

Final Report



Rural Landscape – Breeelong District, East of Gilgandra NSW

2015 Base Date

Gilgandra LGA

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Under Rating & Taxing Procedure Manual 6.6.2

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1.0 Executive Summary

1.1 LGA Overview

Gilgandra Local Government Area

Gilgandra Shire is located in Central West New South Wales, approximately 445km northwest of Sydney by road. The Shire spans an approximate area of 482,000 hectares, with the main business centre, the town of Gilgandra, located in the centre of the Shire.

The total population of the shire is 4,675 with the majority of people residing in the town of Gilgandra with a population of 2700 people. The Shire includes two very small villages being Tooraweenah (located at the Southern entrance to the Warrumbungle National Park) and Armatree in the north of the Shire.

The town of Gilgandra is situated at the meeting point of the Newell, Oxley and Castlereagh Highways. The Castlereagh River bisects the predominantly agricultural based Shire where country types vary from light to red to black soils and which supports grain growing, cattle and sheep industries. The town provides a basic range of retail, medical, educational, agricultural and tourism facilities. It is located approximately 65km north of the regional centre of Dubbo, which provides an extensive range of services.

Gilgandra is located in the central west of New South Wales approximately half way between Melbourne and Brisbane.

Number of Properties Valued This Year and the Total Land Value in Dollars

The Gilgandra Shire Council local government area comprises residential, rural, commercial, industrial, infrastructure, environmental and public recreation zones.

2559 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 2012. The Gilgandra Shire property market remains strong across most sectors with the key sectors of rural and residential all showing general increases in land value from the Valuation issued to owners for the base date of 1 July 2012. Approximately 92% of the properties valued are contained within the Gilgandra Shire are rural land principally utilised for mixed cropping and grazing with the remaining 8% being residential, commercial and industrial properties. The Gilgandra Shire Council is a highly regarded rural locality due to its temperate climate, elevation, soil quality, location and its reliable rainfall.

Valuation changes in the local government area and percentage changes between the council valuation years of 1 July 2012 and 1 July 2015 and the land tax valuation year of 1 July 2014 are as follows:

Zone	Zone Code	No. of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2012)	% Change
Residential	R1, R5	1,256	\$34,322,110	\$34,115,910	0.60%	\$27,903,410	23.0%
Village	RU5	112	\$1,145,935	\$1,163,762	-1.53%	\$1,218,442	-5.95%
Rural	RU1, RU3	1,032	\$461,314,300	\$387,457,840	19.06%	\$388,672,490	18.69%
Commercial	B2, B6	101	\$1,946,310	\$1,946,310	0%	\$1,946,430	0.01%
Industrial	IN1	35	\$2,014,990	\$1,751,590	15.04%	\$1,751,590	15.04%
Infrastructure	SP2	7	\$498,160	\$498,160	0%	\$498,160	0%
Environmental	E3	2	\$98,000	\$98,000	0%	\$98,000	0%
Recreation	RE1,2	14	\$771,500	\$771,500	0%	\$771,500	0%
Total		2,559	\$502,111,305	\$427,803,072	17.37%	\$422,860,022	18.74%

1.2 State & Local Government Legislation for LGA

Gilgandra Shire Council advises that the Gilgandra Local Environmental Plan (LEP) 2011 was gazetted on Friday 9 December 2011.

The Gilgandra Shire Council local government area is governed by the Gilgandra Local Environmental Plan (LEP) 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales legislation.

Development Control Plan:

Gilgandra Development Control Plan (DCP) 2011 DCP was adopted by Council on 21 April 2011 and came into effect on 1 July 2011.

1.3 Market Overview and Sales of Particular Interest

Opteon (Western NSW) Pty Ltd as LPI Contractor has undertaken significant analysis of the Gilgandra district property market to provide an accurate and reliable basis of valuation. 139 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 assessment of land values. Opteon has undertaken 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 Gilgandra district this year sales and resales of properties indicated little variance in values throughout the year with only stable market movement from July 2014 to 1 July 2015 for properties zoned residential. The residential market in Gilgandra remained unchanged for the July 2014 to 1 July 2015. The Gilgandra region demanded for broad acre rural property market has experienced strong growth from July 2014 to 1 July 2015. Commercial sales and commercial rental analysis demonstrated no change in values since last year and feasibility studies that were carried out also reflected this. Industrial sales have seen increases in 2014/15 period of and with the new industrial estate sales show increase demand for industrial land within Gilgandra.

1.4 Significant Issues and Developments

There have not been any significant developments or applications for developments outside of those that are permissible under the current zoning and therefore no special consideration is required.

