

Final Report



Rural Landscape – Hargraves District, South West of Mudgee NSW

2015 Base Date

Mid Western Regional LGA

Contract No. 1415045-3

Final Report 2015

Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Mid Western Regional Local Government Area

The Mid-Western Regional Local Government Area (LGA) is a relatively new LGA which was created on 26 May 2004, The Mid-Western Regional LGA is located in the Central West of NSW with the main town of Mudgee within the LGA located approximately 270km north west of Sydney.

The LGA covers an area of 8,737km² and has a population (as at 2009) of 22,677. The LGA was formed in 2004 after parts of the Mudgee; Rylstone and Merriwa shires were combined. Smaller towns within the LGA include Gulgong (pop. 1,900), Kandos (pop. 1,300) and Rylstone (pop. 615), and there are also a number of smaller rural villages including Goolma, Ulan, Lue, Wollar, Ilford, Clandulla, Windeyer and Hargraves. The region stretches from the Wollemi National Park in the east to Lake Burrendong in the west and from the Goulburn National Park in the north to the Macquarie and Turon Rivers in the south. The Mid-Western Regional LGA relies on a number of industries to support its economy with the main industries being agriculture, tourism and mining.

Agricultural pursuits in the region vary widely with a range of different soil types and topography throughout the LGA. Agriculture types include fine wool production, sheep, cattle, cereal cropping, hay production, viticulture and olive production. The tourism industry revolves around hospitality with food and wine being the main attractions of the district as well as a number of historical attractions. Mining has provided a large amount of the stimulus to the Mid-Western Regional LGA economy over the recent years with 4 main operating mines being Tallawang, Ulan, Wilpinjong and Moolarben. There has been substantial expansion in these mining operations. In addition to this there are a number of proposed mines in the planning phase.

Number of properties valued this year and the total land value in dollars

The Mid Western Regional Council local government area comprises residential, rural, commercial, industrial, infrastructure, environmental and public recreation zones.

13,606 properties were valued at the base date of 1 July 2015, and valuations are reflective of the property market at that time. Previous Notices of Valuation issued to owners for the base date of 1 July 2013. The Mudgee property market has remained steady across all most sectors with some other experiencing a slight increase in values. Valuation changes in the local government area and percentage changes between the prior valuation year of 1 July 2014 and 1 July 2015 are as follows:

Zone	Zone Code	No. of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change
Residential	R1, R2, R3, R5	7422	\$1,103,394,750	\$1,089,029,240	1.01%
Village	RU5	1592	\$69,296,980	\$68,893,380	0%
Rural	RU1, RU3, RU4	3448	\$951,035,241	\$936,484,190	1.02%
Commercial	B1,B2,B3,B4,B5	419	\$114,061,410	\$112,031,230	1.02%
Industrial	IN1,IN2,IN3	161	\$33,869,360	\$33,869,360	0%
Infrastructure	SP2,SP3	154	\$22,210,660	\$21,109,560	1.05%
Environmental	E1,E3	308	\$31,575,820	\$31,575,820	0%
Public Recreation	RE1,RE2	100	\$10,969,570	\$10,969,570	0%
Total		13606	\$2,336,592,891	\$2,304,141,000	1.02%

1.2 State & Local Government Legislation for LGA

Mid- Western Regional Local Environmental Plan 2012 commenced on the 10 August 2012. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales legislation.

The Mid- Western Regional Local Environmental Plan 2012 affects every parcel of land within the Mid-Western Region. The plan replaces the previous Local Environmental Plans operating in the area, namely:

- Mid-Western Regional Interim Local Environmental 2008
- Rylstone Local Environmental Plan 1996
- Merriwa Local Environmental Plan 1992

Development Control Plan:

Mid- Western Regional Council has development controls plan including the Mid- Western Regional Development Control Plan 2013 that affects the subdivision and erection of dwellings which impacts on land values. The plan applies to all land in the Mid-Western Regional Council Area, was adopted by Council on 6 February 2013, and commenced operation on 11 February 2013.

1.3 Market Overview and Sales of Particular Interest

Opteon Contractors have undertaken significant analysis of the Mid- Western Regional Council district property market to provide an accurate and reliable basis of valuation. 650 sales have been analysed to enable the establishment and verification of land values as at 1 July 2015. These analysed sales also support the grading across components.

Analysed sales reports are provided to Land and Property Information on a consistent basis throughout the year. The added value of improvements are also analysed to enable the accurate deduction of land values. Opteon Contractors undertake this process using the paired sales approach and the replacement cost approach.

In analysing sales before or after 1 July it is necessary to adjust the contract price in terms of market movement. In the Mudgee district this year sales and resales of properties indicated little variance in values throughout the year with only slight movement from 1 July 2014 to 1 July 2015 for properties zoned residential. Residential market in Mudgee and Gulgong remained unchanged for the period. Rural values have had a small increase in value of 10% to the north of the Cudgegong River from Twelve Mile Road and west and north of Gulgong and rural lands south west of Rylstone and west of Pyramul, with no change in values for the balance of the LGA. Commercial sales analysis in Mudgee prime core indicate a small change in values from 2014 to 2015 rating periods, reflected by a 5% increase in increase in the B3 prime retail centre, with all other commercial values remaining unchanged. Values on the western side of the railway line in Kandos, and on the western fringe of Kandos have had increases of 13% for the period.

