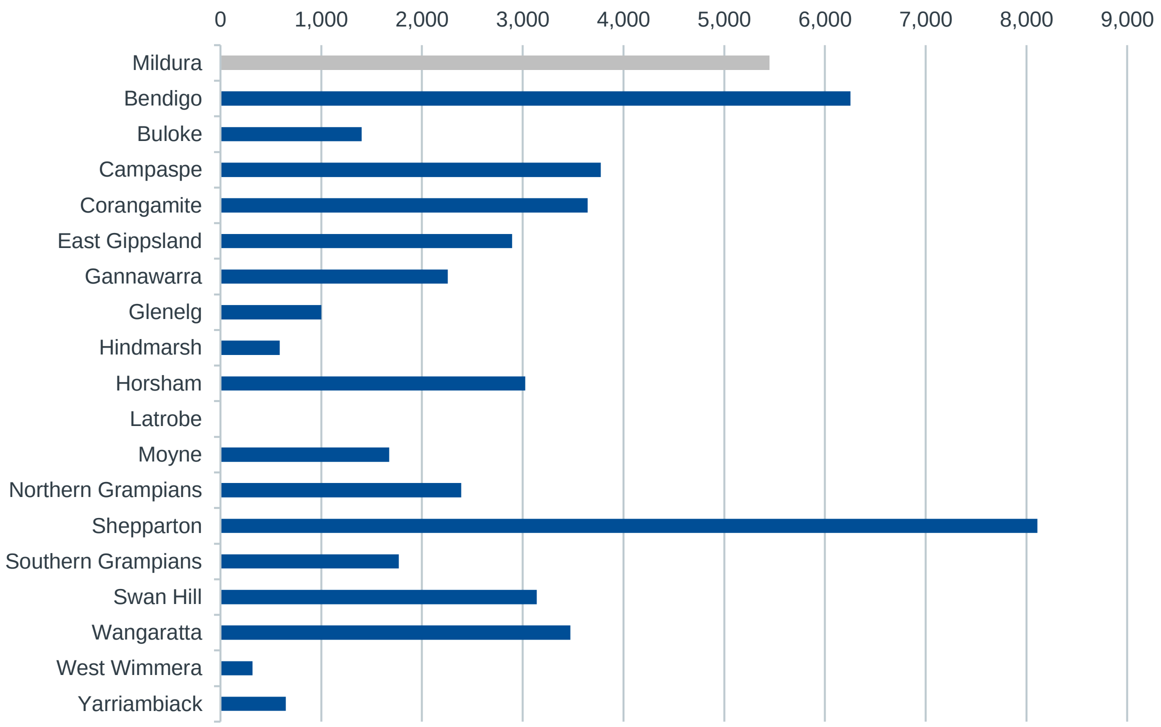
Note: This table is a best-fit presentation for comparison purposes. Councils are excluded in the table above where the differentiation of the general rate is not comparable or could not be appropriately compared to other Councils.
Source: Website of Listed Councils, AEC (unpublished)

Figure 4.6. Comparison of Average Residential Rates



Note: This is a best-fit presentation for comparison purposes.
Source: Website of Listed Councils, AEC (unpublished)

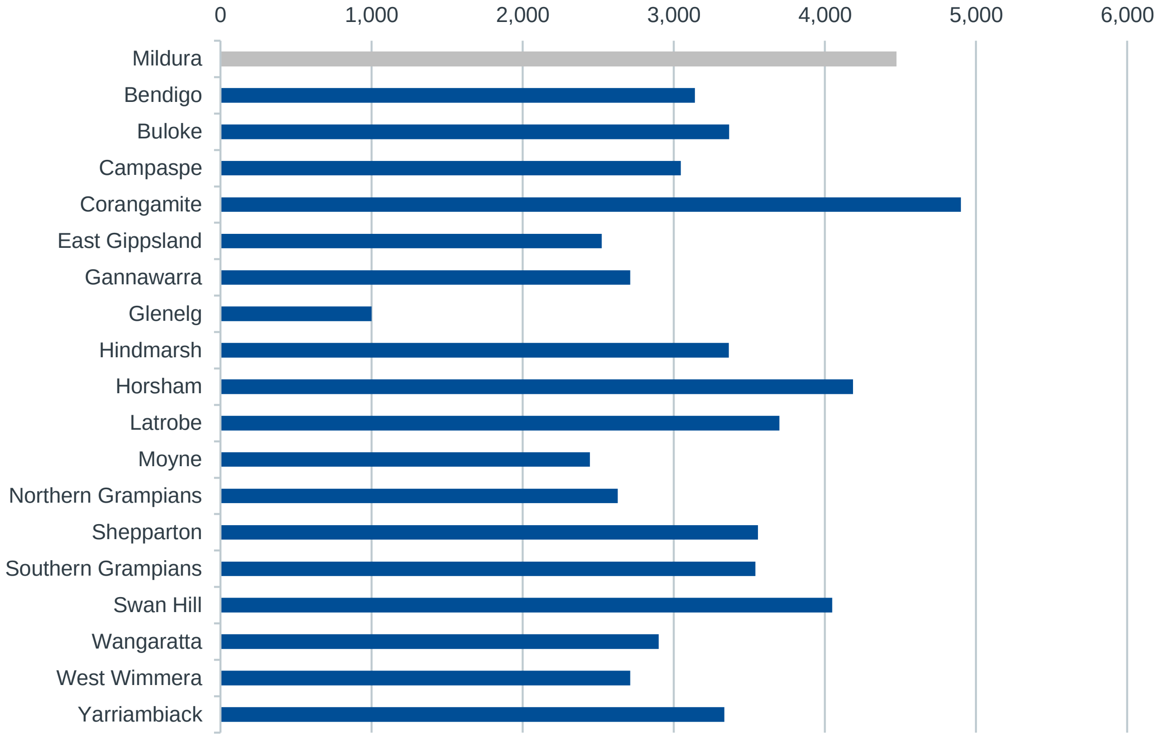
Figure 4.7. Comparison of Average Business Rates



Note: This is a best-fit presentation for comparison purposes.

Source: Website of Listed Councils, AEC (unpublished)

Figure 4.8. Comparison of Average Farmland Rates



Note: This is a best-fit presentation for comparison purposes.
Source: Website of Listed Councils, AEC (unpublished)

5. ASSESSMENT OF CURRENT RATING SYSTEM TO ACHIEVE RATING OBJECTIVES

5.1 CURRENT RATING STRATEGY

The rating objectives are found in the Revenue and Rating Plan 2023-2025.

Objective – To maintain rates at an affordable level for all ratepayers and encourage stability, predictability and effective mitigation of financial risk.

Council will achieve the objective by maintaining rate increases in alignment with State Government rate cap, unless significant circumstances warrant a request for a variation to the rate cap. There is no foreseen reason at this stage to apply for a variation.

Objective – To improve the alignment to the wealth tax principle, to improve the equity of the burden on ratepayers and to address the capacity to pay of residential ratepayers.

Council will achieve the objective by increasing the farmland rate to reach 90% of the residential rate by 2026/27 and increasing the business rate to reach 130% of the residential rate.

Budget Year	Residential	Business	Farmland (Dryland)	Farmland (Irrigated)	Cultural and Recreational
2023-24	100%	130%	90%	90%	10%
2024-25	100%	130%	90%	90%	10%

Objective – To implement full cost pricing on fees and charges, where appropriate, to ensure the general rate is not subsidising Council services or infrastructure (unless supported by a positive public benefit test).

Council will achieve the objective by reviewing the pricing for user charges and service fees to achieve full cost recovery – unless a community service obligation has been supported by a public benefit test.

5.2 ASSESSMENT OF CURRENT RATING STRATEGY

Table 5.1. Assessment of Current Rating System to Achieve Rating Objectives

Rating Objective	Standard for Assessment	Assessment	Meets Objective (Yes/No)
To maintain rates at an affordable level for all ratepayers and encourage stability, predictability and effective mitigation of financial risk	Rate revenue increases	**Assessment** Council is still pursuing the pricing path to not increase rates by more than the rate cap. When compared to benchmarked Council's Mildura had the highest average residential rate, they are now the second highest. **Consideration for improvement** AEC recommends that MRCC reduces the Waste Management Charge to achieve full cost recovery, with the resulting decrease in waste charge revenue being added to the general rates through a higher rate cap application to the Essential Services Commission.	Yes
To improve the alignment to the wealth tax principle, to improve the equity of the burden on ratepayers and to address the capacity to pay of residential ratepayers	Review the current rating level against household income and business profits	**Assessment** For the majority of the assessments, the rating effort has reduced for business and residential with an increase for farmland. Business – decreased from 2.30% in 2020-21 to 2.07% in 2024-25 Farm land – increased from 6.48% in 2020-21 to 9.08% in 2024-25 Residential – decreased from 2.53% in 2021-22 to 2.24% in 2024-25 **Consideration for improvement** The business rating effort is the lowest, indicating that there is capacity to increase the differential for business rates.	Yes
To implement full cost pricing on fees and charges, where appropriate, to ensure the general rate is not subsidising Council services or infrastructure (unless supported by a positive public benefit test)	Assess the full cost pricing reviews	**Assessment** Fees and charges are assessed annually for full cost pricing when the fees and charges are set for the year. **Consideration for improvement** Continue the annual assessment with the setting of the fees and charges.	Yes

Source: AEC

6. ALIGNMENT OF CURRENT RATING STRATEGY WITH RATING PRINCIPLES

This section provides an assessment of the current MRCC rating system against the rating principles – see Appendix B for detailed discussion of the rating principles.