Special rate variation

The areas of interest within Gilgandra Councils may apply to us for a special rate variation that allows them to increase their general income by more than the rate peg IPART.

Gilgandra Shire Council applied for a multi-year special variation from 2014/15, under section 508A. The Council requested an increase of 9.3% in 2014/15, 10% in 2015/16 and 10% in 2016/17, or a cumulative increase of 32.25% by 2016/17. After assessing its application, IPART decided to approve the variation as requested. IPART made this decision under section 508A of the Act.

Mining

There is a large portion of the Gilgandra LGA located in a Coal Seam Gas (CSG) investigation area. As the process is still in its investigation stage there has been no impact on values at this stage.

New land development, Aero Park Estate

Several sales have occurred in the first Stage of the Council developed Aero Park Estate on the western fringe of town over the review period. Council plans to continue development works over the next 12 months, and have indicated that the Estate will provide the town with a vacant land supply for the next 20 years.

Industrial Land Release

Council also have approved a new 12 lot industrial subdivision located on Hargraves Lane. Allotments range in size from 4,000m² to 6,000m² and will have road train access and 32KVA power available to each allotment.

Residential Development in Gilgandra

There is several small residential developments scattered around the fringe of the town, including the Kingsley Park Estate to the south, and the Aralee Estate and Council developed Christie Drive area to the west.

Melbourne Brisbane Inland Rail

Gilgandra Shire is a member of the Melbourne to Brisbane Inland Rail Alliance (MBIRA) which was formed in 2006. The Alliance is made up of industry and Local Government representatives with the aim of encouraging the construction of a direct inland rail route from Melbourne to Brisbane.

1.5 Significant Value Changes

Summary of Valuation Changes to Residential Land

Changes since previous General Valuation (2012)

There has been a moderate increase in the Gilgandra residential values since the last General Valuation in 2012, Gilgandra Residential (R1) land values increased in 2013 and 2014 by 29% to 32%, while Large Lot Residential (R5) experienced a slight rise in 2015. Armatree has seen a slight softening of values from 2012 to 2015 and values have remained stable in the village of Tooraweenah over the period from 2012 to 2015.

Changes since previous valuation year (2014)

The residential market has been unchanged in Gilgandra since the last valuation in 2014, with a stable demand in top end of the house market and also in the cheaper property driven by first home buyer's and investor demand. Values are considered to have remained static since the last valuation in 2014. The value levels adopted are supported by both vacant and improved sales analysis. Recent vacant land sales within Gilgandra have supported the land value changes in 2013 and 2014. Recent Village sales activities show no change to both Armatree and Tooraweenah.

Summary of Valuation Changes to Rural Land

Changes since previous general valuation (2012)

Rural values for good quality arable land have strong increases over the period. The northern and central west of Gilgandra Shire has been more desirable with its highly regarded mixed farming country while southern areas towards the Castlereagh Highway are more suited to grazing and remained more stable over the period. Sale activity in 2014/15 has reflected an increase by 15% to 28% following on from the 2013/14 market trend.

Large to medium size hobby farms influenced by the Gilgandra market experienced a moderate increase in values since the previous general valuation in 2012 with the increase occurring predominately in the last twelve months. Hobby farm values in more remote parts of the shire have mostly remained steady with some isolated pockets experiencing a softening of values.

Changes since previous valuation year (2014)

The Gilgandra region demanded for broad acre rural property market has experienced steady demand with value levels increasing over the period with rural locations increasing by 11% to 28%. This trend has been consistent across rural-residential market in the surrounding area of Gilgandra Township. Recent Increase in prices for cattle is only starting to see steady inquiry and demand for broad acre grazing property within the LGA. This trend is expected to remain strong in 2016.

The broad acre rural property market values for all property class have remand strong over the past 12 months.

Large to medium size hobby farms influenced by the Gilgandra market experienced increase in values by 28% from 2014 to 2015. Hobby farm values in more remote parts of the shire have mostly remained unchanged.

Summary of Valuation Changes to Commercial Land

Changes since previous general valuation (2012)

The Commercial and Business Sector of the market is very quiet and tightly held with many premises being owner occupied. Overall the commercial values have remained steady although there have been decreases in values of some individual properties due to localised sales evidence.