1.4 Significant Issues and Developments

Provided below is a summary of the significant developments either recently underway or proposed for the Mudgee Region.

Mid-Western Regional Council

Mid-Western Regional Council confirmed in June 2014 that rates will be increasing in the 2014/2015 financial year.

Residential Development

A substantial parcel of land was rezoned to a variety of mostly residential zones just to the west of Mudgee in the area known as "Caerleon". Residential allotments were first put on the market in June 2015, with 50 per cent of stock under offer in Stage 1. Approval for a 67 lot residential subdivision on Broadview Estate in south Mudgee –Lot sizes range from 650m² to 2000m². Stage two is currently being advertised for sale.

The Bylong Coal Project

KEPCO Bylong Australia (KEPCO) proposes to develop the Bylong Coal Project (the Project), located approximately 55 km north-east of Mudgee and 53 km from Denman in New South Wales, Australia. The mine is likely to employ up to 800 people during initial construction. During operations, the Project will provide direct employment for up to 470 workers with an average annual direct workforce of approximately 290.

Ulan Coal Expansion

Ulan Coal Mines is one of the most established coal mining operations in the Region. Major projects underway include Stage 2 Major Project Approvals was granted on the 30 January 2015 and includes one open cut (OC4) and two underground mines (UG1 and UG2) and some additional infrastructure which would operate in conjunction with, and utilise, the approved Stage 1 infrastructure.

Mt Penny Coal Mine

Mt Penny Coal has submitted a proposal to establish an open cut mine north west of Bylong in the Mudgee Region. The NSW Parliament passed an amendment to the Mining Act, effectively cancelling the licences, in January 2014

Wollar Power Station

ERM Power is proposing to construct a gas fired power station at Wollar which will connect to resources at Wellington

Wind Farms

Two wind farms have been proposed in the Mudgee Region. The Crudine Ridge Wind Farm project is based approximately 45km south of Mudgee. The Uungala Wind Farm project is based approximately 25km NW of Mudgee.

Mudgee Regent Theatre

Mudgee's iconic Regent Theatre is set to be redeveloped with plans to transform the building into a 34-unit apartment complex. The new structure will include 30 one- and two-bedroom apartments and four apartments in the original building above the lounge, with provision for commercial space.

Aerodrome Airpark

Rylstone Aerodrome Airpark approved for 63 lots. Stage 1 of the development is for 37 lots small, medium and large hanger lots and residential house hanger lots and stage 2 includes 14 residential house hanger lots to be released in 2016/17.

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous valuation year (2014)

The residential market in Mudgee and Gulgong remained steady in all residential locations since the previous valuation in 2014, with slow demand in the top end of the Mudgee house market. There has been a modest turn over driven by first home buyer and investor demand.

199 market indicator sales occurred within the R1, 2, 3 and R5 Zones for the period 01/07/2014 to 01/07/2015. This compares to the 282 sales which occurred within the same period in the preceding year. Analysis of these sales indicates value levels have remained unchanged for the period.

Residential zoned property total land value has increased by 1% to (\$1,103,394,750) from 2014 to the 2015 rating period. This increase on the 2014 values has been realised by the increased number of residential allotments that have been developed over this period. The Development of residential lots has peaked and the market is considered to be returning to a normal supply and demand balance for vacant residential allotments in the market place.

The values of all residential type's in Mudgee, Gulgong, Rylstone and Kandos are considered to have remained static since the prior base date. The value levels adopted are supported by both vacant and improved sales analysis. The exception to this is west of the railway line in Kandos, and on the western fringe of Kandos which had an increase of 13 % for the period with 3 sales demonstrating this increase.

Summary of Valuation Changes to Rural Land

Changes since previous valuation year (2014)

RU1 >100ha

Rural market activity for agricultural properties in excess of 100 hectares increased in some regions in the twelve months to July 2015.

Rural values have had a small increase of 10% to the north of the Cudgegong River from Twelve Mile Road and west and north of the Gulgong. There has also been an increase of 10% to rural lands south west of Rylstone and west of the Pyramul, with no change in values for the balance of the LGA in the RU1 zoning.

76 sales occurred within the RU1 Zone for the period 01/07/2014 to 01/07/2015. This is an increase on the 47 sales which occurred within the same period in the preceding year. This indicates that supply and demand levels have increased.

RU1<100ha

The rural residential market within Mid Western Regional is generally well supplied with a number of rural subdivisions spread throughout the LGA mostly serviced by Mudgee, Gulgong, Rylstone and Kandos.

159 sales occurred for the period 01/07/2014 to 01/07/2015. This was an increase on the 113 sales which occurred within the same period in the preceding year. Analysis of these sales indicates value levels have remained unchanged for the period. Agents confirm vendors are meeting the market.

RU4

This component comprises rural lands on the Sydney road south of Mudgee and rural land between Mudgee and Gulgong. Market activity is generally regular on a low volume of turnover. Sales have shown continuing stability at current prices for lifestyle blocks.