Table 6.1. Assessment of Current Rate System

Rating Principle	Standard for Assessment	Assessment	Meets Principle (Yes/No)
Equity	A rate system is generally equitable where it adequately applies user pays approach (users who benefit pay for the service), assessment of capacity to pay, provides incentives where supported by a public interest assessment and there is a sound balance between horizontal and vertical equity.	**Assessment** **The current rating system is effective.** Generally, the differentiation of residential, business, farmland (dryland), farmland (irrigated) and cultural and recreational properties into separate categories generally results in ratepayers in similar situations paying similar amounts. Application of the CIV within the categories applies vertical equity within the categories, resulting in wealthier landowners contributing more to fund public goods and services. Generally, higher CIV values tend to apply to properties with closer access and consumption of public goods and services (urban properties have a higher valuation than rural properties). Pensioner rebate provided for Pensioners to assist equity and assist with capacity to pay. Waivers, concession and rebates are provided to assist those who have less capacity to pay. MRCC's Hardship Policy provides financial support to those needing special consideration. **Considerations for Improvement:** • The rate burden on residential properties has reduced in recent years – however the residential rating effort is still higher when compared to other councils. The business rates burden has decreased, and the farmland rate burden has increased. • Cultural and Recreation Land are currently carrying a relatively low rating burden, however it can be argued that these properties satisfy the public interest test to provide at a lower rate burden.	Yes
Horizontal equity	Ratepayers in a similar situation should contribute similar amounts.		Yes
Vertical equity	Ratepayers who are better off should pay more than those worse off.		Yes

Rating Principle	Standard for Assessment	Assessment	Meets Principle (Yes/No)
Efficiency	The rating system does not distort decision making in the local economy (e.g., buying and selling decisions).	**Assessment** **The current rating system is effective.** The current rating system does not appear to be distorting the buying and selling decisions within the local economy. **Consideration for improvement** Nil	Yes
Simplicity	The current rating system does not appear to be distorting the buying and selling decisions within the local economy.	**Assessment** **The current rating system is effective.** The current rating system is simple and easy to explain and administer and can be easily understood by ratepayers. **Consideration for improvement** Nil	Yes
Sustainability	The current rating system is simple and easy to explain and administer and can be easily understood by ratepayers.	**Assessment** **The current rating system is effective.** There is a mix of user charges and rates across the various services provided by MRCC. However, the increase in rates has not kept pace with the increase in costs. The rate cap is not sufficient to meet the increase costs of services and infrastructure. **Consideration for improvement** Review the services that are provided for a user charge to determine the general rate subsidisation and assess whether these subsided services are a priority of Council to provide.	No
Fairness	Rating system should be applied consistently inline with Council's policies and procedures and consideration for different circumstances is applied allowing reasonable response to affected ratepayers.	**Assessment** **The current rating system is effective.** The current rating system has policies and procedures that can be followed consistently and has considered the effect on ratepayers through the differentiated rates and the hardship policy. **Consideration for improvement** Nil	Yes

Source: AEC

7. RATE SYSTEM SCENARIOS

Informed by information outlined in the previous sections the AEC presented four scenarios to the Council. The following table summarises the four scenarios that have been considered by MRCC. The four scenarios included the valuations provided by the Valuer-General Victoria (capital improved values) for 2025-26 and the Minister's approved rate cap of 3% increase for 2025-26. Note - 3% is used for modelling purposes only and the actual rate cap will be set through the Council's annual budget process.

7.1 HIGH LEVEL ASSESSMENT OF SCENARIOS

Table 7.1. Assessment of Scenarios

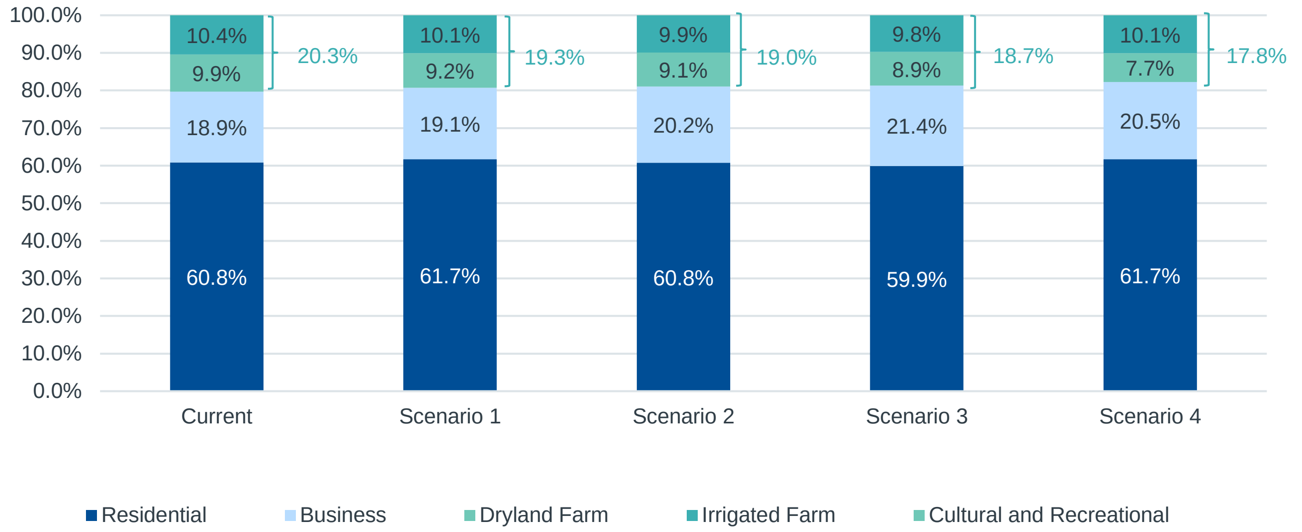
	Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Description of Change Implemented in the Scenario	Current 2024-25 Rating Structure	Current Differential, with revised revaluations and rate cap increase	Increase Business to 140%, with revised revaluations and rate cap increase	Increase Business to 150%, with revised revaluations and rate cap increase	Increase Business to 140%, decrease dry farmland to 75%, with revised revaluations and rate cap
Rate in $					
Residential	0.00451937	0.00456224	0.00449630	0.00443224	0.00456519
Business	0.00587518	0.00593091	0.00629482	0.00664836	0.00639127
Dryland Farm	0.00406743	0.00410602	0.00404667	0.00398902	0.00342389
Irrigated Farm	0.00406743	0.00410602	0.00404667	0.00398902	0.00410867
Cultural and Recreational	0.00045194	0.00045622	0.00044963	0.00044322	0.00045652
Increase in Rate in $					
Residential		0.9%	-0.5%	-1.9%	1.0%
Business		0.9%	7.1%	13.2%	8.8%
Dryland Farm		0.9%	-0.5%	-1.9%	-15.8%
Irrigated Farm		0.9%	-0.5%	-1.9%	1.0%
Cultural and Recreational		0.9%	-0.5%	-1.9%	1.0%
% of base rate in $					
Residential	100%	100%	100%	100%	100%
Business	130%	130%	140%	150%	140%
Dryland Farm	90%	90%	90%	90%	75%
Irrigated Farm	90%	90%	90%	90%	90%
Cultural and Recreational	10%	10%	10%	10%	10%

	Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Rates Revenue					
Residential	$44,604,796	$46,585,876	$45,912,550	$45,258,422	$46,615,999
Business	$13,833,032	$14,399,269	$15,282,782	$16,141,119	$15,516,947
Dryland Farm	$7,262,897	$6,938,819	$6,838,523	$6,741,099	$5,786,078
Irrigated Farm	$7,614,591	$7,590,749	$7,481,030	$7,374,453	$7,595,648
Cultural and Recreational	$11,523	$11,895	$11,723	$11,556	$11,902
Total Rates Revenue	**$73,326,838**	**$75,526,608**	**$75,526,608**	**$75,526,648**	**$75,526,575**
		3.00%	**3.00%**	**3.00%**	**3.00%**
Rates Revenue					
Residential	60.83%	61.68%	60.79%	59.92%	61.72%
Business	18.86%	19.07%	20.23%	21.37%	20.55%
Dryland Farm	9.90%	9.19%	9.05%	8.93%	7.66%
Irrigated Farm	10.38%	10.05%	9.91%	9.76%	10.06%
Cultural and Recreational	0.02%	0.02%	0.02%	0.02%	0.02%
Total Rates Revenue	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Average rate					
Residential	$1,773	$1,852	$1,825	$1,799	$1,853
Business	$5,446	$5,669	$6,017	$6,355	$6,109
Dryland Farm	$4,707	$4,497	$4,432	$4,369	$3,750
Irrigated Farm	$4,271	$4,257	$4,196	$4,136	$4,260
Cultural and Recreational	$141	$145	$143	$141	$145
Average rate increase/(decrease)					
Residential		$79	$52	$26	$80
Business		$223	$571	$909	$663
Dryland Farm		($210)	($275)	($338)	($957)
Irrigated Farm		($13)	($75)	($135)	($11)
Cultural and Recreational		$5	$2	$0	$5
Median rate					
Residential	$1,650	$1,723	$1,698	$1,674	$1,724
Business	$2,330	$2,413	$2,561	$2,705	$2,601
Dryland Farm	$3,848	$3,676	$3,623	$3,571	$3,065
Irrigated Farm	$2,392	$2,384	$2,350	$2,316	$2,386
Cultural and Recreational	$74	$77	$75	$74	$77

	Current	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Median rate increase/(decrease)					
Residential		$73	$48	$24	$74
Business		$84	$232	$376	$271
Dryland Farm		($172)	($225)	($276)	($782)
Irrigated Farm		($7)	($42)	($75)	($6)
Cultural and Recreational		$2	$1	$0	$2
Rating Effort (% of rates on income or GOS)					
Residential	2.24%	2.34%	2.30%	2.27%	2.34%
Business	2.07%	2.15%	2.29%	2.42%	2.32%
Farming	9.08%	8.87%	8.74%	8.61%	8.17%
Cultural and Recreational	2.62%	2.70%	2.66%	2.63%	2.71%

Source: AEC

Figure 7.1. Comparison of Scenarios – Result on Share of the Rate Burden by Differential Categories



Source: AEC

7.2 DETAILED ASSESSMENT OF SCENARIOS

After review, and a workshop with Councillors to consider the findings of the review and discuss alternative scenarios, the paper recommends a preferred scenario.