Changes since previous valuation year (2014)

The Gilgandra Council LGA commercial market located in Gilgandra is very lightly traded with a high portion of owner occupiers with 2 sales 2014/15 year. The sales indicate a relatively stable market with a lack of variance in land values. The majority of the sales occurred in Gilgandra town centre and included 1 sale of a tenanted investment. Of all the commercial sales occurring in the 2015 base date across the entire commercial types in Gilgandra all of which showed no increase in commercial land values. Commercial vacancy rates are still high with limited demand in this market segment. The value levels adopted are supported by improved sales analysis.

Overall values have generally remained steady over this period.

Summary of Valuation Changes to Industrial Land

Changes since previous general valuation (2012)

The industrial sector is quite small comprising just 35 properties spread across two different precincts in Gilgandra.

Values have remained unchanged from 2012 to 2014 with no market transactions over this period. In the 2014 to 2015 period, 4 sales were recorded in the period showing an increase of approximately 15%.

Changes since previous valuation year (2014)

The Gilgandra Council industrial market located in Gilgandra is very lightly traded a very small number of investors with a high portion of owner occupiers. 4 sales were recorded in the last 12 months. All 4 sales have been analysed and showed an increase of approximately 15%.

The value levels adopted are supported by both vacant and improved sales analysis. Council has developed a new 12 lot industrial subdivision located on Hargraves Lane south west of Gilgandra CBD. These allotments range in size from 4,000m² to 6,000m² and will have road train access and 32KVA power available to each allotment. Council are selling these lots at \$8.80/m² and 2 sales have transacted in late 2015.

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 Gilgandra 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 Gilgandra Shire is located in Central West New South Wales, approximately 445km northwest of Sydney by road. The Shire spans an approximate area of 482,000 hectares, with the main business centre, the town of Gilgandra, located in the south of the Shire.

The total population of the shire is 4,675 with the majority of people residing in the town of Gilgandra itself. The Shire includes two very small villages being Armatree and Tooraweenah, both with a population of less than 20 people, with extensive rural areas making up the remainder of the local government area population.

The town of Gilgandra is situated at the meeting point of the Newell, Oxley and Castlereagh Highways. The Castlereagh River bisects the predominantly agricultural based Shire where country types vary from light to red to black soils and which supports grain growing, cattle and sheep industries. The town provides a basic range of retail, medical, educational, agricultural and tourism facilities. It is located approximately 65km north of the regional centre of Dubbo, which provides an extensive range of services.

Gilgandra is located in the central west of New South Wales approximately half way between Melbourne and Brisbane approximately 45 minutes north of the regional centre of Dubbo. Gilgandra has a population of 2700 people with 4700 living in the district.

3.2 Principal Towns and Villages

Gilgandra

Gilgandra is the principal town in the Gilgandra Shire Council region and is a prominent regional centre. Gilgandra is a rural township (population approximately 2,700) situated on the Castlereagh River about 65 kilometres north of Dubbo and 440 kilometres north west of Sydney in the Central Western Plains District of New South Wales. It features several one large shopping centres, a library, council chambers, district court and police station. Gilgandra is mainly residential development, largely single residential dwellings of various styles and construction.

Villages

Gilgandra LGA has several small villages Tooraweenah, Armatree, Curban, Biddon, Balladoran, and Collie.

Tooraweenah is a rural village situated approximately 35 kilometres north east of Gilgandra with a population of around 200. It has a small local shopping centre, hotel, fuel station and garage, primary/high school, Tooraweenah RTC and rural trading store that provides basic services to the town and farming community. Average size of lots is circa 2000m² with town services limited to septic tanks, tank water, telephone and electricity.

Armatree is a rural village situated approximately 45 kilometres north of Gilgandra with a population of around 100. It has a Hotel and Rural Trading Store that provides basic services to the town and farming community. Average size of lots is circa 2000m² with town services limited to Septic tanks, Tank water, telephone and electricity.

Armatree and Tooraweenah will receive a weekly domestic and fortnightly recycling kerbside collection from March 2016.

Other small villages within Gilgandra Shire council area are Curban, Biddon and Balladoran.

3.3 Main Industries

Gilgandra is a prominent regional centre traditionally built on agricultural pursuits with the early establishment of wool growing and beef cattle production followed by cereal cropping. The main industry sectors contributing to employment in the Gilgandra Shire 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

Most of the commercial activity takes place in the main street of Gilgandra with the basic services being provided by banks (CBA, Bendigo Bank and NAB), IGA supermarket, other services include Accountant, Solicitors, Pharmacy, Hardware and Rural supply stores, Post Office, newsagent's, hairdressers, butcher, clothes stores and a number of Hotel and Clubs.