7 sales occurred for the period 01/07/2014 to 01/07/2015. This is a decrease to the 16 sales which occurred within the same period in the preceding year. Analysis of these sales indicates value levels have remained unchanged.

Summary of Valuation Changes to Commercial Land

Changes since previous valuation year (2014)

The Mid Western Regional Council commercial zoned property market is made up of 266 properties in Mudgee.

Mudgee

9 market indicator sales occurred within the B3 Zone for the period 01/07/2014 to 01/07/2015. This is a decrease on the 12 sales which occurred within the same period in the preceding year. Analysis of these sales indicate a small change in values from 2014 to 2015 rating periods, reflected by a 5% increase in the B3 prime retail centre.

2 market indicator sales occurred within the B4 Zone for the period 01/07/2014 to 01/07/2015. This is a decrease on the 4 sales which occurred within the same period in the preceding year. Analysis of these sales indicates value levels are generally stable.

1 market indicator sales occurred within the B5 Zone for the period 01/07/2014 to 01/07/2015. This is a decrease on the 4 sales which occurred within the same period in the preceding year. Within the B5 zone there are only 60 entries and sale volumes are typically low within this component. Analysis of these sales indicates value levels are generally stable.

The commercial market in Mudgee is relatively tightly held with most purchasers being owner occupiers. Of the sales transacted for the period 2 sales are tenanted. Commercial vacancy rates are still normal with limited demand in this market segment. The value levels adopted are supported improved sales analysis.

Gulgong

The Commercial and Business Sector of the market is small with 91 properties in total. Many businesses are owner occupiers. The commercial precinct has great heritage appeal with some very old buildings. Commercial vacancy rates are still high with limited demand in this market segment.

One market indicator sale occurred within the B2 and B5 Zone for the period 01/07/2014 to 01/07/2015.

Analysis of this sale supports current values.

Summary of Valuation Changes to Industrial Land

Changes since previous valuation year (2014)

There have been a limited number of industrial sales in the Mudgee industrial market, with 1 improved sale for the period 1/07/2014 to 1/07/2015 compared with 3 open market transactions recorded for the previous twelve months. Industrial values generally remained stable over the past year. There is a limited supply of vacant industrial land and little demand for industrial land within Mudgee at this present time.

2.0 Disclaimer – Purpose of this Report

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Mid Western Regional LGA. The report has been produced on behalf of the Valuer General.

The land values have been specifically made for rating and taxing purposes. Land values produced as part of this process should not be used for any other purpose without the specific agreement of the Valuer General.

Land values must have regard to specific requirements and assumptions in rating and taxing legislation. Consequently these valuations may vary from market levels.

The land values have been determined using a methodology prescribed by the Rating and Taxing Valuation Procedures Manual. The manual allows mass valuation methodologies that involve assessing large numbers of properties as a group to be utilised where appropriate. Mass valuation methodologies are by their nature likely to be less accurate than individually assessed valuations, however are utilised worldwide for rating and taxing purposes to deliver valuations within an acceptable market range.

Town planning, land use and other market information contained in this report has been compiled based on enquiries undertaken during the valuation process. Third parties should make their own inquiries into these details and should not rely on the contents of this report.

The Valuer General disclaims any liability to any person who acts or omits to act on the basis of the information contained in this report.

More information on the valuation process is available from the Land and Property Information website at www.lpi.nsw.gov.au/valuation.

3.0 LGA Overview

3.1 Location of the District

The Mid-Western Regional Local Government Area (LGA) is a relatively new LGA which was created on 26 May 2004. The Mid-Western Regional LGA is located in the Central West of NSW with the main town of Mudgee within the LGA located approximately 270km north west of Sydney. The LGA covers an area of 8,737km² and has a population (as at 2009) of 22,677. The LGA was formed in 2004 after parts of the Mudgee; Rylstone and Merriwa shires were combined. Smaller towns within the LGA include Gulgong (pop. 1,900), Kandos (pop. 1,300) and Rylstone (pop. 615), and there are also a number of smaller rural villages including Goolma, Ulan, Lue, Wollar, Ilford, Clandulla, Windeyer and Hargraves.

3.2 Principal Towns and Villages

Mudgee

Mudgee is located on the Central Tablelands of New South Wales approximately 260 kilometres north west of Sydney. The township is centrally located with good accessibility to the surrounding cities of Dubbo, Orange and Bathurst and has good proximity to the Newcastle/Hunter Valley region. The Mudgee local Government area which encompasses the Cudgegong River Valley has a population just over 18,000 with approximately 10,000 residing in Mudgee. The area is noted for its picturesque countryside and extensive vineyard/winery development and is a renowned fine wool growing and honey producing area. Tourism is also a major industry with a large number of visitors attracted annually to Mudgee and the surrounding areas. It features several large commercial complexes, containing professional suites, offices and government administration in addition to two large shopping centres, a library, council chambers, district court and large police station.