The preferred model is Scenario 2 – which increases the business rate to 140% of the residential rate by the following differential settings. The following compares the scenarios and outlines the rationale for recommending Scenario 2 as the preferred model.

Scenario 1 does not change any of the rate burden settings available for Council to consider. The impact of Scenario 1 is only due to land valuation changes and a notional rate cap increase of 3% - note, the rate cap (the threshold by which council can increase the total general rate revenue) is set by the Minister of Local Government each year. The Council will decide upon the actual rate increase (up to rate peg threshold) through the annual budget process.

Scenario 2 increases the rate burden set upon the business rate category by increasing the rate-in-dollar applied to land valuations from 130% to 140% of the general rate (residential rate). The rationale for increasing the burden on the business category is due to the comparative lower rate burden on business properties within Mildura LGA when compared to other similar councils (as measured by % of gross operating surplus for the sector), and enabling some relief to the residential properties where the rate burden is higher compared to other similar councils, as measured by the percentage the average rate is of the median household income. The current rating effort, measures as a percentage of estimated gross operating surplus for productive industries, is 2.09% for business and 9.08% for farmland. The gross operating surplus is the estimated surplus (similar to profit) that the industry is estimated to achieve, based on the revenue earned. It is important to note that direct comparison should be done cautiously, as the intensity of capital (and therefore the surplus required to return to investors to be viable) differs between farmland and business. However, the significant different in the rate burden between business and farmland rate categories does indicate the business category as a whole has a lighter burden than the farmland category, and benchmarking with other similar councils indicates that the in comparison to residential and farmland rate burden, the business category has greater capacity to be increased.

Rate burden is measured differently for residential properties, where the average rate is compared to the median household income. Given that median household income is not the "surplus" generated by household, it should not be compared directly to the percentage of rate burden on the gross operating surplus calculated for productive industries. Using the median household income, the rate burden calculated for residential rate category is 2.24% - that is, the average residential rate is 2.24% of the median household income. Compared to other similar Councils, this is a high rate burden.

Therefore, the preferred option presented to Council is to adopt a rating objective to reduce the rate burden on households, and that the business rate category has more capacity than the farming rate category for an increase in the rate burden. It is also logical to assume that by reducing the burden on rate on households, more cash will be spent within the local market, a significant portion of which is likely to be received by the local businesses.

Historically, the Council has generally targeted a balanced proportion of the rate revenue of 60% from residential assessments, 20% from business assessments, and 20% from farmland assessments. The Council has considered this in the past as a fair and equitable contribution from different sectors of the community. Among the various scenarios considered, Scenario 2 most closely aligns with this historical objective, maintaining the intended balance in the distribution of rate revenue across the three categories. It should be noted, however, that should growth occur disproportionately across the categories, the 60% / 20% / 20% guideline may need to change, as grow in a category does not result in additional burden for individual assessments. It should also be noted that the fair market valuation assessment of properties is considered the best indicator of capacity to pay, therefore should economic conditions change, the 60% / 20% / 20% guideline may also need to change, if the change in valuations reflects a change in the capacity to pay across the rating categories (although this would also be indicated in future by the AEC methodology for calculating rate burden for residential, business and farmland categories).

The rationale for Scenario 3 is the same as Scenario 2, but increases the share of the rate burden placed on the business category by setting the rate-in-dollar to 150% of the general rate (residential rate). This will cause the median business rate to increase by $376, rather than $232 in Scenario 2, increasing the impact on the business rate category. During the workshop with Councillors, AEC concluded that there was sufficient concern amongst the Councillors that the impact of an increase to 150% on businesses was too high, and that strong preference was for the increase to 140% (as modelled in Scenario 2).

Scenarios 4 introduces an additional intention to reduce the burden placed upon the dryland farm category by reducing the rate-in-dollar to 75% of the general rate (residential rate), as well as increasing the general rate for the business category to 140%. The reduced burden of the dryland farm category is defrayed onto the other categories (residential, business and irrigated farm). Indicated by modelling of Scenario 4, due to the change in valuations and rate differential the median rate for dryland farming will decrease by $782, residential will increase by $75, business will increase by $272 and irrigated farmland will slightly decrease due to the land valuations by $6. This will increase the rate burden for residential to 61.7%, business to 20.5% and irrigated reduced to 10.1%.

7.3 IMPACT ANALYSIS OF SCENARIO 2 – THE PREFERRED SCENARIO

Table 7.2. Differential Rating of the General Rate for Scenario 2

Category	Rate in Dollar	Change	Total Rates Revenue	% of Base Rate (Before)	% of Base Rate (After)	% Share of Rates (Before)	% Share of Rates (After)	Median Rate (Before)	Median Rate (After)
Residential	0.00449630	-0.51%	$45,912,550	100%	100%	60.83%	60.79%	$1,650	$1,698
Business	0.00629482	7.14%	$15,282,782	130%	140%	18.86%	20.23%	$2,330	$2,561
Farm Land	0.00404667	-0.51%	$14,319,553	90%	90%	20.29%	18.96%	$2,994	$2,888
Cultural and Recreational	0.00044963	-0.51%	$11,723	10%	10%	0.02%	0.02%	$74	$75

Source: AEC

The following table outlines the impact of the change (for Scenario 2) on the rating yield from the rating categories. Total rating revenue increases by 3% ($2,199,769), the Residential and Business rating categories will increase by 2.9% ($1,307,754) and 10.5% ($1,446,750), while the Farming rating category will decrease by 3.8% ($557,935).

Table 7.3. Rating Yield Outcome of Scenario 2

General Rating Category	Proposed $	Contribution	Current Rates	$ Change	% Change	# Property Increase	# Property No Change	# Properties Decrease
Residential	$45,912,550	60.79%	$44,604,796	$1,307,754	2.93%	25,158	-	-
Business	$15,282,782	20.23%	$13,833,032	$1,449,750	10.48%	2,540	-	-
Farm Land	$14,319,553	18.96%	$14,877,488	($557,935)	(3.75%)	-	-	3,326
Cultural and Recreational	$11,723	0.02%	$11,523	$200	1.74%	82	-	-
Total	**$75,526,608**	**100.00%**	**$73,326,838**	**$2,199,769**	**3.00%**	**27,780**	**0**	**3,326**

Source: AEC

The tables below outline the projected impact the change will have on individual rating assessments. There will be 23,940 residential properties that receive an increase in the annual general rate of $0-$100, with 1,157 residential properties receiving an increase in the annual general rate of $100-$200. Farming properties will experience a decrease in the annual general rate, with 1,813 projected to have a decrease of $0-$100 and 1,191 properties decreasing by $100-$400. There are 322 Farming properties that will experience a decrease in annual general rates of $400 or greater. In the Business rating category, 1,114 properties will experience an increase of $0-$200, while 1,180 Business properties will experience an increase of $200-$1,000. There are 246 Business properties that will experience an increase in general rate of $1,000 or greater. The business median rate will increase from $2,330 to $2,561 (an increase of $231).

Table 7.4. Impact of Scenario 2 – Number of properties impacted by percentage of change to rate assessment

General Rating Category	<-50%	-40% to -50%	-30% to -40%	-20% to -30%	-10% to -20%	-5% to -10%	0% to -5%	0%	0% to +5%	+5% to +10%	+10% to +20%	+20% to +30%	+30% to +40%	+40% to +50%	>+50%
RESIDENTIAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,158**	**-**	**-**	**-**	**-**	**-**	**-**
Residential	-	-	-	-	-	-	-	-	25,158	-	-	-	-	-	-
FARMING	**-**	**-**	**-**	**-**	**-**	**1,543**	**1,783**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dry Land Farm	-	-	-	-	-	1,543	-	-	-	-	-	-	-	-	-
Irrigated Farm	-	-	-	-	-	-	1,783	-	-	-	-	-	-	-	-
BUSINESS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,556**	**984**	**-**	**-**	**-**	**-**
Commercial	-	-	-	-	-	-	-	-	-	1,556	-	-	-	-	-
Industrial	-	-	-	-	-	-	-	-	-	-	984	-	-	-	-
CULTURAL AND RECREATIONAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**82**	**-**	**-**	**-**	**-**	**-**	**-**
Cultural and Recreational	-	-	-	-	-	-	-	-	82	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**1,543**	**1,783**	**-**	**25,240**	**1,556**	**984**	**-**	**-**	**-**	**-**

Source: AEC

Table 7.5. Impact of Scenario 2 – Number of properties impacted by dollar amount change to rate assessment