3.5 Type of Residential Development

The Gilgandra Council LGA contains a number of Villages in a rural region, with the majority of development located in and around Gilgandra, Tooraweenah and Armatree village areas. The overwhelming majority of residential properties in the towns are single residential dwellings located in the urban area and villages followed by a large number of such dwellings located in rural locations on both hobby and larger farms.

4.0 State and Local Government Legislation for LGA

Gilgandra Shire Council advises that the Gilgandra Local Environmental Plan (LEP) 2011 was gazetted on Friday 9 December 2011. There have been no amendments to the LEP since the previous valuation.

The Gilgandra Shire Council local government area is governed by the Gilgandra Local Environmental Plan (LEP) 2011. The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

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

Gilgandra Shire Council has development controls including the Gilgandra Development Control Plan (DCP) 2011 DCP was adopted by Council on 21 April 2011 and came into effect on 1 July 2011 that affects the subdivision and erection of dwellings which impacts on land values. These include:

4.1 LEP Amendments

The seven amendments to the Gilgandra LEP are as follows:

Gilgandra Local Environmental Plan 2011 (641). LW 9.12.2011. Date of commencement, on publication on LW, cl 1.1AA. This Plan has been amended as follows:

2012 1-(506) Standard Instrument (Local Environmental Plans) Amendment (Definitions) Order 2012. LW 5.10.2012. Date of commencement, on publication on LW, cl 2.

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 3 -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.

4 -No 111 Statute 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 5 - 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.

6 - (513) Standard Instrument (Local Environmental Plans) Amendment Order 2014. LW 15.8.2014. Date of commencement, on publication on LW, cl 2.

2015 7 - 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).

Zone		Minimum allotment size
Residential	R1 R5	Min lot size requirements are 700m ² Min lot size requirements are 5 ha
	Rural	RU1 RU3
Commercial	B2	No min lot size requirements Council Consent required
Village	RU5	Min lot size requirements are 2000m ²
Industrial	IN1	No min lot size requirements, 1000m ²
Infrastructure	SP1	No min lot size requirements Council Consent required
	SP2	No min lot size requirements Council Consent required

5.0 Market Overview and Sales of Particular Interest

5.1 Residential

The Gilgandra Shire Council residential zoned properties are predominantly located in Gilgandra. Gilgandra 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 past 12 months has seen widespread residential sales over the region, including both vacant and improved sales in the residential components. The predominant sale types are improved residential properties with purchase prices generally reflective of the age, style and condition of the dwelling and any ancillary ground improvements.

The residential market in the Gilgandra has increased in activity with approximately 49 open market transactions recorded in the twelve months since 1 July 2014, compared to 42 sales the previous twelve months. Vacant land stocks are still available with 7 vacant land sales occurring in the twelve months since July 2014.

- Typical vacant land sale prices within Gilgandra are summarised below:

Vacant land prices ranged for a 1012m² allotment in Farrar Street that sold in April 2015 for \$25,000 and a vacant 3,141 m² allotment also in Farrar Street that sold in January 2015 for \$48,000.

The above vacant land sales have access to town services and are unaffected by flooding within Gilgandra Township.

- Typical improved residential sale prices within Gilgandra are summarised below:

Typical improved residential sales within Gilgandra include a 765m² allotment in Hall Street improved with a 1980's 2 bedroom 1 bathroom Brick Veneer and tile roof, single level dwelling that sold in January 2015 for \$145,000, a 2023m² allotment in Warrie Street improved with a 1980's 4 bedroom 2 bathroom brick veneer and tile roof, single level dwelling that sold in November 2014 for \$235,000. Market demand was stable for all property types in the last 12 months. Values within the Gilgandra residential largely remained unchanged following on from increases of 23% in the 2012 to 2014 rating period.

Values within the Gilgandra residential largely remained unchanged following on from increases of 23% in the 2012 to 2014 rating period.

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

R5 Large Lot Residential

Block values range from \$45,000 to \$110,000 for vacant lots with a building entitlement. The available market evidence indicated value levels with a slight rise of 2.68% change in total value of the large lot residential zoned properties from the 2012 base date.

Typical improved and vacant large lot residential sale prices within Gilgandra are summarised below:

Sales of large lot residential properties within Gilgandra included the sale of a 1.851ha vacant allotment in the north east of Gilgandra Township on the Castlereagh Highway that sold in October 2014 for \$51,000 and a sale of a 2.0ha holding also in north east of Gilgandra Township on Quealeys Lane sold in April 2015 for \$48,500. A more recent sale of a 2.204ha allotment with an improved circa 2010, 4 bedroom and 2 bathrooms, detached single storey brick veneer walls and a colorbond roof dwelling, on the north west fringe Gilgandra sold in September 2015 for \$410,000.