Gulgong

Gulgong is now a town of some 2500 people, located 293 km north-west of Sydney, 28 km north of Mudgee and 466 metres above sea-level. The mainstays of the local economy are kaolin clay mining, magnetite mining, a flour mill, the enormous coal mine at Ulan (25 km north-east), tourism and rural industries such as wool, wheat, oats, cattle and fat lambs. There is also a number of prominent horse studs located within the locality. Reasonable shopping facilities are located in the town which also includes a high school and primary school. Mudgee provides a greater range of facilities, whilst Dubbo situated approximately 110 kilometres to the north west provides regional facilities. Reasonable shopping facilities are located in the town which also includes a high school and primary school. Mudgee provides a greater range of facilities, whilst Dubbo situated approximately 110 kilometres to the north west provides regional facilities.

Villages

Kandos is a country town located about 60 kilometres south east of Mudgee on the Central Tablelands of New South Wales. Providing a service and employment base for the Kandos Cement Works. Kandos has a population of about 1,819 people and incorporates basic shopping facilities together with the Kandos High School. Rylstone is situated about 7 kilometres to the north of Kandos and has a larger commercial area incorporating the former headquarters for the Rylstone Council, now merged with Mudgee Council and forming part of the Mid-Western Regional Council. Population is approximately 700 people.

Rylstone is a country town located about 52 kilometres south east of Mudgee on the Central Tablelands of New South Wales. The township combines with the nearby town of Kandos to act as a service centre for the surrounding rural community and used to support the southern Portland Cement Works located at Kandos prior to its recent closure. The population of Rylstone is approximately 700 whilst the combined Rylstone/Kandos population including the surrounding rural areas is approximately 4,000. The township provides basic retail and commercial facilities together with primary and secondary schooling. A more comprehensive range of service facilities are located at Mudgee together with Lithgow which is situated approximately 95 kilometres to the south east.

Mid Western Regional Council also has up small villages that have basic services including electricity, telephone and town water if available. In these villages local amenities may consist of a Hotel, Service station, Church, Primary school, local Community Halls and small Sporting fields, all within 20 to 60kms from Mudgee, Gulgong and Rylstone and Kandos.

They include Goolma 55 kilometres to the north west of Mudgee, Ulan 45 kilometres north east of Mudgee and 25 kilometres north east of Gulgong, Lue 25 kilometres east of Mudgee, Wollar 48 kilometres north east of Mudgee, Ilford 42km south of Mudgee, Clandulla 62km south east of Mudgee, Windeyer 42km south of Mudgee and Hargraves 42km south-west of Mudgee.

3.3 Main Industries

The Mid-Western Region is located just over 3 hours from Sydney in Central West NSW., Business and investment in the Mudgee Region is driven by four major industry sectors – agriculture, viticulture, tourism and mining. The Region also attracts more than 496,000 visitors each year to experience the local wine, food, sporting and cultural events. The Mid Western Regional Council LGA is a highly regarded rural locality due to its temperate climate, elevation, soil quality, location. Purchasers are attracted to the facilities of the regional centre and its rural lifestyle.

Mining in the region is also an important part to Mid-Western Regional Council the Minerals Council's latest Expenditure survey found the number of people employed in mining in the Mid-Western Regional Council area increased by 1231 from 2012/13 to 2013/14 and recently number have reduce from the high in 13/14 these figures will be available in Jan 2016.

The mines paid \$170.2 million in wages and salaries to 1434 full-time employees and spent \$150.2 million in purchases with 297 Mid-Western Region business, as well as making community contributions and payments to local government. *Source NSW Mining media release February 2015.*

Rural sector traditionally built on agricultural pursuits with the early establishment of wool growing and beef cattle production followed by cereal cropping and vine growing and horticultural industry. The main industry sectors contributing to employment in the Mid-Western Region include: Agriculture, Forestry, Health Care and Social Assistance, Education and Training and Retail Trade. Industry sectors which contribute significantly to output include Agriculture, Forestry and small Manufacturing, Health Care and Social Assistance and Education and Training.

3.4 Significant Retail Centres

Mudgee central business district provides the main retail centre for the Mid Western Regional Council region. It features three significant commercial complexes being adjacent to Mudgee CBD.

To the south of the CBD is Charter Hall Centres Metroplaza is one of the Shopping Centres with a gross lettable area of 3,970.20 m². The Centre is anchored by Woolworths and includes 7 specialty stores. Metroplaza has 170 car spaces available. Entrance to the carpark is via Byron Place. This carpark is Council owned and patrolled.

To the east of the CBD is Town Centre, Mall a modern Shopping Centre with a gross lettable area of 5000 m² approximately. The Centre is anchored by Coles and Best and Less and includes 6 specialty stores. Town Centre has 83 car spaces available.

To the north of the CBD is Big W Complex. This centre has a gross lettable area of 4,795 m². The Centre is anchored by Big W includes 3 specialty stores. Big W Complex has 70 car spaces available.

3.5 Type of Residential Development

The Mid- Western Regional Council region encompasses several types of residential developments. The majority of residential properties in the region are single residential dwellings located in Mudgee and Gulgong, followed by a number of such dwellings located in rural locations on both hobby and larger farms. Mudgee has a number of residential land developments located on the north eastern, western and south western outskirts of town

4.0 State and Local Government Legislation for LGA

Mid- Western Regional Local Environmental Plan 2012 The plan applies to all land in the Mid-Western Regional Council Area, was adopted by Council on 6 February 2013, and commenced operation on 11 February 2013.

