



Inquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils





RURAL & REGIONAL COMPARATIVE DISADVANTAGE



Rural & Regional Councils are comparatively disadvantaged on a number of fronts.

1. Disadvantaged by a per capita Grants Commission distribution which is biased to wealthier Metropolitan Councils.
2. Disadvantaged by Social and Economic indicators which are significantly lower than those in Metropolitan Council areas.
3. Disadvantaged in Revenue Generation by a lack of population and urban density.
4. Disadvantaged by a lack of diversity in economic drivers in comparison to Metropolitan Councils.



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5. Disadvantaged by a large rural road network to service rural communities and rural economies and which has a large asset renewal gap
6. Disadvantaged in raising sufficient revenue to fund activities due to a lack of capacity to pay resulting from socio-economic disadvantage.



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7. Disadvantaged by a rating system which is demonstrably inequitable:
 - i. Values of rural properties do not reflect capacity to pay and are often inflated by non-traditional rural factors
 - ii. The rating system currently comprises progressive and regressive tax elements which are difficult for rural and regional Council to manage equitably in challenging socio-economic circumstances
 - iii. Grants Commission methodology discriminates against rural and regional Councils in both the per capita criteria and the resulting pool of funding available to address horizontal fiscal equity disadvantage. This results in an unfair burden of rates required to be raised by rural and regional Councils compared to their metropolitan counterparts.





HORIZONTAL FISCAL EQUITY



Metro – Rural & Regional Councils

- $\$124,722,333 \div 6,069,627 = \20.5486 per capita
 - Per Capita Grant Metro Councils \$93,306,569
 - Per Capita Grant Rural & Regional Councils \$31,415,768
- If the 30% Per Capita component was eligible for Rural & Regional Councils only, Colac Otway Shire would receive an additional \$1,238,551 per annum in Grants Commission grants:
 - (Population 20,294 x \$81.5790) = (\$1,655,564 - \$417,013)
- Per Capita to Rural & Regional Councils only:
 - $\$124,722,333 \div \text{Population} = \81.5790 per capita



Boroondara & Colac Otway Relative Disparity

- Index of Relative Socio-economic Disadvantage:
Rank out of 80 Local Government Area in Victoria
Boroondara 2
Colac Otway 60
- Average Rates & Waste Charge per head of Population:
Boroondara \$909
Colac Otway \$1,299 Differential +42.9%
- Expenses per Property Assessment:
Boroondara \$2,600.78
Colac Otway \$3,087.23 Differential +18.7%



Boroondara & Colac Otway Relative Disparity

- Rates as a % of Property Values:

Boroondara	0.16%
Colac Otway	0.50%

- Median Residential Rates Payable:

Boroondara	\$2,028	
Colac Otway	\$1,642	Differential -19%

- Median Residential Values:

Boroondara	\$1,030,000
Colac Otway	\$261,000



Boroondara & Colac Otway Relative Disparity

- Median Residential Rates using Colac Otway Rate Effort:

Boroondara	\$6,479.93	(\$1,030,000 x 0.629119¢)
Colac Otway	\$1,642.00	