R5 zone has been stable in activity in the last twelve months with 5 open market sales of vacant and improved rural holdings transacted compared with 5 open market transactions recorded for the previous twelve months. Sales over the period range from \$48,000 to \$122,000 for vacant lots with a building entitlement. The 2015 values levels adopted are supported by both vacant and improved sales analysis.

5.2 Villages

There are a small number of residential dwellings located in various villages of Tooraweenah and Armatree.

The residential market in Tooraweenah and Armatree has decreased in activity with no open market transactions recorded in the twelve months since 1 July 2014, compared to 4 sales the previous twelve months only 2 vacant land sales occurring in the twelve months since July 2014.

Tooraweenah

2 vacant land sales occurred from January 2014 to July 2015 Sales of vacant allotments ranged from 3060 m² allotment in Farrar Street that sold in April 2014 for \$30,000 and a vacant 801 m² allotment also in Aimee Street that sold in October 2014 for \$20,000.

Armatree

3 market vacant land sales occurring in the twelve months since July 2014. Sales of vacant allotments ranged from 3920 m² allotment in Merrigal Street that sold in July 2014 for \$6,000 and a vacant 8398 m² allotment also in Curban Street that sold in July 2015 for \$10,000.

Armatree has seen a decrease in values from 2012 to 2015. The market is considered stable in the village of Tooraweenah over the period from 2012 to 2015.

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

5.3 Commercial

The Gilgandra comprises of 101 commercial zoned properties, the main retail area in Gilgandra is located along Miller Street, bounded by Bridge Street and Morris Street. It comprises mostly strip retail development. The core development within Gilgandra is bounded by the recent development of the 'Supa IGA' in 2009, this and other smaller shops, consisting of Hotels, Motels, Country Target, Bakery, Rural Traders, Banks, Solicitors, Tax consultants, Government agency, Newsagency, Car dealers, Women's and Men's clothing stores and local Real Estate agents.

The Gilgandra Council LGA commercial market is located in Gilgandra is very lightly traded a very small number of investors, with a high portion of owner occupiers with 2 sales throughout 2015. The sales indicate a relatively stable market with a lack of variance in land values. The majority of the sales occurred in Gilgandra town centre and included 1 sale of a tenanted investment. Commercial vacancy rates are still high with limited demand in this market segment. The value levels adopted are supported by both vacant and improved sales analysis. Overall values have generally remained steady over this period. Rental levels are relatively high, with many premises containing owner occupiers.

Since 2012 sales volume has remained steady with a total of 7 market transactions from 2012 to 2015 base date.

There have been just 3 recorded sales within Gilgandra commercial precinct in the twelve months since July 2014. These included the sale of a building comprising two shops and storage shed on Miller Street that sold in July 2014 for \$160,000, with 3 tenants in place.

Many businesses are owner occupiers with vacant shops in Gilgandra remaining vacant for lengthy periods of time often with little interest.

Enquiries with Council indicate no new commercial development has taken place since the last General Valuation. We therefore conclude that the commercial land values, have been maintained and no changes are required, value levels adopted are supported by improved sales analysis.

Commercial rents in the towns generally range from \$100 - \$200/week gross.

5.4 Industrial

The industrial sector is quite small comprising just 35 properties in Gilgandra. The industrial precinct is mostly located on the west fringe and south west of Gilgandra township.

The industrial sector of the market is also very quiet and tightly held with just four open market transactions occurring since the last General Valuation in 2012. These sales occurred in the 2014/2015 period resulting in a moderate rise in values in the industrial values.

The industrial market in Gilgandra has a high portion of owner occupiers with 4 sales transacted throughout 2014/15 period. All 4 sales have been analysed and showed an increase of 15%.

Council has also developed a new 12 lot industrial subdivision located on Hargraves Lane south west of Gilgandra CBD. These allotments range in size from 4,000m² to 6,000m² and will have road train access and 32KVA power available to each allotment. Council is selling these lots at \$8.80m² and 2 sales have transacted in late 2015

These sales are summarized as follows;

Sales of industrial properties within Gilgandra include a sale of 4559m² allotment in Naden Street improved with a Besser Brick veneer single storey colour bond roof. Accommodation comprises 3 bedrooms and 1 bathroom that sold in November 2014 for \$126,000. The sale of a 4558m² allotment in Naden Street improved with a detached site office building. Construction comprises aluminium walls with a aluminium roof. The building is in good condition throughout. Ancillary improvements include cement weight hopper with air slide, loading alley with water spray system, loading sock, water tank and water pumps, in fair condition that sold in June 2015 for \$140,000.