General Rating Category	<-$20k	-$10k to -$20k	-$5k to -$10k	-$3k to -$5k	-$2k to -$3k	-$1k to -$2k	-$600 to -$1k	-$400 to -$600	-$200 to -$400	-$100 to -$200	$0 to -$100	$0	$0 to +$100	+$100 to +$200	+$200 to +$400	+$400 to +$600	+$600 to +$1k	+$1k to +$2k	+$2k to +$3k	+$3k to +$5k	+$5k to +$10k	+$10k to +$20k	>$20k
RESIDENTIAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,940**	**1,157**	**51**	**6**	**2**	**2**	**-**	**-**	**-**	**-**	**-**
Residential	-	-	-	-	-	-	-	-	-	-	-	-	23,940	1,157	51	6	2	2	-	-	-	-	-
FARMING	**-**	**-**	**1**	**4**	**2**	**24**	**95**	**196**	**634**	**557**	**1,813**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dry Land Farm	-	-	-	1	2	18	86	188	602	405	241	-	-	-	-	-	-	-	-	-	-	-	-
Irrigated Farm	-	-	1	3	-	6	9	8	32	152	1,572	-	-	-	-	-	-	-	-	-	-	-	-

General Rating Category	<-$20k	-$10k to -$20k	-$5k to -$10k	-$3k to -$5k	-$2k to -$3k	-$1k to -$2k	-$600 to -$1k	-$400 to -$600	-$200 to -$400	-$100 to -$200	$0 to -$100	$0	$0 to +$100	+$100 to +$200	+$200 to +$400	+$400 to +$600	+$600 to +$1k	+$1k to +$2k	+$2k to +$3k	+$3k to +$5k	+$5k to +$10k	+$10k to +$20k	>$20k
BUSINESS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**510**	**604**	**634**	**290**	**256**	**148**	**36**	**31**	**19**	**8**	**4**
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	269	423	410	175	140	86	24	14	11	4	-
Industrial	-	-	-	-	-	-	-	-	-	-	-	-	241	181	224	115	116	62	12	17	8	4	4
CULTURAL AND RECREATIONAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**82**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cultural and Recreational	-	-	-	-	-	-	-	-	-	-	82	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1**	**1**	**2**	**3**	**10**	**15**	**64**	**390**	**28,080**	**-**	**870**	**717**	**530**	**178**	**124**	**71**	**21**	**12**	**13**	**3**	**1**

Source: AEC

8. PAYMENT OPTIONS FOR RATES AND CHARGES

Councils are required to allow ratepayers to make payments of the rates amount due over four instalments during the year and they may also choose to offer the ability to pay in a lump sum (in full).

The due dates for these options were set in 1998 in the Government Gazette and are outlined below.

Option 1 – Four Instalments

- 30 September
- 30 November
- 28 February
- 31 May

Option 2 – Lump Sum (optional)

- 15 February

Mildura Rural City Council had chosen to include the lump sum option for the payment of rates and charges. There are 13,316 or 42.81% of ratable properties who have elected to pay by this option, totalling $32.18 million for 2024-25 (43.89%).

Assuming the full lump sum is received in full by the due date, Council forgoes approximately $90,000 in interest revenue when compared to receiving the funds by the instalment dates. Improved cash flow into Council would result if the lump sum option was no longer available.

Table 8.1. Lump Sum Option Analysis

Rating Category	Lump Sum Option Assessments	Total Assessments	% Lump Sum Assessment	Lump Sum Option General Rates	Total General Rates	% Lump Sum General Rates
Residential	10,192	25,158	40.51%	$17,202,915	$44,604,796	38.57%
Business	802	2,540	31.57%	$4,556,370	$13,833,032	32.94%
Farmland	2,278	3,326	68.49%	$10,416,652	$14,877,488	70.02%
Cultural & Recreational	44	82	53.66%	$6,569	$11,523	57.01%
	13,316	**31,106**	**42.81%**	**$32,182,505**	**$73,326,838**	**43.89%**

Source: AEC

One of the reasons behind Mildura's adoption of the Lump Sum Options was to align the lump sum due date with the sales of production for properties in the farmland category. As can be seen from the above table 68.49% of farmland has opted for the lump sum option, but the option has also been chosen by 40.51% of residential assessments, 31.57% of business assessments and 53.66% of cultural and recreational assessments. While the benefit was intended for farmland properties, a significant proportion of other properties are benefiting from the option, at a cost to Council.

Mildura has experienced the following issues with providing the optional lump sum payment:

- Additional system maintenance to amend the option. When the first instalment isn't paid by the due date, the property is deemed to have chosen the lump sum option and the full payment is due in February. If this is not the case, and the rate payer is to remain on instalments, Council staff are required to correct this in the rating system.
- When the lump sum amount is due in February, some are not able to afford the full amount and are placed on payment plans.
- With the lump sum option, the debt collection cannot start until after February.

The removal of the lump sum option will result in the following benefits:

- Avoid deterioration in the rate payment in arrears and enables more effective and earlier action for debt recovery.
- Improved cash flow with funds being received every quarter.
- Additional interest earned on Council's cash and investments.
- Reduced system maintenance.

9. RECOMMENDATIONS

The following list of recommendations are provided for MRCC to consider and implement (where required) by including the recommended changes in the Revenue and Rating Plan 2025-29.

1 Acknowledge that in setting the proportionate burden of the general rate, Council is seeking a broad equitable share from each category of ratepayers as a fair contribution to the cost of providing public services and infrastructure. Council should consider the impact the general rate burden has upon capacity to pay across all ratepayers within the category – not individual assessments. The burden of an individual assessment within a category is determined by the annual valuations conducted by the Valuer-General Victoria that determines the fair market value for each property – Council is not responsible for the valuation placed upon individual properties and should refer property owners to the Valuer-General Victoria if there is a dispute regarding the fair market value of the property.

2 Maintain CIV as the valuation base provided by the Valuer-General Victoria as this provides a fairer basis upon which to determine capacity to pay across categories and provides flexibility necessary to differentiate properties into categories.

3 Continue with the current definitions for each rating category as each is suitable for current and foreseeable land uses within the Mildura local government area and is compliant with legislative restrictions on differentiating the rate burden.

4 Continue not to set a Municipal Charge, noting that a such a charge is regressive in nature by establishing a minimum contribution and requiring those with less wealth to contribute a higher proportion of disposable income towards rates.

5 Continue with the differentiate between dryland and irrigated farmland to enable future differentiation, if deemed necessary in future – noting that recent valuations have resulted in different movement in valuations for dryland and irrigated farmland and that there is a large range in the valuations in both dryland and irrigated farmland making it difficult to differentiate the burden between dryland and irrigated farmland.

6 Note that the residential rate burden (measured as a percentage of median household income) is higher in comparison to other similar councils, whereas the rate burden on productive industries (business and farmland) is lower in comparison to other similar councils (measured as a percentage of gross operating surplus).

7 Council to increase the business category differential (ad velarium) from 130% of the general rate to 140%, acknowledging that the business category has greater capacity to pay and contribute to the rate burden.

8 Ensure full cost recovery for waste management to avoid cross-subsidisation from general rates – Council will need to consider the appropriateness of the Waste Management Charge to be compliant with the Ministers Best Practice Guidelines for Rates and Charges. It should be noted there is a range of responses being considered by the sector, including seeking further clarification before making changes to waste charges through to applying to Essential Services Commission for an increase in rates above the rate cap. Council should further engage within the sector to determine the most appropriate response for the Mildura community.

9 Cease to offer the optional lump sum payment for rates and charges given that the option for lump sum payment is provided to all categories (which was not the initial intent) and is a major contributor to deterioration in the rate payments in arrears. Removing the option for lump sum payment will likely avoid rate payments falling into arrears, and enable Council to take earlier action to recover rates in arrears. There is also a material cost to providing the lump sum payment which can be avoided.

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APPENDIX A GUIDING REGULATION

RELEVANT LEGISLATION

The Local Government Act 1989 established the legislative framework that determines MRCC's ability to develop a rating system. The Local Government Legislative Amendment (Rating and Other Matters) Act 2022 received Royal Assent in August 2022, providing further regulatory responsibilities on MRCC to include in the implementation and administration of the rating system. Established under S.94(6A) of the Electricity Industry Act 2000 (EI Act), the Payment in Lieu of Rates (PiLoR) framework allows for Councils and electricity generators to negotiate annual payments. Finally, MRCC is required under S.161 of the Local Government Act 1989 to consider the Ministerial Guidelines for Differential Rating (Guidelines) that guide Councils in the application of differential rates. The Local Government (Planning and Reporting) Regulations 2020 (Regulations) prescribes the information to be included in the Financial Plan, budget, revised budget and annual report.

S.155 of the Local Government Act 1989 provides that a Council may declare the following rates and charges on rateable land:

- General rates (S.158).
- Municipal charges (S.159).
- Service rates and charges (S.162).
- Special rates and charges (S.163).

MRCC is required to primarily use the valuation of the rateable property to levy rates. S.157(1) of the Local Government Act 1989 provides MRCC with three choices in terms of which valuation base to utilise. They are Site Valuation (SV), Capital Improved Valuation (CIV) and Net Annual Value (NAV).

Reporting on the rating system must be contained in the MRCC's Annual Budget as required by the Local Government Act 2020.

S.94(2)(e) – (j) of the Local Government Act 2020 requires the budget to contain the following:

e) The total amount that the Council intends to raise by rates and charges.
f) A statement as to whether the rates will be raised by the application of a uniform rate or a differential rate.
g) A description of any fixed component of the rates, if applicable.
h) If the Council proposes to declare a uniform rate, the matters specified in S.160 of the Local Government Act 1989.
i) If the Council proposes to declare a differential rate for any land, the matters specified in S.161(2) of the Local Government Act 1989.
j) Any other information prescribed by the regulations.

The Regulations set out the rates and charges information the council is required to declare under Section 158(1) of the 1989 Act. This section requires the disclosure of the amount which the council intends to raise by general rates, municipal charges, service rates and service charges and whether the general rates will be raised by the application of a uniform rate, differential rates (under Section 161 and 161(2)) or urban farm rates, farm rates or residential use rates (under Section 161A and 161(2)).