The Plan aims to make local environmental planning provisions for land in the Mid- Western Regional Council Local Government Area in accordance with the relevant standard environmental planning instrument under Section 33A of the Act.

4.1 LEP Amendments

There have been two amendments to the LEP since the previous valuation.

1. Mid-Western Regional Local Environmental Plan 2012 (Amendment No 10) No changes to land values:
2. No 15 Statute Law (Miscellaneous Provisions) Act 2015 No changes to land values:

LEP Amendments:

2012

(375) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 1) LW 10.8.2012. Date of commencement, on publication on LW, cl 2.

(506) Standard Instrument (Local Environmental Plans) Amendment (Definitions) Order 2012. LW 5.10.2012. Date of commencement, on publication on LW, cl 2.

No 96 Forestry Act 2012. Assented to 21.11.2012. Date of commencement of Sch 4.41, 7.1.2013, sec 2 and 2012 (680) LW 21.12.2012.

2013

(46) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 2). LW 8.2.2013. Date of commencement, on publication on LW, cl 2.

(112) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 3). LW 15.3.2013. Date of commencement, on publication on LW, cl 2.

No 5 Liquor Amendment (Small Bars) Act 2013. Assented to 19.3.2013. Date of commencement, 1.7.2013, sec 2 and 2013 (292) LW 21.6.2013.

(242) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 4). LW 31.5.2013. Date of commencement, on publication on LW, cl 2.

(243) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 5). LW 31.5.2013. Date of commencement, on publication on LW, cl 2.

(243) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 6). LW 30.8.2013. Date of commencement, on publication on LW, cl 2.

No 111 Statute of Law (Miscellaneous Provisions) Act (No 2) 2013. Assented to 3.12.2013. Date of commencement of Sch 3.27, 10.1.2014, Sch 3.27

2014

(173)Mid-Western Regional Local Environmental Plan 2012 (Amendment No 8) LW 4.4.2014. Date of commencement, on publication on LW, cl 2.

(212)Mid-Western Regional Local Environmental Plan 2012 (Amendment No 7) LW 11.4.2014. Date of commencement, on publication on LW, cl 2.

Zoning from R2 to R1, AB 1 Min Lot Size 10ha within Area A - min 2,000m² lot sizes

These values are currently under review to ascertain any potential effect on value.

(376)Mid-Western Regional Local Environmental Plan 2012 (Amendment No 9) LW 20.6.2014. Date of commencement, on publication on LW, cl 2.

No 33 Statute Law (Miscellaneous Provisions) Act 2014. Assented to 24.6.2014. Date of commencement of Sch 2.36, 14.7.2014, Sch 2.36

(513)Standard Instrument (Local Environmental Plans) Amendment Order 2014. LW 15.8.2014.

Date of commencement, on publication on LW, cl 2

(712) Mid-Western Regional Local Environmental Plan 2012 (Amendment No 10). LW 7.11.2014.

Date of commencement, on publication on LW, cl 2.

2015

No 15 Statute Law (Miscellaneous Provisions) Act 2015. Assented to 29.6.2015.

Date of commencement of Sch 3, 15.7.2015, sec 2 (3).

MWR council has development controls including the Mid- Western Regional Development Control Plan 2013 that affect the subdivision of dwelling and impacts on land values.

These include:

Zone	Minimum allotment size
LEP	
Residential	R1 min lot size requirements are 600m2 single allotments R2 min lot size requirements are 2ha single allotments R3 min lot size requirements are 600m2 single allotments R5 min lot size requirements are 12ha single allotments
Business	B1 Neighbourhood Centre No Min, Council Consent required B2 Local Centre No Min, Council Consent required B3 Commercial Core No Min, Council Consent required B4 Mixed Use No Min, Council Consent required B5 Business Development min lot size requirements are 2000m2
Industrial	IN1 General Industrial min lot size requirements are 2000m2 IN2 Light Industrial min lot size requirements are 2000m2 IN3 Heavy Industrial min lot size requirements are 4000m2
Village	RU5 min lot size requirements are 2000 m2
Rural	RU4 Rural Small Holdings min lot size requirements are 20ha RU3 Forestry No Min, Council Consent required RU1 Primary Production min lot size requirements are 100Ha
Home sites	R2 min 2000m2 to 1Ha depending on services available to site
Infrastructure	SP2 Infrastructure No Min, Council Consent required SP3 Tourist No Min, Council Consent required
Environmental	E1 National Parks and Nature Reserves; E3 Environmental Management
Recreation	RE1 Public Recreation No Min, Council Consent required RE2 Private Recreation No Min, Council Consent required

Amendment No 2 - Mid- Western Regional Development Control Plan 2013 - DCP 2013 date 17.12.2014

DCP 2013 re-issued 14/2/13 to include 900mm setback for RU5 lots and replicate 'Slope & Cut and Fill' requirements for Dual-Occupancy provisions in Part 2 Fast Track Development Applications section as intended.

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

The Mid Western Regional Council residential zoned properties are predominantly located in Mudgee in addition to properties in the towns of Gulgong, Rylstone and Kandos.

Mudgee urban area encompasses several types of residential developments, although the overwhelming majority of the population live in single dwelling houses. Residential development within the towns and village areas is almost entirely single residential dwellings, with a corresponding proportion of such dwellings located in rural locations on both hobby and larger farms.