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

5.5 Rural locations within the LGA

The most common rural land use in the Gilgandra Council is mixed dryland farming and grazing properties, mostly broadacre farms although there are a small number of hobby farms and rural residential based within easy commuting distance of the Gilgandra Township and Dubbo City.

For the broad acre rural sector, the last 18 months has seen an increase in demand. The last 2 seasons have been above average for rainfall, thus increasing sales listings and interest. Agents have reported that good quality properties are still being well received in the market place, and conversely those properties with below average presentation and soil types have seen limited demand.

The broad acre rural property market values for cultivation property have remained strong. Grazing values have remained unchanged over the past 12 months.

In the twelve months to July 2015 there were 21 completed open market transactions of properties larger than 200ha, ranging in price from \$170,000 to \$1,900,000, prices reflected a firming market for good mixed farming land.

The broad acre rural property market has experienced increases of approximately 15% to 27% since the last General Valuation and approximately 15% to 27% over the past 12 months.

Land values vary throughout the LGA according to land form, location, access and soil types. The following are general descriptions of some localities within the Gilgandra LGA:

- Rural areas to the west of Gilgandra have seen a steady increase in the Curban and Collie area with cultivation country ranging from \$1,600 ha to \$2,200 ha and grazing values ranging from \$1,000 to \$1,400 per ha. Sales since July 2014 have shown an increase of good quality arable land depending upon location. Values have increased across this component on average by 20%.
- Rural areas to the north east of Gilgandra have seen a steady increase in the Tooraweenah and Mendooran area with cultivation country ranging from \$1,300 ha to \$1,900 ha and grazing value ranging from \$850 to \$1,100 per ha. 14 Sales since July 2014 have shown an increase of good quality arable land depending upon location. Values have increased across this component on average by 15%.
- Rural areas to the south of Gilgandra have seen a steady increase in the Drinane to Balladoran area with cultivation country ranging from \$1,100 ha to \$1,400 ha and grazing value ranging from \$750 to \$1,000. Sales since base date 2014 have shown increase of good quality arable land depending upon location. Values have increased across this component on average by 15%.
- Rural areas to the north of Gilgandra have seen a steady increase in the Tonderburine area for mixed farming, with cultivation country ranging from \$1,600 ha to \$2,200 ha and grazing value ranging from \$1,000 to \$1,400 per ha. Sales since base date 2014 have shown an increase of good quality arable land depending upon location, an increase from July 2012 across this component of 20%.
- Mixed broadacre farming land throughout the Gilgandra Shire has experienced a moderate increase in values since the previous general valuation in 2012 with this increase occurring predominately in the last twelve months.

Typical rural land sales throughout the Gilgandra Council include:

Gilgandra Tacklebang Road	476.42ha	Contract 02/07/2015	\$959,255	\$2,013 P/H
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A regular shaped mixed farming property situated on the western side of Tacklebang Road, located approximately 8km east of Collie town centre and 28km west of Gilgandra Township. The parcel comprises mostly Red loam to Clay soils. Analysis of the sale indices a rate of \$1,800/ha for the cleared cultivation land.

Mendooran Tooraweenah Road	549.8ha	Contract 09/04/2015	\$421,169	\$766P/H
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An irregularly shaped vacant mixed farming property situated on the southern side of Tooraweenah Road, located approximately 30km north of Mendooran town centre. The land is undulating. The land is moderately to heavily timbered with box, gum and kurrajong. Analysis of the sale indices a rate of \$650/ha for part cleared grazing.

Tonderburine John Renshaw Pkwy	558.4ha	Contract 18/02/2015	\$1,200,000	\$2,149 P/H
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An irregular shaped rural allotment located on the western side of John Renshaw PKWY approximately bitumen road 20 km to Tooraweenah, 66km to Gilgandra and 60km Coonamble. Surrounding development comprises mostly a mix of improved rural properties. The property has standard rural views. Country ranges from heavy black/red clay to lighter red loam soils. Property is cleared of most timber and has only remaining stands of Kurrajong Wilga and Box. Analysis of the sale indices a rate of \$1,830/ha for the cleared cultivation land.

Curban Castlereagh Hwy	533.1ha	Contract 10/10/2014	\$1,370,000	\$2,250 P/H
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An irregular shaped mixed grazing property situated on the north-eastern side of Castlereagh Highway. The property is located approximately 7km north east of Curban town centre Soil types comprise mostly heavy clay loams with sandy loam areas. The property features approximately 5km frontage to the Castlereagh River. Property is cleared of most timber and has only remaining stands of Wilga and Box. Analysis of the sale indices a rate of \$2,030/ha for the cleared cultivation land.