Regulation 8(4)(i) includes the following disclosure requirements in relation to rates and charges:

a) The rate in the dollar to be levied for each type or class of land
b) The basis of valuation to be used under Section 157 of the Act

Regulation 8(5)(a)-(o) sets out an extensive list of information required to be disclosed in the budget in regard to rates and charges, including:

a) The percentage change in the rate in the dollar to be levied for each type or class of land compared with the previous financial year
b) The estimated amount to be raised by general rates in relation to each type or class of land compared with the previous financial year

c) The estimated amount to be raised by general rates compared with the previous financial year
d) The number of assessments in relation to each type or class of land compared with the previous financial year
e) The number of assessments compared with the previous financial year
f) The estimated value of each type or class of land compared with the previous financial year
g) The estimated total value of land rated under Section 158 of the 1989 Act compared with the previous financial year
h) The municipal charge under Section 159 of the 1989 Act compared with the previous financial year
i) The percentage change in the municipal charge compared with the previous financial year
j) The estimated amount to be raised by municipal charges compared with the previous financial year
k) The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year
l) The percentage change for each type of service rate or charge compared with the previous financial year
m) The estimated amount to be raised by each type of service rate or charge compared with the previous financial year
n) The estimated total amount to be raised by service rates and charges compared with the previous financial year
o) The estimated total amount to be raised by all rates and charges compared with the previous financial year

Regulation 8(1)(d) requires disclosure of any potential significant changes that may affect the estimated amounts for the above listed items contained in sub regulation 5.

Although not required by the regulations, the inclusion of a reconciliation between rates and charges disclosed in the notes and that detailed in the Comprehensive Income Statement is recommended as it results in improved transparency and accountability.

The regulations require the rates information above to be disclosed in relation to ‘each type or class of land’, regardless of whether the Council has levied a differential rate for those classes of land. The disclosures in the Local Government Better Practice Guide – Model Budget 2024-25 illustrate this requirement by showing rates information for the major types and classes of land for Victorian City Council of residential, commercial and industrial land (Victorian City Council having no farm or other land), even though Victorian City Council has only declared differential rates for residential and commercial land.

RECREATIONAL LAND

Section 4 of the Cultural and Recreational Land Act 1963 requires that rates for recreational lands shall be levied “such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands”.

Rates for recreational lands need to be assessed case by case using the above guidance and this may mean that Council has different discounts for different recreational lands subject to the assessment outcome.

DIFFERENTIAL RATES

Differential rates are a highly complex area and the disclosure required in this section is unique to each differential rate. Differential rates are covered by section 161 of the Local Government Act 1989, which requires councils to make specific disclosures regarding the differential rate/s.

Section 94(2)(i) of the Local Government Act 2020 requires councils to include the information listed in section 161(2) of the Local Government Act 1989 in their budget if they declare differential rates or limited differential rates.

To ensure appropriate disclosure councils should seek professional guidance to ensure compliance with requirements is met.

RATE CAPPING AND ANNUALISED RATES

Section 185B of the Local Government Act 1989 defines the calculation for the 'Base Average Rate' which includes 'the total annualised revenue leviable from general rates, municipal charges and any other prescribed rates or charges on rateable properties within the Council's municipal district as at 30 June in the base year'. Where the 'base year' is the financial year preceding the capped year.

Any annualised rate income arising from any supplementary rates levied up until the time the proposed budget is prepared (typically late April) must be supported by auditable reports from the rating system or equivalent system.

For the period between budget preparation and 30 June, care needs to be taken when forecasting the annualised revenue arising from any supplementary rates levied during this time. The forecast will need to be documented and all variables have a reasonable level of science to support them.

Note that if the budgeted rate revenue + forecast annualised supplementary rate revenue exceeds the actual rate income for the year of the calculation of the 'Base Average Rate', the Council may not have complied with the rate cap legislation and will invite investigation by the Essential Services Commission. Councils should consider acting conservatively when forecasting annualised supplementary rate revenue. Where budgeted rate revenue + forecast annualised supplementary rate revenue does not exceed the actual rate income, the difference will be made up the following year when calculating the 'Base Average Rate'.

Section 94(3) of the Local Government Act 2020 requires, if applicable, the budget to contain a statement:

a) That the Council intends to apply for a special Order to increase the Council's average rate cap for the financial year or any other financial year, or
b) That the Council has made an application to the ESC for a special Order and is waiting for the outcome of the application, or
c) That a special Order has been made in respect of the Council and specifying the average rate cap that applies for the financial year or any other financial year.

RATE CAP PROJECTIONS

It is preferable that each council applies consistent rate cap projections, based on advice from Department Treasury and Finance (DTF), unless there is a proposal to seek a variation from the rate cap. https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators

LOCAL GOVERNMENT LEGISLATIVE AMMENDMENT (RATING AND OTHER MATTERS) ACT 2022

The Local Government Legislative Amendment (Rating and Other Matters) Act 2022 received Royal Assent in August 2022. The Act makes changes to the arrangements for unpaid rates and charges, consideration of ratepayers facing financial hardship, service rates and charges and special rates and charges. The Act also introduces a new public benefit criteria for councils to offer rate rebates and concessions.

The Local Government Legislative Amendment (Rating Reform and Other Matters) Act 2022 will:

- support people who are struggling to pay their rates
- address key recommendations from the Local Government Rating System Review and the Ombudsman's Investigation into how local councils respond to ratepayers in financial hardship
- improve how councils deal with people in financial hardship and incentivise working with ratepayers early and proactively as part of their core business.
- The Act will also help to implement a fairer rating system by:
- providing the Minister with the power, in consultation with the Essential Services Commission, to issue guidance on how councils deal with ratepayers experiencing financial hardship
- empowering the Minister, in consultation with the Essential Services Commission, to set a maximum amount of interest that may be levied on unpaid rates and charges (currently set at 10 per cent)

- limiting councils' use of Magistrate's Court orders for recovering unpaid rates to situations where rates or charges have not been paid for two years or more
- formalising payment plans for ratepayers to pay their outstanding rates and charges as an alternative to the four instalments currently prescribed. This will allow for flexible arrangements to be negotiated and agreed by councils and ratepayers, especially in circumstances of financial hardship.

MINISTERIAL GUIDELINES FOR UNPAID RATES AND CHARGES

The Act provides the Minister with the power to issue Ministerial Guidelines (after consulting with the Essential Services Commission) on how councils deal with ratepayers experiencing financial hardship. These will:

- define financial hardship
- require early engagement with people who are struggling to pay their rates
- set out how to undertake debt collection appropriately.

PUBLIC BENEFIT CRITERIA

The Act will allow councils to offer rate rebates or concessions for land uses that provide a public benefit to the community. The legislation will specify that the public benefit use must allow for availability to the public either free of charge or for a nominal amount, land may not be used for the distribution of profit to the owner or shareholders. It will remain up to councils whether they offer rate rebates or concessions to their municipality under the new criteria.

COUNCIL SERVICE CHARGES

Waste service charges were previously limited to 'the collection and disposal of refuse'. The Act will update the description of waste charges to ensure that all the services relevant to modern waste management activities are covered such as collection, transport, processing, storage and treatment of waste and recyclable materials. The definition is aligned with that of the Circular Economy Act 2021 and the Government's recycling reforms. Legacy provisions for councils to levy service charges for water and sewage have been repealed as they are no longer used since the water sector was corporatised in the 1990s.

SPECIAL RATES AND CHARGES SCHEMES

The Act will ensure the timely levying of council special rates and charges, to minimise delays between declaring special rates and charges schemes and the Acting of ratepayers. If a council has not levied the affected ratepayers within 12 months of declaring such a scheme, then the scheme itself will lapse, prompting councils to commence the works related to the scheme as soon as practicable. Special rates and charges schemes are most commonly used to fund the sealing of private or suburban roads, construction of footpaths and drainage infrastructure. The schemes are also used to fund economic development activities for retail districts such as high street trading associations.

PAYMENT IN LIEU OF RATES (PILOR)

Established under S.94(6A) of the Electricity Industry Act 2000 (EI Act), the Payment in Lieu of Rates (PiLoR) framework allows for Councils and electricity generators to negotiate annual payments. A methodology currently exists under S.94(6A) of the EI Act for estimating payments and applies to all coal, gas, hydro, and wind generators. In addition, solar has been added as a defined energy source so that councils can use the methodology to estimate payments for all solar generators coming online now and in the future.

The methodology combines a fixed charge with a variable charge based on the capacity of the power station in megawatts. The fixed charge in FY2022-23 is $59,372 and the variable charge was $1,337 per megawatt (MW). A 50 MW solar farm, for example, in FY2018-19 would pay $126,222 under the methodology.

It is important to note that in 2019 the Victorian State Government conducted a Local Government Rating System Review . In March 2020, the Local Government Rating System Review Panel presented their final report and list of recommendations to the Victorian Government, which the Victorian Government has subsequently published a response to the recommendations of the Panel's report.

MINISTERIAL GUIDELINES

MINISTERIAL GUIDELINES FOR DIFFERENTIAL RATING – APRIL 2023

The Ministerial Guidelines for Differential Rating (Guidelines) have been prepared to guide Councils in the application of differential rates under S.161 of the Local Government Act 1989 (the Act). Councils must have regard to these guidelines before declaring a differential rate for any land. Councils must have regard to these guidelines to avoid the risk of their decisions being found to be inconsistent under S.161(4) of the Act.