The residential Market in Mudgee and Gulgong remained steady in all residential locations since the previous valuation in 2014, with slow demand in the top end of the Mudgee house market. There has been a modest turn over driven by first home buyer and investor demand.

199 market indicator sales occurred within the R1, 2, 3 and R5 Zones for the period 01/07/2014 to 01/07/2015. This compares to the 282 sales which occurred within the same period in the preceding year. This indicates that supply levels have decreased. Analysis of these sales indicates value levels have remained unchanged for the period.

Residential zoned property total land value has increased by 1% to (\$1,103,394,750) from 2014 to the 2015 rating period. This increase on the 2014 values has been realised by the increase of residential allotments onto the market over this period. The Development of residential lots has peaked and the market is returning to a normal supply and demand for vacant residential sites.

Mudgee vacant land prices ranged from \$145,000 for a 800m² allotment in Faucet Street to \$175,000 for a 924m² allotment in Kellet Street. Mudgee Township had 47 vacant land sales recorded from 01.07.2014.

Gulgong vacant land prices ranged from \$100,000 for a 1353m² in Stuart Street to \$110,000 for a 1017m² allotment in Roy Cross Place. Gulgong Township had 4 vacant land sales recorded from 01.07.2014.

Mudgee Township had 215 residential sales recorded from 01.07.2014. Typical prices for improved residential properties ranged from \$196,000 to \$740,000. Typical Mudgee residential sales included \$265,000 for a modern 3 B/R dwelling in Augusta Crescent and \$370,000 for a renovated residence in Julia Court. Market demand was stable for all property types in the last 12 months.

Gulgong had 36 residential sales recorded from 01.07.2014. Typical prices for improved property ranged from \$135,000 to \$495,000. 41 residential property sales have occurred in Gulgong. Sales within Gulgong Township ranged from \$157,500 to \$350,000. Market demand in general is slow for all property types in the last 12 months.

The 2015 values levels adopted are supported by both vacant and improved sales analysis.

R5 Large Lot Residential

Prices range from \$80,000 to \$300,000 for vacant lots with a building entitlement. The available market evidence indicated value levels were generally stable.

R5 zone has shown a decline in activity in the last twelve months with 18 open market vacant rural holdings transacted compared with approximately 37 open market transactions recorded for the previous twelve months.

5.2 Villages

Mudgee is surrounded by the two 'satellite' villages of Rylstone and Kandos.

Rylstone vacant land prices ranged from \$50,000 for a 4047m² allotment in Carwell Street to \$55,000 for a 1012m² allotment in Cox Street.

Kandos vacant land prices ranged from \$25,000 for a 1214 m² allotment in Lloyd Street to \$36,000 for a 1214m² allotment in Oxley Street.

Rylstone Village had 14 residential sales recorded from 01.07.2014. Typical prices for improved residential property ranged from \$129,000 to \$390,000.

Sales indicative of Rylstone Village included the sale of a 1118m² allotment improved with a well located and renovated 3B/R W/Board cottage in Rylstone in March 2015 for \$278,000.

Kandos Village had 24 residential sales recorded from 01.07.2014. Typical prices for improved residential property ranged from \$90,000 to \$399,000.

Sales indicative of Kandos Village included a 1012m² allotment in Kandos improved with an older style 3B/R W/Board cottage in a good location which transacted in July 2015 for \$170,000.

Values in Kandos located to the western side of the railway line fronting Stewart Street, and on the western fringe of Kandos had an increase of 13%.

5.3 Commercial

Mudgee

There have been just eight recorded sales within Mudgee commercial precinct in the twelve months since 1/7/2014.

Sales indicate a small change-in value from 2014 to 2015 rating periods, reflected by a 5% increase in the B3 prime retail centre while values in the B4 Mixed Use, B5 Business development and B6 – Enterprise Corridor zoned properties were unchanged.

During the 2014/15 rating period, there were a total of 9 commercial use properties sales with a sale price range of \$275,000 to \$3,850,000.

These included the sale of a commercial property in the main street of Mudgee (Market Street) which transacted in May 2015 for \$540,000. With a lettable area of 210m², analysis of the sale showed a yield of 7.0%.

The other sale was for an ex-Mudgee Club property in Lovejoy Street that transacted in February 2015 for \$473,000. It was sold with vacant possession.

Gulgong

The Commercial and Business Sector of the market is small with just 95 properties. Many businesses are owner occupiers with vacant shops in Gulgong remaining vacant for lengthy periods of time. Most transactions are to owner occupiers. The commercial present has great heritage appeal with very old buildings.

A commercial sale on a corner site in Mayne Street, improved with a 2 storey heritage building transacted in October 2014 for \$310,000. Analysis of this sale supports current land values for B2 zoning in Gulgong.

5.4 Industrial

There have been a limited number of industrial sales in the Mudgee industrial market, with 1 improved sale for the period 1/07/2014 to 1/07/2015 compared with 3 open market transactions recorded for the previous twelve months.

Industrial values have generally remained stable over the past year. There is a limited supply of vacant industrial land and little demand for industrial land within Mudgee at this present time.