Prices reflect a positive market for good mixed farming land.

Hobby farms 200 ha within 15 km from Gilgandra

Large to medium size hobby farms influenced by the Gilgandra market experienced an increase in values by 28% from 2012 to 2015. The majority of increases occurred predominately in the last twelve months.

Improved rural residential prices ranged for a 40.84ha allotment on the Newell Highway that sold in September 2015 for \$310,000, the property is located south of Gilgandra town centre. Improved with a circa 2009 3 bedrooms and 1 bathroom, constructed of hardiplank walls and a colorbond clad roof and an improved 40.32ha allotment in Mahers Hill Road Gilgandra, that sold in June 2015 for \$431,000 located south of Gilgandra town centre. Improved with a circa 2000 detached single storey dwelling, construction comprises mostly brick walls and a colorbond clad roof. Accommodation comprises of 5 bedrooms and 2 bathrooms.

Vacant rural residential prices ranged for a 213.6ha allotment on the Castlereagh Highway mid way between Gilgandra and Mendooran that sold in July 2015 for \$95,000 and a vacant 109.5ha allotment in Breelong that sold in August 2014 for \$150,000.

Hobby farms 200 ha greater than 15 km from Gilgandra

More remote hobby farms, large to medium size hobby farms north to north east of Gilgandra market did not experience any increase in values from 2012 to 2015.

3 sales of rural residential and lifestyle blocks during the period reflect no increase in demand for properties north to north east of and greater than 15 km from Gilgandra.

Improved sites prices ranged from \$150,000 for a 109.5ha allotment on Breelong-Balladoran south of Gilgandra to \$190,000 for a 143ha allotment on the Castlereagh Hwy Armatree.

The sales evidence is listed as follows:

A 213.6ha allotment on the Castlereagh Highway mid way between Gilgandra and Mendooran sold in July 2015 for \$95,000 and a vacant 109.5ha allotment in Breelong that sold in August 2014 for \$150,000.

Improved rural residential sale includes a 143ha allotment on the Castlereagh Hwy Armatree that sold in February 2015 for \$190,000; The Castlereagh River runs along the northern boundary. Erected upon the land is a circa 1930's detached single storey dwelling. Construction comprises mostly timber weatherboard and a galvanised iron roof. Accommodation is made up of 3 bedrooms and 1 bathroom.

6.0 Significant Issues and Developments

6.1 Significant developments – from 2014 to 2015 and from 2012 Local Government 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:

- New Land Development, Aero Park Estate

Several sales have occurred in the first Stage of the Council developed Aero Park Estate on the western fringe of town over the review period. These sales have occurred at the asking prices, and have demonstrated that the development has been established to cater to a higher cost market within the town. This first stage represents only part of the 55 lot subdivision which was established by Council to stimulate economic activity in the town rather than as a profit making venture. Council plan to continue development works over the next 12 months, and have indicated that the Estate will provide the town with a vacant land supply for the next 20 years.

- Industrial Land Release

Council also have had plans drawn up for a 12 lot industrial subdivision located on Hargraves Lane. Allotments range in size from 4,000m² to 6,000m² and will have road train access and 32KVA power available to each allotment. Council is marketing the development without the intervention of an agent and informs us that there is interest from across the State as well as from local investors. We are unaware of any sales of these parcels at present.

- Residential Development in Gilgandra

There are several small scale residential developments scattered around the fringe of the town, including the Kingsley Park Estate to the south, and the Aralee Estate and Council developed Christie Drive area to the west. Many new and existing subdivisions have been developed by Council as a means of providing a service to the community rather than for profit making purposes. So much so, that they have offered incentives to purchasers in past years to encourage building and to attract new people to town. There are also privately owned fully serviced 1 and 5 acre residential blocks available. Generally, current supply levels slightly outweigh demand thus making it more of a buyers' market, although value levels appear steady for these property types.

- Special rate variation

The areas of interest within Gilgandra Councils may apply to us for a special rate variation that allows them to increase their general income by more than the rate peg IPART.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is responsible for setting the amount by which Councils may increase their general income, which mainly comprises of rates income. Each year IPART determines a standard increase that applies to all NSW Councils, based on an assessment of the annual change in Council costs and other factors. This increase is known as the rate peg.