The Guidelines outline that in specifying the objective of each differential rate, a Council should be able to provide evidence of having had regard to:

- Good practice taxation principles and their assessment against a particular differential rate objective and determination.
- Modelling or consideration of the impact of the rating decision on those rated differentially and the consequential impact upon the broader municipality.
- Rating strategies or related Council documents.
- The Victorian Government's Developing a Rating Strategy: A Guide for Councils as amended from time to time.

Furthermore, the Guidelines suggest that in specifying objectives of differential rates, a Council should also have regard to the strategic objectives set out in the Council Plan (S.125) to ensure its objectives for differential rates (and thereby a percentage of Council revenue) accords with the strategic objectives.

With respect to the use of differential rating, the Guidelines provide the following direction:

- The Act empowers Councils (s.161(2)(a)(ii)) to identify the types or classes of land subject to a differential rate by geographic location (other than location on the basis of whether or not the land is within a specific ward in the Council's municipal district). It is not appropriate to define differential rates by geographic location to specifically apply to very few assessments.
- Council must consider reducing the rate burden whereby common types and classes of land use demonstrate relative rate disparities, including access to services. The Ministerial Guidelines specifically state farmland and retirement village land as land the council must consider reducing the rate burden.
- It is not appropriate to utilise differential rating powers to prevent, mitigate, or discourage legitimate land uses (with the exception of vacant or derelict land).
- The use of a differential rate applicable to very few assessments in a municipality should be considered with great caution and have regard to the impact on the land subject to the proposed rate and the consequential impact upon the broader municipality through consideration of equity.
- Types and classes of land categories that must be carefully considered as to whether they are appropriate for the application of differential rates include (but are not limited to) the following:
    - Holiday rental.
    - Extractive.
    - Landfill.
    - Dry land farming.
    - Irrigation farmland.
    - Automobile manufacture land.
    - Petroleum production land.

  - Aluminium production land.

- It would not be appropriate to declare a differential rate that is defined narrowly and applied specifically or exclusively to the following types and classes of land:
  - Electronic gaming machine venues or casinos.
  - Liquor licensed venues or liquor outlet premises.
  - Business premises defined whole or in part by hours of trade.
  - Fast food franchises or premises.
  - Tree plantations in the farming and rural activity zones.
  - Land within the Urban Growth Zone without an approved Precinct Structure Plan in place.

MINISTER'S GOOD PRACTICE GUIDELINES RELATING TO SERVICE RATES AND CHARGES

The 'Minister's Good Practice Guidelines Relating to Service Rates and Charges' has been prepared to guide Councils in the determination and declaration of Service Rates and charges under Section 162 of the Local Government Act 1989. The objective of the good practice guidelines is to ensure that Services Rates and Charges:

- are only used to recover the reasonable costs of providing a direct service to an occupancy;
- are calculated and declared in a fair and transparent manner; and
- subject to public engagement in accordance with a council's Community Engagement Policy

In determining whether to declare a Service Rate or Charge, it is good practice for councils to:

- explain the use of either of these methods of raising revenue (or a combination of both) in the council's Revenue and Rating Plan;
- explain why a Service Charge is being used over a Service Rate and conversely, if a Service Rate is being used over a Service Charge;
- support and justify the explanation in accordance with the governance principles and supporting principles in the Local Government Act 2020; and,
- explain the decision in accordance with the good taxation principles in the Local Government Better Practice Guide - Revenue and Rating Plans, including equity, simplicity, sustainability and efficiency.

The Good Practice Guidelines state that composition of a Service Rate or Charge, it is good practice for a council to:

- align the Service Rate or Charge with the specific and tangible service provided to the occupancy it is levied upon. For example, the kerbside collection of waste and/or recycling bins that are provided for the exclusive use of the occupancy. The Service Rate or Charge can also reflect the costs of the subsequent management of this waste, including transport, storage, processing and disposal and associated infrastructure, but is not required to cover the full cost of the service.

It is not good practice for a council to:

- Levy a Service Rate or Charge to fund services that do not provide a direct benefit to the occupancy subject to the Service Rate or Charge. The following are examples of services that provide a general benefit to the whole municipality and should be funded by the council through revenue sources other than a Service Rate or Charge:
  - litter and waste collection from public spaces and the provision of public bins;
  - street, footpath and drain cleaning;
  - graffiti removal;
  - municipal tree planting and maintenance;

  - general and/or municipal environmental activities such as park maintenance, public education and advocacy.

The Good Practice Guidelines state that when calculating the amount of a Service Rate or Service Charge, it is good practice for a council to:

- determine the direct and indirect costs of the service, deciding on an activity-based costing or pro-rata approach and form an appropriate pricing;
- focus on either a subsidised pricing or full-cost recovery pricing structure, including clear rationale in cases where councils subsidise particular users or services at the expense of others (or from other revenue sources);
- primarily make calculations based on their own service costs, published strategies and relevant community plans, although a council can take into account the service rate and charges of other councils.

It is not good practice for a council to:

- declare a rate or charge amount that would collect an amount above the actual cost of providing the service and generating a surplus to subsidise activities unrelated to the direct service.

APPENDIX B LOCAL GOVERNMENT RATING PRINCIPLES

BACKGROUND

Each local government must establish a rating system based upon guiding principles. It is also important that in setting the rating system that the local government considers the consequences (sometime unintended) and the costs of the proposed rating system. To assist a Council in deciding upon the rating system, there are general rating principles that are commonly used by local governments to guide in the decision making.

The local government general rating principles have been developed from the broader government tax systems used by all levels of government to fund public goods and services. The principles are outlined in the Victorian Local Government Better Practice Guide 2014 – Revenue and Rating Strategy, as well as used by the Local Government Rating System Review Ministerial Panel in the preparation of the Local Government Rating System Review (2019) .

Sometimes the principles can be seen to be at cross-purpose – and can often be due to inappropriate use of rating instruments to achieve the desired objective. To achieve the desired objective, it is important to understand the limitations of the rating system and the best use of the available rating instruments. Furthermore, it is important to understand that the rating instruments differ in their impact upon achieving the rating principles due to the broad or targeted impact the instruments have. For example, using a differentiated rating category is a broad instrument and not suitable, for example, when Council is concerned with the capacity to pay of a group of disadvantaged ratepayers. In this example, it may be more suitable to apply the capacity to pay principle by using a targeted rebate, waiver, or concession instrument.

Developing a new differential rating category to encourage or discourage the use of land, or even to encourage or discourage types of development, is a rather ineffective use of instruments compared to more targeted rebates. Furthermore, the use of rating tools to influence land use may be completing inappropriate and the use of local laws or other regulatory approaches may be more appropriate.

EQUITY PRINCIPLE

The consideration of equity in establishing a rating system (or other taxation systems by other levels of government) is often a main concern, given that equity is often related to fairness.

There are two concepts of equity that are considered in a rating system (and other taxation systems):

- Horizontal equity – ratepayers in a similar situation should contribute similar amounts; and
- Vertical equity – those who are better off should pay more than those worse off.

The vertical equity aligns well with a pure “wealth tax” approach, in that the rates paid relate directly to the value of a ratepayer’s real property. However, horizontal equity (a ratepayer’s situation) cannot be assessed on land valuations alone.

Further consideration of equity is informed by the following:

Benefit or user pays principle – where a definable group of ratepayers have more access to, or benefits more from, public goods and services, that group of ratepayers should contribute more.

Capacity to pay principle – the ability to pay rates differs amongst ratepayers, those with more capacity to pay should contribute more.

Incentive or encouragement principle – incentives or encouragements should be afforded to groups of ratepayers who contribute more to the Council’s goals or objectives, ideally supported by a public interest assessment.

Balancing the importance, or even the appropriateness, of the equity considerations is a strategic and a policy position that Councils are required to make in setting the rating system. The use of the differentiated general rate, as well as the use of rebates and concessions, often reflects the strategic and policy position each Council makes.

EFFICIENCY PRINCIPLE

The efficiency of a rating system is measured by the extent to which free market decisions are affected by the rating system. A pure economic view of an efficient rating system would be one that does not distort the buying and selling decisions within the local economy. The price of rates and charges is the mechanism by which the rating system can distort buying or selling decisions.

In addition to controlling the total rate burden on ratepayers, Councils can impact the efficiency of a rating system by increasing (or decreasing) the differentiated general rate beyond what is considered equitable. Furthermore, Councils can improve the efficiency by ensuring services that can be directly charged to identifiable consumers are not funded by the general rate, rather a special rate or service charge is used.

The Ministerial Guidelines for Differential Rating provides direction and caution on setting a differentiated rate on certain types of land use.

SIMPLICITY PRINCIPLE

A rating system should be able to be understood by ratepayers and able to be implemented and administered at an efficient cost.

Simplicity can often conflict with the principles of equity and efficiency. A simple rating scheme while easy to understand and may have a low cost for administration, may not have an equitable outcome and may distort the buying and selling decisions in the economy. The more rating instruments a Council uses, in particular the differentiation and use of rebates, the more complex the system is likely to be.

SUSTAINABILITY PRINCIPLE

A rating system should generate reliable revenues on an ongoing basis, including rating decisions that are durable and flexible in changing economic conditions to be able to withstand volatility. Determining a sustainable mix of user charges and rates revenue is essential to fund the vast variety of services councils provide to their community.

FAIRNESS PRINCIPLE

Considerations about fairness generally coincide with concerns about equity. Fairness considerations are informed by individual perception and experiences, they are often subjective. Fairness is a concept about the process and conduct associated with the rating system and how it is administered. This comprises:

Consistency – A council should administer the rating system in line with its stated policies and procedures. Adhering to policies and guidelines should ensure ratepayers are treated on like terms, and where exceptions are made (see Consideration) it is because specific circumstances have arisen that fall outside the set policy parameters.