Industrial land in Gulgong, Rylstone, Brurrundulla and Ulan remained unchanged. Sales evidence from 2013 and 2014 support their current land values.

5.5 Rural locations within the LGA

Mid Western Regional Council is well known for its grazing areas as a producer of fine wool, this focus is trending towards more cattle production and hobby farms and large life style blocks, with many large rural properties been subdivided over the last 15 years. Also the same can be said for Mudgee's viticulture market as many of the fringe viticulture properties are known only rural life style blocks; there is decrease demand for these properties within the Mudgee region. In other parts of the LGA there is also highly productive and good mixed farming country, on or adjacent to the Cudgegong River.

Rural 100Ha>;

Rural market activity for agricultural properties in excess of 100 hectares increased in the twelve months to July 2015.

Rural values have had a small increase of 10% to the north of the Cudgegong River from Twelve Mile Road and west and north of the Gulgong. There has also been a small increase of 10% to rural lands south west of Rylstone and west of the Pyramul, with no change in values for the balance of the LGA in the RU1 zoning.

76 sales occurred within the RU1 Zone for the period 01/07/2014 to 01/07/2015. This is an increase on the 47 sales which occurred within the same period in the preceding year.

There have been a number of sales of rural properties over 100ha that are considered suitable to providing an indication of market levels. Sales ranged in area from 100 hectares to 1814 hectares and indicated analysed land values of up to \$3,500/ha for good quality basalt cultivation in the Botobolar locality. The available sales evidence support rates per hectare of \$2000-\$3000 for arable land, \$1,000-\$2000 for open grazing land, \$750-\$1,250 for timbered grazing land and \$300-\$500 for heavy green timbered land.

RU1<100ha

The rural residential market within Mid Western Regional is generally well supplied with a number of rural subdivisions spread throughout the LGA mostly serviced by Mudgee, Gulgong, Rylstone and Kandos.

Vacant land market activity in the Mid Western Regional has shown an increase in the last twelve months with 21 sales occurring for the period 01/07/2014 to 01/07/2015 which is an increase on the 10 vacant land sales over the same period in the preceding year. This indicates that supply and demand levels have increased.

Improved land market activity in the Mid Western Regional LGA has shown a small increase in the last twelve months with 138 open market transactions recorded compared with 103 open market transactions recorded for the previous twelve months. Vacant rural residential values generally remained stable over the past year.

Rural residential holdings are determined more by the total lump sum value rather than by unit rates. Block values ranged from \$100,000 to \$350,000 for vacant rural lots with a building entitlement.

RU4 Rural Small Holdings

This component comprises rural lands on the Sydney road south of Mudgee and rural land between Mudgee and Gulgong. Market activity is generally regular on a low volume of turnover. Sales have shown continuing stability at current prices for lifestyle blocks.

7 sales occurred for the period 01/07/2014 to 01/07/2015. This is a decrease to the 16 sales which occurred within the same period in the preceding year. This indicates that supply and demand levels have decreased. Analysis of these sales indicates value levels have remained unchanged.

In recent times there has been a substantial decline in the wine industry with a general oversupply of grapes leading to low grape prices and poor returns on vineyard properties. In combination with wine making facilities and cellar door operations there are still opportunities within the industry however the pure production of grapes is currently financially unviable. This has led to a large number of vineyards being removed prior and post-sale. Selling agents are generally reporting that over the last three years land values for large scale vineyard properties do not realise a noticeable premium above land values for mixed farming/ grazing properties.

Of the 12 sales which occurred over the last twelve months, 4 were vacant and analysis of these sales indicated they supported the current land values. Typical vacant land sales included 74.46ha north of Mudgee in the Galambine locality which sold for \$335,000 and 74.56ha in the Mount Frome locality which sold for \$342,000. Both sales had building entitlements.

6.0 Significant Issues and Developments

6.1 Significant developments – from prior to current annual valuation

Below is a summary of significant Development Applications. Most of these Development Applications are for developments permissible within the current zoning therefore no special consideration is required.

New residential developments in discussion or underway include:

Mid-Western Regional Council

Mid-Western Regional Council confirmed in June 2014 that rates will be increasing in the 2014/2015 financial year. The rates will increase by 3.2 per cent for residential, business, and farmland ratepayers and by 7 per cent for mining land. Initially council had proposed to increase mining rates by 31.5 per cent and leave remaining rates as they were. However, following protests from the mines council established a new draft rate revenue policy and placed it on public exhibition.

A substantial parcel of land was rezoned to a variety of mostly residential zones just to the west of Mudgee in the area known as “Caerleon”. Residential allotments were first put on the market in June 2015, with 50 per cent of stock in Stage 1. When complete, the masterplan for Caerleon will include 1200 residential allotments, a neighbourhood centre and over 20 hectares of open space preserving the natural hills in the current landscape.