Councils may apply to us for a special rate variation that allows them to increase their general income by more than the rate peg. IPART are required to assess these applications against criteria in the Guidelines set by the Office of Local Government (OLG), and may allow special variations under either section 508A or 508(2) of the Local Government Act 1993 (the Act).

Gilgandra Shire Council applied for a multi-year special variation from 2014/15, under section 508A. The Council requested an increase of 9.3% in 2014/15, 10% in 2015/16 and 10% in 2016/17, or a cumulative increase of 32.25% by 2016/17. After assessing its application, IPART decided to approve the variation as requested. IPART made this decision under section 508A of the Act.

IPART's decision enables Council to progressively increase funding for its rural roads program and to improve its long term financial sustainability. Council consulted with its community extensively to address these issues, both in reviewing its Integrated Planning and Reporting (IP&R) documents and in preparing its special variation application.

- Mining

There is a large portion of the Gilgandra LGA located in a Coal Seam Gas (CSG) investigation area. As the process is still in its investigation stage there has been no impact on values at this stage.

- Melbourne Brisbane Inland Rail

Gilgandra Shire is a member of the Melbourne to Brisbane Inland Rail Alliance (MBIRA) which was formed in 2006. The Alliance is made up of industry and Local Government representatives with the aim of encouraging the construction of a direct inland rail route from Melbourne to Brisbane.

Benefits to Gilgandra Council

The Government has confirmed the availability of \$300 million allocated by the previous Government and announced, in November 2013, the formation of the Inland Rail Implementation Group under the Chairmanship of former Deputy Prime Minister, John Anderson. This Group will work with and expand upon the work undertaken in 2010 by the Australian Rail Track Corporation to further scope the project and finalise the proposed route. The ARTC proposed route would see a line from Narromine to Gwabegar which would cross the current Dubbo Coonamble rail line at a point between Curban and Armatree. The overall cost of the project is expected to exceed \$4.5billion and will provide for a 1700 kilometre rail link which will accommodate trains some two kilometres in length capable of moving freight between the two centres in under 21 hours. It was acknowledged that the project would entail some 3 years of design and 5 years of construction time.

Gilgandra Shire Council meeting 19/03/2014 minutes.

7.0 Significant value changes

7.1 Significant value changes – from prior (2014) to current (2015) annual valuation

Since the Prior Annual Valuation (July 2014) base date valuation to the current annual valuation significant value changes have occurred in 6 of the 21 components across the local government area.

Significant value changes higher than 5% and the underlying basis for the change for each affected component across the Gilgandra Shire is outlined below:

- Industrial sites have increased by 15% in line with sales evidence.
- Rural areas to the west of Gilgandra have seen steady increase in the Curban and Collie area, increased by 21.5% in line with sales evidence.
- Rural areas to the north east of Gilgandra have seen steady increase in the Tooraweenah and Mendooran area, increased by 15% in line with sales evidence.
- Rural areas to the south of Gilgandra have seen steady increase in the Drinane to Balladoran area, increased by 15% in line with sales evidence.
- Rural areas to the north of Gilgandra have seen steady increase in the Tonderburine area of mixed farming, increased by 21% in line with sales evidence.
- Hobby farms zoned RU1 mostly within 15 km of Gilgandra have increased by 28%.
- Village of Armatree has decreased by 5.0% in line with sales evidence.

7.2 Significant value changes – from prior (2012) to current (2015) Local Government Council Rating Valuation

Since the last General Valuation in 2012 base date General Valuation to the current General Valuation significant value changes have occurred in 10 of the 21 components across the local government area.

Significant value changes – or a change higher than 5% – and the underlying basis for the change for each affected component across the Gilgandra Shire is outlined below:

- Industrial sites have increased by 15% in line with sales evidence.
- Residential sites in Gilgandra Township ranging from 29% to 32% In line with sales evidence.
- Rural areas to the west of Gilgandra have seen steady increase in the Curban and Collie area, increased by 20% in line with sales evidence.
- Rural areas to the north east of Gilgandra have seen steady increase in the Tooraweenah and Mendooran area, increased by 17%. In line with sales evidence.
- Rural areas to the south of Gilgandra have seen steady increase in the Drinane to Balladoran area, increased by 15% in line with sales evidence.
- Rural areas to the north of Gilgandra have seen steady increase in the Tonderburine area of mixed farming, increased by 20% in line with sales evidence.
- Hobby farms zoned RU1 mostly within 15 km of Gilgandra have increased by 28%.
- Village of Armatree have decreased by 17.5% in line with sales evidence.

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 Opteon 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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Dubbo Contract Area
30 November 2015



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Gilgandra LGA
30 November 2015