Consideration – The legislation provides councils with the ability to consider different circumstances and apply discretion, allowing them to respond reasonably to affected ratepayers.

Transparency – Councils should provide information regarding their decisions and how they came to make them. Public transparency of council policies and procedures for the application of rates supports consistency of practices.

Accountability – Ratepayers should have access all information required for them to assess the fairness and integrity of the system, be able to engage easily with councils regarding their decisions and receive responses from councils clearly explaining their decisions in a manner that any reasonable person would be able to understand.

APPENDIX C RATING CATEGORY DEFINITIONS

Residential Land	
Definition	Residential land is identified as: • any rateable land that is not Farmland, Business land, or Cultural and Recreational land.

Objectives	The objectives of the rate are to:
	• ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
	  ○ construction and maintenance of infrastructure assets
	  ○ development and provision of health and community
	  ○ services
	  ○ provision of general support services

Characteristics	• Is land that is not used for farming, business or cultural and recreational purposes and is occupied for the principal purpose of physically accommodating persons; or • Unoccupied but zoned residential under the Mildura Planning Scheme and which is not business land. The characteristics of planning scheme zoning are applicable to the determination of vacant land that will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Mildura Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	100% of the General Rate.
Use of land	Is any use permitted under the Mildura Planning Scheme.
Geographic location	The geographic location of the land is wherever it is located within the municipal district.
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Mildura Planning Scheme.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018-2019 financial year.

Business Land	
Definition	Business land is identified as: • any rateable land which is occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services. • or unoccupied but zoned commercial or industrial under the Mildura Planning Scheme.

Objectives	The objectives of the rate are to:
	• ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
	  ○ construction and maintenance of infrastructure assets
	  ○ development and provision of health and community services
	  ○ provision of general support services
	• recognise the higher level of service usage than other categories

Characteristics	Is land that is used for commercial purposes including: • retail shops • offices • services businesses, car parks, garden centres, car yards, boat yards, entertainment centres (theme parks), hotels and motels • land that has improvements and/or buildings used for commercial purposes. The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to business land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Mildura planning scheme. The classification of land that is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	130% of the general rate.
Use of land	Is any use permitted under the Mildura Planning Scheme.
Geographic location	The geographic location of the land is wherever it is located within the municipal district.
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Mildura Planning Scheme.
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018-2019 financial year.

Farmland (Dryland)	
Definition	Is farmland as defined under the Valuation of Land Act 1960.

Objectives	The objectives of the rate are to:
	• ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
	  ○ construction and maintenance of infrastructure assets
	  ○ development and provision of health and community
	  ○ services
	  ○ provision of general support services.
	• recognise the changes to relative property values, the high value of land as an input to farm operations, and in recognition of a lower level of service usage associated with their rural isolation than other categories.

Characteristics	Is farmland that is: • without access to irrigation infrastructure • not less than two hectares in area • used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind • used by a business that has significant and substantial commercial purpose or character, seeks to make a profit on a continuous or repetitive basis and is either making a profit or has reasonable prospect of making a profit from its activities. The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to farmland. The vacant land affected by this rate is that which is zoned farming under the Mildura Planning Scheme. The classification of land that is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	90% of the General Rate.
Use of land	The use of the land within this differential rate, in the case of improved land, is any use of land.
Geographic location	The geographic location of the land within this differential rate is wherever it is located within the municipal district.
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Mildura Planning Scheme.
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018-2019 financial year.

Farmland (Irrigated)	
Definition	Is farmland as defined under the Valuation of Land Act 1960.

Objectives	The objectives of the rate are to:
	• ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
	  o construction and maintenance of infrastructure assets
	  o development and provision of health and community
	  o services
	  o provision of general support services.
	• recognise the changes to relative property values, the high value of land as an input to farm operations, and in recognition of a lower level of service usage associated with their rural isolation than other categories

Characteristics	Is farmland that is: • with access to irrigation infrastructure • not less than two hectares in area • used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind • used by a business that has significant and substantial commercial purpose or character, seeks to make a profit on a continuous or repetitive basis and is either making a profit or has reasonable prospect of making a profit from its activities. The characteristics of planning scheme zoning are applicable to the determination of vacant land, which will be subject to the rate applicable to farmland. The vacant land affected by this rate is that which is zoned farming under the Mildura Planning Scheme. The classification of land that is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	90% of the General Rate.
Use of land	The use of the land within this differential rate, in the case of improved land, is any use of land.
Geographic location	The geographic location of the land within this differential rate is wherever it is located within the municipal district.
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Mildura Planning Scheme.
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018-2019 financial year.

Cultural and Recreational Land	
Definition	Is land as defined under the Cultural and Recreational Lands Act 1963.
Objectives	The objectives of the rate are to recognise the large contribution that these community organisations and the volunteers make to the Municipality in the provision of sporting, cultural and recreational activities.
Characteristics	Is cultural and recreational land that is: • occupied by a body which exists for cultural or recreational purposes and applies its profits in promoting the furthering of this purpose • owned by the body, by the Crown or by Council • Used for out-door sporting recreational or cultural purposes.
Types and classes	The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.
Use of rate	The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate	10% of the General Rate.
Use of land	Is any use permitted under the Mildura Planning Scheme.
Geographic location	The geographic location of the land is wherever it is located within the municipal district.
Planning scheme zoning	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Mildura Planning Scheme.
Types of buildings	The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018-2019 financial year.

APPENDIX D ECONOMIC INDICATORS FOR INDUSTRY SECTORS

Table D.1. Economic Indicators for Industry Sectors, Mildura, 2024-25

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Business Land Category				
Iron ore mining	$0.00	$0.00	$0.00	75.98%
Oil and gas extraction	$0.00	$0.00	$0.00	72.20%
Coal mining	$5.13	$6.96	$4.71	67.66%
Finance	$94.15	$123.24	$68.01	55.18%
Non-metallic mineral mining	$8.18	$14.68	$5.53	37.69%
Water supply, sewerage and drainage services	$95.11	$178.41	$61.65	34.55%
Cleaning compounds and toiletry preparation manufacturing	$0.00	$0.00	$0.00	31.44%
Transport support services and storage	$43.26	$97.92	$27.15	27.73%
Professional, scientific, computer and electronic equipment manufacturing	$2.93	$5.30	$1.37	25.78%
Telecommunication services	$13.87	$35.92	$9.21	25.64%
Ceramic product manufacturing	$0.00	$0.00	$0.00	24.97%
Forged iron and steel product manufacturing	$0.00	$0.00	$0.00	24.69%
Internet service providers, internet publishing and broadcasting, websearch portals and data processing	$2.27	$5.09	$1.25	24.47%
Water, pipeline and other transport	$6.15	$13.49	$3.13	23.23%
Gas supply	$1.57	$5.00	$1.13	22.63%
Beer manufacturing	$1.26	$3.29	$0.73	22.34%
Broadcasting (except internet)	$5.76	$13.41	$2.94	21.94%
Tanned leather, dressed fur and leather product manufacturing	$0.00	$0.00	$0.00	21.57%
Textile manufacturing	$1.15	$2.64	$0.56	21.31%
Veterinary pharmaceutical and medicinal product manufacturing	$0.00	$0.00	$0.00	21.21%
Auxiliary finance and insurance services	$31.13	$58.58	$12.36	21.10%
Natural rubber product manufacturing	$0.00	$0.00	$0.00	17.79%
Human pharmaceutical and medicinal product manufacturing	$2.03	$5.04	$0.89	17.63%
Non-ferrous metal ore mining	$10.32	$34.59	$6.05	17.48%
Wholesale trade	$229.50	$433.67	$75.43	17.39%
Exploration and mining support services	$0.95	$1.79	$0.31	17.22%
Basic chemical manufacturing	$15.99	$53.58	$9.09	16.96%
Gambling	$2.01	$5.19	$0.87	16.75%
Glass and glass product manufacturing	$0.96	$2.35	$0.38	16.01%
Domestic appliance manufacturing	$0.00	$0.00	$0.00	15.82%
Electricity transmission, distribution, on selling and electricity market operation	$29.50	$88.28	$13.82	15.65%
Petroleum and coal product manufacturing	$0.00	$0.00	$0.00	15.64%
Cement, lime and ready-mixed concrete manufacturing	$3.75	$12.61	$1.91	15.14%
Other food product manufacturing	$4.60	$15.75	$2.34	14.87%
Metal containers and other sheet metal product manufacturing	$8.48	$18.18	$2.64	14.51%
Other manufactured products	$0.00	$0.00	$0.00	14.47%
Plaster and concrete product manufacturing	$1.68	$4.55	$0.65	14.24%