Major Projects

Provided below is a summary of the major developments either recently underway or proposed for the Mudgee Region

- Approval for a 67 lot residential subdivision on Broadview Estate in south Mudgee –Lot sizes range from 650m² to 2000m². Stage two is currently being advertised for sale.
- Caerleon Mudgee approval for 1200 lot subdivision has started with the Stage 1 56 lots, and four local agents selling land in Caerleon 50% under contract starting at \$140,000
- Rylstone Aerodrome Airpark approved for 63 lots. Stage 1 of the development is for 37 lots small, medium and large hanger lots and residential house hanger lots. and stage 2 includes 14 residential house hanger lots to be released in 2016/17

The Bylong Coal Project

KEPCO Bylong Australia (KEPCO) proposes to develop the Bylong Coal Project (the Project), located approximately 55 km north-east of Mudgee and 53 km from Denman in New South Wales, Australia. The mine is likely to employ up to 800 people during initial construction. During operations, the Project will provide direct employment for up to 470 workers with an average annual direct workforce of approximately 290. The Bylong Coal Project proposes to mine up to 6.5 million tonnes of run of mine coal per annum for supply to the thermal coal export market. The mine will include two open-cut mining areas and an underground mining area. Coal will be transported from the Project site to the Port of Newcastle via rail, which will require the construction of a rail loop connecting to the existing Sandy Hollow-Gulgong Line. The project life is approximately 25 years, comprising a two year construction period and a 23 year operational period. Subject to government approvals, construction is proposed to commence in 2017.

Underground mining operations are expected to commence in year 7.

Ulan Coal Expansion

Ulan Coal Mines is one of the most established coal mining operations in the Region.

Moolarben Coal is currently operating Open Cut 1 and 2 (OC1 and OC2) mining operation in accordance with the Stage 1 Project Approval (05_0117) granted by the Minister for Planning on 6 September 2007. Coal mining in OC1 commenced in May 2010, following a successful construction and commissioning phase in 2009.

The Stage 1 Project Approval allows for three open cut mines (OC1, OC2 and OC3), one underground mine (UG4), a coal handling and preparation plant (CHPP), raw and product coal stockpiles, a rail loop and rail loader and office and workshop support facilities.

Stage 2 Major Project Approvals was granted on the 30 January 2015 and includes one open cut (OC4) and two underground mines (UG1 and UG2) and some additional infrastructure which would operate in conjunction with, and utilise, the approved Stage 1 infrastructure.

At full production, the Moolarben Coal Complex will have the capacity to produce 17 million tonnes per annum (MTPA) of ROM coal and employ approximately 450 personnel.

Mt Penny Coal Mine

Mt Penny Coal has submitted a proposal to establish an open cut mine north west of Bylong in the Mudgee Region. The NSW Parliament passed an amendment to the Mining Act, effectively cancelling the licences, in January 2014

Wollar Power Station

ERM Power is proposing to construct a gas fired power station at Wollar which will connect to resources at Wellington. A total of approximately 350 construction jobs will be created at the power station over a 2 to 3 year period, with an operational workforce of up to 30 full-time employees from 2016.

Wind Farms

Two wind farms have been proposed in the Mudgee Region. The Crudine Ridge Wind Farm project involves development of 70 to 100 wind turbines and is based approximately 45km south of Mudgee. The Ungala Wind Farm project involves development of up to 400 wind turbines and is based approximately 25km NW of Mudgee.

Mudgee Regent Theatre

Mudgee's iconic Regent Theatre is set to be redeveloped with plans to transform the building into a 34-unit apartment complex. Owner of the property, Cameron Scott-Fell lodged a development application with Mid-Western Regional Council on Monday. Under the proposal, the 1935 art-deco facade will remain and features including the nursery and foyer restored while the rear of the building, including the theatre hall and stage, will be demolished to make way for the four-storey complex. The new structure will include 30 one- and two-bedroom apartments and four apartments in the original building above the lounge, with provision for commercial space.

7.0 Significant value changes

7.1 Significant value changes – from prior to current annual valuation

Since the Prior Annual Valuation (July 2013), most values have remained steady with the exception of areas noted below.

Residential property in certain suburbs within the LGA have overall increased and decreased at differing rates:

- Commercial core increased by 5 per cent.
- Kandos residential west of the railway line increase by 13 per cent.
- Grazing land in the Kandos Ilford locality increased by 10 per cent.
- Mixed farming land I north west of Gulgong increase by 10 per cent.
- Large Home sites north west of Gulgong increase by 10 per cent.
- Large Home sites east of Gulgong increase by 10 per cent.
- Large Home sites near Lue increase by 35 per cent overall supported by sales evidence with only 17 entries in the component.

8.0 Overview of the Quality Assurance Process

LPI has been provided with a detailed valuation analysis report, which details the quality assurance process of Dubbo Valuation District Contractor and outlines that the verification process and certifies that land values meet all statistical measures and component data analysis. In addition, a quality statement and lists of high value and high risk properties is also provided in the valuation analysis report. Checks have been undertaken to ensure that all properties have been valued, land values are consistent with each other, land value bases have been correctly determined and all concessions and allowances have been supplied. Additionally, properties that had land values amended through the objection or re ascertainment process were individually examined to reconcile surrounding land values and ensure accuracy of the grading of surrounding land values. Benchmarks and reference benchmarks are core elements of the quality assurance processes and are identified and individually valued in accordance with the Rating and Taxing Procedures Manual Version 6.6.2 Worksheets have been maintained on all properties where calculations are required. We have also ensured that adjustments and assumptions within the market analysis have been based on market evidence and have been fully documented and rationalised.

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