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Retail trade	$276.83	$479.78	$66.79	13.92%
Electricity generation	$0.00	$0.00	$0.00	13.92%
Other non-metallic mineral product manufacturing	$2.95	$7.30	$1.02	13.91%
Ships and boat manufacturing	$1.71	$4.20	$0.57	13.54%
Processed seafood manufacturing	$0.00	$0.00	$0.00	13.40%
Heavy and civil engineering construction	$41.78	$107.69	$14.33	13.31%
Computer systems design and related services	$16.06	$28.56	$3.79	13.27%
Footwear manufacturing	$0.90	$1.98	$0.26	13.24%
Rail transport	$4.23	$8.40	$1.09	12.92%
Other wood product manufacturing	$8.45	$22.21	$2.85	12.83%
Sawmill product manufacturing	$0.00	$0.00	$0.00	12.73%
Insurance and superannuation funds	$17.65	$64.11	$8.04	12.54%
Electrical equipment manufacturing	$0.00	$0.00	$0.00	12.38%
Textile product manufacturing	$1.75	$4.32	$0.51	11.75%
Publishing (except internet and music publishing)	$19.49	$43.76	$5.00	11.43%
Aircraft manufacturing	$0.00	$0.00	$0.00	10.96%
Sugar and confectionery manufacturing	$0.80	$2.97	$0.33	10.94%
Polymer product manufacturing	$9.83	$29.87	$3.19	10.68%
Structural metal product manufacturing	$4.88	$14.00	$1.47	10.53%
Non-residential property operators and real estate services	$77.18	$144.98	$14.41	9.94%
Motor vehicles and parts; other transport equipment manufacturing	$5.55	$16.01	$1.54	9.65%
Wine, spirits and tobacco	$44.65	$152.77	$14.35	9.39%
Rental and hiring services (except real estate)	$22.40	$61.99	$5.66	9.13%
Road transport	$91.18	$204.42	$18.57	9.09%
Soft drinks, cordials and syrup manufacturing	$2.01	$8.72	$0.78	8.94%
Railway rolling stock manufacturing	$0.00	$0.00	$0.00	8.86%
Oils and fats manufacturing	$2.09	$12.22	$0.99	8.11%
Waste collection, treatment and disposal services	$10.41	$39.46	$3.17	8.04%
Specialised and other machinery and equipment manufacturing	$7.76	$20.71	$1.66	8.03%
Furniture manufacturing	$3.61	$8.96	$0.71	7.92%
Other services	$15.01	$16.56	$1.25	7.52%
Accommodation	$26.78	$60.33	$4.21	6.97%
Pulp, paper and paperboard manufacturing	$1.25	$5.38	$0.37	6.97%
Food and beverage services	$86.54	$187.60	$12.96	6.91%
Clothing manufacturing	$1.08	$1.99	$0.14	6.81%
Residential building construction	$39.84	$194.21	$13.12	6.76%
Technical, vocational and tertiary education services (including undergraduate and postgraduate)	$45.51	$70.87	$4.73	6.68%
Paper stationery and other converted paper product manufacturing	$6.67	$25.22	$1.68	6.68%
Building cleaning, pest control and other support services	$74.85	$163.50	$10.88	6.65%
Dairy product manufacturing	$0.00	$0.00	$0.00	6.34%
Iron and steel manufacturing	$5.83	$25.93	$1.63	6.29%
Primary and secondary education services (including pre-schools and special schools)	$159.19	$214.19	$13.46	6.28%
Other fabricated metal product manufacturing	$2.12	$6.47	$0.40	6.17%
Construction services	$185.07	$602.97	$33.39	5.54%

Industry Name	GVA ($M)	Output ($M)	GOS ($M)	GOS/ Output
Meat and meat product manufacturing	$0.78	$4.41	$0.24	5.45%
Residential care and social assistance services	$274.72	$372.35	$20.27	5.44%
Professional, scientific and technical services	$163.39	$316.09	$16.63	5.26%
Printing (including the reproduction of recorded media)	$6.60	$15.65	$0.80	5.13%
Non-residential building construction	$11.35	$61.82	$3.13	5.07%
Other repair and maintenance	$24.05	$74.95	$3.72	4.97%
Postal and courier pick-up and delivery service	$10.79	$31.65	$1.48	4.67%
Personal services	$13.62	$34.00	$1.45	4.27%
Sports and recreation	$11.25	$33.67	$1.38	4.10%
Health care services	$221.91	$341.54	$13.89	4.07%
Basic non-ferrous metal manufacturing	$2.95	$33.07	$1.30	3.94%
Employment, travel agency and other administrative services	$184.49	$273.57	$10.51	3.84%
Fruit and vegetable product manufacturing	$35.82	$174.37	$6.62	3.79%
Grain mill and cereal product manufacturing	$0.78	$4.49	$0.16	3.65%
Automotive repair and maintenance	$28.47	$70.17	$2.53	3.60%
Knitted product manufacturing	$0.00	$0.00	$0.00	2.70%
Air and space transport	$3.91	$14.53	$0.38	2.65%
Bakery product manufacturing	$5.62	$17.41	$0.27	1.57%
Motion picture and sound recording	$1.21	$4.05	$0.05	1.18%
Cultural and Recreational Land Category				
Library and other information services	$0.00	$0.00	$0.00	42.09%
Arts, sports, adult and other education services (including community education)	$12.11	$18.77	$2.67	14.23%
Heritage, creative and performing arts	$7.58	$15.82	$1.56	9.86%
Sports and recreation	$1.25	$3.74	$0.15	4.10%
Farm Land Category				
Forestry and logging	$0.00	$0.00	$0.00	23.94%
Aquaculture	$0.99	$2.48	$0.41	16.43%
Poultry and other livestock	$9.99	$18.09	$2.86	15.82%
Other agriculture	$485.03	$920.49	$128.84	14.00%
Fishing, hunting and trapping	$0.00	$0.00	$0.00	8.62%
Agriculture, forestry and fishing support services	$61.05	$208.70	$15.12	7.24%
Sheep, grains, beef and dairy cattle	$115.61	$253.21	$16.64	6.57%
Other				
Imputed rent for owner-occupiers	$158.30	$188.44	$147.75	78.41%
Actual rent for housing	$158.30	$226.11	$128.39	56.78%
Defence	$1.37	$2.68	$0.44	16.44%
Public order and safety	$58.71	$93.41	$7.59	8.13%
Public administration and regulatory services	$154.86	$285.60	$22.19	7.77%

Source: ABS (2024c), AEC (unpublished)

APPENDIX E GROSS REGIONAL PRODUCT

Table E.1. Gross Regional Product by Industry, Mildura

Australian and New Zealand Standard Industrial Classification	2014-15 ($M)	2015-16 ($M)	2016-17 ($M)	2017-18 ($M)	2018-19 ($M)	2019-20 ($M)	2020-21 ($M)	2021-22 ($M)	2022-23 ($M)	2023-24 ($M)	2024-25 ($M)
Agriculture, forestry and fishing	452.57	420.73	533.58	554.17	479.90	520.01	602.13	710.49	652.15	663.16	672.68
Mining	18.47	14.89	20.93	18.01	15.29	14.89	16.48	25.63	23.82	24.22	24.57
Manufacturing	217.24	178.63	156.54	178.38	213.75	207.17	172.03	179.81	202.90	206.33	209.29
Electricity, gas, water and waste services	105.83	119.61	164.75	158.08	128.41	114.18	127.67	130.67	132.42	134.65	136.58
Construction	156.64	182.07	182.64	168.52	173.21	198.29	222.81	245.93	269.55	274.10	278.03
Wholesale trade	127.23	138.50	155.19	176.63	177.14	160.59	158.68	184.13	222.49	226.25	229.50
Retail trade	186.75	185.87	209.40	207.03	217.89	235.38	228.08	223.91	268.38	272.91	276.83
Accommodation and food services	66.51	79.32	83.01	87.54	87.44	71.32	63.11	74.25	109.86	111.72	113.32
Transport, postal and warehousing	130.72	125.10	115.52	94.02	82.71	103.55	118.09	134.76	154.66	157.27	159.52
Information media and telecommunications	48.36	50.14	38.06	28.83	29.61	35.72	39.71	40.43	41.29	41.99	42.59
Financial and insurance services	141.91	148.93	170.97	144.64	124.23	131.12	128.21	125.32	138.57	140.91	142.93
Rental, hiring and real estate services	72.46	72.03	84.76	85.28	76.62	71.50	80.33	95.92	96.55	98.18	99.59
Professional, scientific and technical services	77.04	100.65	136.28	140.92	120.89	110.11	125.98	156.18	173.97	176.91	179.45
Administrative and support services	147.98	142.17	154.02	199.79	222.85	196.38	196.52	234.75	251.43	255.68	259.35
Public administration and safety	133.22	144.79	148.31	158.71	193.47	202.67	192.08	195.27	208.37	211.89	214.93
Education and training	131.76	148.02	158.85	156.18	150.30	159.86	174.95	190.10	210.19	213.74	216.80
Health care and social assistance	289.83	267.76	279.49	323.69	359.78	354.61	380.20	428.70	481.48	489.61	496.63
Arts and recreation services	18.63	18.19	13.20	11.91	10.00	10.15	14.10	18.68	21.41	21.78	22.09
Other services	73.79	61.04	62.74	69.58	69.88	60.11	58.80	68.13	78.67	80.00	81.15
Ownership of dwellings	216.20	226.06	238.59	251.35	266.62	280.43	290.22	292.88	306.94	312.13	316.60
Gross Sector Value Add	**2,813.12**	**2,824.51**	**3,106.80**	**3,213.26**	**3,199.97**	**3,238.02**	**3,390.20**	**3,755.94**	**4,045.13**	**4,113.42**	**4,172.44**
Taxes Less Subsidies	240.52	256.92	275.86	293.44	282.69	270.86	273.03	328.51	330.19	335.76	340.58

Australian and New Zealand Standard Industrial Classification	2014-15 ($M)	2015-16 ($M)	2016-17 ($M)	2017-18 ($M)	2018-19 ($M)	2019-20 ($M)	2020-21 ($M)	2021-22 ($M)	2022-23 ($M)	2023-24 ($M)	2024-25 ($M)
Gross Regional Product	**3,053.64**	**3,081.43**	**3,382.65**	**3,506.71**	**3,482.67**	**3,508.88**	**3,663.23**	**4,084.44**	**4,375.32**	**4,449.18**	**4,513.02**

Source: AEC (unpublished)

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